



THIRD PARTY ASSESSMENT

MASSALIN PARTICULARES S.R.L.
ARGENTINEAN NEA REGION



Agricultural Labor Practices Program

December, 2015

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Glossary of terms and acronyms

ACTIM	Asociación de Campesinos Tabacaleros Independientes de Misiones (Tobacco Independent Farmers Association from Misiones)
ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural Labor Practices Code
ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his farm in seven focus areas
ALP Program	Agricultural Labor Practices Program
BU	Burley tobacco
CA	Corporate Affairs
CASAFE	Cámara Argentina de Sanidad y Fertilizantes (Chamber of Agricultural Health and Fertilizers)
CU	Control Union
COTTAPROM	Comisión Técnica de Tabaco de la Provincia de Misiones (Tobacco Technical Commission of the Province of Misiones)
CPA	Crop Protection Agents
CTM	Cooperativa Tabacalera de Misiones Ltda. (Tobacco Cooperative of Misiones)
Family farm	A farm that depends mainly on family members for the production of tobacco
Farm Profiles	A data collecting tool developed by PMI with Verité to track the socio-economic status of the farms, systematically gather detailed information about, among other things, the type of labor employed, farming activities that minors may be involved in
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
Leaf tobacco supplier	Company that has a contract with PMI to supply tobacco but is not a farmer
Massalin Particulares S.R.L.	PMI affiliate in Argentina (Massalin)
Migrant labor	Migrant labor refers to labor that comes from outside the farm's immediate area. Migrant labor can come from a neighboring region in the same country, or from a different country
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and helps determine to what extent the labor conditions and practices on a tobacco farm are in line with each of the ALP Code principles

NGO	Non-Governmental Organization
OC	PMI Operations Center (Lausanne, Switzerland)
Phase 1	Startup of ALP Program (training, communications, outreach)
Phase 2	ALP Program full implementation (monitoring, addressing problems)
Piece work	Payment at a fixed rate per unit of production/work completed
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
Support mechanism	A way for workers to access information and get support in difficult situations, and, for workers and farmers to get support in mediating disputes. Farmers have access to additional services to improve their labor and business practices.
UIF	Unemployment Insurance Fund, which provides compensation to insured workers that became unemployed.
ULT	Universal Leaf Tobacco
ULSA	Universal Leaf South Africa, a local subsidiary of Universal
Support mechanism	A way for workers to access information and get support in difficult situations and for workers and farmers to get support in mediating disputes. Farmers have access to additional services to improve labor and business practices.

Chapter 1

ALP PROGRAM BACKGROUND AND ASSESSMENT OVERVIEW



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

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

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

The ALP Program was developed and is being implemented in partnership with Verité, a global social compliance and labor rights NGO. Control Union Certifications (CU) was commissioned by PMI to develop the external monitoring component of the ALP Program working in tandem with Verité to assess PMI leaf tobacco suppliers and tobacco farms worldwide. All PMI leaf tobacco suppliers submit internal, annual reports and are assessed regularly on their performance. For the ALP Program implementation, internal reviews are also being performed to assess the progress and challenges in the program's implementation. Third party assessments are periodic reviews undertaken by CU of PMI leaf tobacco suppliers and tobacco farms worldwide. In this initial stage of implementing the ALP Program, these third party assessments focus on the ALP Program implementation by PMI

affiliates and suppliers and evaluate the current status of farm labor practices and risk areas. They specifically assess each leaf tobacco supplier's progress in implementing the ALP Code framed against the strategic objectives set by PMI. . The ALP Code contains seven principles²:

1. Child Labor

There shall be no child labor.

2. Income and Work Hours

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

3. Fair Treatment

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

4. Forced Labor

Farm labor must be voluntary. There shall be no forced labor.

5. Safe Work Environment

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

6. Freedom of Association

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

7. Compliance with the Law

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

1. For the purposes of this report, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries.
 2. The full ALP Code is contained in appendix 2.

