



EXTERNAL ASSESSMENT UNIVERSAL LEAF PHILIPPINES

Burley farmers in Western Isabela



Agricultural Labor Practices Program

March/April 2017

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EXECUTIVE SUMMARY



EXTERNAL ASSESSMENT
Universal Leaf Philippines

Philip Morris International (PMI) requested Control Union (CU) to conduct an external assessment of the Burley tobacco growing operations of its supplier Universal Leaf Philippines (ULPI) in Western Isabela, Philippines in March/April 2017. The assessment evaluated the labor practices at contracted farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code.¹ CU also evaluated ULPI's internal capacity to implement the ALP Program, their understanding of farm practices, and how they identified, recorded and addressed ALP-related issues.

For this assessment CU interviewed 27 ULPI employees, 10 farmer-leaders, and several external stakeholders including four teachers of the Rangayan Elementary School and a local community judge. Over a two-week period CU visited 55 farms throughout Western Isabela², interviewing a total of 55 farmers, 52 family members and 34 contracted workers. All farm visits were unannounced with just one exception.

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

ULPI started with the ALP Program in 2012. Most of their farmers were smallholders, who grew tobacco on two hectares or less. In most cases the farm land was rented.

As a supplier to PMI, ULPI had incorporated the ALP Program in its processes and procedures. ULPI's international parent company, Universal Leaf Tobacco (ULT) had global policies on ALP and Corporate Social Responsibility, to which ULPI was also committed. Commitment of ULPI staff to ALP varied: some interviewees merely considered it

a client requirement that had to be met, whereas others showed personal involvement and interest in the topic.

Following a 2012 PMI risk assessment, ULPI focused its communication and reporting efforts on two ALP Code Principles, namely elimination of child labor and safe work environment (in particular, reducing exposure to chemicals and green tobacco). As a result of these efforts, knowledge among both employees and farmers was relatively good for these two topics. Nonetheless, it was found that both field technicians and farmers were not fully aware of the hazardous nature of some tasks (handling green tobacco and sticking, in particular). Furthermore, their legal knowledge, particularly with regard to workers' rights and benefits, was found to be very limited.

Two unique aspects were identified in ULPI's company structure. First, many tasks that are usually allocated to field technicians were outsourced to so-called "farmer-leaders", who were respected local community members and farmers themselves. Second, ULPI had an internal audit team that operated relatively independently and was responsible for conducting unannounced farm visits. Whereas the position of farmer-leaders proved to be a challenge for ALP reporting and implementation (due to their reluctance to report on their fellow farmers), the internal audit team offered a promising framework for monitoring and follow-up. However, to make full use of its possibilities, this team has to be better integrated into ALP monitoring and reporting processes.

Prompt Actions were generally understood as a breach of the ALP Code. ULPI had classified the different types of breaches into four severity levels, each with different consequences and follow-up. However, the only Prompt Actions monitored and reported were related to child labor and safe work environment.

1. The main goal of the ALP Code is to eliminate child labor and other labor abuses progressively where they are found, and to achieve safe and fair working conditions on all farms from which PMI sources tobacco. For more information on the background of the ALP Program see <https://www.pmi.com/sustainability/good-agricultural-practices/upholding-labor-rights-on-the-farms>.
2. The minimum sample size was 48 farms, which is the square root of the total number of farms within the scope (2,240 at the time of the assessment).

Regular meetings were held between all teams involved in ALP, and ALP-related issues were discussed when necessary. Field technicians generally had a good understanding of the working conditions on the farms, but rarely reported on situations not meeting the standards. Instead, their main action in these situations was to remind and educate farmers about the correct practices. Root causes were not investigated and improvement plans were not tailored to individual farms. The guidance provided by the ALP team resulted mainly in short-term solutions, rather than taking corrective actions to prevent issues from happening in the future. Hence, monitoring, reporting and follow-up are important areas for improvement within ULPI.

Farmers were informed about the ALP Code during farm visits conducted by field technicians and farmer-leaders. In addition, regular orientation meetings were organized for farmers before each major crop stage to provide training on the ALP Code. Furthermore, several written communication materials on ALP were provided to the farmers. Despite these efforts, farmers' awareness on the ALP Code was low, in particular with regard to ALP Code Principles other than child labor and safe work environment (ULPI's focus areas).

Socio-economic data for Farm Profiles was collected once a year, at the time when farmers were contracted for the new season. Farm Profiles were not updated during the season, which resulted in discrepancies in accuracy between data and field. The field staff was still getting used to the new online system for monitoring, which had been introduced in January 2017.

Although the ALP team members had extensive experience in the tobacco sector, and used this experience to address issues, an in-depth root cause analysis was lacking. Based on their risk assessment, ULPI launched several initiatives to address widespread and systemic issues. Two of these initiatives focused on addressing child labor, by providing free school supplies and summer school options to elementary school children. The summer

school program, in particular, was considered a very effective initiative by most stakeholders. Three other initiatives focused on safe work environment, by retrieving used CPA containers and providing farmers with two different sets of equipment for reducing health hazards. Since most of the situations not meeting the standard were related to unsafe work practices, there is still room for improvement.

The main findings from the farm visits were related to two ALP Code Principles: income and work hours, and safe work environment. It was found that none of the workers received the legal minimum wage; instead they were paid a (lower) wage agreed among the farmers of the local community (barangay). Furthermore, the use of personal protective equipment was low among farmers and workers, despite ULPI's efforts to improve this. As for child labor, CU observed only few cases where children were helping their parents at the family farm, demonstrating that ULPI's efforts in this area (e.g., the summer school program) were having an effect.

Feedback received from farmers and workers noted that fewer children were involved in tobacco production since the start of the ALP Program and that work safety with regard to the use of CPA had improved. However, some resistance among farmers to the ALP program was identified, as the ALP Code was considered a higher standard than the requirements for other crops in the area.

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

MARKET AND COMPANY BACKGROUND



EXTERNAL ASSESSMENT
Universal Leaf Philippines

The main types of tobacco grown in the Philippines are Flue-Cured Virginia and Burley, which account for approximately 85% of the national tobacco production. While Flue-Cured Virginia is mainly grown in Ilocos Norte, Ilocos Sur, Abra and La Union, Burley is mainly grown in Pangasinan, La Union, Abra, Isabela, Cagayan, Tarlac, and Occidental Mindoro. The Philippine tobacco industry provides a livelihood to around 44,000 farmers and their families, as well as to around 1.56 million industry workers and dependents.³

Universal Leaf Philippines (ULPI) sources Flue-Cured Virginia, Dark Air-cured, Burley, and Connecticut Shade Wrapper in Ilocos (Region I) and Cagayan (Region II). In 2016 ULPI's farmers produced 28.7 million kilos of tobacco, which accounted for 53% of the total market share in the Philippines. While this percentage is projected to increase to 55% in 2017, total tobacco production is projected to be 44% lower compared to 2014.⁴ This decrease is mainly due to the exceptional rainfall at the start of the 2017 growing season, caused by the "La Niña" effect, which delayed transplanting and growing operations.⁵

ULPI was established in the Philippines in 1964 and currently employs 575 permanent staff, as well as 853 contractual/project staff and 1,535 seasonal staff. Tobacco trade in the Philippines used to be based on a system of middlemen between tobacco farmers and buyers. In the course of implementing the integrated production system ULPI has eliminated this system of middlemen and instead makes use of so-called "farmer-leaders". These are respected and influential farmers and members of the "barangays"⁶, who help ULPI with contracting farmers and delivering inputs, and who serve as 'model' farmers by teaching good agricultural practices.

For the 2017 crop season ULPI had direct growing contracts with over 16,400 farmers, all of whom were smallholders growing less than one hectare of tobacco on average. Most of them had been engaged with ULPI for several years already. In 2017 ULPI's farmers were supported by 137 field technicians (85 farm supervisors and 52 area coordinators), 14 internal audit team members, 17 agronomy field personnel, 11 production managers, two senior managers, and two directors.

3. NTA (National Tobacco Administration)

4. Data from ULPI

5. PAGASA (Philippine Atmospheric Geophysical and Astronomical Services Administration)

6. Barangay is the Filipino word for the smallest administrative division, such as a village, community or city district.

Chapter 1

IMPLEMENTATION OF THE ALP PROGRAM



EXTERNAL ASSESSMENT
Universal Leaf Philippines

1.1. Commitment to the ALP Program

On their global website Universal Leaf Tobacco (ULT), the parent company of ULPI, committed publicly to the elimination of child labor and the improvement of working conditions in tobacco crop production. The website provided information about the company's policy on sustainability and supply chain integrity,⁷ their commitment to the ALP Code,⁸ and their membership of the ECLT foundation, which advocates the elimination of child labor.⁹ In addition, ULPI was committed to ULT's internal code of conduct covering work safety, Corporate Social Responsibility, the Foreign Corrupt Practices Act (FCPA), and the Sustainable Tobacco Program (STP) which includes the ALP.

Commitment of ULPI's staff to the ALP Program varied; some interviewees primarily regarded ALP as a client requirement that had to be fulfilled, whereas others showed personal involvement and interest in the topic. However, all considered the ALP Program an important step forward in improving labor conditions on the farms. Additional reasons given included eliminating child labor, ensuring the continuity of the tobacco business, improving working conditions at the farms, and increasing awareness among farmers.

1.2. Strategy and objectives

At the time of the assessment, as agreed with PMI Regional, ULPI focused its efforts on two ALP Code Principles: child labor and safe work environment. A formal process for setting the strategy and objectives for ALP implementation could not be identified. However, a basic risk assessment and root cause analysis of the issues identified had been conducted, based on guidelines provided by ab.sustain¹⁰ and the experience of several members of the Agronomy team and the Growing Operations team. ULPI additionally conducted worker surveys related to the ALP code, which was also taken into account for the above mentioned analyses.

Based on their risk assessment, ULPI had prioritized high risk issues. Risks classified as "unacceptable" (highest probability and highest severity) were child employment and hazardous work. Several other risks were classified as "tolerable" (highest probability, second highest severity). With regard to the latter, ULPI focused only on the lack of personal protective equipment (PPE) for application of crop protection agents (CPA). ULPI's risk assessment did not clarify why this issue was prioritized over other risks of the same severity and probability level, which included Green Tobacco Sickness (GTS), CPA storage, re-entry periods after CPA application, and a lacking support mechanism, as also identified by CU. Additional high probability risks identified by CU, but not by ULPI, were related to wages, payment frequency and lack of awareness on legal aspects.

ULPI's strategy for implementing the ALP Code at the farm level merely focused on continuous training and reminding the farmers of the correct practices. The objectives set were as follows:

- Elimination of child labor – no concrete deadline
- Monitoring and Reporting on all ALP Code Principles – no concrete deadline
- Delivery of PPE to 100% of the farmers – crop season 2017
- Retrieval of 100% of (empty/used) CPA containers – crop season 2017

With regard to the issue of farmers' children involved in tobacco production, ULPI concluded that the main root cause was that parents did not have someone to look after their children during the (summer) holidays and after school, and would therefore take their children with them to the fields or barns.

With regard to the lack of safety measures on the farms, ULPI identified two main root causes: (1) PPE and harvesting clothes were considered

7. http://www.universalcop.com/Resources/Policies/Sustainability_and_Supply_Chain_Integrity_Policy.pdf

8. http://www.universalcop.com/Resources/Policies/ULT_ALP_CODE.pdf

9. http://www.universalcop.com/Resources/Policies/ECLT_Foundation_Members_Pledge.pdf

10. An agricultural supply chain data specialist, conducting supply chain assessments for different industries.

uncomfortable in high temperatures, and (2) farmers wanted to save money by using their PPE sparingly; this way the equipment would last for more than one season.

The abovementioned root causes identified by ULPI are in line with CU’s findings, however, CU identified additional underlying factors that increased the various risks (see Chapter 2). ULPI implemented several initiatives to address the two prioritized issues (see Chapter 1.6).

Internal capacity

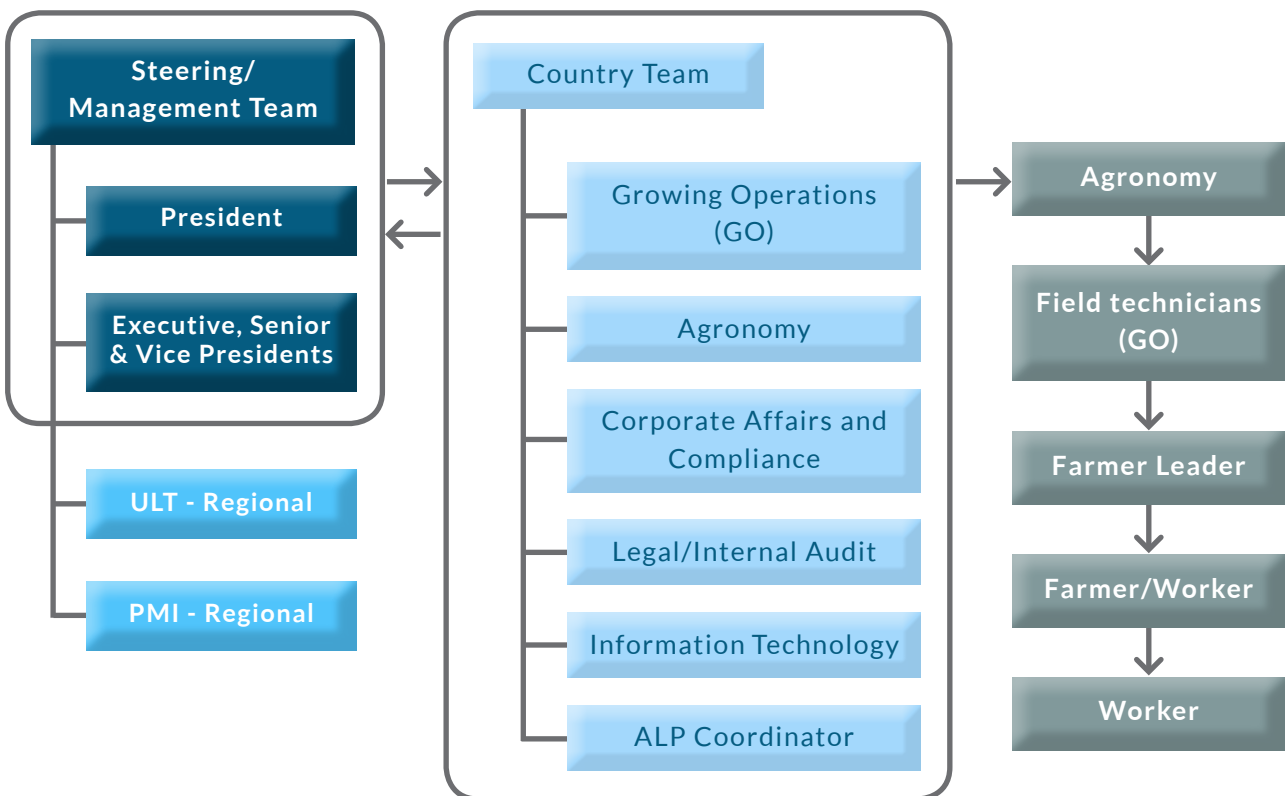
1.2.1. Dedicated organizational structure

ULPI had set up an ALP team involving all departments of the Country team (see graph below). As the Senior Agronomy Manager served as ALP Coordinator, her department (the Agronomy team) was relatively most involved. The field technicians, who served as the link between the management and the farmers, were also part of the internal structure to implement the ALP Program. Although farmer-leaders were not formally employed by ULPI, they served as the farmers’ representatives and helped out with various tasks (see 1.3.2). ULPI worked in close contact with PMI Regional, receiving regular guidance and financial support for the implementation of the ALP Program.

ULPI’s response:

“Comments from CU regarding prioritization of issues over the other principles, identified high probability risks and the strategies in addressing issues with timeline [...] will be considered in the Action Plans (AP) to be implemented.”

Internal structure for ALP implementation



The current ALP Coordinator was appointed in 2016. She participated in the first ALP training in 2011 and was therefore selected as a successor to the previous ALP Coordinator who was also Compliance Manager.

1.2.2. Roles and responsibilities

The steering committee, consisting of the upper management team located in Manila, was responsible for communicating ALP updates and projects to PMI, and approving and supporting local projects for ALP implementation.

In addition to her tasks for the Agronomy department, the ALP Coordinator was responsible for the implementation and continuous development of the ALP Program. Her first tasks were to adapt the ALP guidance documents (provided by PMI) to the local field situation in the Philippines. Furthermore, she was involved in conducting the risk assessment, drafting the quarterly reports for PMI Regional, preparing, conducting, and evaluating training of the field staff,¹¹ keeping track of reported Prompt Actions¹² and their follow-up, and keeping ULPI staff up-to-date on developments within the ALP Program. At the time of the assessment the ALP Coordinator had only recently been appointed to this position and was still developing ideas on how to improve ALP implementation. Neither she nor any other ULPI staff had specific ALP-related responsibilities in their job description, but all were informed about their tasks.

The ALP/country team consisted of several teams with different tasks. Overall responsibilities included:

- Rolling out the ALP Code and collecting up-to-date farm-data;
- Verifying field technicians' and farmers' knowledge and capabilities through written tests;
- Creating and analyzing documentation for farm monitoring, including the creation and implementation of action plans where necessary;
- Updating the risk assessment at least annually;
- Implementing and/or supporting projects and initiatives approved by the management team.

Field technicians were in charge of training the farmers (which mostly took place during group meetings held before each important crop stage) and were also responsible for visiting and monitoring the farms throughout the season. They had one key performance indicator (KPI) related to ALP, namely the retrieval of 100% of (empty/used)¹³ CPA containers from the farms.

Several tasks were outsourced to the farmer-leaders, including: (i) recruiting new farmers; (ii) gathering farm data for field technicians to complete the Farm Profiles; (iii) visiting farmers to provide production support throughout the season and training them on ALP; (iv) requesting cash advances from ULPI for the farmers; and (v) delivering inputs from ULPI to the farms. Additionally, farmer-leaders were tasked with monitoring farms and reporting Prompt Actions. However, as ULPI's payment for their work was based on the amount and quality of the tobacco delivered by the farmers under their responsibility, farmer-leaders lacked a clear incentive to focus much on ALP-related tasks. Also, farmer-leaders were reluctant to report on their fellow farmers, not only because they were neighbours, but also because reporting could lead to blacklisting¹⁴, resulting in less income for the blacklisted farmers as well as the farmer-leaders themselves. Therefore CU identified the system with farmer-leaders as being not very effective for obtaining ALP-related data from the field.

11. The concept used was "train the trainers" – the ALP Coordinator trained the staff that would then train the farmers in the field.

12. A Prompt Action is 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

13. Also non-empty containers were collected if farmers wanted to get rid of them.

14. See Chapter 1.5.3, Prompt Actions

The internal audit team, which was created in 2003, also played a special role in ALP implementation. This team was responsible for visiting at least 10% of all farmers in unannounced visits during the growing season, to check on several agricultural aspects. Their audits mostly focused on non-ALP-related questions, however, since the introduction of ALP a tick-box had been added to their checklist to report if children were observed working and/or helping on the farm. Additional tasks of the audit team were to follow-up on reported Prompt Actions and to conduct background checks on potential farmer-leaders. As the latter were in a position of authority over other farmers, ULPI wanted to ensure that only respected and honorable members of the community were given that position; hence, the internal audit team would conduct at least five interviews with important members of the community and local farmers to find out if the candidate in question was eligible.

The field technicians – and to a larger extent the farmer-leaders – were in a difficult position, in that they had to support farmers and gain their trust, and at the same time had to serve the interests of ULPI and report on issues which might have negative consequences for the farmers. Therefore, the idea of a relatively independent¹⁵ audit team was very positively perceived by CU as an effective way to reduce risks arising from conflicting interests. However, to make better use of this unique structure, a greater involvement of the audit team in ALP monitoring and implementation processes is needed.

ULPI's response:

"The current job description of ALP Coordinator and ULPI's staff were reviewed. Human Resources updates the current job descriptions to incorporate the identified responsibilities related to ALP."

"For the next season, Farmer Leaders will be empowered in data collection (ensuring Compliance on Data Access and Usage as stated in the Contract Growing Agreement) and reporting by providing 100 tablet units that has the capability to report ALP issues as a pilot project. Reporting will be done by daily update using ULPI's on-line system. Intensive trainings will be conducted to teach the Farmer Leaders on the reporting structures with close supervision and guidance from GO Personnel and Agronomy. RMG [formerly internal audit team] and Agronomy will conduct a parallel reporting to verify the accuracy of Farmer Leaders' data covering all 7 ALP principles."

"GO personnel will reiterate and ensure that Farmer Leaders understand and agree with the provisions stated in their contract [violations such as the improper implementation of STP and ALP principles committed by Farmer Leader would cause for the termination of the Agreement] before signing and joining ULPI's future undertakings. Furthermore, all contracts are translated in Filipino language for better understanding of all parties involved especially the Farmer Leaders."

15. The audit team considered itself independent because they reported directly to the Director and were not involved in local production politics.

1.2.3. Training and knowledge of the ALP Program

Members of the management team and country team received guidance on ALP from PMI Regional. One formal training session from PMI Regional had been provided to ULPI in 2011. This training had also been provided to personnel located in the growing regions. Annual refresher trainings, organized by the ALP Coordinator and her Agronomy team, had since been provided to field personnel before each crop season, including written exams. Management staff had sufficient understanding of the main purpose and content of the ALP Program.

For the written exam, participants were shown pictures of field situations and asked whether situations not meeting the standard could be observed. This type of applied learning was an effective way of testing participants' understanding of ALP Principles. In addition, by posting the test results in the entrance area of the office building, staff were encouraged to do well on the test. One problem identified by CU, however, was that these tests did not consider the handling of green tobacco without protective clothing as a situation not meeting the standard, and that this issue did not have to be identified by participants to receive the full score.

At all staff levels, Prompt Actions were defined as a (gross) violation of the ALP Code. These situations were called 'breach'. ULPI distinguished four severity levels, each with a specific follow-up.¹⁶

All field technicians had been trained by the ALP Coordinator and the Agronomy team, and all said that they found the training useful and informative. All except one had been accompanied to the field and shadowed by their supervisor.

Assessment of field technicians' knowledge of ALP Code Principles:¹⁷

1. **Child labor:** All field technicians were aware of the meaning of this ALP Code Principle. Seven field technicians (64%) did not know that 15 was the legal minimum working age for tobacco; most of them thought that 18 was the minimum working age. Five field technicians (45%) did not mention all three Measurable Standards, however, only one of them actually gave wrong numbers, whereas the others were giving incomplete details.¹⁸ All field technicians had an overall understanding of hazardous work and could provide several examples. However, nine (82%) were missing one or two important issues such as handling sharp tools or handling green tobacco.¹⁹
2. **Income and work hours:** In general, field technicians had a good understanding of this ALP Code Principle and knew the wages being paid in their barangays. Nine field technicians (82%) were able to name the correct legal minimum wage. All were aware of the allowed work hours, but only three (27%) could name the correct overtime payment. Knowledge on legal benefits was limited.²⁰ Seven field technicians (64%) thought that agricultural workers were not entitled to benefits. Two field technicians (18%) mentioned double payment for working during holidays, one (9%) considered 'no child labor' and maximum working hours as benefits, while another one (9%) mentioned direct payment, gift packs from the company, or assistance during calamities. Only one (9%) mentioned social security, health insurance, and the housing fund.
3. **Fair treatment:** Most field technicians (10, or 91%) could provide an explanation of this ALP Code Principle; namely, that workers should

16. See Chapter 1.5.3. for more details

17. For this assessment 11 field technicians were interviewed.

18. E.g. not mentioning one of the age groups.

19. In particular, the risks involved with sticking.

20. Benefits include social security, health insurance, parental leave, and the home development fund (see Appendix III).

be treated fairly and without discrimination. However, none of them mentioned “no sexual, verbal or physical abuse or harassment” as a requirement of fair treatment²¹, nor that farmers must make themselves available to workers who want to discuss potential grievances.

4. **Forced labor:** None of the field technicians were fully clear on the meaning of this ALP Code Principle. Four (36%) stated that workers should not be forced, four (36%) mentioned only that workers should not be indebted to farmers, and the remaining three (27%) mentioned topics related to fair treatment, such as verbal, physical or sexual abuse or harassment. None mentioned indirect payments or retaining workers’ original identity documents.
5. **Safework environment:** Only one field technician provided a complete explanation. Five (45%) only mentioned the use of PPE, mainly for CPA or fertilizer application. Others also mentioned the retrieval of CPA containers, the provision of clean drinking water, and/or re-entry periods after CPA application.
6. **Freedom of association:** All field technicians had an adequate understanding of this ALP Code Principle.
7. **Compliance with the law:** Seven field technicians (64%) said that the local law should be followed, without giving any further details as to what these laws included or required. The other four mentioned following ULPI’s contracts or paying minimum wage. None of them mentioned that workers should be informed about their rights. Furthermore, their understanding of workers’ rights was also limited. Six field technicians (55%) were not able to mention any rights, three (27%) said that workers’ rights related to the right to be paid, and the remaining two mentioned either the right to leave the job in case of an emergency, or the right to freedom of association.

Because of the significant role of farmer-leaders in visiting farms and training farmers, CU also

interviewed ten farmer-leaders to assess their understanding of the ALP Code. The results were as follows:

1. **Child labor:** All farmer-leaders knew that children were not supposed to work. Only one (10%) knew all the correct age specifications according to the Measurable Standards. Five (50%) incorrectly identified 18 as the minimum working age, while one mentioned 13-14 as the age allowed for light work. Three farmer-leaders (30%) knew that 15 was the minimum working age, but failed to mention the restrictions on the tasks allowed for children aged 15 to 18. In eight cases (80%) hazardous work was defined only as applying chemicals and carrying heavy loads; only two farmer-leaders also mentioned sticking or harvesting green tobacco leaves.
2. **Income and work hours:** Four farmer-leaders (40%) knew the legal minimum wage, while the others only knew the wages agreed in their barangay. None named the correct overtime payment rate. However, the majority (80%) named the correct working hours per day. Knowledge on legal benefits for workers was non-existent.
3. **Fair treatment:** Six farmer-leaders (60%) were not able to give any explanation of this Principle. Two said fair treatment is when workers and farmers eat the same meals, and two mentioned no discrimination.
4. **Forced labor:** As was the case with the field technicians, none of the farmer-leaders were fully clear on what this ALP Code Principle is about. The majority (90%) only stated that workers “should not be forced”.
5. **Safe work environment:** With regard to this Principle, eight farmer-leaders (80%) only mentioned protection during work. One additionally mentioned shade for the workers and the avoidance of accidents, while one left this question unanswered.