The implementation of PMI's ALP Program by leaf tobacco suppliers that purchase tobacco for PMI has been divided into two phases³:

Phase 1

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

Phase 2 (full implementation of the program)

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

PHASE I

- Build organisation capability
- Train supplier's team
- Communicate to all farmers
- Build farm profiles
- Address prompt actions

PHASE II

- Monitoring of labor practices farm by farm
- Improvement plans for every farm
- Address widespread issues (e.g. STP Initiatives)
- Regular assessments
- Support mechanism in every market

(Source: Verité & PMI, 2011)

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

Chapter 2

MASSALIN ASSESSMENT: SCOPE AND METHODOLOGY



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

2.1 Scope

This report of Massalin's tobacco growing operations in the North East region of Argentina is the fifteenth external ALP assessment by Control Union. The assessment was conducted in December 2015 during the completion of Massalin's fourth crop season under the ALP Program.

2.2 Opening meeting

On 3rd December 2015, CU started the assessment with a meeting at Massalin's offices in Buenos Aires, attended by the ALP steering committee (Managing Director, Leaf Manager, Corporate Affairs Manager, Senior Counsel, and Operations Director), the ALP Country Team (Law, Corporate Affairs, North West Operations and North East Operations) and representatives from PMI's Regional Team⁴. During the meeting, CU presented the objectives of the assessment and Massalin provided an overview of the ALP implementation in their supply chain.

2.3 Staff interviews and ALP Program documentation

The assessment of Massalin included individual interviews with the ALP steering committee and the ALP Country Team at the head office. CU also conducted interviews with three agronomy supervisors, one sustainable projects coordinator and nine field technicians at the local offices in the visited region. In addition to Massalin personnel, interviews in the field included two external stakeholders supporting Massalin's contribution programs to address the identified widespread issues. All interviews were conducted individually, so interviewees felt comfortable to speak freely and raise any issues. The conversations covered the following topics:

- General awareness of the ALP Program and knowledge of the ALP Code;
- Implementation of the ALP Program at the Massalin level;

- Responsibilities of management and field personnel;
- Internal training and communication on the ALP Program;
- Communication of the ALP Code to farmers;
- Internal system to collect information for Farm Profiles;
- Mechanism for reporting Prompt Actions;
- Records showing the training of field technicians;
- Relationship with external stakeholders;
- Steps taken to implement Phase 2;
- Pilot conducted for monitoring labor practices;
- Initiatives implemented to address widespread and/or systemic issues; and
- Support mechanism.

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

2.4 Farm sample selection

To constitute a meaningful sample, CU needed to visit at least 51 farms; the square root of the total number of farmers directly contracted by Massalin in the Argentinean North East region.⁵ In total, CU visited 51 farms. Farm selection was determined based on the following categories:

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

4. Regional Agricultural Programs

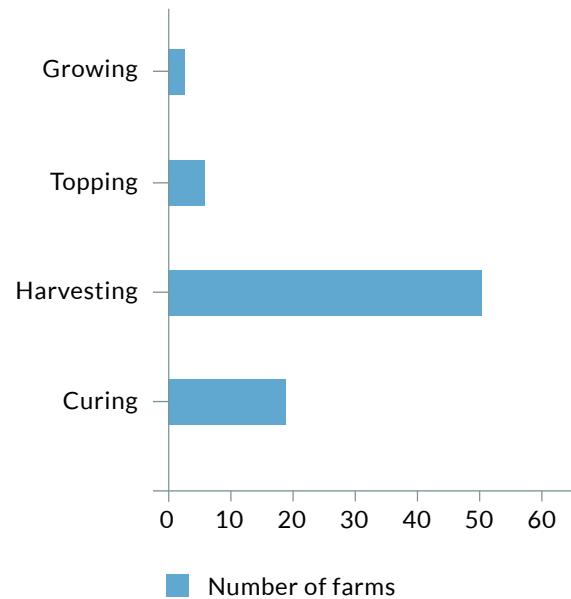
5. 2,600 farms at the time of the assessment.

100% of the farm visits were unannounced. The day before a specific farm visit and assessment of a field technician, CU informed the ALP Country Team leader and agronomy supervisors. The farmers to be visited were informed at the moment of the visit. Over two weeks, CU visited an average of 12 farms per field day with a full day of reporting reserved after two or three days of field visits.

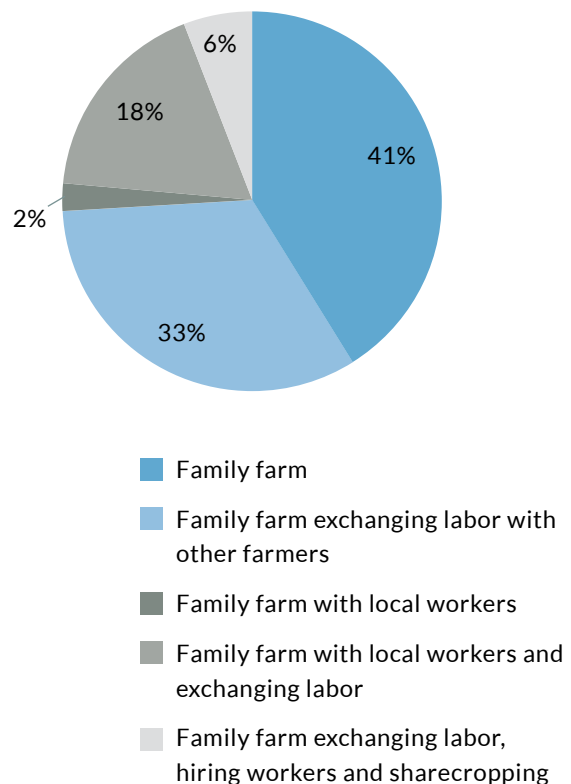
The total number of contracted farms within the scope was divided among six growing districts, inside what is called the “central region of the Argentinean North East Region”⁶, with Burley being the type of tobacco that was assessed. In this region, the farms generally grow small areas of tobacco (averaging 1.4 hectares). In the assessed regions, many farmers grow additional cash crops such as citronella, maize, bananas, tomatoes and soybean among others.

The graphs and tables below provide information on the 51 sampled farms. Percentages refer to the demographic breakdown of this specific sample of farms.

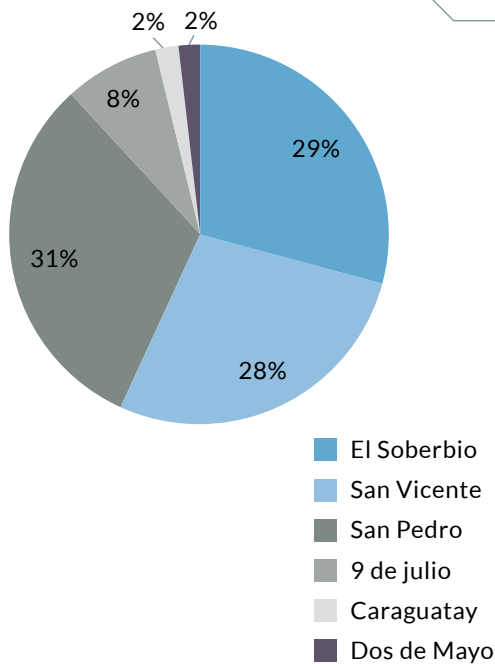
Stage of tobacco during assessment



Types of farms⁷



Farms assessed by region



6. El Soberbio, San Pedro, San Vicente, Dos de Mayo, 9 de Julio and Caraguatay

7. **Exchange of labor:** Arrangement between neighboring farmers work on each other’s farms (often with their family members) without receiving cash but in-kind payment.

Sharecropper: Commercial relation between a worker who is responsible for managing a plot of land and the farm owner who provides the inputs. At the end of the harvest the worker and the farm owner share the profit.

2.5 Farm visits

CU used a variety of methods to collect information on each farm’s practices. These included interviews with farmers and workers, verification of farm related documentation (Farm Profiles, monitoring forms, Massalin growing contract, Prompt Action forms, records for payments or hours registration, employment contracts) and visual observation of fields, storage rooms, curing barns, working areas and housing. Before every interview, CU explained the objective of the assessment and assured interviewees that anonymity would be preserved at all times.