21. Three field technicians did mention these topics, but only in relation to forced labor, see next point

6. **Freedom of association:** All farmer-leaders had an adequate understanding of this ALP Code Principle.
7. **Compliance with the law:** This principle was explained either as following the national law or adhering to the contract with ULPI.

Based on this assessment, CU concludes that the knowledge of farmer-leaders is insufficient for educating farmers on ALP. The lack of awareness among farmer leaders on ALP Principles, in combination with the finding that they are reluctant to report on their fellow farmers (see Chapter 1.3.2), demonstrates that ULPI's current system of relying on farmer-leaders for important ALP-related tasks is ineffective and results in unreliable farm data.

ULPI's response:

"Intensive trainings will be conducted in multiple sessions to re-enforce GO personnel and Farmer Leader's understanding on all ALP principles. Different scenarios (actual photos) and various training methods (such as drama) will be used. Agronomy will conduct unannounced exams to the GO personnel and Farmer Leaders meeting (bi-monthly) to assess their knowledge. The ALP principles will be uploaded in the tablets which can be accessed through the Universal Leaf Integrated Information System (ULIIS) interface anytime as necessary. Results of technical exams will be summarized at the end of Crop 2018 to determine the GO personnel and Farmer Leaders' strengths and weaknesses. Future trainings (Crop 2019) will focus on weak areas that have been identified. Handling green tobacco without proper PPE, which is considered not meeting the standard, would be included and emphasized during these trainings."

1.2.4. Internal communication

The ALP Coordinator held monthly meetings with the field technicians, in which ALP-related topics were discussed and documented. Furthermore, weekly meetings were held between project managers and field technicians, as well as by the internal audit team. ALP-related topics were

discussed when considered relevant. Informal communication among colleagues took place on a frequent basis.

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

1.3. Communication of the ALP Code requirements to farmers

1.3.1. Communication strategy and tactics

ULPI started to communicate the ALP Code to farmers in 2012. Communication efforts were focused mainly on child labor and safe work environment (in particular, the use of PPE for CPA), as these were considered the most important topics. Other situations not meeting the standard, such as payments below the legal minimum wage or unawareness of GTS, did not receive adequate attention.

ULPI developed several communication methods. Two of these were based on direct communication and training. First, regular orientation meetings with farmers were organized at the barangay hall, before each crop stage. On average, the last 30 minutes of these meetings were dedicated to ALP topics, including written tests. In practice, the farmers did not always attend these meetings; sometimes their wives went instead. An identified problem was that attention levels of most attendees tended to drop towards the end of the meeting (when ALP topics were discussed). As a second method to communicate ALP, ULPI had tasked the farmer-leaders and field technicians with communicating the ALP Code during every farm visit. However, due to the limited understanding of the farmer-leaders regarding ALP, their communication with farmers often consisted of simply mentioning the ALP Code, without applying it to the local farm situation. At the time of the assessment, the average field technician to farmer ratio was 1 to 204, (ranging from 71 to

486 farmers per field technician), while, on average, there were six farmer-leaders per field technician, and 31 farmers per farmer-leader.

To further improve farmers' understanding of ALP, in 2013 ULPI started interviewing and training farmers at the end of the cropping season, when they delivered their tobacco. In addition, in 2015 ULPI started testing farmers' knowledge on ALP through a written exam; the results of these exams were discussed with the farmers at the time of tobacco delivery.

Several written communication materials were used. Each farmer received a "technoguide": a booklet with all relevant agronomic aspects of growing tobacco, including the re-entry periods after CPA application. This booklet also included all seven ALP Code Principles in Tagalog.²² The growing contract, which all farmers had to sign at the beginning of each crop season, also included all seven principles in Tagalog. Finally, posters listing the seven

principles were put up in front of the barangay halls and at the buying stations. CU observed, however, that all written materials contained far more text than pictures; although the booklet and poster did include a picture for each principle,²³ these pictures were not self-explanatory. Furthermore, none of the communication materials mentioned the farmers' responsibility to inform workers about their legal rights. In addition, no information was provided on the legal minimum wage, maximum work hours, legal overtime rate, or basic worker entitlements.

The following table shows the level of awareness among the interviewed farmers, family members and external workers with regard to the ALP Code Principles. In line with ULPI's focused communication efforts, the highest levels of awareness were found for the topics of child labor and safe work environment, closely followed by income and work hours. Awareness of other ALP-related topics was very low or completely absent, which is in line with the communication gaps identified above.

Level of awareness of ALP Code Principles*			
	Farmers (55)	Family members (52)	External workers (34)
Child labor	51 (75%)	26 (50%)	15 (44%)
Income and work hours	25 (45%)	15 (29%)	6 (18%)
Fair treatment	4 (7%)	0	0
Forced labor	7 (13%)	1 (2%)	0
Safe work environment	34 (62%)	18 (35%)	7 (21%)
Freedom of association	3 (5%)	0	0
Compliance with the law	5 (9%)	2 (4%)	0

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

22. Tagalog is the general Filipino language, while the local dialect in Isabella is Ilocano. Most farmers and workers understood Tagalog and were literate.

23. See Appendix V.

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

Means of communication through which the ALP Code was received		
	Farmers (41)	Family members and workers (86)
Group meetings/trainings	36 (88%)	3 (3%)
During regular visit by field technician	31 (76%)	19 (22%)
Verbally from the farmer leader	3 (7%)	17 (20%)
Technoguide	12 (29%)	4 (5%)
Flyer/Poster	9 (22%)	4 (5%)
Discussion with other farmers/workers	2 (5%)	7 (8%)
Verbally from the farmer	0	18 (21%)

ULPI also had an online-system for communicating with the farmers through text messages. All text messages with inquiries sent to ULPI by farmers were answered directly if possible, or forwarded to the respective department, and saved in the online system for further reference and analysis. As far as CU could identify, this communication was not linked to the Farm Profiles. Also, this system was not really used for ALP communication.

ULPI's response:

"The written materials/techno guides will be revised using pictures (like comics style). Also, a video clip will be installed on GO personnel/RMG/Agronomy tablets to be shown and discussed with the farmers during trainings. The same information will be given to farmers in CD's. The video clip will be posted in a public website to be created by ULPI that can be viewed by farmers who have Internet access.

To re-enforce STP Training, which includes ALP, ULPI is going to use a specialized truck (STP-MOBILE Training) to visit all the Farmer Leaders and most of the farmers on an annual basis. These trainings will be done in the fields, basically going through all the details during the growing cycle - seedbeds, transplanting, vegetative, harvesting and market preparation. The trainers will have intensive knowledge on ALP & STP. Our objective is to have STP-MOBILE visit the different areas at least 4 times annually in the field.

Agronomy will determine the ALP principles as to when it is applicable based on current field activities. The Mobile Assistant (hotline number) will be used to communicate various messages to remind farmers on ALP principles. Messages will be translated in Filipino and/or local dialect for better communication and understanding by the farmers."

1.3.2. Farmers' responsibilities

At the beginning of each crop season, farmers signed a growing contract with ULPI which included all seven ALP Code Principles. A breach²⁴ of those principles could lead to blacklisting²⁵ in the next season, making compliance with the ALP Code part of the farmers' responsibility. However, both farmers and field technicians commented that farmers barely read the terms of the contract. ULPI did not provide positive incentives to farmers to encourage good performance in relation to the ALP Code. It was identified that in practice, poor performance only had severe consequences (blacklisting) if child labor was involved. All other cases (e.g., not using PPE) resulted in a report, for which the farmer had to sign a form (see Chapter 1.5.3).

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

At the time of the assessment, ULPI was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles); situations not meeting the standard; and Prompt Actions. A new online system called "Universal Leaf Farm System" (ULFS) was introduced in January 2017. The ALP Coordinator regularly generated reports from this system to evaluate ALP-related issues. The collected data was compiled and added to a quarterly report shared with PMI Regional.

Data collection, especially for Prompt Actions, was found to be unreliable at the time of the assessment. The main reason was that field technicians did not visit the farmers regularly but shared this task with the farmer-leaders, who did not have access to the company's data system and did hardly any reporting to begin with. While the field technicians were required to fill in the online system after each farm visit, many of them (55%) reported that they did not have sufficient time to fill in the monitoring forms.

ULPI's response:

"ULPI will review and simplify all monitoring forms and reports [to improve time for reporting]."

1.4.1. Socio-economic data: Farm Profiles

The socio-economic information for Farm Profiles was collected once a year during the contracting period. In general, farmer-leaders were responsible for providing farm data to the field technicians, who completed the farm profiles in ULPI's online system. About half of the field technicians reported that they would go to the farms to verify the data provided by the farmer-leaders, while the other half just trusted the data given to them. Farm Profiles were completed at the beginning of the season and were not updated during the season. Of the 55 Farm Profiles checked by CU, only 40 (73%) had been updated for the current season. When comparing the data reported in these profiles to actual farm situations, CU found that 19 (48%) were incomplete, lacking information if training had been provided to the farmer, while 18 (45%) contained inaccurate data, mostly with regard to the size of the planted tobacco or the number of workers contracted²⁶. In one case a migrant worker was not accounted for in the profile.

ULPI's response:

"To address the issue [of inaccuracy] the system will automatically update the GPS area in the Farm Profile once the data is uploaded in the checklist. Also, the number of hired workers [...] will be recorded during the growing season for better accuracy and will be linked to the Farm Profile."

"ULPI will create a software to incorporate [farmers training] within the Farm Profile annually."

24. ULPI had classified breaches according to four severity levels (see Chapter 1.5.3).

25. A blacklisted farmer would not be contracted for the next season. As ULPI was the only company buying Burley in Isabela, blacklisting would have a strong impact on the farmer.

26. For farms where workers are hired on a daily basis, it is practically impossible to keep the Farm Profile up to date in terms of the exact number of workers.

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

ULPI’s online system for farm monitoring included a form for situations not meeting the standard, which had to be filled in after each farm visit. For each ALP Code Principle, the possible answer was either “yes - compliant” or “no - not compliant”; this format did not allow to add comments or explain the situation. Some Measurable Standards were missing, e.g. there was no option to report “handling green tobacco without PPE”.

After ticking the box “No - not compliant” for a situation not meeting the standard, the online system would automatically show the required action for follow-up with the farmer in question. The system did not take into account the frequency of the situation being reported, and usually only required to remind and educate the farmer about the correct practices. Furthermore, at the time of the assessment ULPI only monitored and reported on two principles (child labor and safe work environment). Hence, situations not meeting the standard with regard to the other ALP Code Principles were not monitored accurately.

ULPI’s response:

“ULPI will improve monitoring and documenting the other 5 ALP Principles (Income, Work Hours & Benefit

to Farm Workers; Fair Treatment; Forced Labor; Freedom of Association and Compliance with the Law)”

“The ALP monitoring tools [online system] were deployed early this year and will be fully implemented/ used for CY 18 by GO and Farmer Leaders

All GO Personnel, RMG and Agronomy will be using the [newly purchased, customized] tablets for this coming season to record real time issues; including the 100 Farmer Leaders within the Pilot Project.”

1.4.3. Prompt Actions

Field personnel made no distinction between situations not meeting the standard and Prompt Actions; all were considered a ‘breach’ with the ALP Code. As shown in the Table below, ULPI distinguished four categories of breaches (light, severe, moderate and extreme), each with a different follow-up. For each category except the ‘light’ breaches, a certain number of incidents would lead to blacklisting for the next tobacco season.²⁷ However, the main action for all incidents (except ‘extreme’ breaches) was to remind and re-educate the farmer about the correct practices. The main difference between the categories related to who was responsible for the follow-up:

Severity of incident	Responsible for follow-up	Number of violations leading to blacklisting
Light	Field technician (possibly also a member of the Agronomy Department or the internal audit team)	-
Moderate	Field technician, Project Manager, Agronomy Department, or internal audit team	Four
Severe	Field technician, Project Manager, Agronomy Department, or internal audit team	Two
Extreme	Project Manager, Agronomy Department, or internal audit team	One

27. In Region II no farmers had been blacklisted so far, but in Region I there had been two reported cases.

The overview of breaches provided by ULPI was exhaustive and covered most Prompt Actions as defined by PMI e.g. on fair treatment, forced labor and re-entry periods. Only a few Prompt Actions were missing, for example unsafe CPA storage, reuse of CPA containers, sexual harassment,²⁸ and children working in extreme temperatures, at heights, or after dark. However, only a limited number of breaches were actually monitored and reported: child labor, and not using PPE for CPA or fertilizer application.

The Prompt Action reporting procedure involved two types of documents. The first one was the “Corrective and Preventive Action Report” (CAPA) describing the Prompt Action observed and the action taken to address the issue with the farmer. Generally, this action was limited to reminding the farmer of the correct ALP practices; root causes were not investigated and no corrective action to address root causes was taken. The second report related to the follow-up. After a Prompt Action had been reported and entered into ULPI’s online system, an unannounced follow-up visit was to be conducted within ten days, to check whether the issue was solved. As described in the table above, this was carried out by different people, depending on the severity of the breach. The document used for this follow-up visit was the “Prompt Action Verification Report” (PAV), which described the Prompt Action identified and whether or not the incident was recurring. If the incident was not observed during this visit the Prompt Action was marked as “resolved” in the document and the case was closed in the online system. If recurrence was observed this was marked in the report. In that case, the farmer would be reminded again of the correct practices, and the follow-up visits would be repeated until the Prompt Action could be closed. Both the CAPA and PAV had to be signed by the farmer, stating that he or she acknowledged the occurrence of the incident and the follow-up. The reports provided to CU by ULPI did not show if a visit had taken place without resolving the Prompt

Action, only when the Prompt Action had been closed.

As mentioned in Chapter 1.3.2, farmer-leaders were tasked with reporting Prompt Actions but lacked incentives to do so. Consequently, none of them had reported any Prompt Actions. As for the field technicians, until shortly before the assessment they tended not to report Prompt Actions: in case of an incident they would just talk to the farmer, but not file a report. At the time of the assessment, field technicians had been explicitly instructed to formally report Prompt Actions in ULPI’s online system; nevertheless, they declared to CU not do so in all cases. As a result, the number of reported Prompt Actions was low.

None of the farms included in CU’s regular farm sample had a reported Prompt Action. Therefore, on the last day of the assessment CU visited six farms selected specifically for their reported Prompt Actions, in order to verify and understand the procedure including the follow-up, and to check if farmers were aware.²⁹ The six farmers in question all had a reported Prompt Action on child labor, and all understood its meaning. In all cases the Prompt Action had been marked as resolved. In two cases the information in the report did not match the description provided by the farmer. In one of these cases the farmer disagreed with the Prompt Action and claimed he did not have children working on his farm. On two other farms³⁰ child labor was still taking place (despite the fact that the issue had been marked as resolved). At these two farms, CU observed a total of four child family members younger than thirteen who were helping with sticking, which is a hazardous activity. The children in question were aged four, eight, twelve and twelve.

ULPI’s response:

“Lists of Prompt Actions Issues (PA) and situations not meeting the standard will be provided to all GO Personnel. The PA identified by CU and ULPI will be monitored during every farmer’s visit.”

28. As opposed to sexual abuse, which was included.

29. For these visits the methodology was different than for the “regular” field visits (see Appendix II).

30. These farms were actually located outside the geographical scope of this assessment, but were nevertheless included for reasons explained in Appendix II.

1.4.4. Data management and analysis

Field technicians were responsible for completing the monitoring reports in the ULFS after each visit. Prompt Action Reports could be downloaded by staff members responsible for the follow-up, such as the ALP Coordinator and the internal audit team.

1.4.5. Improvement plans for individual farms

The Prompt Actions and situations not meeting the standard as reported through the “CAPA” form resulted in an improvement plan agreed between the field technician and farmer in question. However, as mentioned in Chapter 1.5.3, the majority of the action plans listed on this form simply focused on reminding and educating the farmer about the correct practices, rather than analyzing the root causes and developing corrective actions to address these causes. Follow-up was supposed to take place within ten days.

1.5 Address systemic and/or widespread issues

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

At the time of the assessment, ULPI had implemented the following operational initiatives:

- **“Let’s P.L.A.Y.” – summer school programs (Promote Learning Activities for the Youth):** Together with the non-governmental organization (NGO) *American Chamber Foundation Philippines*,³¹ and with financial aid from PMI, ULPI launched the Let’s PLAY initiative in 2014. This program offered farmers and workers the option to send their children (age 7-12, elementary school) to schooling activities during summer holidays, thereby reducing the risk of child labor. The participating children could do sports, be part of a marching band, do arts, or read books. A food program was also involved, providing meals in the morning and the afternoon. According to a 2016 report by ULPI, 1,493 children benefited from this program.
- **Of the farmers visited by CU, only three farmers (5%) had sent one or more children to the summer school.³²** All of them were happy with the program and would recommend it to other farmers. Field studies, conducted and provided by ULPI, showed that, during summer holidays, fewer child labor incidents occurred in areas offering summer school than in areas outside the scope of this initiative. Based on CU’s experience, the Let’s Play initiative is one of the best programs seen in the Philippines so far for reducing the risk of child labor.
- **Adopt a school – free school supplies:** To encourage school attendance and reduce farmers costs for school supplies ULPI also sponsored school supplies for children at 32 schools. Seven farmers (13%) had benefitted from this initiative; all of them liked it and would participate again as it saved them money. However, five of these seven farmers (71%) reported that this initiative had not had a direct impact on their farm.
- **CPA container retrieval:** Together with its CPA suppliers, ULPI launched an initiative to retrieve empty, used or full CPA containers during and after the tobacco season to avoid unsafe disposal and/or unsafe reuse of CPA containers. Farmers could deliver their containers to their farmer leader, who would store them until they were picked up (which happened on a regular basis). Farmers participating in the CPA container retrieval program automatically participated in a raffle, in which they could win prizes at the end

31. <http://www.amchamfoundation.com/home>

32. Most farmers did not have children in the age group of 7-12 and therefore could not participate. Other reasons for not participating were that farmers were not aware of the program or did not live near a school that offered the program.

of the season. In addition, there was a penalty for not participating in the program: farmers who did not participate would have a certain amount of their income deducted by ULPI. These two incentives were showing effect: 98% (49) of the farmers were participating in this initiative. The one non-participating farmer told CU that he was just keeping and storing the CPA containers on his farm, and that he did not know about the initiative. Of the farmers asked, 95% (43) found this initiative useful, mainly because it reduced the risk of children playing with empty CPA containers, and also because they liked the raffle. All of the farmers participating would participate again. An environmental study presented to CU by ULPI showed that rivers were less polluted since the launch of the CPA container retrieval program. However, CU found that some farmers did not return all their empty containers, and that therefore the risks continued to exist.

- **PPE for CPA:** PPE was distributed to the farmers at the beginning of each crop season. In the past, the cost of PPE was partly subsidized by ULPI, but at the time of the assessment farmers had to pay the full cost. Of the farmers visited, 53 (98%) had been provided with a complete set of PPE consisting of a dust mask, goggles, plastic gloves, an apron, and gum boots. The majority of the farmers asked (46, i.e. 92%) found this initiative useful and would participate again. All stated that PPE was for their safety and protection. However, CU found that only few farmers or their workers would wear the complete set.³³ Reasons given by the farmers for not wearing all PPE were mostly related to the discomfort of wearing PPE in high temperatures. Also, CU found that the dust masks were not appropriate for spraying, as they did not sufficiently protect from health hazards.
- **Cotton gloves for harvesting:** To protect farmers and workers from GTS, in 2017 ULPI started with providing cotton gloves for harvesting. At the time of the assessment, 44 farmers (80%) had received gloves. Of the farmers asked about this, 29 (71%) said they found this initiative useful because it provided protection, whereas 12 farmers (29%) did not find the initiative useful mostly because they had received the gloves only very recently and were not yet used to wearing them. Several farmers reported that they were using the gloves for sticking and classifying but not for harvesting, as they felt that the gloves affected the quality of the leaves during harvesting. Of the farmers who were asked if they would participate again, 26 (83%) said yes. Five (17%) said they would not participate again, as they were not using the provided gloves and did not want the costs to be deducted from their payment. As this initiative started only recently it is too early to determine its impact on the farms, but several farmers already reported a reduction of health issues. However, CU found that, on many farms, the gloves were not worn for all tasks, or only on one hand. In addition, the cotton gloves were also not considered appropriate, as they were thin and not impermeable.

33. See chapter 2.5.

Chapter 2

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



EXTERNAL ASSESSMENT
Universal Leaf Philippines

This chapter describes CU’s assessment of the working conditions on farms with regard to the ALP Code Principles and Measurable Standards. ALP Code Principles are short statements designed to guide farmers on specific practices, resulting in safe and fair working conditions. A Measurable Standard defines a good practice and over time can be objectively monitored to determine whether, and to what extent, the labor conditions and practices on a tobacco farm are in line with each ALP Code Principle.³⁴

2.1. ALP Code Principle 1: Child labor

There shall be no child labor.

Main findings and challenges

2.1.1. Children working and activities performed

No evidence was found of children below 15 years of age being employed at the farms or helping with tobacco at their family farm.³⁵ CU did observe two child family members aged 16 and 17 who, after school, were helping with sticking, which is not permitted as this is a hazardous activity.

In addition to the regular farm visits, CU conducted six Prompt Action checks. During these checks, on two farms (33%) a total of four children below the age of 13 were found to be helping with sticking. Their ages were four, eight, twelve, and twelve.

Underlying factors that increase risk

Control Union identified four underlying factors that increased the risk of child labor:

1. Children helping on the farms was a common practice. Since parents often did not have someone to look after their children during the (summer) holidays or after school, they took their children with them to the fields or barns.

2. Children wanted to help in order to earn some pocket money for snacks.
3. Farmers were unaware of some types of hazardous work. They tend to define “hazardous tasks” as “heavy” tasks. For them, this referred to handling sharp tools or machinery, as well as CPA application. However, they did not consider handling green tobacco or sticking (which was done with sharp metal pins) as hazardous. This unawareness increased the risk of people below 18 being involved in hazardous tasks.
4. Many farmers did not know the specific age regulations for helping in tobacco-related activities.

Analysis and priorities

Elimination of child labor is one of the main focus areas of ULPI, and they implemented several initiatives to address this issue. Child labor also was the most important ALP topic in ULPI’s communication efforts and in the reporting by field technicians and the internal audit team. CU found only few cases where children were helping with farm work, and most farmers were aware that their children should not work in tobacco. Hence, ULPI’s efforts seem to be effective. However, lack of awareness among farmers about the ALP Code age specifications and the definition of hazardous tasks presents a continued risk that child family members are involved in tasks not suitable for their age group. Additional efforts are required from ULPI to address this issue.

ULPI’s response:

“ULPI will intensify its trainings through the “STP-MOBILE” to create awareness among farmers and workers regarding age specifications and the type of work allowed per age group. Hazardous tasks will be defined and explained. The Mobile Assistant will be utilized to blast text messages throughout the growing season to remind farmers and ensure better understanding on Child Labor principles. ULPI will

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

35. The legal minimum age for employment in tobacco is 15 (See Appendix III for more detailed legal

continue to be proactive in reporting issues, identify the various root causes and implement projects to address the issues such as the Summer School and After-School Programs. Also, ULPI will continue to monitor childrens' attendance in public elementary schools found in growing areas to determine if the absenteeism is due to tobacco related activities."

2.2. ALP Code Principle 2: Income and work hours

Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal work hours.

Main findings and challenges

2.2.1. Payment of workers

None of the workers was paid at least the legal minimum wage. Instead, farmers paid their workers an amount agreed at the barangay level, which in all cases was lower than the legal minimum wage.³⁶ One farmer paid less than the wage agreed in his barangay.

All farmers calculated the salaries based on the daily rate agreed in their barangay (see table below). Three farmers paid different wages for different tasks, for example, paying 150 Philippine Pesos (PHP) per day for lighter work such as classifying or sticking, and 200 PHP per day for heavier work such as harvesting³⁷. In most cases, the workers who were paid either 150 or 200 PHP per day also received lunch and two small meals in the morning and in the afternoon.³⁸

Breakdown of calculated salaries ³⁹				Salary range	
Salary	0-150 (PHP/day)	151-200 (PHP/day)	201-250 (PHP/day)	Minimum (PHP/day)	73
Number of farms	4 (9%)	41 (91%)	3 (7%)	Maximum (PHP/day)	250

While these figures are lower than the legal minimum wage, they do not reflect any in-kind payment received by the worker. However, in-kind payments must be approved by both the Department of Labor and Employment (DOLE) and the workers must authorize the in-kind payment in writing, which was not the practice on any of the farms visited.

Five (11%) of the farmers in the table above paid an additional piece rate for sticking, of 1-2 PHP per finished stick. On average, workers were able to complete between 50 and 75 sticks per day. However, workers typically did not do a full day of sticking; for example, they would spend half a day on harvesting or other tasks (for which they would

36. The legal minimum wage for Isabela was 280 Philippine Pesos (PHP) per day (See Appendix III for more detailed legal information).
 37. For this reason the numbers do not add up to 100%, those farmers are listed twice
 38. The meals were valued to represent a value of 30-50 PHP per day by the local CU auditors. However, only a maximum of 70% of the value of in-kind payment can be deducted from the wage and it has to be approved by the DOLE, see Appendix III for more detailed information.
 39. Workers also received the full daily wage if they finished their work within less than eight hours, as they are available the entire day and cannot plan in advance how long the tasks will need lower working hours do not result in the option to work somewhere else and are therefore not taken into account (see Chapter 2.2.3 work hours).

be paid 50% of the daily wage agreed), and then do sticking in the afternoon (for which they would be paid piece rate).