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

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

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

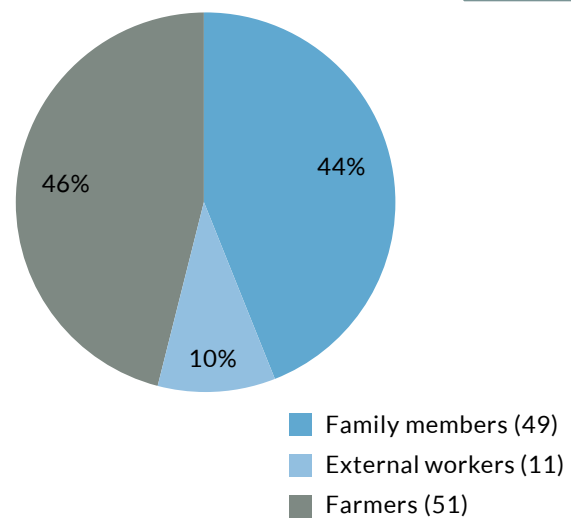
- The worker’s awareness of the ALP Code;
- The worker’s level of understanding and attitude towards the ALP Code;
- The labor practices at the farm.

2.6 Persons interviewed

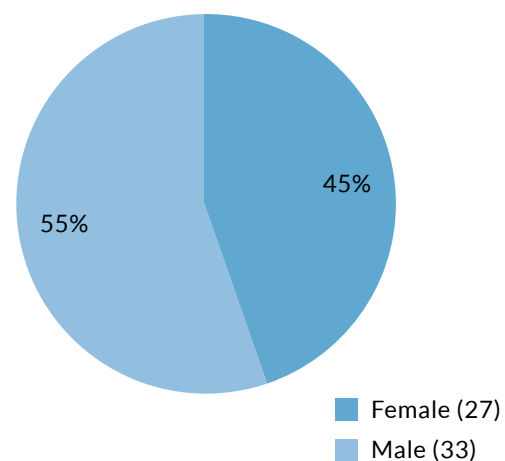
In total, 111 people were interviewed. To avoid undue interference or influence, CU attempted to conduct all interviews with workers without the presence of the farmer.

The graphs below provide a demographic profile of this sample of interviews.

Persons interviewed: 111



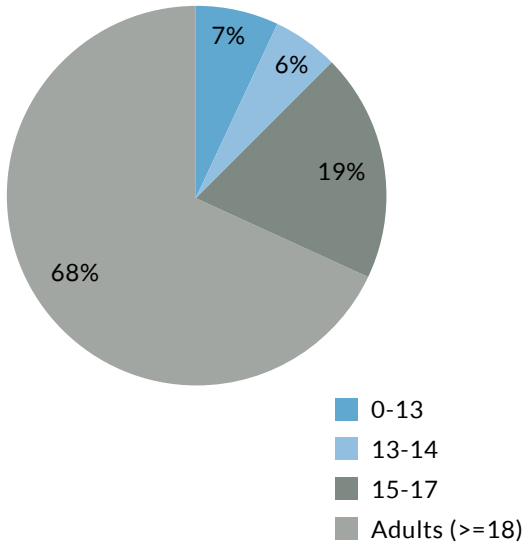
Gender of interviewees (External workers and family members)



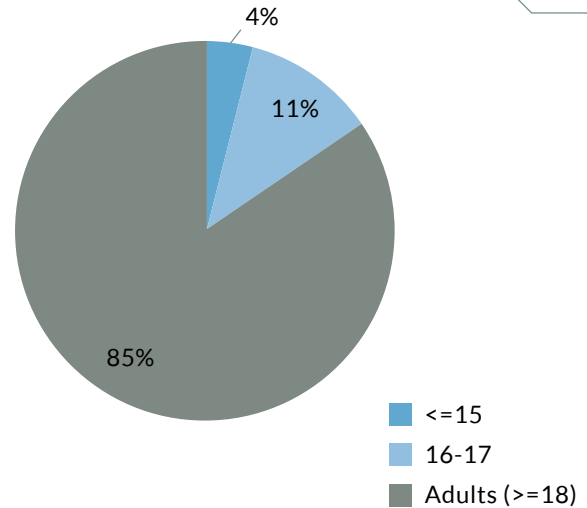
The following graphs provide demographic information on the 72 family members assessed in all the regions.