One farmer (2%) additionally to daily workers, employed a migrant worker⁴⁰ who stayed on his farm for a period of eight months. This worker received a total of 15,000 PHP plus all food and accommodation.⁴¹ Taking the common six-day-working week, his daily salary in cash was 73 PHP, which is around a quarter of the legal minimum wage⁴².

Two farmers (4%) worked as a sharecropper, for which they received ten percent of the net farm income, after deduction of all costs. These costs included workers' wages and inputs, which were paid by the landowners and deducted later. It was not possible to determine whether the income of these farmers themselves would meet the legal minimum wage as this depended on the net farm income. However, as both sharecroppers were farming the land of close relatives (their mother and grandmother, respectively) and claimed to have a good relationship with them, the risk of them being underpaid was considered small by CU.

2.2.2. Payment schedule

The majority of the farmers (31, or 69%) paid their workers regularly and in accordance with the law,⁴³ and mostly on a daily basis. Twelve farmers (29%) paid as soon as they had the cash available, which sometimes led to a delay in payment. Two farmers (4%) paid some of their workers only at the end of the season. One of them calculated the total wage based on the agreed daily wage and the number of days worked, paying his worker the entire sum as soon as he had received the money from the tobacco

delivery (if the workers agreed to this arrangement). The other farmer had agreed a fixed wage for the entire season with one of his workers (this was the case with the migrant worker mentioned in 2.2.1).

2.2.3. Work hours

No evidence was found of farmers disrespecting the legal work hours on a regular basis. In most cases, there was no scheduled workweek as workers had jobs on several farms at the same time. Rather than determining exact hours, farmers and workers agreed upon the tasks to be completed. This practice resulted in workers occasionally working more than eight hours per day, but mostly the work hours were less than eight hours.

None of the workers who did work longer than the regular hours were paid the legal overtime rate.⁴⁴ The reason for this was that most of them received a fixed daily wage regardless of the amount of hours worked. Four farmers did pay extra for overtime hours, but not at the legal rate. In most cases neither farmers nor workers were aware of the legal overtime rate.

At three farms (10%) workers did not always receive one resting day per week, as during the harvest peak they were asked to work seven or eight days in a row. However, this had happened only once or twice. As most workers worked on different farms across the season, they were able to plan their own resting days in between jobs.

2.2.4. Legal benefits

None of the farmers provided their workers with the additional basic benefits required by law.⁴⁵ The main reason for this was that workers had verbal rather

40. The worker was Filipino, but from a different region and could not go home every day. He was part of an indigenous minority.

41. As explained above, in-kind payment cannot be applied to the wage.

42. The value of accommodation could not be quantified, but also here the law limiting in-kind payment applies.

43. Philippine law states that wages shall be paid at least once every 2 weeks or twice a month at intervals not exceeding 16 days (See Appendix III for more detailed legal information).

44. Overtime pay must be equal to the employee's regular pay plus at least 25%.

45. In addition to one day of rest per week (Sundays), workers are entitled to receive social security, health insurance, home development fund, holiday pay, parental leave, and several other benefits (see Appendix III for more detailed legal information).

than written contracts, and that both farmers and workers were unaware of the legal requirements regarding workers' benefits.

Underlying factors that increase risk

In addition to the underlying reasons mentioned above, the level of awareness among farmers and workers regarding the legal minimum wage was relatively low; 14 farmers (26%) did not know the legal minimum wage, and three farmers believed that the locally agreed wage (for their barangay) was the legal minimum wage. Furthermore, several farmers claimed that they did not have enough money to pay more than the amount agreed in their barangay, or that the cash advances by ULPI were too late or insufficient to pay higher wages. However, CU also found that some farmers also used the cash advances for household expenses and non-tobacco related activities, which demonstrates inefficient financial management on their side.

Analysis and priorities

The ALP Code Principle of Income and work hours is not a focus area for ULPI. However, CU's findings demonstrate that many farm practices are not meeting the standards of this principle. Lack of awareness among farmers and workers about relevant legal aspects – such as the legal minimum wage, overtime rate and legal benefits – demonstrate the need to increase communication efforts for this topic.

ULPI's response:

"ULPI will continue to educate the farmers on existing laws regarding minimum wage and payment of wages. They will be informed on the different modes of employment, obligations as employer and the rights of laborers/workers. In case the farmers need support for proper documentation in engaging the services of their laborers, ULPI will provide a template document stating the employment details of the laborer. Compliance with existing labor laws on minimum wage and proper payment of wages will form part of the field validation activities."

"In order to promote awareness ULPI's written materials will be revised to include the necessary details of this principle which will be distributed to farmers and workers. Farmers' compliance will be monitored through the online reporting system (ULIIS).

The revised written materials will elaborate the information based on work hours and overtime payment. Messages and reminders will be blasted through ULPI's Mobile Assistant to farmers during the growing cycle.

ULPI will gather information through the online system to better establish the current situation covering 100% of farmers and a bigger survey coverage with the workers. ULPI will also continue to conduct the survey using PMI's SOP4CoP for the past 3 years to record labor hours for each activity.

ULPI will conduct an intensive orientation to farmers and their permanent workers regarding their obligations about legal benefits."

2.3. ALP Code Principle 3: Fair treatment

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

Main findings and challenges

2.3.1. Treatment of workers

No evidence was found of verbal, sexual, or physical abuse on the farms.⁴⁶ In addition, CU did not identify any discriminatory practices, although it can be argued that the migrant worker, who was from an indigenous minority, was discriminated because his total seasonal income was much lower than for other workers. However, the worker in question had been given the option to work as a freelancer with higher daily wages (like the other workers), but had decided in favor of the security of a seasonal contract, including a fixed seasonal wage and accommodation.

In some areas the workers were extended family, friends or neighbor farmers who worked on one another's farms, which reduced the risk of unfair treatment. Also, in some other areas, there was a scarcity of workers, which meant that farmers had to treat their workers well to ensure that they would keep working for them.

2.3.2. Support mechanism

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

For tobacco farmers and workers in the Isabela region no independent support or grievance

mechanism was available. ULPI did offer a support mechanism in the form of a telephone number (linked to ULPI's online system) to which farmers and workers could send text messages. This number was posted on tarps in the barangay halls. However, none of the messages sent through this system related to ALP issues. This was most likely due to the fact that the grievance support mechanism was not independent and not anonymous. If workers or farmers had a labor-related issue they did not want their boss or ULPI to know about, there was no system in place to contact. Instead, some workers had discussed issues such as delays in payment with their community judge. However, the latter person did not have any ALP training, nor was he in a position to take up these issues with the company.

In addition to a formal support mechanism, the ALP Code requires that farmers should make themselves available to their workers to discuss potential grievances before they escalate. No cases were identified where farmers were unavailable to their workers, as most of the workers were relatives, friends or neighbors.

Analysis and priorities

Neither farmers nor workers had used the company-run support mechanism to report ALP-related grievances. An independent grievance mechanism that allows anonymous calls is needed, especially when considering the low awareness among farmers and workers about legal aspects and workers' rights. Migrant workers from other regions, in particular, would benefit from such a mechanism, as they do not always have access to the community judge.

ULPI's response:

"ULPI is in search of a Non-Government Organization (NGO) that will be contracted to annually visit barangays to inquire and evaluate ALP related issues from any ULPI farmers and workers. Part of the NGO's responsibility will be to train the Barangay Officials on ALP."

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

2.4. ALP Code Principle 4: Forced labor

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

Main findings and challenges

2.4.1. Involuntary labor

No evidence was found of workers being unable to leave their employment or working against their will, or of contracted prison labor. Also, no evidence was found of workers being obliged to hand over their original identity documents or pay a financial deposit.⁴⁷

2.4.2. Direct payment

No evidence was found of workers not being paid directly by the farmer.

2.4.3. End of harvest payment

Two farmers (4%) paid some of their workers only at the end of the harvest. This represented a potential risk of forced labor, as these workers had to wait until the end of the harvest to receive their payment. This risk was even greater for the migrant worker (see Chapter 2.2.1), who was not sure if he would get paid if he would leave his job before the end of the harvest. This meant that he had to stay on the farm waiting to be paid, without being able to earn money working elsewhere. However, as described in Chapter 2.3.1, the worker in question had been given the option to work for a daily wage, but had opted for a fixed seasonal wage including accommodation.

Analysis and priorities

CU did not find evidence for widespread issues related to this ALP Code Principle. This is mainly due to the fact that most workers were relatives, friends or neighbors. Nevertheless, two cases were found where workers were paid only at the end of the harvest, which is not in accordance with the law and poses a risk of forced labor, especially when migrant workers are involved. The low level of awareness among field technicians and farmer-leaders regarding this topic limits their ability to detect such risks. It is crucial that these situations are closely monitored and addressed if needed.

ULPI's response:

"ULPI conducted follow-up visits for those workers who receive payment at the end of the season to validate whether they receive the agreed payment. Agronomy has been doing this validation for the past 3 years and will continue.

The written materials/techno guides will be revised to include the Forced Labor standards. Mobile Assistant will be used to remind farmers during the growing cycle. Trainings will be done in different crop stages through the "STP-MOBILE" to improve GO personnel, farmer leaders, farmers and workers' awareness."

47. The Philippine Constitution proscribes involuntary servitude in any form, except as punishment for a crime for which a party has been duly convicted. See Appendix III for more detailed legal information.

2.5. ALP Code Principle 5: Safe work environment

Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.

Main findings and challenges

2.5.1. Training and awareness of GTS

At 32 farms (65%) people responsible for handling green tobacco were not trained on the avoidance of

GTS.⁴⁸ Seven farmers had not received any training, in some cases because their wives instead, had attended the group meetings and trainings provided by ULPI. At the remaining 25 farms, family members and/or workers had not been trained by the farmer.

Furthermore, 28 farmers (49%) were unaware of the existence of GTS and/or how to avoid it. As a result, these farmers either did not think it necessary to train their workers, or were unable to train them. However, in general, farmers and workers were aware of the need to wear (at least) long sleeves during harvesting. Only on two farms (4%) no protective clothing was used at all when handling green tobacco (see Table below). On one farm a pregnant woman was observed sticking, an activity which poses a health risk to the unborn child.

Use of protective clothing during harvesting	Number of farms
No protective clothing	2 (4%)
All protective clothing (Long sleeves, long pants, gloves, and shoes)	11 (22%)
Long sleeves, gloves, long pants	1 (2%)
Long sleeves, long pants, shoes	1 (2%)
Long sleeves, long pants	10 (20%)
Long sleeves, gloves	4 (8%)
Only long sleeves	21 (42%)

2.5.2. Training and handling of CPA

Handling CPA proved to be a challenge at all farms visited. Half of the farmers (23, i.e. 53%) did not store their CPA safely. The main reason was that farmers did not have a CPA cabinet (in 12 cases). Ten farmers did have a cabinet but no lock. In one cabinet a chicken was found brooding on the shelf next to the chemicals. Also, on seven farms (empty) CPA containers were observed lying around outside the storage area. In some of these cases, children, including infants, were found playing right next to these containers. Several farmers reported that they had only been informed to build a CPA cabinet in the weeks before CU's assessment, and in some cases the dedicated cash advance from ULPI had not yet arrived.

48. Each employer is required to give complete job safety instructions. See Appendix III for more detailed legal information,.

At 34 farms (65%) people handling CPA were not properly trained on PPE usage. Nineteen farmers claimed they had not been trained on this topic themselves, only on CPA mixing and application. The majority of farmers (28, or 54%) were unaware of the necessity to train their workers on safe handling of CPA. However, on all farms visited, the CPA application equipment was in good condition and free from leaks.

At 43 farms (88%) people responsible for CPA application did not use the complete set of PPE. The main reason identified by CU was that the PPE (goggles, in particular) was considered uncomfortable to wear in hot weather. In addition, the mask was described as being too tight and the boots did not fit very well in several cases. One farmer was found wearing a big plastic bag instead of an apron, and another farmer was observed using an empty fertilizer bag for the same purpose. Another reason was the general lack of awareness on the necessity to wear PPE.

Use of PPE for CPA application	Number of farms
All PPE (Apron, Mask, Boots, Gloves, Goggles)	6 (12%)
Apron, Mask, Boots, Gloves (no Goggles)	6 (12%)
Apron, Mask, Gloves, Goggles (no Boots)	1 (2%)
Apron, Mask, Boots, Goggles (no Gloves)	1 (2%)
Apron, Mask, Gloves (no Boots or Goggles)	2 (4%)
Apron, Mask, Goggles (no Boots or Gloves)	1 (2%)
Apron, Boots, Gloves (no Mask or Goggles)	1 (2%)
Mask, Gloves, Goggles (no Apron or Boots)	1 (2%)
Only two of the items above	13 (27%)
Only one of the items above	4 (8%)
No PPE at all	13 (27%)

At 31 farms (74%) people did not use gloves during application of fertilizer. Twenty-four farmers reported that wearing plastic gloves was uncomfortable in the heat. Furthermore, at 12 farms, the farmers and/or workers lacked awareness on the necessity to wear gloves. Some farmers also reported that fertilizer would stick to their gloves and be wasted, and that they therefore did not use gloves.

The majority of the farmers (36, or 71%) did not take measures to ensure that no one would enter their fields after recent CPA application. Thirty-one farmers did not know the specific re-entry periods for the different CPAs used. Seventeen farmers were not aware of the necessity to post a warning sign, and ten farmers said their family members and workers “just knew” not to enter a field after CPA application.

During CU's farm visits, only 13 farmers were able to present a warning sign that they would put up after CPA application.

Forty-nine farmers (98%) participated in the CPA container retrieval program organized by ULPI (see Chapter 1.6). As ULPI did not require the farmers to triple rinse and pierce CPA containers before returning them, none of the farmers did so.

2.5.3. Clean drinking and washing water

No evidence was found of farmers not providing clean drinking water to family members and workers. At 13 farms (27%) washing water and/or soap were not available to the workers; however, in these cases workers generally went home during lunch break, and washed up there.

2.5.4. Workers accommodation

Of all the farmers visited, only one had a worker staying on his farm (see Chapter 2.2.1). The accommodation for this worker was found adequate and – although very basic – of the same standard as the accommodation of the farmer. In all other cases, the workers would go to their own homes after work.

Underlying factors that increase risk

Farmers generally considered their farms too small to take formal measures for a safe work environment. At 21 farms (54%) farming tools were lying around or were not stored properly. None of the farmers interviewed had received a first-aid training, owned a first-aid kit, or had resources to act in case of fire. Four (11%) farmers had resources to act in case of emergency, which consisted of a phone number of the local hospital or had means of transportation to take an injured person to hospital. Sanitary facilities were available only at the farmer's house; none were available in the fields, when these were located farther away from the farm house.

Analysis and priorities

Safe work environment, in particular the use of PPE for CPA application, is one of the two ALP Code Principles focused on by ULPI. CU's findings confirm the relevance of this strategy. However, the fact that awareness and understanding of the need for safety measures is still low among both farmers and workers demonstrates that ULPI's communication efforts on this topic need to be improved. Furthermore, while ULPI distributed PPE and implemented a CPA container retrieval program, these initiatives have not yet resulted in the desired change of behavior. As farmers are used to unsafe practices, they are unlikely to change their behaviour immediately. Therefore, it is important to understand the reasons underlying these practices and set targets that refer to actual change of behavior, rather than setting targets for the number of distributed PPE or collected CPA containers.

ULPI's response:

"To address the issues observed, ULPI will re-enforce trainings starting with the GO personnel, Seedling Growers, Farmer Leaders, farmers & their workers. It will also be included in the "STP MOBILE" training to be conducted throughout the growing cycle.

ULPI will provide an approved CPA Lock-up storage to all farmers. GO will verify if the storage is being used properly to be documented through the ULFS. A proper PPE - gloves (CPA, fertilizer & Suckercide, Green Tobacco - suckering and harvesting), boots, mask, goggles & apron that is acceptable and can be used under current field conditions will be provided to farmers annually.

ULPI will evaluate different types of gloves that are water-resistant and not too thin for GTS avoidance.

ULPI will provide re-entry signage to farmers to ensure that people are properly warned about entering the field/crop. The same will be included in ULPI trainings to promote awareness.

ULPI will not accept return of empty CPAs that are not triple rinsed/punctured from the farmers. The importance of this endeavor will be explained in details during farmers' trainings and through "STP MOBILE". Farmers will be reminded by blast messages through the Mobile Assistant.

ULPI's Environment, Health, Safety & Security (EHSS) group will conduct a "Train the Trainers Training" on first-aid to Field Personnel (GO & Agronomy) to be rolled out to Seedling Growers, Farmer Leaders, Farmers & Workers. This topic will also be part of "STP MOBILE" training. ULPI will provide First Aid Kit to farmers annually as part of their cost of production."

ULPI's response:

"ULPI will include this topic during trainings for farmers' and workers' awareness. Also, this will be monitored through the online system."

2.7. ALP Code Principle 7: Compliance with the law

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

Main findings and challenges

2.7.1. Information on legal rights

Typically, farmers informed their workers about the basic employment conditions at their farm, such as the wage they would receive, the hours they needed to work, their tasks, and payment conditions.⁵⁰ However, none of the farmers fully informed their workers about their rights in terms of legal benefits, the legal minimum wage or the legal minimum rate for overtime hours. This was found to be due to two reasons: (1) farmers lacked the legal knowledge to inform their workers properly, and (2) farmers were unaware of their responsibility to provide this information to their workers.

Analysis and priorities

While field technicians show a limited understanding of this topic, farmers are even less aware of the legal rights of workers. They do not understand that it is their responsibility to inform workers about their legal rights. ULPI also does not provide information on legal aspects to farmers (see Chapter 1.4.1). Clearly, the knowledge of field technicians and farmers on this ALP Code Principle needs to be improved. In particular, more attention should be given to the farmer's obligation to inform workers of their legal rights.

2.6. ALP Code Principle 6: Freedom of association

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

Main findings and challenges

2.6.1. Workers' right to freedom of association

No evidence was found of farmers disrespecting their workers' right to freedom of association⁴⁹. There were no active labor unions in the region of the assessment. Farmers allowed their workers to discuss common work goals and interests.

Analysis and priorities

This ALP Code Principle was not a focus area for ULPI, which is understandable because the risk of violation of workers' right to freedom of association appeared to be low. Additionally, field technicians had an adequate knowledge of this topic.

49. The Philippine Constitution protects the freedom of workers to form and join unions for purposes which are not contrary to law. See Appendix III for more detailed legal information.

50. Written employment contracts are not required under Philippine law. Agreements are verbal and workers will only be informed about the working conditions verbally (See Appendix III for more detailed legal information).

ULPI's response:

"Compliance with the Law standard will be included in the revised written materials and will be communicated to farmers through the "STP MOBILE" training. Farmer's obligation of informing the workers of their legal rights will be reiterated. GO personnel will be given exams bi-monthly to improve their knowledge. This principle will be monitored through the online system."

Chapter 3

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



EXTERNAL ASSESSMENT
Universal Leaf Philippines

Control Union asked farmers, family members and workers what had changed on their farms since the start of the ALP Program. The general feeling was that the number of children working in tobacco production had decreased and that farmers and workers were better protected when working with chemicals. Three farmers reported that they were not motivated to implement ALP, because their financial situation was insufficient to follow the standard and other crops in the region did not require the same standards. Some farmers also reported that they were originally unaware that the inputs and PPE provided to them by ULPI would be deducted from the payment for their tobacco, and that they were not free to choose whether or not they wanted to receive these inputs.⁵¹

In addition to farmers, family members and workers, CU also interviewed two other stakeholders: (1) a group of four teachers from a local elementary school who participated in the Let's PLAY and Adopt a School initiatives; and (2) a local community judge⁵² who acted as a mediator for labor issues between workers and farmers. The teachers, who taught children about the risks of child labor and helped ULPI in monitoring school attendance, were full of praise for the Let's PLAY program and the help from ULPI in both initiatives. They had noticed that the number of child labor incidents had decreased due to the efforts of ULPI. The community judge did not have any connections with ULPI. He would be present during the salary discussions between the farmers in his barangay and act as a mediator between farmers and workers, but had a limited understanding of ALP.

Field technicians received feedback from farmers as well as workers and family members during their farm visits. They would discuss their findings during meetings with their supervisors. However, there was no structured process for reporting these findings to the ALP team. Meeting minutes only reflected the topics that had been discussed, but did not record any feedback from the field or details about the discussions.

Farmers could send feedback to ULPI through the ULFS. These messages were being forwarded to the relevant department or person who would respond and file the feedback. However, farmers were not specifically encouraged to provide feedback through this system, resulting in few feedback messages. None of the messages viewed by CU related to ALP.

Furthermore, ULPI talked with farmers during tobacco delivery to obtain their feedback. This information was then reviewed and dealt with accordingly. However, also in this case there was no structured process for reporting (ALP-related) feedback to the ALP team.

51. Which was done in order to ensure only approved materials would be applied and used.

52. Locally referred to as the lupong tagapaya

Chapter 4

APPENDICES



EXTERNAL ASSESSMENT
Universal Leaf Philippines

Appendix I – Universal Leaf Philippine’s Action Plan

ULPI’s Response and Actions Plans on ALP

Universal Leaf Philippines, Inc. (ULPI) appreciates Control Union’s (CU) dedication and efforts in conducting an ALP assessments regarding its implementation within ULPI’s operations. We considered it as an important process in determining different areas for improvement and very helpful in establishing Action Plans to further enhance the implementation of ALP.

ULPI realized that it has still a long way to go – from educating the Growing Operations (GO) personnel, Farmer Leaders, Farmers and Workers. ULPI is committed to address and show continuous improvement for a sustainable production involving its farmers and workers. ALP implementation is a great challenge due to our farmers’ culture. ULPI is determined to indoctrinate ALP within our farmer base to demonstrate that it is the right thing to do as a company, industry and for their family members.

Implementation of the ALP Program

1. Commitment to the ALP Program

ULPI will continue to exert effort in educating the GO personnel, farmers and workers in the implementation and observance of ALP principles throughout the season in the growing areas. Our goal is to ensure that fair labor practices are executed and problems are resolved. Aside from Child Labor and Safe Working Environment which were identified as priorities, ULPI will improve monitoring and documenting the other 5 ALP Principles (Income, Work Hours & Benefit to Farm Workers; Fair Treatment; Forced Labor; Freedom of Association and Compliance with the Law).

2. Strategy and Objectives

As commented by CU, a formal process for setting the strategy and objectives for ALP implementation could not be identified; however, it was acknowledged that a Risk Assessment and root cause analysis was conducted. Other comments from CU regarding prioritization of issues over the other principles, identified high probability risks and the strategies in addressing issues with timeline were highly appreciated and noted. ULPI assured that it will be considered in the Action Plans (AP) to be implemented.

Using PPE during CPA handling and application were prioritized due to farmers’ exposure with the different CPA’s and the degree of injury, not only during tobacco growing season, but year round, doing the same activity to their other crops unprotected. Also, breaking the farmers’ habits take time, but “educating” the farmer on why it is necessary for themselves and their workers to use the PPEs is much better than “telling or requiring” the farmer without any reason behind the PPE usage. Once the farmer or worker requests that a PPE is needed to accomplish the task at hand, the message has been successfully understood by all parties.

ULPI has been conducting a “Worker Survey” annually since CY 14 which is surveying the farmers’ workers on different ALP measurable standards. The results were used as a basis in determining priorities. A Grievance Mechanism hotline was established in CY 15 and known by both farmers and workers. Farmers used the hotline to report their concerns. Also, during the survey interviews, workers said that they will use the hotline to report issues.

Farmers usually pay the workers' wages the amount that is prevailing in the Barangays. The amount was set and agreed by different sectors (Barangay Officials and citizens including farmers). Payment frequency is included in the Worker Survey and the results showed that it met the Barangay standard. ULPI will continue to educate the farmers on existing laws regarding minimum wage and payment of wages. They will be informed on the different modes of employment, obligations as employer and the rights of laborers/workers. In case the farmers need support for proper documentation in engaging the services of their laborers, ULPI will provide a template document stating the employment details of the laborer. Compliance with existing labor laws on minimum wage and proper payment of wages will form part of the field validation activities. Recurring violations will form part of prompt action and may be subjected to the corresponding corrective actions. ULPI will gather data for CY 2018. Information on salaries and wages will be used as baseline numbers to determine the level of compliance by ULPI registered farmers. Action plans will be devised for implementation on succeeding crop seasons. ULPI will also continue to conduct the survey using PMI's SOP4CoP for the past 3 years to record labor hours for each activity.

There are also few farmers who were engaged in "End of Season Payment" which was agreed by the workers before their services were rendered. In this case, ULPI re-visited the workers once the farmer delivered their tobacco crop to verify if the farmer had paid them as agreed. In all cases, the workers were paid as promised/contracted.

Data collection, monitoring and reporting of ALP principles, including child labor starts during seedling production through baling (preparing the tobacco for receiving).

3. ULPI's Internal Capacity for ALP Implementation

a) Organizational Structure, Roles & Responsibilities

ULPI's ALP structure is composed of different departments – each with its key roles and functions to perform. Since ALP is an integral part of

Sustainable Tobacco Program (STP) which is the "People Pillar", the same Team is responsible in the program's implementation. Each department consists of Directors, Managers and Staff from the different Regions. ULPI's Upper Management and ULT Regional serve as advisers, participating during meetings and audits. They also approve and provide resources for the implementation of various projects/programs.

The STP/ALP Coordinator leads the Agronomy Team, who has indirect involvement with the farmers and has vast knowledge on STP including ALP. They work closely with the GO personnel in conducting trainings and are very familiar with farmers' practices. Their expertise make them suitable in conducting unannounced visits to ensure that Best Practices (BP) are adaptable to farmers and applied/ documented throughout the tobacco season for a sustainable production. The Risk Management Group (formerly Internal Audit Team) that CU identified as unique in ULPI's structure, operates independently and also responsible for conducting unannounced farm visits to verify complex issues including Child Labor. Other Departments involved in ALP implementation are Corporate Social Responsibility (CSR), Legal, Information Technology (IT) for system development, and the System Standards & Development Group (SSDG) responsible in generating reports thru the Universal Leaf Farm System (ULFS).

CU also observed that there were no specific ALP-related responsibilities in the job description of ALP Coordinator and ULPI Staff (GO/Agronomy/RMG); however, everybody were informed about their tasks. Few weeks after CU's Closing Meeting, the Country Team met to discuss their findings. The current job description of ALP Coordinator and ULPI's staff were reviewed. Human Resources updates the current job descriptions to incorporate the identified responsibilities related to ALP for the following group:

- GO Production Manager
 - Supervise, monitor and implement Agricultural Labor Practices (ALP) to Farmer,

- Farmer Leader, Farm Supervisor and Area Coordinator;
- Train, monitor and implement Sustainable Tobacco Program (STP) covering Governance, Crop, Environment and People (ALP) Pillars.
- GO Area Coordinator
 - Conduct farmers' meeting and orientation seminar on Package of Technology (POT) and other significant topics such as NTRM, Tobacco Moisture, Agricultural Labor Practices (ALP) and recruitment;
 - Train Farm Supervisors, Farmers and Farmer Leaders on the Principles of ALP
 - Train, monitor and implement Sustainable Tobacco Program (STP) covering Governance, Crop, Environment and People (ALP) Pillars;
 - Report, monitor and follow up with Action Plans from Prompt Action Issues identified for ALP, NTRM, Moisture, CPAs and etc.
 - Monitor farmer's performance through regular farm visits at every production stage to ensure that they meet the company's requirements and recommend adjustments if necessary including ALP related matters.
 - GO Farm Supervisor
 - Train, monitor and implement Sustainable Tobacco Program (STP) covering Governance, Crop, Environment and People (ALP) Pillars;
 - Train the Farmers and Farmer Leaders on ALP principles;
 - Report Prompt Action Issues for ALP, NTRM, Moisture, CPAs and etc.
 - Report any farmers' violations and recommends mitigation measures including ALP related matters;
 - Regularly visit the farms and accomplish monitoring tools for NTRM and ALP related in the tobacco plantation.
 - Agronomy Coordinators & Supervisors
 - Roll out the ALP code to farmer leaders, farmers and workers through trainings in cooperation with GO personnel;
 - Conduct unannounced visits to farmers, report prompt action issues and violations on the ALP principles if there is any;
 - Conduct parallel data collection through workers' interview verifying GO's data to establish accuracy;
 - Attend GO's bi-monthly meetings to keep them up-to-date on STP/ALP related matters;
 - Assist the STP/ALP Coordinator in various works such as creation of pamphlets, techno guides, etc.;
 - Give support to STP/ALP Coordinator during trainings and the execution of technical exams;
 - Conducts GO re-orientation on electronic data collection.
 - Risk Management Group (RMG) (formerly Internal Audit Team)
 - Incorporate all ALP principles (7) not just Child Labor during their unannounced visits;
 - Conduct parallel data collection through sampling (with Agronomy Team);
 - Conduct unannounced visits to farmers with ALP violations to verify recurrence of issues if there is any.
- The STP/ALP Coordinator's responsibilities mentioned in CU's report will be included in the job description accordingly.
- It was also noted in CU's report that the Field Staff/GO had one Key Performance Indicator (KPI) related to ALP which was the 100% retrieval of empty/used CPA containers from the farms. GO's KPI's were also reviewed. The revised KPI's has 55% related to the whole STP including ALP (20.5%) - Farm Profile,

ALP trainings, CPA Storage, PPE and Empty CPA retrieval are identified indicators to be included in the upcoming crop season. As mentioned earlier, a parallel audit sampling will be conducted by RMG and Agronomy to establish the accuracy of GO reports.

ULPI considers the Farmer Leaders as valuable partners in its operations. However, CU identified the Farmer Leaders' system not being very effective in obtaining ALP-related data from the field due to various reasons as stated in the report. ULPI appreciated CU's observations. This insight will assist ULPI formulate the appropriate steps in finding the right solutions. For the next season, Farmer Leaders will be empowered in data collection (ensuring Compliance on Data Access and Usage as stated in the Contract Growing Agreement) and reporting by providing 100 tablet units that has the capability to report ALP issues as a pilot project. Reporting will be done by daily update using ULPI's on-line system. Intensive trainings will be conducted to teach the Farmer Leaders on the reporting structures with close supervision and guidance from GO Personnel and Agronomy. RMG and Agronomy will conduct a parallel reporting to verify the accuracy of Farmer Leaders' data covering all 7 ALP principles. If this project produces reliable and effective results, the program will be expanded and implemented to the other Farmer Leaders in 2019.

Also, it is the Farmer Leaders' obligation to implement all government laws and ULPI policies including the ALP principles as stated in their respective contracts. Any violations such as the improper implementation of STP and ALP principles committed by Farmer Leader would cause for the termination of the agreement. GO personnel will reiterate and ensure that Farmer Leaders understand and agree with the provisions stated in their respective contracts before signing and joining ULPI's future undertakings. Furthermore, all contracts are translated in Filipino language for better understanding of all parties involved especially the Farmer Leaders.

b) Training and Communication of the ALP Program

Intensive trainings will be conducted in multiple sessions to re-enforce GO personnel and Farmer Leader's understanding on all ALP principles. Different scenarios (actual photos) and various training methods (such as drama) will be used. Agronomy will conduct unannounced exams to the GO personnel and Farmer Leaders meeting (bi-monthly) to assess their knowledge. The ALP principles will be uploaded in the tablets which can be accessed thru the Universal Leaf Integrated Information System (ULIIS) interface anytime as necessary. Results of technical exams will be summarized at the end of Crop 2018 to determine the GO personnel and Farmer Leaders' strengths and weaknesses. Future trainings (Crop 2019) will focus on weak areas that have been identified. Handling green tobacco without proper PPE, which is considered not meeting the standard, would be included and emphasized during these trainings.

The written materials/techno guides will be revised using pictures (like comics style). This will help farmers to understand better the 7 ALP principles. Also, a video clip will be installed on GO personnel/RMG/Agronomy tablets to be shown and discussed with the farmers during trainings. The same information will be given to farmers in CD's. The video clip will be posted in a public website to be created by ULPI that can be viewed by farmers who have Internet access.

To re-enforce STP Training, which includes ALP, ULPI is going to use a specialized truck (STP-MOBILE Training) to visit all the Farmer Leaders and most of the farmers on an annual basis. These trainings will be done in the fields, basically going through all the details during the growing cycle – seedbeds, transplanting, vegetative, harvesting and market preparation. The trainers will have intensive knowledge on ALP & STP. Our objective is to have STP-MOBILE visit the different areas at least 4 times annually in the field.

Agronomy will determine the ALP principles as to when it is applicable based on current field activities. The Mobile Assistant (hotline number) will be used to communicate various messages to remind farmers on ALP principles. Messages will be translated in Filipino and/or local dialect for better communication and understanding by the farmers.

ULPI will continue to train GO personnel, farmers and workers in various stages throughout the growing cycle. Below is the updated training for CY17.

AGRONOMY TRAININGS (Sept 2016 - July 2017)

MONTH		# OF TRAININGS	PARTICIPANTS
Seedling Production - GO	Classroom	8	160
Seedling Production-FBA	Classroom	17	545
Seedling Production Orientation - GO	Field	11	23
Seedling Production Orientation - FBA	Field	43	79
Seedling Production Orientation - Worker	Field	1	477
Growing Orientation - GO	Classroom	21	411
Growing Orientation - Farmer	Classroom	36	1,242
Growing Orientation - GO	Field	8	69
Growing Orientation - Farmer	Field	279	5,667
Growing Orientation - Worker	Field	35	332
Orientation & GAP - NTA	Classroom	5	49
Crop Production Training - GO	Classroom	1	4
Crop Production Training - Farmer	Classroom	156	4,937
TOTAL		621	13,995

c) Farm Monitoring, Data Collection and Addressing Issues

It was mentioned in CU's report that GO personnel did not have sufficient time in filling up the monitoring forms. With this feedback, ULPI will review and simplify all monitoring forms and reports. Manual data collection was done in the past and encoded in a simple Excel Sheet used as a data base. Using this system, collected data was not analyzed in a timely manner and addressing any Prompt Action Issues were somewhat delayed. Also, information gathered annually were changing as ALP evolves and ULPI realized the importance of having an internal on-line system for data collection. The survey questionnaires were developed in the Universal Leaf Integrated Information System (ULIIS) installed in GO personnel's laptops. Farm Profiles and Good Agricultural Practices (GAP) Technical Checklists were already system based since CY 14. The ALP

monitoring tools were deployed early this year and will be fully implemented/used for CY 18 by GO and Farmer Leaders.

To further assist the GO Personnel, ULPI purchased customized tablet units that are more user-friendly compared to laptops used for the past 7 years. All GO Personnel, RMG and Agronomy will be using the tablets for this coming season to record real time issue, including the 100 Farmer Leaders within the Pilot Project.

ULPI has established satellite offices close to the main growing areas equipped with Internet to facilitate speedy reporting. Once the GO personnel upload reports in the ULPI main server, the Universal Leaf Farm System (ULFS) managed by the SSDG generates a summary report (dashboard) for

the STP/ALP Team. The same report can be viewed by GO and ULPI's Upper Management. The quick availability of reports will be a great help for ULPI to ensure that issues are addressed promptly with a pro-active management approach.

In the past, data collection was done at different crop stages. Farm Profile was accomplished annually during recruitment. Farmers' personal information including their family members was done once - usually at the beginning of the growing season or contract signing. Existing information from the previous crop year were stored in GO personnel laptop and it could be amended or reviewed once the farmer signs their new contract. Common examples are inclusion (newborn) or deletion (deceased) of family members or changes in status. Ages are automatically computed by the system based on the birth dates.

Other information captured is the "registered area" (area that the farmer and ULPI is assuming to be transplanted for the upcoming crop). This figure didn't change so when CU made their assessment, it was perceived that the data in the Farm Profile was inaccurate because it was different from the "declared adjusted area" by the farmer. Farmer's actual area planted is measured by GO personnel or FL with a GPS device 10 to 14 days after transplanting. This new "adjusted area" is recorded in several reports such as the Farmer Checklist

and the Farm Plan, Budget and Requisition screen within the ULFS. To address the issue noted by CU, the system will automatically update the GPS area in the Farm Profile once the data is uploaded in the checklist. Also, the number of hired workers recorded in the Farm Profile was an estimated number declared by the farmer at contracting. This information will be recorded during the growing season for better accuracy and will be linked to the Farm Profile.

ALP is incorporated in all farmer's trainings done at different crop stages and currently not linked with the Farm Profile. Similar to the other information mentioned above, ULPI will create a software to incorporate this information within the Farm Profile annually.

Lists of Prompt Actions Issues (PAI) and situations not meeting the standard will be provided to all GO Personnel. The PAI identified by CU and ULPI will be monitored during every farmer's visit. Each PAI are categorized into - Moderate, Severe and Extreme Breaches depending on severity. To discourage farmer in committing such violations, the below standard was implemented on the recently concluded crop season. Other issues not meeting the standard will be addressed by the GO Management - root causes will be identified and an Action Plan will be implemented to resolve the issues.

Category of Issues		Responsible for Follow-up	Number of violations leading to Blacklisting
Not meeting the standard		GO Management (Managers/Area Coordinators/Farm Supervisors)	Re-enforce and continuous training
Prompt Action Issues (PAI)	Moderate	RMG and/or Agronomy	Four (4)
	Severe	RMG and/or Agronomy	Two (2)
	Extreme	RMG and/or Agronomy	One (1)

Once all issues (including not meeting the standard) are reported in the system by GO personnel, RMG and Agronomy, the ALP Coordinator is automatically informed. For any PAI, GO are not involved in the verification thru unannounced visit to eliminate any conflict of interest within ULPI organization. Follow-up visits and reports will then be assigned to the responsible person.

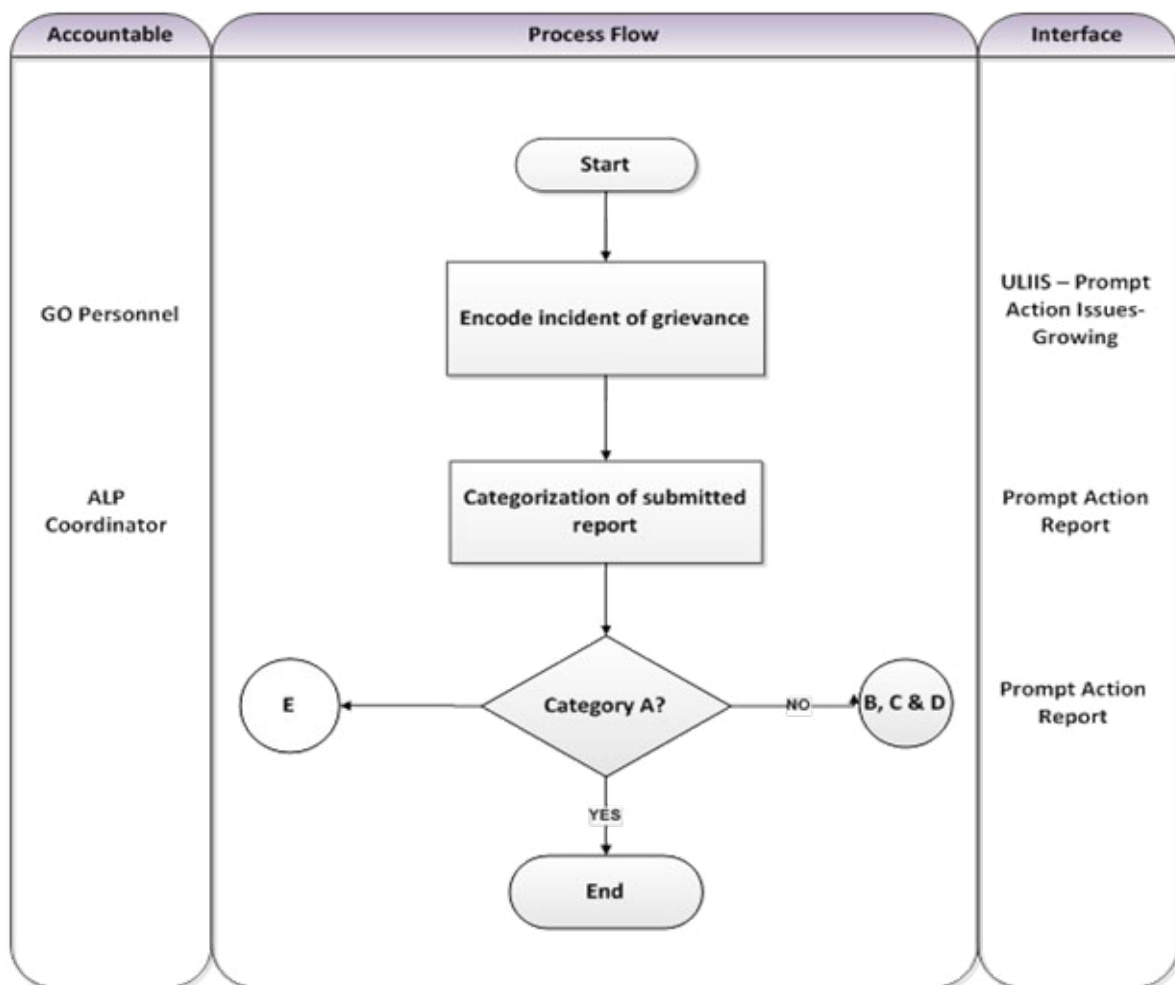
If Agronomy and RMG also report any issues that they observed during their random farmers' visits, it is imperative that the unannounced visit would be handled by RMG or vice versa. If a farmer committed any

moderate PAI in the current year once, the counting will be continued in the upcoming season (see below Farmer A). In the below example, both Farmers A & B will not be contracted in CY'18.

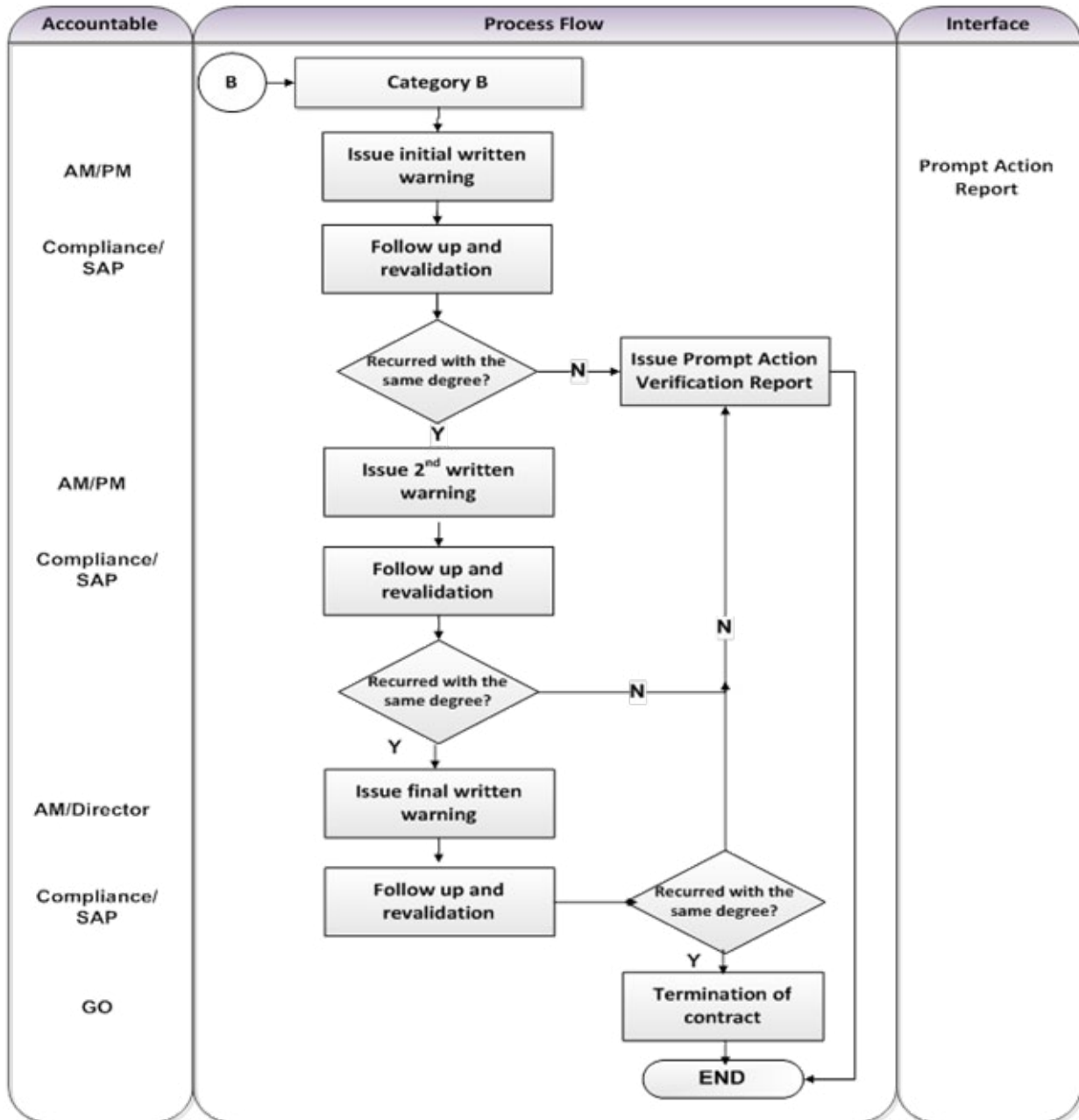
FARMER	ISSUES FOUND	CATEGORY OF ISSUES	DATE FOUND
Farmer A	Child Labor - 16 y.o. sticking	SEVERE	2/23/2016
	Child Labor - 13 & 15 y.o. sticking	SEVERE	2/2/2017
Farmer B	Child Labor - 17 y.o. suckercide application	SEVERE	2/16/2017
	Child Labor - 13 y.o. sticking	SEVERE	4/10/2017

Process Flow of Reporting & Addressing Issues:

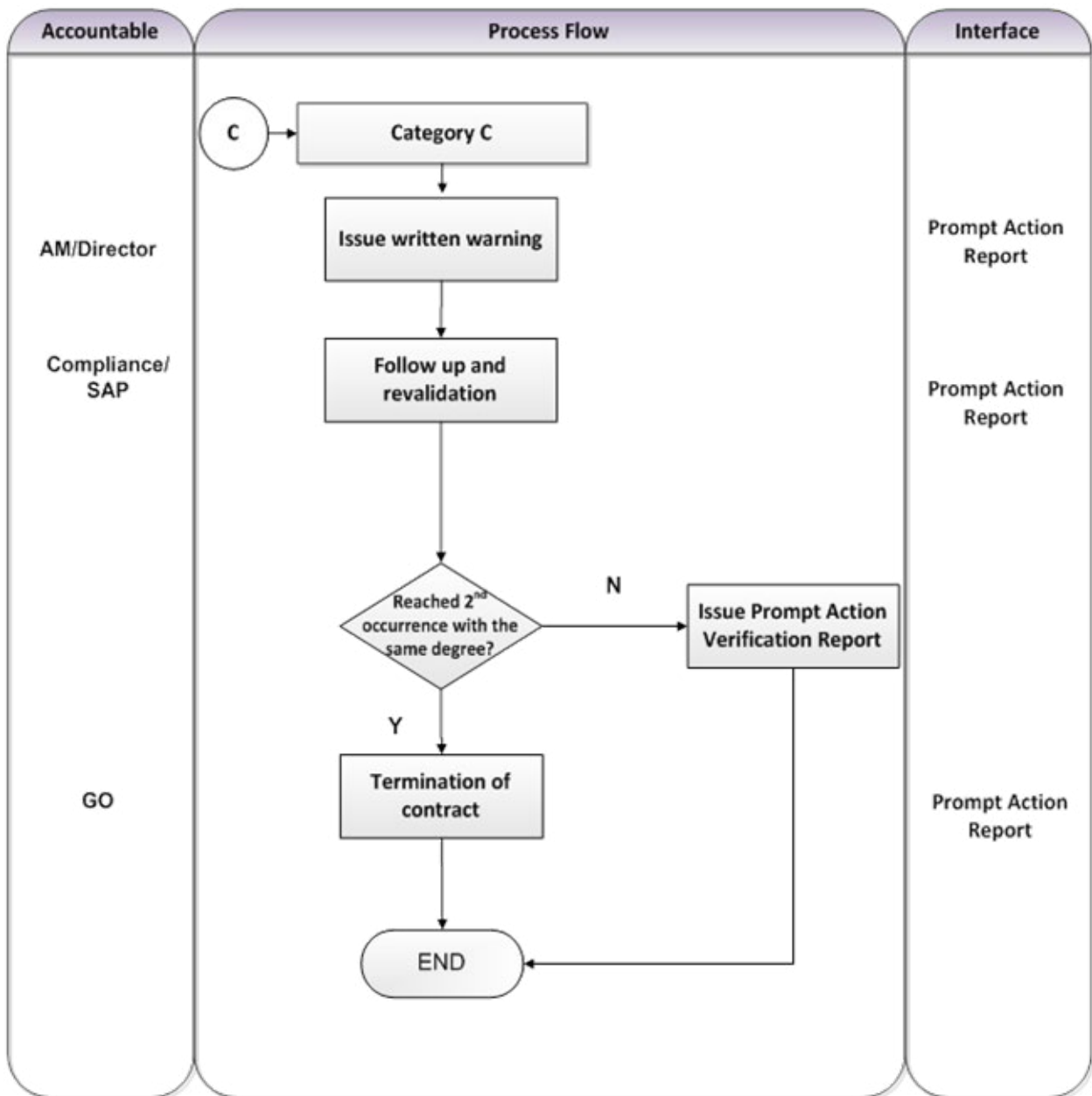
Not meeting the standard - these are activities that can be resolved with a mutual agreement between ULPI and farmer through an action plan. Trainings or orientations by either GO/RMG/Agronomy will be given immediately



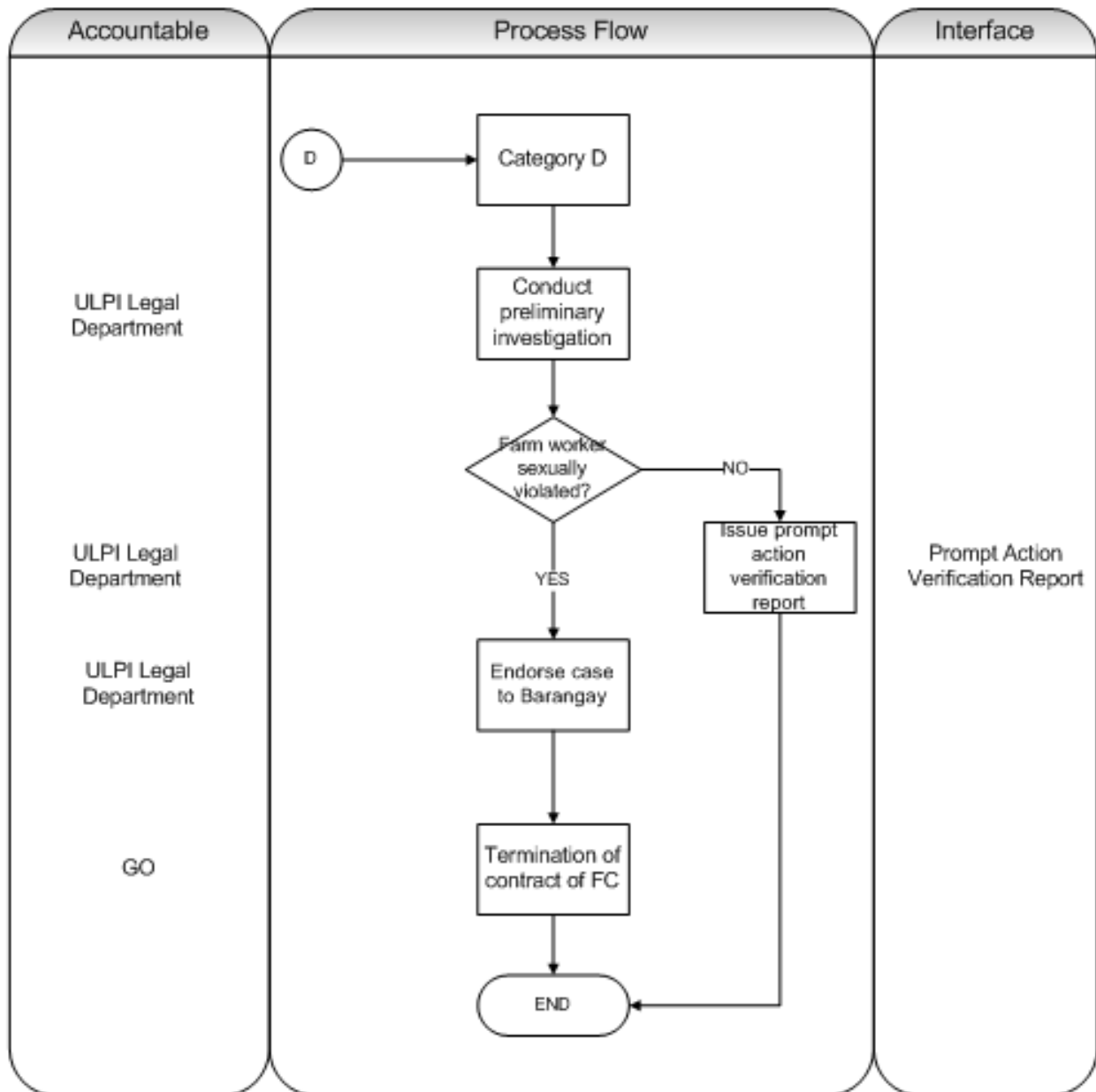
Moderate - these are activities that maybe time consuming and can affect health. Trainings or orientations by either GO/RMG/Agronomy will be given immediately. Root cause analysis and action plans must be done.