The following graphs provide demographic information on the 11 external workers interviewed of whom one (4%) was a migrant worker from Brazil, the rest being local workers⁸.

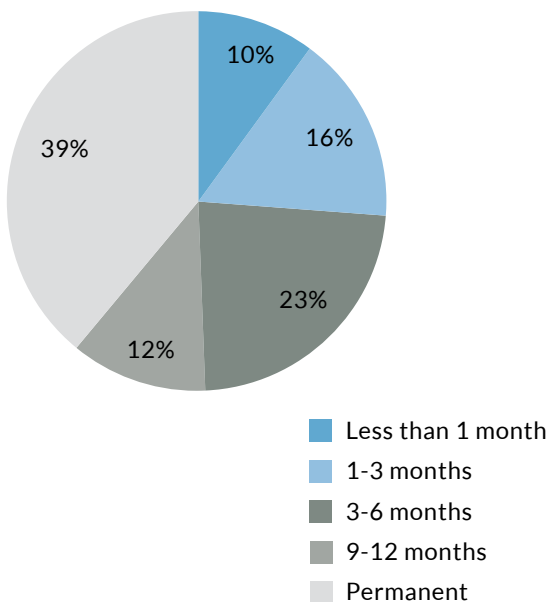
Age distribution (family members)



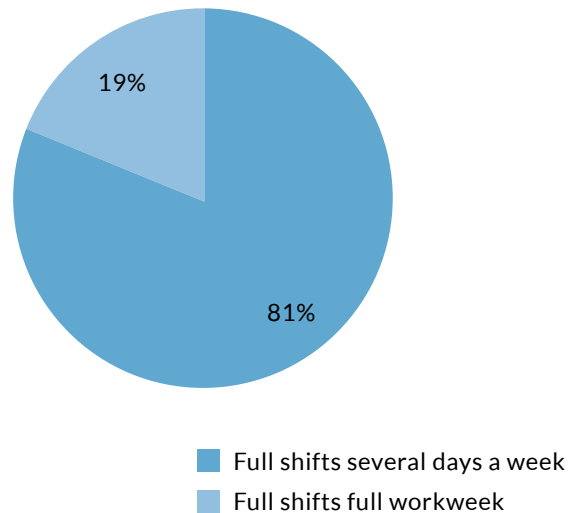
Age distribution (External workers)



Work duration (Family members)

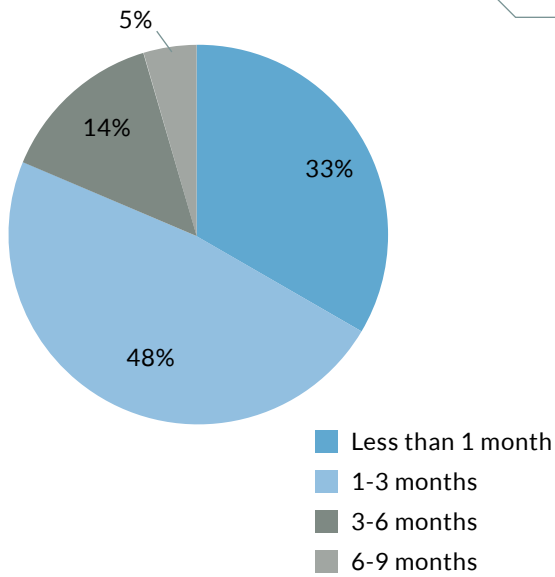


Work frequency (External workers)



8. Workers who travel home daily.

Work duration (External workers)



2.7 Closing meeting

On the 8th of January 2016, the closing meeting was held in Buenos Aires during which CU presented their initial findings. The closing meeting was attended by the Steering Committee, the ALP Country Team leader, the Sustainable Project Leader, one representative of PMI OC and one representative from Verité.

2.8 Preparation of the final report

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

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

Chapter 3

ASSESSMENT OF THE IMPLEMENTATION OF PHASE 1 OF THE ALP PROGRAM



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

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

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

3.1 Conduct of the assessment

CU was satisfied with the cooperation and access to information provided by Massalin. All persons interviewed demonstrated a willingness to explain internal processes, provide their professional feedback and share experiences to provide a better understanding of this phase. Both management and field personnel were fully transparent during the assessment and provided all support requested by CU. All farmers visited were willing to participate in the assessment while sharing the required documentation and/or allowing interviews with farm workers.

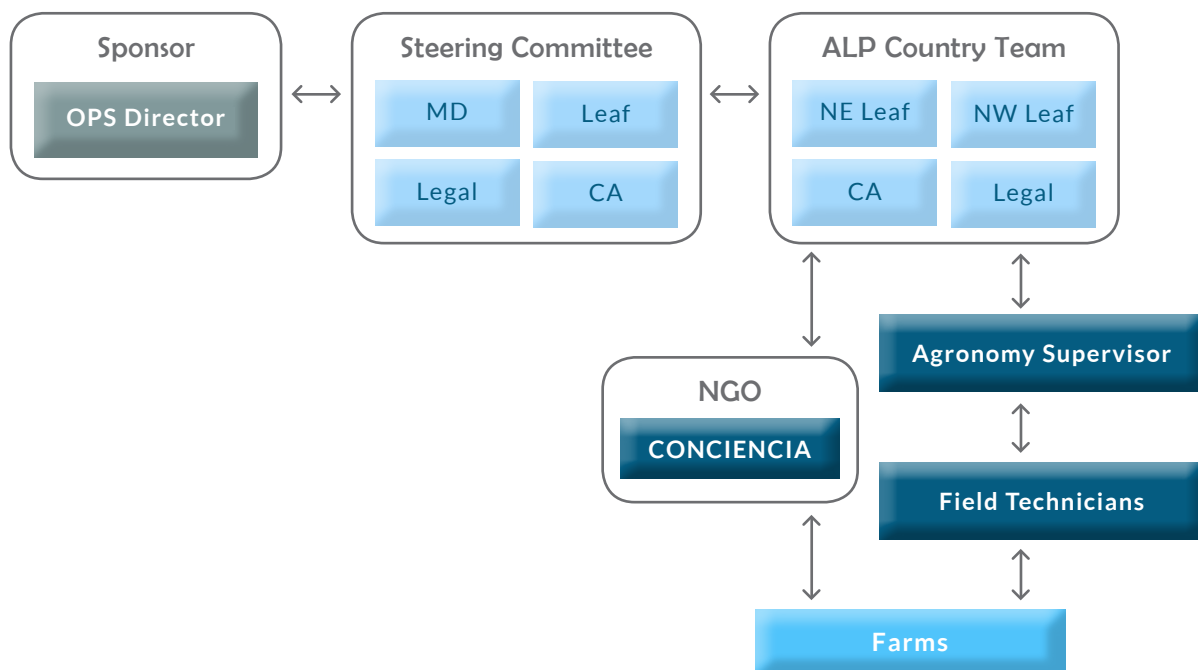
3.2 People and processes to manage the ALP Program

3.2.1 Internal structure for ALP implementation

At the time of the assessment, Massalin had an internal structure in place consisting of a Steering Committee, an ALP Country Team and the Agronomy Team. The steering committee was represented by the Local MD, Leaf Manager, Director Operations, Senior Counsel and an external Sponsor (Regional MD). The ALP Country Team was represented by: Production Manager from NW and NE Tobacco, CA manager and Legal manager. The regional Leaf Production Managers coordinated the ALP implementation in the two tobacco production regions (NW and NE). Both the Steering Committee and ALP Country Team were supported by the Regional PMI MD. Finally, the Agronomy department was represented by supervisors and field technicians. See organization chart below.

In June 2015 changes in the ALP implementation structure were made; the national ALP Coordinator was replaced by two GAP-ALP coordinators (NW and NE). This is reflected in the organization chart below.