Severe - these are activities that require vigorous effort and energy. It greatly affects the health and mental capacity of an individual.



Extreme Breaches – these activities are difficult to observe as they are illegal and likely to be hidden. The severity of these issues means that they cannot be dealt with by the GO personnel as part of their normal engagement process or as part of a continuous improvement cycle, instead, this requires careful handling by the Legal Department. These are issues that ULPI could not tolerate and need immediate action when observed.



4. Farm Level Assessment of Working Conditions

a. Child Labor

ULPI will intensify its trainings through the “STP-MOBILE” to create awareness among farmers and workers regarding age specifications and the type of work allowed per age group. Hazardous tasks will be defined and explained. The Mobile Assistant will be utilized to blast text messages throughout the growing season to remind farmers and ensure better understanding on Child Labor principles. ULPI will continue to be proactive in reporting issues, identify the various root causes and implement projects to address the issues such as the Summer School and After-School Programs. As mentioned and based on CU’s experience, the Summer School initiative is one of the best programs seen in the Philippines so far for reducing the risk of child labor. Also, ULPI will continue to monitor children’s attendance in public elementary schools found in growing areas to determine if the absenteeism is due to tobacco related activities.

b. Income, Work Hours & Benefits to Farm Workers

It was mentioned in CU’s findings that the level of awareness among farmers and workers regarding the legal minimum wage was relatively low. In order to promote awareness, ULPI’s written materials will be revised to include the necessary details of this principle which will be distributed to farmers and workers. Farmers’ compliance will be monitored thru the on-line reporting system (ULIIS).

ULPI will gather information thru the on-line system to better establish the current situation covering 100% of farmers and a bigger survey coverage with the workers. Questions include the wage rate and other benefits provided by the farmers such as lunch and snacks. With these information, ULPI could establish a better scenario and validate farmers’ payment to workers and to determine whether the existing barangay ordinances are fair to all parties involve (farmers & workers).

The revised written materials will elaborate the information based on work hours and overtime payment. Messages and reminders will be blasted through ULPI’s Mobile Assistant to farmers during the growing cycle.

ULPI will conduct an intensive orientation to farmers and their permanent workers regarding their obligations about legal benefits. Farmers who hire temporary workers are not expected to give certain mandatory benefits accorded to permanent workers because a temporary worker usually just work an average of 15-20 sporadic or intermittent days with the same farmer throughout the growing season.

c. Fair Treatment

No issue was found that violates Fair Treatment principle nor reported since ALP was implemented in CY 13. ULPI issued cellphone units to farmers and encouraged them to report any concerns they have through the Mobile Assistant. Workers when asked said that they are willing to report any issues that involves any ULPI personnel, farmer leaders and farmers. Most farmers are utilizing the Mobile Assistant to follow up their requests and raise concerns related to tobacco production, but none of their texts received were related to ALP; however, CU commented that this was most likely due to the fact that the grievance support mechanism/ Mobile Assistant was not independent and not anonymous. To address this, ULPI is in search of a Non-Government Organization (NGO) that will be contracted to annually visit barangays to inquire and evaluate ALP related issues from any ULPI farmers and workers. Part of the NGO’s responsibility will be to train the Barangay Officials on ALP. This process will create an open communication between the NGO & Barangay officials related to any prevailing ALP issues. In addition, Barangay Officials have established process that any unresolved issues in their barangays are elevated to the higher level (municipality).

d. Forced Labor

CU did not find evidence of widespread issues related to the Forced Labor Principle. However, there were some cases where workers were paid at the end of harvest which posed a risk of forced labor. Though farmer and worker both agreed with this condition before any labor was done on the farmer's crop, ULPI conducted follow-up visits for those workers who receive payment at the end of the season to validate whether they receive the agreed payment. Agronomy has been doing this validation for the past 3 years and will continue. Agronomy will conduct orientation annually to farmers and permanent workers wherein "End of Season" payment possibly occurs in order for the farmer to understand his obligations such as payment of legal benefits. Worker's rights and benefits will be tackled in details. It will be part of the orientation to inform the farmers on the requirement of existing laws on payment of wages. Further, they will be educated on the different allowable acceptable modes of employment, and on how they can comply with existing Philippine Labor laws, regulation and DOLE orders, memos or issuances.

The written materials/techno guides will be revised to include the Forced Labor standards. Mobile Assistant will be used to remind farmers during the growing cycle. Trainings will be done in different crop stages thru the "STP-MOBILE" to improve GO personnel, farmer leaders, farmers and workers' awareness.

e. Safe Work Environment

CU observed several issues during the assessment. These include lack of trainings for GTS and proper CPA handling, Re-entry Interval and general safety measures. To address the issues observed, ULPI will re-enforce trainings starting with the GO personnel, Seedling Growers, Farmer Leaders, farmers & their workers. It will also be included in the "STP MOBILE" training to be conducted throughout the growing cycle.

ULPI will provide an approved CPA Lock-up Storage to all farmers. GO will verify if the storage is being used properly to be documented thru the ULFS. Different PPE's were shown to farmers for their evaluation in July. A proper PPE - gloves (CPA, fertilizer & Suckercide, Green Tobacco - suckering and harvesting), boots, mask, goggles & apron that is acceptable and can be used under current field conditions will be provided to farmers annually.

In the past, ULPI issued cotton gloves to farmers intended for GTS avoidance. CU commented that the cotton gloves are inappropriate because these were thin and not waterproof. ULPI will evaluate different types of gloves that are water-resistant and not too thin for GTS avoidance. The issue will be whether the farmer will use these gloves because it might be too uncomfortable and it would make it difficult for the worker to stick the tobacco.

ULPI will provide REI signage to farmers to ensure that people are properly warned about entering the field/crop. The same will be included in ULPI trainings to promote awareness.

Most farmers provide drinking water in the farm and/or working area. In several instances, workers also bring their drinking water especially when the farm is distant from the farmers' houses. Workers live in the same villages with the farmers and they go to their home every day. It is seldom that workers are accommodated by the farmers. If accommodation happens, the worker stay in the farmers' houses and ULPI will continue to document on their facilities to ensure it meets the required standard.

ULPI's existing written materials/techno guides include the step-by-step procedure of triple rinsing the empty CPA containers in Filipino language to educate the farmers. Nevertheless and in most cases, farmers do not meet this requirement. To ensure that this is properly done in the future, ULPI will not accept return of empty CPAs that are not triple rinsed/punctured from the farmers. The

importance of this endeavor will be explained in details during farmers' trainings and thru "STP MOBILE". Farmers will be reminded by blast messages through the Mobile Assistant.

MGA PAMAMARAAN SA PAGBABANLAW NG BASYO NG PESTISIDYO:

1. Ubusin at siguruhing walang natitirang laman ng pestisidyo sa loob ng basyo.
2. Lagyan ng tubig ang ikaapat na bahagi ng basyo.
3. Takpan at kuluging mabuti upang maabot ng tubig ang lahat ng sulok sa loob ng sisidlan.
4. Ibuhos ang pinaghugasan sa loob ng tangke ng ispreyer at hayaang manatili ng tatumpung segundo upang masigurado na walang matitira sa sisidlan. Ulitin ang bilang 2,3, at 4 ng dalawang beses o higit pa.
5. Ang pinaghugasan ng basyo ay dapat nang malinis sa huling baniaw.
6. I isprey ang pinagbaniawan sa mga tanim na halaman.



ULPI will continue its empty CPA containers retrieval & disposal program with the active participation from the different CPA Manufacturers. For this past crop year, ULPI included retrieval of empty CPA's used in other crops.

7-Year Empty CPA Retrieval Summary							
Crop Year	2011	2012	2013	2014	2015	2016	2017
Based on Issued CPA's	12%	14%	20%	21%	44%	98%	113%
Farmer's participation	11%	9%	15%	33%	63%	97%	99 %



It was stated in CU’s report that awareness and understanding of the need for safety measures is still low among ULPI’s farmers and workers. Also, none of the farmers interviewed had received a first-aid training, owned a first-aid kit, or had resources to act in case of fire. As a start, ULPI’s Environment, Health, Safety & Security (EHSS) group will conduct a “Train the Trainers Training” on first-aid to Field Personnel (GO & Agronomy) to be rolled out to Seedling Growers, Farmer Leaders, Farmers & Workers. This topic will also be part of “STP MOBILE” training. ULPI will provide First Aid Kit to farmers annually as part of their cost of production. In addition, all villages in the Philippines have Barangay Centers with a trained Health Worker, accessible for farmers and workers intended to cater people’ needs. In the future, through the NGO’s barangay visits, ULPI can verify if there are any issues related to safety caused by tobacco production, i.e. GTS, pesticides, etc.

f. Freedom of Association

There were no issues found in this principle. Nevertheless, ULPI will still include this topic during trainings for farmers and workers’ awareness. Also, this will be monitored through the on-line system.

g. Compliance with the Law

Compliance with the Law standard will be included in the revised written materials and will be communicated to farmers thru the “STP MOBILE” training. Farmer’s obligation of informing the workers of their legal rights will be reiterated. GO personnel will be given exams bi-monthly to improve their knowledge. This principle will be monitored through the on-line system.

Appendix II – Scope and methodology

Assessment team

The team responsible for conducting this assessment consisted of three Filipino auditors, one Ilocano-Filipino translator, and two CU coordinators from Germany and Argentina.⁵³ The auditors conducted farm assessments and interviewed field technicians. The two coordinators interviewed ULPI management and external stakeholders. The auditors as well as the coordinators were trained by Verité and Control Union.⁵⁴ This qualification process consisted of the following stages:

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

The translator received one day's training prior to the field visits. This training focused on understanding the ALP Code and the translator's role during the field visits.⁵⁵

Desk review

Prior to this assessment ULPI was requested to send documentation to CU to give the assessment team a better idea about the market characteristics and the management systems that were in place. PMFTC⁵⁶ provided the legal information that was

relevant to the ALP Code (See Appendix III for more detailed legal information). This was important to ensure a thorough preparation of the assessment.

Opening meeting

On 22 March 2017, CU started the assessment with a meeting at ULPI's head office in Manila, Philippines. This meeting was attended by ULPI's management team (ULPI President, ALP Coordinator, Executive Vice President, Sr. Vice President for Sales, Sr. Vice President and Vice President for Growing Operations, two Directors for Growing Operations, the Corporate Affairs & Compliance Manager and the Regional Agronomist for Asia) as well as PMI Regional. CU presented the objectives and approach of the assessment, while ULPI provided a brief overview of the market and company background.

Methodology for ALP implementation system review

The methodology used for evaluating ULPI's implementation of the ALP Program was based on the widely used PDCA⁵⁷ cycle, which is a management method for the continuous improvement of processes and products. As part of this evaluation, CU spent one day (22 March 2017) at ULPI's head office and one and a half days (24-25 March 2017) at the local office for Region 2 in Reina Mercedes. CU interviewed management staff, analyzed documentation, and evaluated ULPI's systems, to better understand how the implementation of the ALP Program was organized. In total, CU interviewed 16 management personnel, 11 field personnel, and ten farmer-leaders. Additionally, CU interviewed two stakeholders: a group of four teachers from

53. The coordinator from Argentina did not stay for the entire assessment, but only for the management assessment and two field days.

54. Two of the auditors had already conducted an assessment in the Philippines in 2014, and had been trained in 2013. The third auditor was trained in 2016.

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

56. See glossary

57. Plan, Do, Check, Act

a local elementary school involved in ULPI initiatives, and a local community judge. All interviews were conducted individually, so that interviewees felt comfortable to speak freely and raise any issues.

Scope and farm sampling

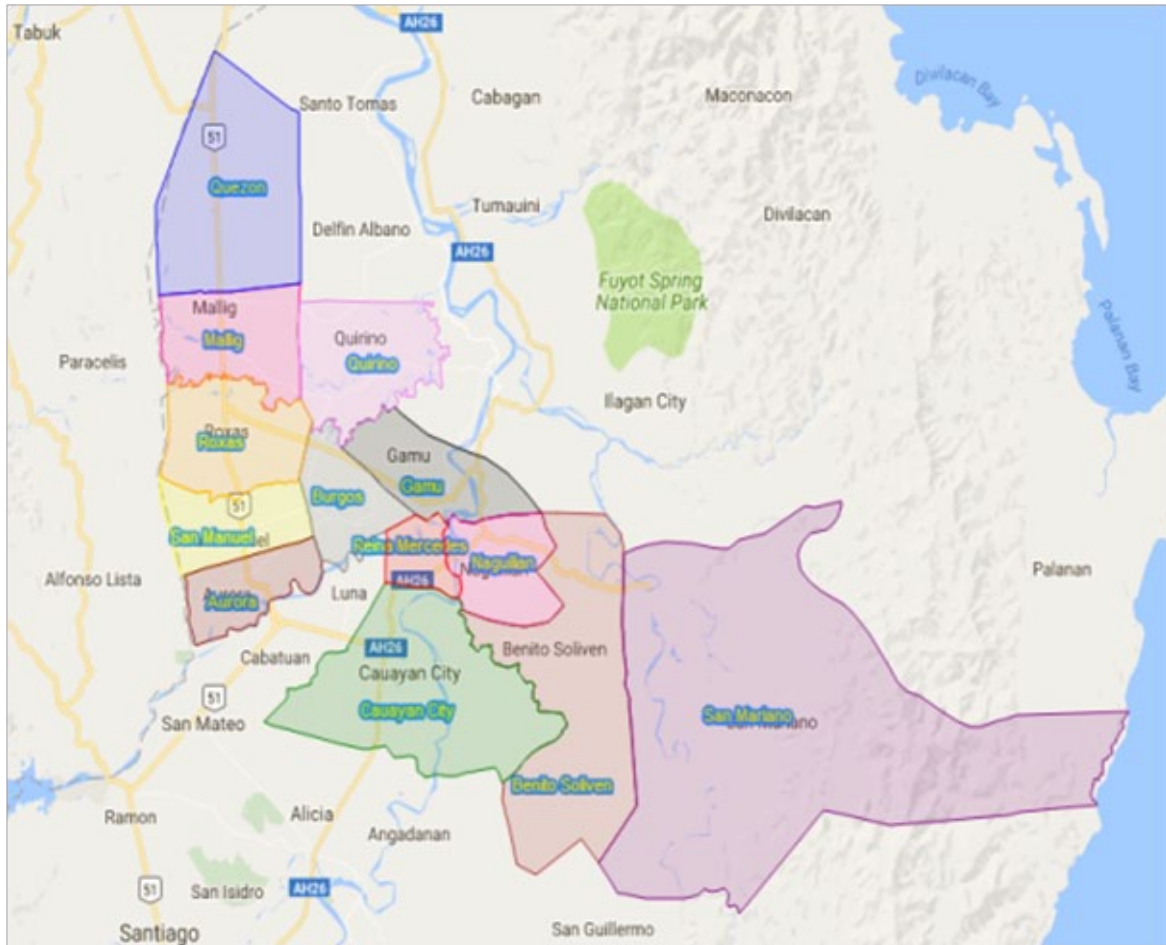
Tobacco production in the Philippines is concentrated mainly on the islands of Luzon and Mindanao. At the time of the assessment, ULPI mainly sourced tobacco from Region 1 and Region 2 on Luzon (see graph below).



ULPI Tobacco production in Isabela

To ensure a manageable sample size, the present assessment focused on ULPI-contracted Burley farmers located in the Western Isabela region, namely the districts of Quezon, Mallig, Quirino, Roxas, Burgos and Gamu (see graph below). The two municipalities San Mariano and Benito Soliven were excluded from the scope of the assessment because of local safety risks due to political instability. The number of farmers contracted in these two municipalities was relatively small and their omission only reduced the required sample size by one farm.

The majority of the farmers in the scope of this assessment (64%) grew tobacco on an area of less than one hectare, while 34% grew an area of 1-2 hectares and 2% grew more than two hectares. The majority of the farmers rented the land they farmed.

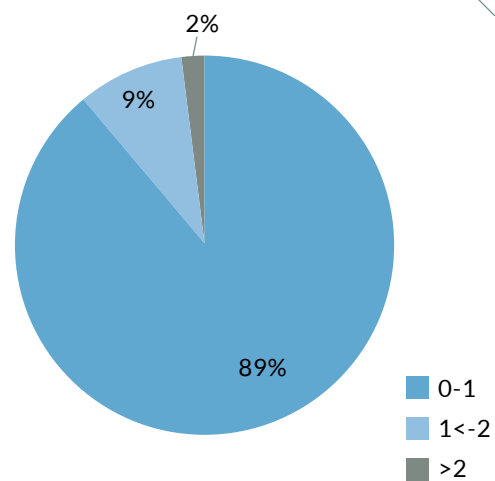


In 2017, ULPI had contracts with 2,287 Burley farmers in Western Isabela. Excluding the two municipalities mentioned above, the total number of farmers in the scope of this assessment was 2,240. These farmers were supported by four production managers, 12 field technicians and 69 farmer-leaders. To constitute a meaningful sample, CU needed to visit at least 48 farms, the square root of the total population of farmers within the scope. In total, CU visited 55 farmers, which were sampled randomly or selected based on geographical spread. Additionally, six farms with reported Prompt Actions were visited. These visits were shorter and focused only on the reported incident.

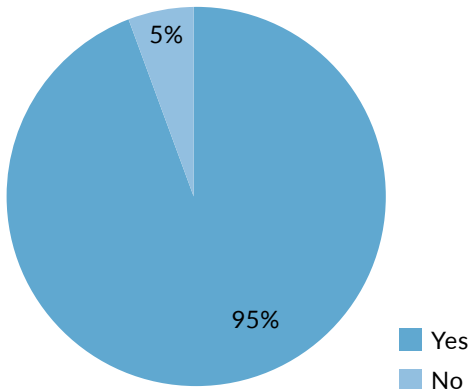
Over a period of two weeks CU visited 9-12 farms per day, where each field day was followed by a reporting day.

The graphs below provide demographic information about the farms visited.

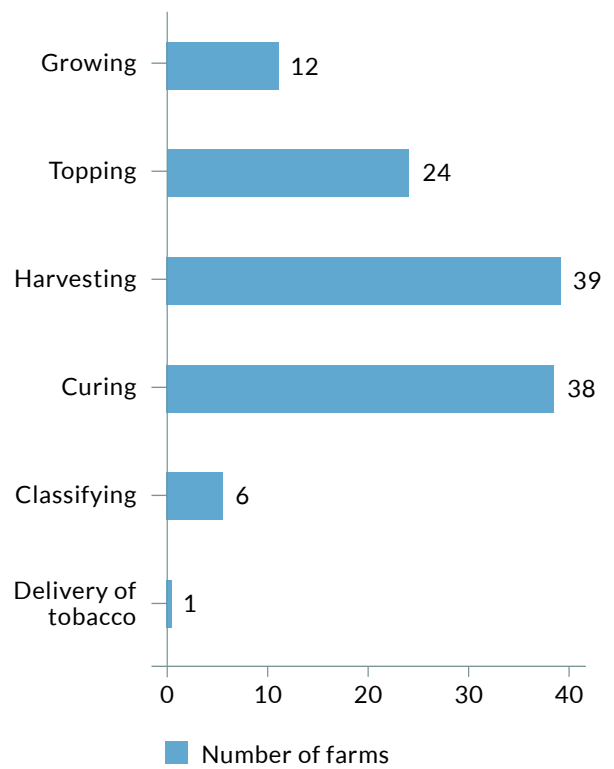
Farm size (ha contracted by ULPI)



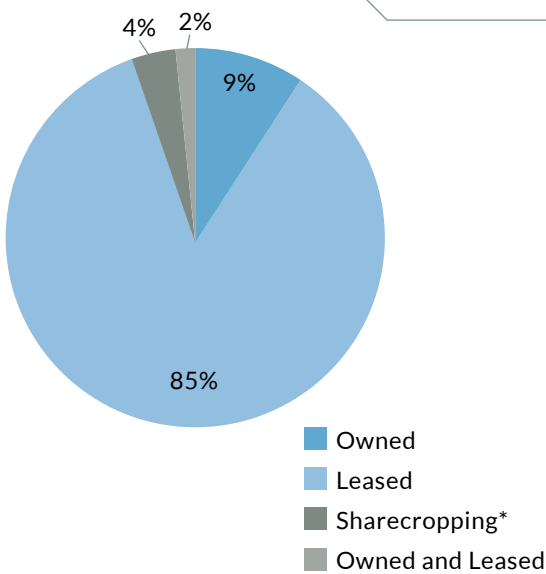
Previously contracted by ULPI



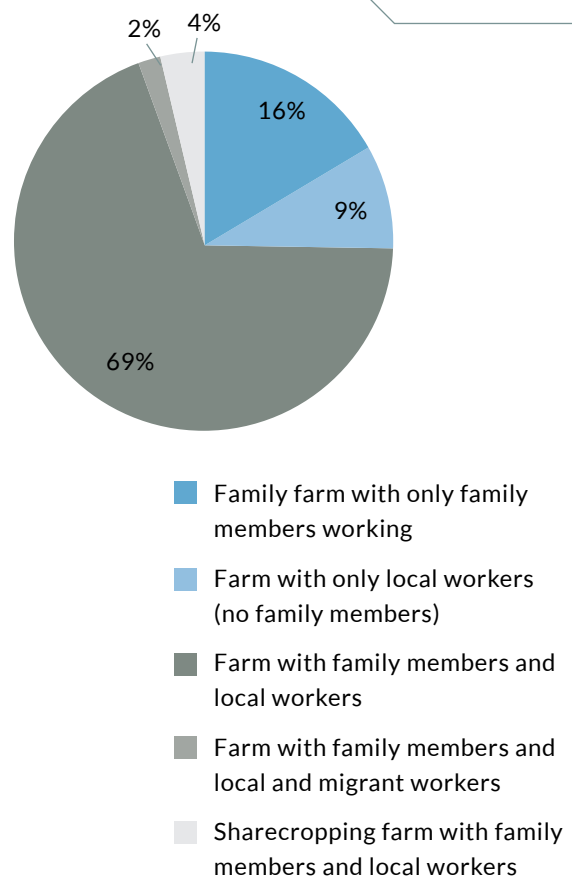
Stage of tobacco production



Land ownership of farms contracted by ULPI



Type of farm



**Sharecropping: in this assessment, two farmers were farming the land of close relatives (their mother and grandmother, respectively), for which they received ten percent of the net farm income, after deduction of all costs.*

Thanks to the openness and collaboration of ULPI, CU managed to conduct the majority (98%) of the farm visits unannounced.⁵⁸ This meant that the farmers had not been informed about the visit and its objectives prior to CU’s arrival. ULPI did inform farmers in the weeks before the assessment that a visit could take place within a certain period, but said nothing in the days prior to the visits. The first days CU informed ULPI about the names of the selected field technicians the day before their visit would take place. On the last two days of field visits the selected field technicians had only been informed the same morning. The names of the farmers were provided on the day of the visit in the car, and only for the next farmer. The reason for this is that CU wanted to obtain a realistic picture of the farm practices, which was most likely to be seen when arriving unannounced.

Methodology for ALP farm practices review

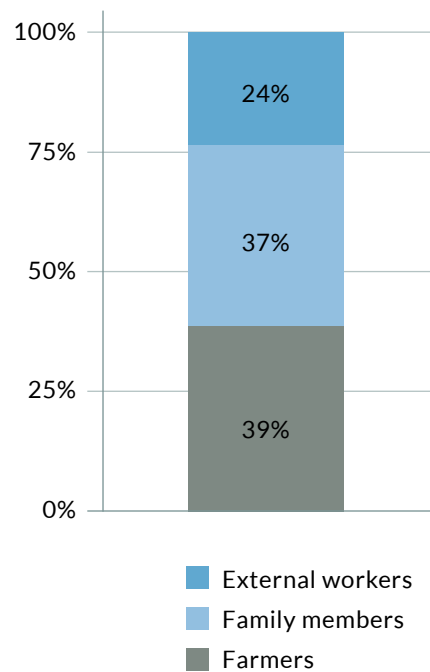
The methodology used during the farm visits was based on triangulation of information. Auditors were instructed to seek at least two, preferably three, sources of information. They used their findings to draw conclusions about whether farm practices were meeting the standard of the ALP Code. These sources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

the impact of ULPI’s management systems and the ALP Program, to see how this was perceived by field technicians, farmers, family members, and workers.

People interviewed

Whenever possible, interviews with workers and family members were conducted individually and without the farmer, to avoid undue bias. For the same reason, all interviews with farmers were conducted without the field technicians. In total, 141 people were interviewed by CU.

Interviewees

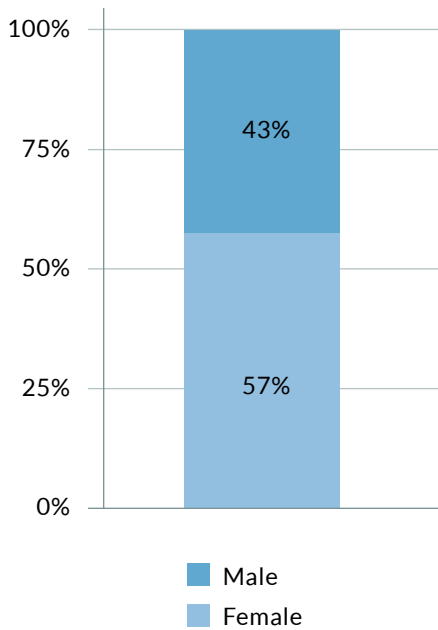


Demographic information on the 86 family members and external workers interviewed:

Ninety-eight percent of the external workers interviewed were adults. Two of the family members interviewed were in the age of 15-17.

58. In one case the farmer reported to have received a text message from the farmer-leader that it might be possible that he would be visited.

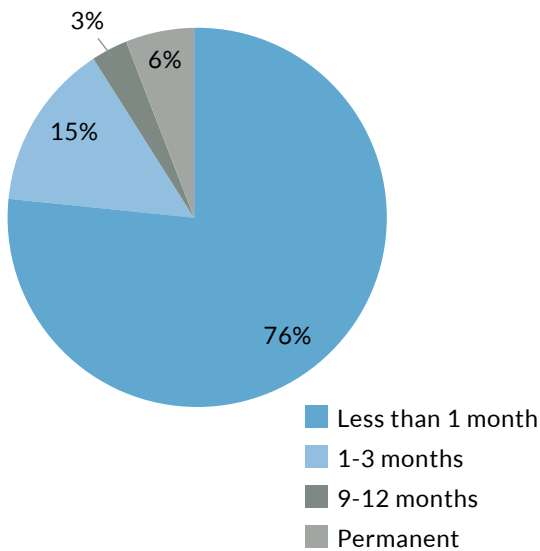
Gender



Prompt Action checks

On the last day of the assessment, CU visited six farms selected specifically for their reported Prompt Actions. These visits (known as “Prompt Actions checks”) differed from the general farm visits, in that they focused on the reported incident (the farmers were asked only about the reported Prompt Action, and not about other labor issues). Instead of going with field technicians, CU conducted these visits together with members of ULPI’s internal audit team, to gain insight into their role in the follow-up process for reported Prompt Actions. Since the members of the internal audit team covered different geographical areas than the field technicians, the list given to CU covered Prompt Actions not only in Western Isabela but in all of Region II. As there were only few Prompt Actions reported for Western Isabela, CU decided to include three Prompt Actions checks with Burley farmers in Central Isabela. Although these three farm visits were outside the geographical scope of the present assessment, they were still within the general scope (Isabela Burley farmers) and contributed to the objective of assessing internal processes and data management within ULPI.

Duration employment (only external workers, t=34)



Closing meeting

On 4 May 2017 a closing meeting was held at ULPI’s head office in Manila, Philippines. Similar to the opening meeting, this meeting was attended by ULPI’s management team and PMI Regional. Additional attendees were the Verité consultant for Asia and management staff of Universal Leaf Regional. After CU presented their initial findings, ULPI requested clarification of some items, which was followed by a constructive discussion on several topics. Overall, CU’s findings were considered a useful base for taking action to improve ULPI’s implementation of the ALP Program.

Reporting procedure

During the assessment, auditors reported after each field day to the coordinator. This person monitored the auditors' findings, and provided feedback whenever necessary. The coordinator compiled all findings and combined these with the findings from the management assessment. Public release of CU's assessment report demonstrates PMI's commitment to transparency, which is an important component of the ALP Program. CU authored the final report, which was evaluated by Verité. PMI reviewed the report to ensure consistency of the presentation of CU's findings worldwide. Finally, ULPI reviewed the report to verify that all the information was correct, and to finalize their action plan based on this report.⁵⁹

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

Appendix III – Legal information

The information below has been provided to CU before the assessment by PMFTC and approved by ULPI. CU reviewed this information to ensure that it was clear and complete so that it could be used for the assessment.

Principle 1 – Child Labor

1.1 Minimum age for employment (in tobacco)

The minimum age for working in tobacco is 15 years old. (*The Labor Code of the Philippines, Presidential Decree No. 442, as amended (“Labor Code”), Article 139, Implementing Rules and Regulations Implementing Presidential Decree No. 442, as amended (“Labor Code IRR”), Book III, Rule XII, Section 3(2)*)

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

A child 13 to below 15 years of age may only help out in his/her own family’s farm provided the following conditions are complied with:

1. Works directly under the sole responsibility of his parents or guardian where only members of his/her family are employed;
2. Work shall be light work only and non-hazardous (samples of hazardous work are those done in extreme heat/cold, long hours, at night, with dangerous equipment, and toxic substances);
3. Parent or guardian shall provide him/her with the prescribed elementary and/or high school education;
4. Work shall not be more than twenty (20) hours a week, provided that it shall not be more than four (4) hours at any given day; and
5. Work shall not be allowed between 8:00 p.m. to 6:00 a.m.

(*The Labor Code, Article 139; Labor Code IRR, Book III, Rule XII, Section 3 [2]/ Child Protection Act, Section 12-A(as amended by the Child Labor Act), Section 3,*

Child Protection Act, Section 13 (as amended by An Act Providing for the Elimination of the Worst Forms of Child Labor and Affording Stronger Protection for the Working Child, Republic Act No. 9231) (“Child Labor Act”), Section 4)

1.3 Age (or ages) limit for compulsory schooling

As quoted above, for a child ages 13 to below 15 years, a parent or guardian shall provide him/her with the prescribed elementary and/or high school education. (*The Labor Code, Article 139*)

1.4 Definitions of hazardous work (incl. agricultural activities that constitute hazardous work) as well as any tasks that workers under 18 are specifically prohibited from participating in by law

Exposing children to hazardous work is considered as one of the worst forms of child labor; and is described as work which, by nature or the circumstances in which it is carried out, is hazardous or is likely to be harmful to the health, safety or morals of children, such that it:

- (i) Debases, degrades or demeans the intrinsic worth and dignity of a child as a human being;
- (ii) Exposes the child to physical, emotional or sexual abuse, or is found to be highly stressful psychologically or may prejudice morals;
- (iii) Is performed underground, underwater or at dangerous heights;
- (iv) Involves the use of dangerous machinery, equipment and tools such as power-driven or explosive power-actuated tools;
- (v) Exposes the child to physical danger such as, but not limited to the dangerous feats of balancing, physical strength or contortion, or which requires the manual transport of heavy loads;
- (vi) Is performed in an unhealthy environment exposing the child to hazardous working conditions, elements, substances, co-agents

or processes involving ionizing, radiation, fire, flammable substances, noxious components and the like, or to extreme temperatures, noise levels, or vibrations;

- (vii) Is performed under particularly difficult conditions;
- (viii) Exposes the child to biological agents such as bacteria, fungi, viruses, protozoans, nematodes and other parasites;
- (ix) Involves the manufacture or handling of explosives and other pyrotechnic products. (*Child Protection Act, Section 12-D(4), as amended by the Child Labor Act, Section 3*)

Hazardous work has also been defined in general as “work operations or practices performed by a worker in the establishment or workplace in conjunction with or as an incident to such operations or practices and which expose the employee to hazards likely to cause any disabling injury, illness, death or physical or psychological harm.” (*Technical Guidelines for Classifying Hazardous and Non-Hazardous Establishments, Workplaces and Work Processes, Department of Labor and Employment Memorandum Circular No. 02, Series of 1998, Section 2(e)*)

Conversely, non-hazardous work is defined as “any work or activity in which the employee is not exposed to any risk which constitutes an imminent danger to his safety and health.” (*Labor Code IRR, Book III, Rule XII, Section 3 (2)*)

The Department of Labor and Employment (“DOLE”) has specifically identified the kinds of work which may be considered as hazardous for workers below 18 years of age⁶⁰:

SECTION 6. Hazardous Work and Activities.
(*DOLE 149-16 and DOLE 149-A-2017, Section 6*).

[...] *Work and activities under the following occupational classifications are declared hazardous to persons below 18 years of age:*

i. Farmers and Other Plant Growers

1. *Preparatory and planting activities that involve clearing of land, plowing, harrowing, irrigating, constructing paddy dike and cutting;*
2. *Plant propagation activating that involve grafting, budding and marcotting;*
3. *Tending activities that involve weeding, handling, spraying and application of harmful fertilizers, pesticides, herbicides, and other toxic chemicals and the loading and carrying of heavy loads*
4. *Harvesting activities such as cutting and picking, spreading for drying, hauling, topping, tumbling, tuxying, stripping, burning of field, sticking and classifying, threshing, loading and carting of produce*
5. *Post-harvesting activities such as de-husking, scooping, sacking of products, charcoal making, hauling of products as led by animal guide, loading and unloading of packed farm products, coconut kilning and de-meating of crops from shell or core, sealing and carting of produce for warehousing and transport to market and all ancillary work such as clearing, cleaning, and re-cycling of farm waste in this preparation as animal food and other related processes [...]*

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

For children 15 to below 18 years of age, they may be employed provided that the following are complied with:

1. Work shall be non-hazardous (samples of hazardous work are those done in extreme heat/cold, long hours, at night, with dangerous equipment, and toxic substances);
2. Grower shall provide him/her with access to at least elementary or high school education, including alternative learning systems;

60. Department of Labor and Employment Department Order No. 149 dated 12 January 2016 entitled “Guidelines in Assessing and Determining Hazardous Work in the Employment of Persons Below 18 years of Age, Section 6

3. Work shall not be more than forty (40) hours a week, provided that it shall not be more than eight (8) hours at any given day;
4. Work shall not be allowed between 10:00 p.m. to 6:00 a.m.;
5. Grower shall submit to the Department of Labor and Employment (DOLE) a report of all children employed by him; and
6. Grower shall keep: (a) a register of all children employed by him indicating the date of their births; (b) a separate file of the written consent to their employment given by their parents or guardians; and (c) a separate file for their educational and medical certificates.

(Child Protection Act, Section 12-A (as amended by Child Labor Act, Section 3)/ Child Protection Act, Section 13 (as amended by An Act Providing for the Elimination of the Worst Forms of Child Labor and Affording Stronger Protection for the Working Child), Republic Act No. 9231 ("Child Labor Act"), Section 4; see also Employment of Youth Aged 15 to less than 18 Years, DOLE Advisory No. 01-08 / Child Protection Act, Section 15/ The Child and Youth Welfare Code, Presidential Decree No. 603 ("PD 603"), Article 108 & 109)

2. Principle 2 – Income and Work Hours

2.1 Laws on regular and overtime hours (e.g. maximum work hours)

The provisions of the Labor Code on Working Conditions and Rest Periods (*Labor Code, Articles 82-96*) shall apply to employees in all establishments and undertakings whether for profit or not, but not to government employees, managerial employees, field personnel, members of the family of the employer who are dependent on him for support, domestic helpers, persons in the personal service of another, and workers who are paid by results as determined by the Secretary of Labor in appropriate regulations.

Under Article 83 of the Labor Code:

Art. 83. Normal hours of work. The normal hours of work of any employee shall not exceed eight (8) hours a day. (Labor Code)

Art. 87. Overtime work. Work may be performed beyond eight (8) hours a day provided that the employee is paid for the overtime work, an additional compensation equivalent to his regular wage plus at least twenty-five percent (25%) thereof. Work performed beyond eight (8) hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight (8) hours on a holiday or rest day plus at least thirty percent (30%) thereof.

“Managerial employees” refer to those whose primary duty consists of the management of the establishment in which they are employed or of a department or subdivision thereof, and to other officers or members of the managerial staff.

“Field personnel” shall refer to non-agricultural employees who regularly perform their duties away from the principal place of business or branch office of the employer and whose actual hours of work in the field cannot be determined with reasonable certainty. (*Labor Code, Article 82*)

2.2 Requirements that employers must meet to request overtime from workers

- Overtime work beyond 8 hours a day is allowed provided that the employee is paid for the overtime work. (*Labor Code, Article 87; Labor Code IRR, Book III, Rule I, Section 8, Labor Code, Article 90; Labor Code IRR, Book III, Rule III, Sections 1 to 8, Labor Code IRR, Book III, Rule IV, Section 5*)
- Normal hours of work is eight (8) hours; any excess is considered overtime work and subject to overtime premium pay. However, there is no maximum number of allowable overtime work fixed by law.
- Maximum days of work is six (6) days per week. A 24-hour rest day is required after every 6 consecutive normal work days. Work during an employee’s rest day is subject to payment of rest day premium pay.

- Children below fifteen (15) years of age may be allowed to work for not more than twenty (20) hours a week provided, that the work shall not be more than four (4) hours at any given day. Children fifteen (15) years of age but below eighteen (18) shall not be allowed to work for more than eight (8) hours a day, and in no case beyond forty (40) hours a week. Lastly, children below fifteen (15) years of age shall not be allowed to work between eight o'clock in the evening and six o'clock in the morning of the following day and no child fifteen (15) years of age but below eighteen (18) shall be allowed to work between ten o'clock in the evening and six o'clock in the morning of the following day (*Child Labor Act, Section 3*).

2.3 Laws on regular and overtime wages (e.g. minimum wages, minimum wages agreed with unions)

- The minimum wage rates for agricultural and non-agricultural employees and workers in each and every region of the country shall be those prescribed by the Regional Tripartite Wages and Productivity Boards. (*Labor Code, Article 99*)
- Overtime work beyond 8 hours a day is allowed provided that the employee is paid for the overtime work. Overtime pay is the employee's regular pay plus at least 25%. If the overtime work was performed during an employee's rest day or during a non-working (regular or special) holiday, the overtime pay shall be the employee's rest day/holiday pay plus at least 30% of the applicable pay.

An employee may be required by the employer to perform overtime work in any of the following cases:

- a) When the country is at war or when any other national or local emergency has been declared by the Philippine Congress or the President;
- b) When it is necessary to prevent loss of life or property or in case of imminent danger to public safety due to an actual or impending emergency in the locality caused by serious

- accidents, fire, flood, typhoon, earthquake, epidemic, or other disaster or calamity;
- c) When there is urgent work to be performed on machines, installations, or equipment, in order to avoid serious loss or damage to the employer or some other cause of similar nature;
- d) When the work is necessary to prevent loss or damage to perishable goods; and
- e) Where the completion or continuation of the work started before the eighth hour is necessary to prevent serious obstruction or prejudice to the business of operations of the employer.

Philippine labor laws do not provide for a notice requirement for overtime work. The employer is only required to pay the mandated overtime rate for workers as provided above.

(*Labor Code, Article 87; Labor Code IRR, Book III, Rule I, Section 8, Labor Code, Article 90; Labor Code IRR, Book III, Rule III, Sections 1 to 8, Labor Code IRR, Book III, Rule IV, Section 5*)

- Rest period of not less than 24 consecutive hours after every 6 consecutive normal work days. (*Labor Code IRR, Book III, Rule IV, Section 5*)
- Premium pay, holiday pay. (*Labor Code, Article 93, Article 94, Labor Code IRR, Book III, Rule IV, Sections 4, 6, 7 & 8*)

Premium pay refers to the additional payment for work within 8 hours on rest days or special days

- Plus 30% of the daily basic rate or a total of 130% for work performed on rest day or special day.
- Plus 50% of the daily basic rate or a total of 150% for work performed on special day falling on the employee's rest day.
- Plus 30% of the daily basic rate or a total of 260% for work performed on a regular holiday falling on the employee's rest day.

Holiday pay refers to payment of the regular daily wage for any unworked regular holiday

- For any unworked regular holiday, 100% of the employee's daily wage rate.
 - For work performed on a regular holiday, plus 100% or a total of 200% of the employee's daily wage rate.
- The summary of the current regional daily minimum wage rates, non-agriculture, agriculture (In Pesos, December 2016)⁶¹.

Region	Wage Order (WO) No. Date Of Effectivity	Non-Agriculture	Agriculture	
			Plantation	Non-Plantation
NCR	WO 20 June 2, 2016	P 454.00 - 491.00	P 454.00	P 454.00
CAR	WO 17 June 29, 2015	265.00 - 285.00	255.00 - 285.00	255.00 - 285.00
I	WO 18 October 2, 2016	243.00 - 280.00	252.00	243.00
II	WO 17 May 14, 2016	300.00	280.00	280.00
III	WO 19 January 1, 2016	313.00 - 364.00	298.00 - 334.00	298.00 - 334.00
IV-A	WO 17 July 1, 2016	285.00 - 378.50	275.00 - 353.50	275.00 - 333.50
IV-B	WO 07 July 3, 2015	235.00 - 285.00	235.00	235.00
V	WO 17 December 25, 2015	248.00 - 265.00	248.00	248.00
VI	WO 22 May 2, 2015	256.50 - 298.50	266.50	256.50
VII	WO 19 October 10, 2015	295.00 - 353.00	275.00 - 335.00	275.00 - 335.00
VIII	WO 18 March 30, 2015	260.00	241.00	235.00
IX	WO 19 October 1, 2016	296.00	271.00	251.00
X	WO 18 July 3, 2015	303.00 - 318.00	291.00 - 306.00	291.00 - 306.00
XI	WO 19 December 16, 2016	340.00	335.00	335.00
XII	WO 19 October 9, 2016	295.00	272.00	272.00
XIII	WO 14 July 1, 2016	280.00	280.00	280.00
ARMM	WO 16 March 1, 2016	265.00	255.00	255.00

61. http://www.nwpc.dole.gov.ph/pages/statistics/latest_wo.html (last accessed on 06 January 2016). http://www.nwpc.dole.gov.ph/pages/statistics/latest_wo.html (last accessed on 06 January 2016).

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

Employers are required to enroll their employees, and make contributions on their behalf, with the following:

- Social Security System – Both employer and employee make contributions. Membership entitles employees to monetary benefits for sickness, maternity, disability, retirement and death. Employees are likewise allowed to avail themselves of loans, payable through salary deduction.
- Philippine Health Insurance Corporation – Both employer and employee make contributions. Membership entitles employees to medical insurance.
- Home Development Mutual Fund – Both employer and employee make contributions. Membership entitled employees to avail of housing or other multi-purpose loans.
- Also, employees are entitled to the following:
 - Yearly service incentive leave of five (5) days with pay, for employees who have already rendered at least one (1) year of service
 - Maternity leave of 60 days if by normal delivery, or 78 days if by cesarean delivery, for the first four (4) deliveries/miscarriages
 - Paternity leave of seven (7) days with pay for the first four (4) deliveries/miscarriages
 - Solo Parents' leave of seven (7) days with pay
 - Holiday pay. The Philippines observes the following public holidays:

Regular Holidays

New Year's Day	- January 1
Maundy Thursday	- Moveable
Good Friday	- Moveable
Araw ng Kagitingan	- April 9
Labor Day	- May 1
Independence Day	- June 12
National Heroes Day	- Last Monday of August
Bonifacio Day	- November 30
Christmas Day	- December 25
Rizal Day	- December 30

In addition, the Muslim holidays of Eid'l Fitr and Eid'l Adha are also celebrated, the exact days on which they fall to be announced by the Office of the President of the Philippines.

Special (Non-Working) Days

Ninoy Aquino Day	- August 21
All Saints' Day	- November 1

Additional Special (Non-Working) Day

Last Day of the Year	- December 31
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The employer may require an employee to work on a regular holiday but shall pay such employee twice the regular pay. If the work is required on any special day, the employee is entitled to an additional 30% of regular pay.

- Additional compensation for work performed:
 - On an employee's scheduled rest day (plus 30% of regular pay);
 - On Sundays and holidays (plus 30% of regular pay), if the nature of the work is such that there are no regular work days and rest days;
 - On a regular holiday which also falls on a rest day (plus 30% of regular pay and 30% of the 100% regular pay due for working on a regular holiday, or a total of 60% of regular pay); and

(iv) On special days which also falls on the employee's scheduled rest day (50% of regular pay).

2.5 Wage and hours law specific to piece rate workers, seasonal workers, and migrant workers

The minimum wage rates for the agriculture employees are prescribed by the Regional Tripartite Wages and Productivity Boards and from each region. (*Labor Code, Article 99*)

The Secretary of Labor shall regulate the payment of wages by results, including pakyaw, piecework and other non-time work, in order to ensure the payment of fair and reasonable wage rates, preferably through time and motion studies or in consultation with representatives of workers and employer's organizations (*Labor Code, Article 101*)

2.6 Laws on payment of wages relevant to the frequency of payment in agriculture, for example, laws on whether end-of-season one-time payments are permissible

No employer shall pay the wages of an employee by means of promissory notes, vouchers, coupons, tokens, tickets, chits, or any object other than legal tender, even when expressly requested by the employee.

Payment of wages by check or money order shall be allowed when such manner of payment is customary, or is necessary because of special circumstances as specified in appropriate regulations to be issued by the Secretary of Labor or as stipulated in a collective bargaining agreement. (*Labor Code, Article 102*)

Wages shall be paid at least once every 2 weeks or twice a month at intervals not exceeding 16 days. If on account of force majeure or circumstances beyond the employer's control, payment of wages on or within the time herein provided cannot be made, the employer shall pay the wages immediately after such force majeure or circumstances have ceased. No employer shall make payment with less frequency than once a month. (*Labor Code, Article 103*)

2.7 Laws on in-kind payment

- Partial payment of wage or salaries in kind may be allowed by granting "facilities" to one's employees. The minimum wages should not be subject to deduction from whatever benefits or allowances. An employer may provide subsidized meals and snacks to his employees provided that the subsidy shall not be less than 30% of the fair and reasonable value of such facilities. In such case, the employer may deduct from the wages of the employees not more than 70% of the value of meals and snacks enjoyed by the employees, provided that such deduction is with the written authorization of the employees concerned.
- Facilities are articles or services for the benefit of the employee or his family, which form part of wage and when furnished by the employer, are deductible therefrom.⁶² This way, because facilities form part of the wage received by an employee, it may be argued that part of his wages are paid "in kind." Facilities include:
 1. Meals;
 2. Housing for dwelling purposes;
 3. Fuel, including electricity, water, gas furnished for non-commercial personal use of the employee;
 4. Transportation furnished to the employee between his home and work where travel time does not constitute hours of worked compensable under the Labor Code and other laws;
 5. School, recreation and sanitation when operated exclusively for the benefit of the worker and his family;
 6. Medical and dental services rendered to the non-industrial cases; and
 7. Other articles and services given primarily for the benefit of the worker or his family.

62. Section 5, Rule VII-A, Book III of the IRR of the Labor Code

- The fair and reasonable value of such facilities furnished by the employer which shall be deductible from the employee's wage or salary shall be fixed by the Secretary of the Department of Labor and Employment ("DOLE") from time to time in appropriate issuances.⁶³ This means that the portion of wage allotted for the grant of facilities may be limited by the fair and reasonable value thereof as determined by DOLE or the Regional Tripartite Wage Productivity Boards, as may be delegated.
- In determining what items qualify as facilities, the following conditions must be complied with by the employer:
 1. Proof that such facilities are regularly and customarily furnished by the trade, such as a company policy providing for such facility;⁶⁴
 2. Written authorization by the employee as proof of his/her voluntary acceptance of the same; and
 3. The fair and reasonable value of the facilities in compliance with the standards fixed by DOLE.⁶⁵
- The valuation of facilities as furnished by an employer per establishment is now being undertaken by the Regional Tripartite and Productivity Board in accordance with the new guidelines for facility evaluation provided in DOLE Department Order No. 126-13, series 2013. The procedure includes an actual evaluation of the meals offered and, in case of lodging/housing, an ocular inspection is conducted on the premises provided to employees and his family. Such evaluation may be requested by either the employee or the employer or initiated by DOLE-Regional Office. After the evaluation, the labor inspector then submits a report on his findings and finally, a Facility Evaluation Order is issued.

The Order is valid for one year, after which, another evaluation may be conducted upon request.

- Employees of countryside and barangay business enterprises may likewise be furnished facilities which form part of their wage, subject to compliance by their employers with the same requirements above-discussed.⁶⁶

2.8 Legal requirements for migrant workers to ensure they are legally permitted to work

Foreign nationals seeking admission into the Philippines for the purposes of employment must apply for the appropriate work visa. There are several work visa categories available, depending on the corporate employer's registration as a legal entity and other special registrations. The most common work visa pre-arranged employment visa for a period longer than six (6) months. The employer must file the prescribed application with the Bureau of Immigration together with the documentary requirements, which include application forms and the employment agreement. A pre-arranged employee must also first secure an Alien Employment Permit from the DOLE.

Subject to certain exceptions, if a foreign national is already in the Philippines as a tourist or a business visitor, he can file the appropriate petition to convert his visa status to that of a pre-arranged employee without having to leave the Philippines. After the visa approval has been stamped on the employee's passport, the processing of the Alien Certificate of Registration Identification Card (ACR I-Card) will start. The work visa can be renewed/extended prior to its expiry. After expiry, a new application for a work visa must be submitted (*Commonwealth Act No 613, An Act to Control and Regulate the Immigration of Aliens into the Philippines (The Philippine Immigration Act of 1940) sections 19 and 20*).

63. Section 3, Rule VII-A, Book III of the IRR of the Labor Code.

64. Liduvino Millares vs. NLRC, G.R. No. 122827, 29 March 1999

65. Norma Mabeza vs. NLRC, G.R. No. 118506. 18 April 1997

66. Department Order No. 022-90, Guidelines for Countryside and Barangay Business Enterprises (CBBEs), Section 5

All foreign nationals who intend to engage in gainful employment in the Philippines must apply for an Alien Employment Permit (AEP) (though certain categories of foreign nationals are excluded from this requirement) (Labor Code, Article 40; Department Order No 97-09, Revised Rules for the Issuance of Employment Permits to Foreign Nationals, as amended by Department Order No 120-12, section 1). In this regard, only the following categories of foreign nationals are exempt from securing an AEP in order to work in the Philippines:

- (i) All members of the diplomatic services and foreign government officials accredited by the Philippine Government.
- (ii) Officers and staff of international organizations of which the Philippine Government is a co-operating member, and their legitimate spouse desiring to work in the Philippines.
- (iii) Foreign nationals elected as members of the governing board who do not occupy any other position, but have only voting rights in the corporation.
- (iv) All foreign nationals granted exemption by special laws and all other laws that may be promulgated by the Congress.
- (v) Owners and representatives of foreign principals, whose companies are accredited by the Philippine Overseas Employment Administration (POEA), who come to the Philippines for a limited period solely for the purpose of interviewing Filipino applicants for employment abroad.
- (vi) Foreign nationals who come to the Philippines to teach, present and or conduct research studies in universities and colleges as visiting, exchange or adjunct professors under formal agreements between the universities or colleges in the Philippines and foreign universities and foreign governments (provided that exemption is on a reciprocal basis).
- (vii) Permanent resident foreign nationals, probationary or temporary resident visa holders.

An approved AEP is required before a foreign national can file an application for a work visa.

All applications for an AEP must be filed and processed at the DOLE Regional Office or Field Office which has jurisdiction over the intended place of work. In the case of foreign nationals to be assigned in related companies, they can file their application with the Regional Office which has jurisdiction over any of the applicant's intended places of work.

3. Principle 3 – Fair Treatment

3.1 Laws defining and prohibiting verbal, psychological, physical punishment, and sexual harassment and abuse

Philippine laws do not provide for specific rules against physical punishment (or threat), verbal abuse, etc. which are particularly applicable to workers or employees.

In general, however, the Philippine Revised Penal Code (RPC) declares the following acts as criminal offenses and are equally applicable to workers or employees:

- **Physical Injuries.** Committed by any person who, without intent to kill, shall inflict upon another any physical injury. The penalty for this offense varies depending on the degree of injury inflicted upon the aggrieved party/complainant, which are classified into serious physical injury, less serious physical injury and slight physical injury. (*Articles 263, 265, 266 (1), (2)*)
- **Maltreatment.** Committed by any person who shall ill-treat another by deed without causing any injury. (*Article 266 (3)*)
- **Coercion.** The penalty for this offense varies depending on: (i) the means used to coerce (violence, intimidation or intimidation), and (ii) the purpose of the coercion. (*Articles 286 and 287*)
- **Unjust Vexation.** Includes any human conduct which although not productive of some physical

or material harm would, however, unjustly annoy or vex an innocent person. *(Article 287 (2))*

- **Threats.** Committed by any person who shall threaten another with the infliction upon the person, honor or property of the latter or his family of any wrong. The penalty for this offense varies depending: (i) whether the wrong threatened amounts to a crime and if so, the crime that he or she threatened to commit; (ii) whether the threat was made to impose or demand a condition; (iii) the manner the threat was made; and (iv) the prevailing circumstances when the threat was made. *(Articles 282, 283 and 284)*
- **Oral Defamation (Slander).** *(Article 358)*
- **Slander by Deed.** Committed by any person who shall perform an act, not constituting libel, which shall cast dishonor, discredit or contempt upon another person. *(Article 359)*

In addition, Section 10(a) of the Child Protection Act prohibits any person from committing any acts of child abuse, cruelty or exploitation or be responsible for conditions prejudicial to the child's development.

- Section 9 of the Magna Carta of Women provides the policy of the State to ensure that all women are protected from all forms of violence, including physical, sexual and psychological violence occurring within the general community, such as rape, sexual abuse, sexual harassment and intimidation at work. *(Section 4 (k) (2))*
- Article 33 of the Civil Code of the Philippines ("Civil Code") provides that for cases involving defamation, fraud, and physical injuries, a civil action for damages, entirely separate and distinct from the criminal action, may be brought by the injured party.
- In relation, civil claims for damages against employers may arise from violations of the "abuse of right" clauses, which particularly provides that:

- Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith. *(Article 19)*
- Every person who, contrary to law, willfully or negligently, causes damage to another, shall indemnify the latter for the same. *(Article 20)*
- Any person, who willfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage. *(Article 21)*

3.2 Protection from Sexual Harassment

- The Anti-Sexual Harassment Act (Republic Act No. 7877) protects employees from sexual harassment which may be committed by an employer or any other person having authority, influence or moral ascendancy over the employee concerned in a work or employment-related environment.
- Sexual harassment in a work/employment-related environment is committed when:
 - The sexual favor is made as a condition in the hiring or in the employment, re-employment or continued employment of said individual, or in granting said individual favorable compensation, terms, conditions, promotions, or privileges; or the refusal to grant the sexual favor results in limiting, segregating or classifying the employee which in any way would discriminate, deprive or diminish employment opportunities or otherwise adversely affect said employee.
 - The above acts would impair the employee's rights or privileges under existing labor laws.
 - The above acts would result in an intimidating, hostile, or offensive environment for the employee.
- The employer or the head of the work/employment-related environment or institution

has a duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of acts of sexual harassment. Towards this end, the employer or head of office shall:

- Promulgate appropriate rules and regulations in consultation with and jointly approved by the employees, through their duly designated representatives, prescribing the procedure for the investigation of sexual harassment cases and the corresponding administrative sanctions.
 - Create a committee on decorum and investigation of cases on sexual harassment. The committee shall conduct meetings with officers and employees to increase understanding and prevent incidents of sexual harassment. It shall also conduct the investigation of alleged cases constituting sexual harassment.
 - The employer or head of work/employment-related environment or institution shall be solidarily liable for damages arising from the acts of sexual harassment committed in the employment environment if the employer or head of work/employment-related environment or institution is informed of such acts by the offended party and no immediate action is taken thereon.
- Payment of a lesser compensation, including wage, salary or other form of remuneration and fringe benefits, to a female employee as against a male employee, for equal work value.
 - Favoring a male over a female employee with respect to promotion, training opportunities, study and scholarship grants solely on account of their sexes.
 - All other acts determined by the Secretary of Labor and Employment as a form of discrimination of a woman employee with respect to terms and conditions of employment on account of her sex. (*Book III, Rule XI, Section 4 (c) of the Implementing Rules and Regulations of the Labor Code, as Amended*)
 - In addition, Section 35 of the Magna Carta of Women prohibits in general discrimination against women, defined as “any gender-based distinction, exclusion, or restriction which has the effect or purpose of impairing or nullifying the recognition, enjoyment, or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil, or any other field.” (*Section 4 (b) (1)*)
 - Article 140 of the Labor Code prohibits an employer from discriminating any person in respect to terms and conditions of employment on account of his/her age.

3.3 Laws defining and prohibiting discrimination

- Article 135 of the Labor Code of the Philippines (Labor Code) declared as unlawful for any employer to discriminate against any woman employee with respect to terms and conditions of employment solely on account of her sex and imposed criminal and civil liabilities for the commission of acts of discrimination against women. The same provision also identified the following as acts of discrimination:
- The Labor Code considers as unfair labor practice for an employer to discriminate:
 - In regard to wages, hours of work and other terms and conditions of employment in order to encourage or discourage membership in any labor organization. (*Article 248 (e)*)
 - An employee for having given or being about to give testimony under the Labor Code. (*Article 248 (f)*)

- Section 7 of the *Solo Parents' Welfare Act (Republic Act No. 8972)* prohibits an employer from discriminating a solo parent employee with respect to terms and conditions of employment on account of his or her status.
- Section 5 of the *Magna Carta for Persons with Disability (Republic Act No. 7277, as Amended)* provides that no persons with disabilities shall be denied access to opportunities for suitable employment. A qualified disabled employee shall be subject to the same terms and conditions of employment and the same compensation, privileges, benefits, incentives or allowances as a qualified able bodied person.
- In addition, *Rule II, Section 1.2 of the Implementing Rules and Regulations of the Magna Carta for Persons with Disability* provides that no individual or entity, whether public or private, shall discriminate against a qualified disabled person by reason of disability in regard to job application procedures; the hiring, promotion, or discharge of employees; employee compensation, job training, and other terms and conditions of employment. The said also identified the following as acts of discrimination:
 - Limiting, segregating or classifying a disabled job applicant in such manner that adversely affects his work opportunities;
 - Using qualification standards, employment tests or other selection criteria that rule out or tend to rule out a disabled person unless such standards, tests or other selection criteria are shown to be job-related for the position in question and are consistent with business necessity;
 - Utilizing standards, criteria or methods of administration that:
 - i. have the effect of discrimination on the basis of disability.
 - ii. perpetuate the discrimination of others who are subject to common administrative control.
- Providing a lower compensation, salary, wage or other forms of remuneration and fringe benefits to a qualified disabled employee by reason of his disability as compared to a worker performing the same type and amount of work but who is not disabled;
- Favoring a non-disabled employee over a qualified disabled employee with respect to promotion, training opportunities, study and scholarship grants, solely on account of the latter's disability;
- Re-assigning or transferring a disabled employee to a job or position he cannot perform by reason of his disability;
- Dismissing or terminating the services of a disabled employee by reason of his disability unless the employer can prove that the satisfactory performance of the work involved is impaired by reason of the disability to the prejudice of the business entity; Provided, however, that the employer has first exerted effort to provide reasonable accommodations for the disabled worker;
- Failing to select or administer in the most effective manner employment tests which accurately reflect or measure the skills, aptitude or positive traits of the disabled applicant or employee rather than the impaired sensory, manual or speaking capabilities of such applicant or employee, if any; and
- Excluding disabled persons from membership in labor unions or similar organizations.

3.4 Laws on resource for victimized workers, if applicable

Recourse may either be in the regular courts or the National Labor Relations Commission which is jurisdictional depending on the cause of action as enumerated above.

4. Principle 4 – Forced Labor

4.1 Legislation on forced labor

Philippine laws provide for protection against forced labor.

- Article III, Section 18 (1) of the Philippine Constitution proscribes involuntary servitude in any form, except as punishment for a crime for which a party has been duly convicted.
- In relation, the RPC provides for punishment for the commission of the following crimes which are tantamount to forced labor:
 - Slavery. Committed by anyone who shall purchase, sell, kidnap or detain a human being for the purpose of enslaving him or her. (*Article 272*)
 - Exploitation of child labor. Committed by anyone who, under the pretext of reimbursing a debt incurred by an ascendant, guardian or person entrusted with the custody of a minor, shall, against the latter's will, retain such minor in his or her service. (*Article 273*)
 - Services rendered under compulsion in payment of debt. Committed by any person who, in order to require or enforce the payment of a debt, shall compel the debtor to work for him or her, against the debtor's will, as a household servant or a farm worker.
- In addition, Section 3 of the Child Labor Act (enumerates forced or compulsory labor as practices similar to slavery and considers it as one of the worst forms of child labor.

4.2 Laws on prison labor

No involuntary servitude in any form shall exist except as a punishment for a crime whereof the party shall have been duly convicted (*Philippine Constitution, Article III, Section 18 (2)*)

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

Article 106 to 109 of the Labor Code, DOLE Department Order No. 18-A, Series of 2011 (DOLE 18-A) and DOLE Department Order No. 174 series of 2017 (DOLE 174) are the current applicable laws and regulations.

Job contracting arrangements shall be legitimate if the following conditions concur:⁶⁷

- a) The contractor must be registered with the DOLE and carries on a distinct and independent business;
- b) The contractor has substantial capital and/or investment;
- c) The Service Agreement ensures compliance with all the rights and benefits under Labor Laws.

A third party workers service provider or job contractor/sub-contractor must comply with the following:

- Minimum capitalization requirement of at least Php5Million fully paid up capital
- Proof of ownership or lease agreement on tools, equipment, machineries and work premises
- Payment of Php100,000.00 registration fee with the DOLE
- Proof of financial capacity to pay the wages and benefits of the workers in every service contract using the Net Financial Contracting Capacity (NFCC) formula in government procurement
- Control over the performance of the work of the employee deployed or assigned to render the contracted work or services
- Not engaged in labor-only contracting arrangement

67. Sasan, Jr. v. National Labor Relations Commission 4th Division, G.R. No. 176240, 17 October 2008, cited in Polyfoam-RGC International, Corporation, et al., v. Edgardo Concepcion, G.R. No. 172349, 13 June 2012; Section 8 of DOLE 174

- Not engaged in prohibited activities under Section 6 of DOLE 174
- Observes the rights of its workers under Section 10 of DOLE 174
- Observes the required contracts under Section 11 of DOLE 174
- Not delisted from the registry of legitimate contractor/subcontractor

DOLE 174 prohibit labor-only contracting. Under Section 5 of DOLE 174, there is labor-only contracting when:

- (i) The contractor does not have substantial capital or
- (ii) Contractor does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others, and
- (iii) The Contractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal.

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

Unlawful to make any deduction from the wages of any employee for the employer's benefit, or his representative or intermediary as consideration of a promise of employment or retention of employment (*Labor Code, Article 117*)

No employer shall require his worker to make deposits from which deductions shall be made for the reimbursement of loss or damage to tools, maintenance, or equipment supplied by the employer subject to exceptions (*Labor Code, Article 114; Labor Code IRR, Book III, Rule VIII, Section 14*)

5. Principle 5 – Safe Work Environment

5.1 Requirements for provision of medical protection, such as availability of first aid kit, health & safety training, etc.

Each employer covered by the provisions of the OSHS shall:

- give complete job safety instructions to all his workers, especially to those entering the job for the first time, including those relating to the familiarization with their work environment, hazards to which the workers are exposed to and steps taken in case of emergency;
- comply with the requirements of OSHS. (*Occupational Safety and Health Standards ("OSHS"), Rule 1000, Section 1005*)

All workers shall be thoroughly informed of the health hazards connected with their work and the measures to be taken to protect themselves therefrom. (*OSHS, Rule 1090, Section 1093.12*)

The employer shall provide his workers with necessary protective clothing and equipment maintained in good condition. (*OSHS, Rule 1950, Section 1955.03*)

Workers exposed to prolonged contact with natural fertilizers shall be subjected to regular medical examination. (*OSHS, Rule 1950, Section 1955.03*)

It shall be the duty of every employer to:

- a) Establish in his workplace occupational health services to provide a healthful place of work;
- b) Adopt and implement a comprehensive health program for his workers;
- c) Enter into a contract with hospitals or dental clinics, if these are not available in his workplace; and
- d) Maintain a health record of his programs and activities and submit an annual medical report, using form DOLE/BWC/HSD/OH-

47, to the Regional Labor Office concerned, copy furnished the DOLE Bureau of Working Conditions on or before the last day of March of the year following the covered period. (OSHS, Rule 1965, Section 1965.01)

5.2 Requirements to report accidents and injuries

Disability benefits may be claimed from the Social Security System provided that the employee is a contributing member. (SSS Law)

OSHS, Rule 1053 provides for the reporting obligations of the employer to report work accidents or occupational illness in places of employment.

OSHS, Rule 1054 provides for the obligation of employer to maintain and keep an accident and illness record. OSHS, Rule 1054 also provides that the employer shall accomplish an Annual Work Accident/Illness Exposure Data Report in duplicate using the prescribed form DOLE/BWC/HSD-IP-6b, which shall be submitted to the DOLE's Bureau of working conditions copy furnished the Regional Labor Office or duly authorized representative having jurisdiction on or before the 30th day of the month following the end of each calendar year.

OSHS, Rule 1093, Section 1093.17 provides that the employer shall maintain accurate record of employee exposure to potentially toxic materials which are required to be measured or monitored. This record shall be open to authorized agents and the workers exposed to such hazards.

5.3 Requirements for personal protective equipment needed for using, handling, storing, or disposing of crop protection agents (CPA). This might vary depending on the CPA in question

- Workers handling pesticides and harmful fertilizers shall be instructed not to eat, drink or smoke unless: (a) they have removed their protective clothing; (b) they have washed their hands and face; and (c) they are in the area for eating purposes. (OSHS, Rule 1950, Section 1955.03)
- All containers with hazardous substances shall be properly labelled. (OSHS, Rule 1090, Section

1093.04)

- Workers handling pesticides and harmful fertilizers shall: (a) deposit their personal or street clothing in rooms provided for the purpose; (b) remove all protective clothing and equipment at the end of each day's work and deposit them in specified decontaminating containers provided for the purpose; and (c) wash hands, face and neck or take a shower if pesticides/harmful fertilizers was used or handled. (OSHS, Rule 1950, Section 1955.03)
- Protective clothing shall be laundered or otherwise thoroughly cleaned at least once a week or more frequently, depending upon the degree of the contamination and the material or substance used. (OSHS, Rule 1950, Section 1955.03)
- Workers shall thoroughly wash gloves after every use. (OSHS, Rule 1950, Section 1955.03)
- Workers shall be provided with, and shall use personal protective clothing and equipment in accordance with the requirements of Rule 1080. (OSHS, Rule, Section 1093.03(1))
- Protective clothing, like boots, gloves, goggles and face shield shall be use in mixing, diluting, spraying or spreading toxic fertilizers (OSHS, Rule 1950, Section 1955.01(4))
- PPE shall also be used to supplement control methods when such measures cannot adequately eliminate the hazard or when other measures are not possible. (OSHS, Rule 1090, Section 1093.03(2))

5.4 Restrictions on CPA use, handling, storing, or disposing. Most countries will have restrictions on vulnerable populations interacting with CPA (or prohibit this outright), such as persons under 18, pregnant women, nursing mothers, etc.

- When practicable, harmless substances shall be substituted for hazardous substances or the process shall be revised to reduce worker exposure to the hazards. (OSHS, Rule 1090, Section 1093.01)

- Pesticides and fertilizers shall be handled and used only by persons thoroughly instructed in their use handling hazards and the precautions that shall be taken to avoid such hazards. (OSHS, Rule 1950, Section 1953.01)
- Persons working with pesticides and fertilizers shall have pre-employment and periodic examinations as provided under Rule 1960. (OSHS, Rule 1950, Section 1953.02)
- Persons handling pesticides and fertilizers which react strongly to alcohol, shall abstain from alcoholic drinks at least 10 hours before and at least 12 hours after any work or operation where these substances are applied. (OSHS, Rule 1950, Section 1953.03)
- All personnel exposed to irritating or toxic substances shall be provided with appropriate protective clothing including head covering, which shall: (a) be removed before eating or leaving the premises and kept in places provided for the purpose; (b) not be taken out of the factory by the users for any purpose; and (c) be maintained in good condition and washed or cleaned at least once a week. (OSHS, Rule 1090, Section 1093.10)
- Persons working with pesticides and fertilizers shall have pre-employment and periodic examinations as provided under Rule 1960. (OSHS, Rule 1950, Section 1953.02)
- Persons handling pesticides and fertilizers which react strongly to alcohol, shall abstain from alcoholic drinks at least 10 hours before and at least 12 hours after any work or operation where these substances are applied. (OSHS, Rule 1950, Section 1953.03)
- All personnel exposed to irritating or toxic substances shall be provided with appropriate protective clothing including head covering, which shall: (a) be removed before eating or leaving the premises and kept in places provided for the purpose; (b) not be taken out of the factory by the users for any purpose; and (c) be maintained in good condition and washed or cleaned at least once a week. (OSHS, Rule 1090, Section 1093.10)
- Pesticides or empty containers shall not be left lying about in the fields, yards and other open areas, and shall not be thrown into ponds, streams or drains OSHS, Rule 1950, Section 1957 (2)

5.5 Restrictions on farm equipment (such as maintenance and licensing for operators)

None.

5.6 Other legislation related to CPA, such as how and where they may be stored or transported; more explicit restrictions for specific CPA; weather conditions under which CPA may or may not be applied; and any other restrictions limiting contact or exposure with CPA

- All containers with hazardous substances shall be properly labelled. (OSHS, Rule 1090, Section 1093.04)
- Workers exposed to prolonged contact with natural fertilizers shall be subjected to regular medical examination. (OSHS, Rule 1950, Section 1955.03)

5.7 Guidelines for the Implementation of Global Harmonized System in Chemical Safety in the Workplace

The Guidelines for the Implementation of Global Harmonised System (GHS) in Chemical Safety Program in the Workplace was issued by the DOLE in the Philippines on 28 February 2014 and came into force on 14 March 2014.

The DOLE has not published its own guidelines or standards on chemical classification, labelling and safety data sheets. Instead, it directly refers to chemical classification criteria and relevant provisions on safety data sheets (SDSs) and labels in the [UN GHS Purple Book](#).

However, the DENR Environmental Management Bureau published [DENR DAO Order No. 2015-09 Guidance Manual](#) setting chemical classification criteria and requirements on the format and content of SDSs and labels.

DENR will implement the GHS guidelines for substances subject to Chemical Control Orders (CCO) and substances on Priority Chemicals List (PCL) first. DENR's timelines for GHS implementation are as follows:

Chemicals	Effectivity
Single substances and compounds covered under CCO and PCL Chemicals initially listed	2016
High volume toxic chemicals	2017
Toxic chemicals under the IATA and IMDG list of dangerous goods	2018
Mixtures	2019

5.8 Guidelines for the Implementation of the GHS in Chemical Safety Program in the Workplace

Under DOLE DO 136-14, the employer shall:

- Ensure development, implementation and monitoring of the Chemical safety policy and program
- Ensure that all chemicals are properly labeled and Safety Data Sheets are provided in accordance with GHS.
- Provide the necessary control measures including the appropriate personal protective equipment;
- Ensure that workers are provided with the appropriate information, education and training on GHS and chemical safety;
- Establish and implement chemical emergency response plan to mitigate accidents like accidental exposure, inadvertent release, and fire or explosion.
- Ensure that the Safety Officer is in charge of the overall responsibility for chemical safety in the establishment.

Under DOLE DO 136-14, the employee shall:

- Comply with the chemical safety policy and program.
- Take all reasonable steps to eliminate or minimize risk to themselves and to others from the use of chemicals at work.
- Observe proper use of all safeguards and safety devices.
- Report immediately to their supervisor any situation which they believe could present a risk of chemicals
- Under DOLE DO 136-14, the storage requirement and inventory are as follows:
 - Chemicals procured shall have GHS label and safety data sheet;
 - Have adequate, well-ventilated storage space for chemicals and proper segregation of chemicals
 - Chemicals classified to any GHS Health Hazards Danger Category should be kept under strict control.
 - Stored chemicals should be examined periodically for replacement, deterioration, and container integrity. Storage temperature, humidity and ventilation requirements as stated in the SDS should be followed.
 - Quantities of chemicals to be stored shall be kept to the minimum amount.
 - There should be adequate security of and access to chemical storage areas.
 - Periodic inventories shall be conducted regularly

5.9 Requirements related to providing drinking water and safe housing for workers

None.

5.10 Specific requirements if worker accommodation is provided

Not applicable.

6. Principle 6 – Freedom of Association

6.1 Laws on organizing unions and their operation (workers' rights and employers' obligations)

The Philippine Constitution protects the freedom of workers to form and join unions for purposes which are not contrary to law. (*Article III, Section 8; Article XIII, Section 3 (2)*) The Philippine Constitution also provides that “The State shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations. Workers are also granted the right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.” (*Philippine Constitution, Article XIII, Section 3 [2]*)

In addition, Article 3 of the Labor Code declares that it is the policy of the State to assure the rights of the workers to self-organization.

6.2 Requirements for collective bargaining

All persons employed in commercial, industrial and agricultural enterprises and in religious, charitable, medical, or educational institutions, whether operating or not shall have the right to self-organization and to form, join, or assist labor organizations of their own choosing for purposes of collective bargaining. (*Article 243 of the Labor Code*) On the other hand, ambulant, intermittent and itinerant workers, self-employed people, rural workers and those without any definite employers may form labor organizations for their mutual aid and protection.

6.3 Prohibitions on union discrimination and employer interference in their operations

It shall be unlawful for any person to restrain, coerce, discriminate against or unduly interfere with employees and workers in their exercise of the right to self-organization. (*Labor Code, Article 246*)

The Labor Code considers as unfair labor practice for any employer to: (a) Interfere with, restrain, or coerce employees in the exercise of their right to self-organization (Labor Code, Article 248(a)); (b) Require as a condition of employment that a person or an employee shall not join a labor organization or shall withdraw from one to which he or she belongs (Labor Code, Article 248(b)); (c) Contract out services or functions being performed by union members when such will interfere with, restrain, or coerce employees in the exercise of their right to self-organization (Labor Code, Article 248(c); and (d) Initiate, dominate, assist or otherwise interfere with the formation or administration of any labor organization, including the giving of financial or other support to it or its organizers or supporters (*Labor Code, Article 248(d)*).

6.4 Requirements that worker representatives be in place

None.

7. Principle 7 – Compliance with the law

7.1 Legal requirements to constitute a labor relation

Article 243 of the Labor Code states that “all persons employed in commercial, industrial and agricultural enterprises and in religious, charitable, medical, or educational institutions, whether operating for profit or not, shall have the right to self-organization and to form, join, or assist labor organizations of their own choosing for purposes of collective bargaining. Ambulant, intermittent and itinerant workers, self-employed people, rural workers and those without any definite employers may form labor organizations for their mutual aid and protection.”

7.2 Laws and regulations on employment contracts (incl. necessity for written employment contracts, and if is not what are the grounds to consider the existence of a verbal employment agreement)

It is not necessary to have a written employment contract to prove that a person is an employee. There is also no law specifically enumerating the terms that must be included in an employment contract.

Article 1306 of the Civil Code of the Philippines recognizes the freedom of the parties to stipulate or establish the terms and conditions of a contract, provided these are not contrary to law, morals, good customs and public policy.

However, Article 1700 of the Civil Code classifies labor contracts as contracts imbued with public interest.

Labor laws and statutory labor standards are deemed to be written into all employment contracts, and stipulated terms and conditions cannot fall below the applicable labor standards provided by the Labor Code. Any terms or conditions that violate the applicable labor standards are null and void. Employment contracts cannot be used by employers to evade their responsibility for complying with labor laws.

7.3 Required content for written employment contracts

As mentioned above, there is also no law specifically enumerating the terms that must be included in an employment contract.

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

There is no specific requirement.

7.5 Requirements for various types of contracts (indefinite term, definite term, temporary workers, probationary workers)

As mentioned above, generally, there are no specific requirements. However, as a general reference, the following are the types of employment arrangement under Philippine jurisprudence and labor laws and regulations:

a. Regular Employees

There are two kinds of regular employees (*Labor Code, Article 294*):

- Regular employees by nature of work, that is, those who are engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer.

- Regular employees by years of service, that is, those who have rendered at least one year of service, whether continuous or broken, with respect to the activity in which they are employed.

The primary standard to determine regular employment is the reasonable connection between the particular activity performed by the employee in relation to the usual business or trade of the employer. The test is whether the activity of the employee is usually necessary or desirable in the usual business or trade of the employer.

A regular employee enjoys the benefit of security of tenure as guaranteed by the Philippine Constitution. This means that the employee cannot simply be terminated, other than those just and authorized causes as provided by law.

b. Probationary Employees

Article 295 of the Labor Code makes express reference to probationary employment, which provides a trial period, during which the employer observes the fitness, propriety and efficiency of a probationer to decide whether he is qualified for permanent employment, while the probationer seeks to prove to the employer that he has the qualifications to meet the reasonable standards for permanent employment. If the employee was allegedly hired on a probationary basis, but was not informed of the standards that would qualify him as a regular employee, he is deemed a regular employee from the very start. Additionally, an employee who is allowed to work beyond the probationary period shall be deemed regular. This probationary period is usually fixed at six months or less. However, the parties to an employment contract can agree to a longer period of probation (for example, when the same is established by company policy or when the same is required by the nature of work to be performed by the employee).

c. Fixed-Term Employees

While not specifically mentioned in Article 294 of the Labor Code, a fixed-term employment is recognized under the Civil Code, pursuant to the

freedom of parties to fix the duration of the contract, whatever its object. These fixed-term employment contracts are not limited to seasonal work or specific projects with predetermined completion dates; also contemplated are employment arrangements whereby the parties have assigned a specific date of termination.

For this employment arrangement to be considered compliant with the employees' right to security of tenure, it must:

- Be voluntarily and knowingly agreed upon by the parties, without any force, duress, or improper pressure being brought to bear upon the employee, absent any vices of consent.
- Appear that the employer and employee dealt with each other on more or less equal terms, with no moral dominance whatever being exercised by the former over the latter.

d. Project Employees

A project employee is one whose employment has been fixed for a specific project or undertaking, the completion or termination of which has been determined at the time the employee is engaged (Labor Code, Article 294). It is not sufficient that an employee is hired for a specific project or phase of work. There must also be a determination of, or a clear agreement on, the completion or termination of the project at the time the employee is engaged.

The services of project employees are coterminous with the project. They can be terminated upon the end or completion of that project, or a phase of the project, for which they were hired. The employer has no obligation to pay them separation pay.

The predetermination of the duration of the period of a project employment is important in resolving if an employee is a project employee or not. For example, in a previous case, the Court ruled that while the employee was clearly hired for a specific project, the absence of a definite period of the project led the Court to the conclusion the employee was regular.

e. Seasonal Employees

Seasonal workers perform work that is seasonal in nature and are employed only for the duration of one season (*Labor Code, Article 294*).

Seasonal workers who are rehired every working season are considered to be regular employees. The nature of their relationship with the employer is such that during off season they are temporarily laid off, but when their services are needed, they are re-employed. They are not, strictly speaking, separated from the service but are merely considered as on a leave of absence without pay until they are re-employed. Their employment relationship is never severed but only suspended. As a result, these employees are considered to be in the regular employment of the employer.

However, it is not sufficient that the work performed is seasonal in nature. There must also be evidence that the employee worked only for the duration of the season. For example, in a previous case, the fact that the employees repeatedly worked as sugarcane workers for the employer for several years established the regular employment.

f. Casual Employees

There is casual employment where an employee is engaged to perform a job, work or service which is merely incidental to the business of the employer, and that job, work or service is for a definite period made known to the employee at the time of engagement (Implementing Rules of the Labor Code, Book VI, Rule I, section 5(b)). A casual employee is one whose work is neither regular, project or seasonal.

However, if a casual employee has worked for at least one year (whether continuously or not) he becomes a regular employee but only with respect to the activity in which he is employed, and his employment will continue while that activity exists. Even though a casual employee, he is entitled to all the rights and privileges, and is subject to the same duties and obligations, as is granted by law to regular employees during the period of his actual employment.

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

The right to security of tenure means that a regular employee shall remain employed unless his or her services are terminated for just or authorized cause and after observance of procedural due process.

An employer may dismiss an employee on the following just causes:

- a) serious misconduct;
- b) willful disobedience;
- c) gross and habitual neglect of duty;
- d) fraud or breach of trust;
- e) commission of a crime or offense against the employer, his family or representative;
- f) other similar causes.

The other grounds are authorized causes:

- a) installation of labor-saving devices;
- b) redundancy;
- c) retrenchment to prevent losses;
- d) closure and cessation of business; and
- e) disease / illness

In termination for authorized causes, separation pay is the amount given to an employee terminated due to installation of labor-saving devices, redundancy, retrenchment, closure or cessation of business or incurable disease.

Separation pay may also be granted to an illegally dismissed employee in lieu of reinstatement.

In cases of installation of labor-saving devices or redundancy, the employee is entitled to receive the equivalent of one month pay or one month for every year of service, whichever is higher.

In cases of retrenchment, closure or cessation of business or incurable disease, the employee is

entitled to receive the equivalent of one month pay or one-half month pay for every year of service, whichever is higher.

In case of separation pay in lieu of reinstatement, the employee is entitled to receive the equivalent of one month pay for every year of service.

An employer shall observe procedural due process before terminating one's employment. In a termination for just cause, due process involves the two-notice rule:

- a) A notice of intent to dismiss specifying the ground for termination, and giving said employee reasonable opportunity within which to explain his or her side;
- b) A hearing or conference where the employee is given opportunity to respond to the charge, present evidence or rebut the evidence presented against him or her;
- c) A notice of dismissal indicating that upon due consideration of all the circumstances, grounds have been established to justify termination.

In a termination for an authorized cause, due process means a written notice of dismissal to the employee specifying the grounds at least 30 days before the date of termination. A copy of the notice shall also be furnished the Regional Office of the DOLE where the employer is located.

For probationary employees, termination can be done prior to their acquiring the status of regular employees if they fail to meet the performance standards required of their position, which standards were made known to them at the start of their probationary employment.

For project or fixed-term employees, termination can be done upon completion of the project or when the fixed-term expires.

In cases of termination for just causes, the employee is entitled to payment of indemnity or nominal damages in a sum of not more than 30,000 pesos⁶⁸;

68. Agabon vs. NLRC, 442 SCRA 573

in case of termination for authorized causes, 50,000 pesos⁶⁹.

The legality of a dismissal may be questioned before the Labor Arbiter of a Regional Arbitration Branch of the National Labor Relations Commission (NLRC), through a complaint for illegal dismissal. In establishments with a collective bargaining agreement (CBA), the dismissal may be questioned through the grievance machinery established under the CBA. If the complaint is not resolved at this level, it may be submitted to voluntary arbitration.

An employee may question his or her dismissal based on substantive or procedural grounds.

The substantive aspect pertains to the absence of a just or authorized cause supporting the dismissal.

The procedural aspect refers to the failure of the employer to give the employee the opportunity to explain his or her side.

An employee who is dismissed without just cause is entitled to any or all of the following:

- a) reinstatement without loss of seniority rights;
- b) in lieu of reinstatement, an employee may be given separation pay of one month pay for every year of service⁷⁰
- c) full backwages, inclusive of allowances and other benefits or their monetary equivalent from the time compensation was withheld up to the time of reinstatement;
- d) damages if the dismissal was done in bad faith⁷¹

Reinstatement means restoration of the employee to the position from which he or she has been unjustly removed. Reinstatement without loss of seniority rights means that the employee, upon reinstatement, should be treated in matter involving seniority and continuity of employment as though he or she had not been dismissed from

work. When a Labor Arbiter rules for an illegal dismissal, reinstatement is immediately executory even pending appeal by the employer (*Article 223 of the Labor Code*).

Reinstatement pending appeal may be actual or by payroll, at the option of the employer.

Full backwages refer to all compensations, including allowances and other benefits with monetary equivalent that should have been earned by the employee but was not collected by him or her because of unjust dismissal. It includes all the amounts he or she could have earned starting from the date of dismissal up to the time of reinstatement.

[7.7 Options for farmers to obtain legal assistance about their obligations \(e.g. government department, local labor office, farmers association etc.\)](#)

None.

[7.8 Specific requirements for leaf growing contracts \(government imposed templates, government approval of contract, freedom to choose the terms of the contract\)](#)

None.

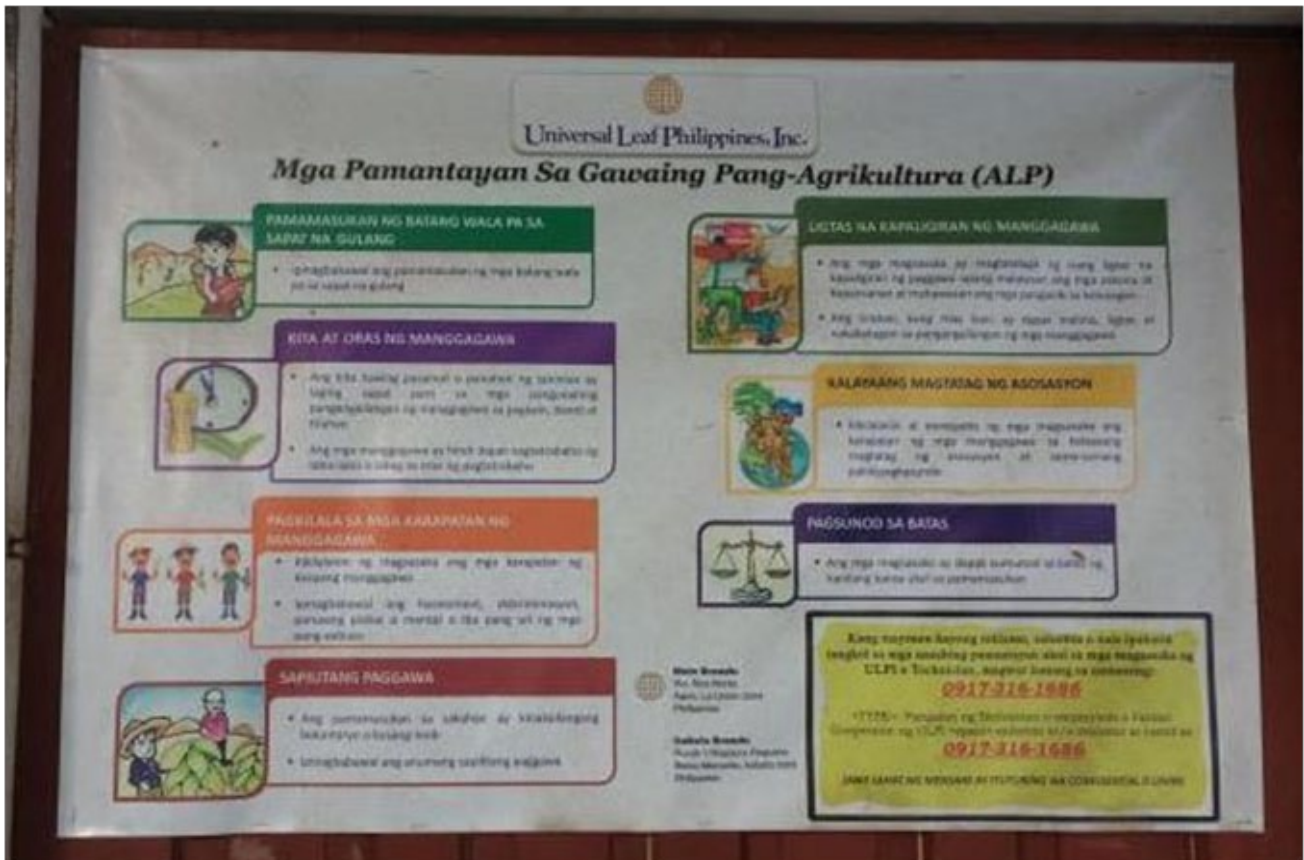
69. Jaka Food Processing vs. Darwin Pacot, 454 SCRA 119

70. Golden Ace Builders, et. al vs. Jose Talde, May 5, 2010, GR No. 187200

71. Aurora Land Project Corp. vs. NLRC, 266 SCRA 48

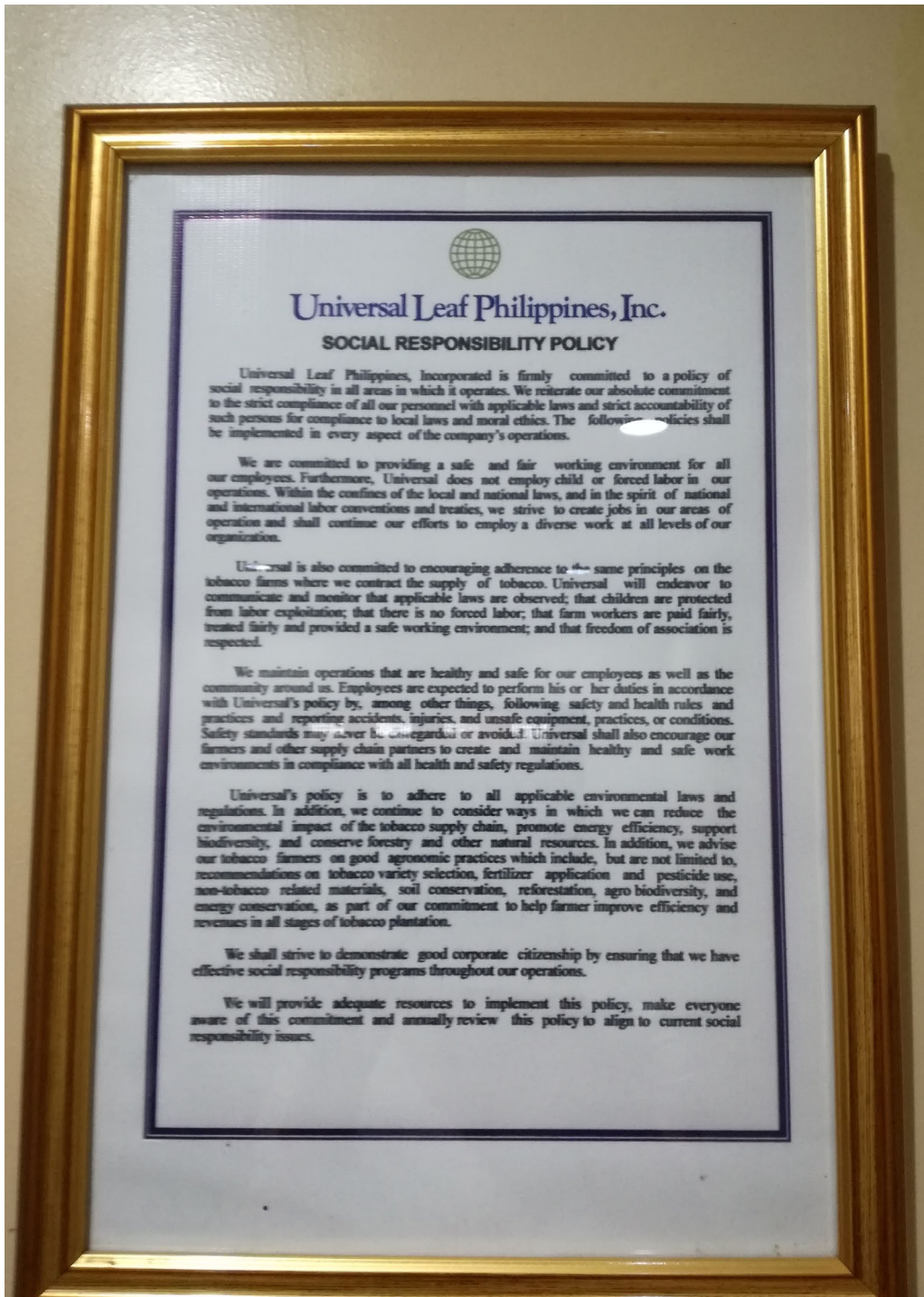
Appendix IV – Communication materials

1. Posters/Tarps in Barangays in Tagalog ('16) and English ('17)



2. Posters in office in Reina Mercedes





Appendix V – Prompt Action Reporting and Verification forms

1. Internal Audit Report – checking on child labor

Universal
UNIVERSAL LEAF PHILIPPINES, INC.
INTERNAL AUDIT REPORT
FARMER BASED AUXILIARY INVENTORY ASSESSMENT
SOWING INVENTORY ASSESSMENT

FAUD - IA - 2017 - 002
Revision NO. 03
Date revision: October 2016

WEEK NO. 44 DATE: 10-28-16

I. FBA INFORMATION

NAME: _____ PM: _____
ADDRESS: _____ CROP TYPE: ISB
CONTRACTED AREA: _____

II. SOWING INFORMATION

NO. OF PACK SOWN	<u>25</u>	15 pcks — DOS: 10/22/16 5 pcks — DOS: 10/24/16
NO. OF BED SOWN	<u>20</u>	

III. EVENTS INFORMATION

NO. OF BEDS	CONTROLLABLE							NON-CONTROLLABLE			
	POOR GERMINATION DUE TO (specify):	SALT INJURY	COLLAR ROT	BLACK LEG	DAMPING-OFF PYTHIUM RHIZOCTONIA	INSECT INFESTATION	OTHERS (specify):	POOR GERMINATION DUE TO (specify):	DROWNING	FLOODED	OTHERS (specify):

CHILD LABOR PRESENT? YES NO

REMARKS: _____

ASSESSED BY: _____ _____
SIGNATURE OVER PRINTED NAME SIGNATURE OVER PRINTED NAME

2. CAPA – Corrective and Preventive Action Report

Universal Leaf Philippines, Inc.

Location : Region 1 Region 2 Doc No. GO COM-ALP-2015-01

Name of Auditor: _____ Date of Audit: 03-29-16 Sample Size: _____
Department Audited: _____ Person(s) Audited: _____ Non-Conformance Rating: Major Minor Observation

SECTION A: DESCRIPTION OF PROBLEM (To be completed by Initiator)

Control Description (PAP Clause, Memo, etc.):
GAP-ALP PRINCIPLES

Description of Problem / Observation(s):
THE CHILD PERFORM STICKING WORKING OPA AUDIT

Direct Financial Impact of Problem (if any): NONE Was this raised for discussion during a prior audit? Yes No

SECTION B: ACTION PLANS (To be completed by the Implementer, if different from the Initiator)

Take Immediate Action: What immediate action was / should be taken to prevent recurrence?
REMANDERED FL AND FARMER NOT TO EMPLOY CHILD. Date of First Response: 4-9-16

Identify the Root Cause. (Use the "5 Whys" or other comparative method)
THE CHILD WAS OUT OF SCHOOL YOUTH.

Identify the Corrective/Preventive Actions which will permanently address the causes identified above.

No.	Corrective/Preventive Action	Responsible	Department(s) Affected	Deadline	SECTION C: VERIFICATION		
					Date Completed	Effectiveness of Action Verified by	Date verified
<u>1</u>	<u>Continuous educate farmers regarding on child labor laws</u>	<u>FB</u> <u>FS</u> <u>LC</u>	<u>GO</u>	<u>4-23-16</u>	<u>4-20-16</u>	<input checked="" type="checkbox"/> Resolved Signature: <u>[Signature]</u>	<u>4-20-16</u>

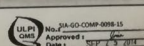
Improvement Opportunity: Management Should implement the following procedures (To be completed by OMS Manager / Lead Auditor)

Work Paper Reference: _____

SECTION D: SIGNATURES

Implementer Signature: _____	Title: Farmer/FBA	<u>FARMER/FC</u>	Date: <u>4-20-16</u>
Implementer Signature: _____	Title: AC/FS	<u>AC</u>	Date: <u>4/9/16</u>
Auditor Signature: _____	Title: _____	<u>CS</u>	Date: <u>4-20-16</u>

Attach additional sheets if necessary



UNION 2015-GO-COM-009-15
Approved Signature
Date Signature

CY 2016 ALP- CHILD LABOR AUDIT

3. Prompt Action Verification Report

PROMPT ACTION VERIFICATION REPORT

Location : Region 1 Region 2

Name of Auditor : _____ Date of Audit : 01/23/17
 Name of Farmer/FBA : _____ Address : _____
 Name of Reporter : _____

PROMPT ACTION VIOLATION (GO Report)

ALP CODE: Child Labor 10 and 12 years old years old doing pricking activity

REASON OF VIOLATION (GO Report)

Nobody left at Farming Home, and the farmer took his child.

ACTION TAKEN (GO Report)

reintroduced ~~the~~ child labor ^{parents} and parents as well as the 2 FBA's.

AUDIT REVIEW / VERIFICATION

Observation(s):
NO RECURRENTS OF CHILD LABOR WITH VISIT

REMARKS

RESOLVED RECURRENT Action taken if recurred: _____
 Identify the Root Cause: _____

SIGNATURES

Farmer / FBA : _____ Date: 01/23/17
 AC / FS : _____ Date: 1-20-17
 Auditor : _____ Date: 01/23/17

4. Internal reporting (1 of several pages) system for Prompt Actions/Breaches

PROMPT ACTION ISSUES - GROWING

Search keyword _____

FAMILY LABOR VEGETATIVE TOPPING/HARVESTING CURING/HANDLING/BALING

FARMER'S SOURCES OF LABOR Family Labor Exchanged Labor Hired Labor

EVERY VISIT

Hired Worker

FarmerNo	Age	Activity	Stage	DateVisited	Name	Gender
Date of Visit : 3/25/2017						

Safe Work Environment
 Are pregnant women and/or nursing mothers handled or apply CPA? YES NO

Fair Treatment

Are workers and their families treated fairly by the Farmer - no physical abuse, threat of physical abuse or any physical contact with the intent to injure or intimidate? Treated Fairly Not Treated Fairly

Are workers and their families treated fairly by the Farmer - no sexual abuse or harassment? Treated Fairly Not Treated Fairly

Are workers and their families treated fairly by the Farmer - no verbal abuse or harassment? Treated Fairly Not Treated Fairly

Do workers experience any discrimination from the farmer? Discriminated Not Discriminated

FORCED LABOR

Does the Farmer use prison or compulsory labor? Use Prison Not use Prison

Other Prompt Action Issues

Non-recommended CPA's are applied Yes No

CPA's stored/kept properly? Properly Stored Not Properly Stored

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Appendix VIII – Glossary

ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his/her farm in seven focus areas
ALP Code	PMI's Agricultural Labor Practices Code
ALP Program	Agricultural Labor Practices Program
ALP	Agricultural Labor Practices
Barangay	Village/Neighborhood/Community in the Philippines (smallest administrative division like a village, community or district of a city)
CAPA Report	Corrective and Preventive Action Report
CPA	Crop Protection Agents
CU	Control Union
DOLE	Department of Labour and Employment
GAP	Good Agricultural Practices
GO	Growing Operations
GTS	Green Tobacco Sickness
KPI	Key Performance Indicator
Leaf tobacco supplier	Company that has a contract with PMI to supply tobacco but is not a farmer
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and helps determining to what extent the labor conditions and practices on a tobacco farm are in line with the ALP Code Principles
Migrant labor	Labor coming from outside the farm's immediate geographic area
NGO	Non-Governmental Organization
NTA	National Tobacco Administration (Department of Agriculture)
PAGASA	Philippine Atmospheric Geophysical and Astronomical Services Administration
PAV	Prompt Action Verification Report
PHP	Philippine Peso
Piece rate	Payment at a fixed rate per unit of production/work

PMFTC	A corporate entity resulting from the business combination of Philip Morris Philippines Manufacturing Inc. (PMPMI) and Fortune Tobacco Corporation (FTC) PMI Philip Morris International Inc.
PMI	Philip Morris International, Inc. or any of its direct or indirect subsidiaries
PPE	Personal Protection Equipment
Prompt Action	A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job
STP	Sustainable Tobacco Production
ULFS	Universal Leaf Farm System
ULPI	Universal Leaf Philippines
ULT	Universal Leaf Tobacco, ULPI's parent company