Organizational chart for ALP Implementation



3.2.2 Role of NGO CONCIENCIA

In 2003, Massalin contacted the NGO CONCIENCIA to develop a program with the aim to open child care centers for the tobacco producers in the Argentinean North West tobacco production area (Jujuy and Salta provinces) during the tobacco season.

In 2012 and with the launch of the ALP code, CONCIENCIA was asked to develop a program to address Child Labor in the Argentinean North East region. The program was named “Porvenir” and had as main goal to increase school attendance (by improving school infrastructure, educating teachers about child labor, providing school materials to children and addressing other issues related to poor school attendance) in the growing areas and to raise awareness among teachers, children, farmers, workers and Massalin’s employees about child labor.

The program gained with the time an important role in Massalin’s ALP implementation strategy as it is now expected to include the ALP principles and concepts in their communication materials for children and teachers, train field technicians and regional staff in child labor and safe work environment, train farmers about child labor, develop a support mechanism pilot, assess the ALP situation at farm level and in the future to also give support to the field technicians when issuing Prompt Actions. CONCIENCIA receives most of their economic support from Massalin and to a lesser extent from the Misiones Tobacco Cooperative⁹ and the Technical Committee of Tobacco of the Misiones Province¹⁰.

3.2.3 Internal communication and reporting

The ALP Steering Committee held internal monthly meetings and quarterly meetings with the ALP Country Team during which ALP was discussed. The ALP Country Team leader reported on developments and related issues including the ALP plan, farm

monitoring, addressing issues with farmers, Prompt Actions, support mechanism, initiatives, budget, and stakeholder engagement. Subsequently, the ALP Country team Leader sent a quarterly report to the ALP Steering Committee and the PMI Regional ALP Coordinator.

The ALP Country Team held monthly meetings to discuss the status of initiatives, Farm Profiles, Prompt Actions, addressing widespread issues and any other relevant issues in the ALP implementation. Subsequently, minutes were sent by email to the ALP Country Team and ALP Steering Committee.

In the local offices, agronomy supervisors and field technicians met on a monthly basis to discuss ALP related issues including the status of Prompt Actions, difficulties gathering the information and how to communicate ALP to the farmers and strategies on how to better reach farmers.

Personnel involved in the ALP implementation were constantly updated with emails, phone calls or at informal meetings.

3.2.4 ALP training, roles and responsibilities

All required personnel involved in implementing ALP were trained or had some previous experience in the development and implementation of the ALP code in other countries. Regarding the local MD, he was first trained in 2013 by the CA Manager when he was the regional MD. The rest of the Management Staff, ALP Country Team and Agronomy Supervisors were first trained in 2011 by Verité. The coordinator of the “Porvenir NEA” program had also participated in that training as she was at that time part of the local Massalin staff in Misiones.

Field technicians were first trained by the Agronomy Supervisors in 2011 and have received two updates per year since then. Exams and tests were part of these trainings; the aim was to test the knowledge of the field technicians and to discover areas for improvement to be included in future trainings.

9. Cooperativa Tabacalera de Misiones

10. Comisión Técnica del Tabaco en la Provincia de Misiones

Additionally, between 2012 and 2015, field technicians and Agronomy Supervisors participated in trainings organized by the NGO CONCIENCIA (with the participation of COTTAPROM, CASAFE, CTM, the Misiones Ecology Ministry, etc.) in Child labor and safe working environment aspects. It is important to mention that even if the ALP Code principles were named, most those trainings were mainly focused on child labor, Argentinean law and good agricultural practices when managing pesticides (toxicology, proper CPA application tools, methods to keep application tools in shape, etc.).

It is interesting to note that the company stated they had an “industry approach” meaning that other companies or cooperatives were invited to participate in the CONCIENCIA trainings. The aim was for the whole market in the region to be aware of the child labor and safe working environment challenges and so they could unify their efforts to reach all the farms and workers in the area with the same message.

3.2.5 Engagement with the ALP Program

From the perspective of the ALP Steering Committee, ALP Country Team and field technicians, they saw the ALP code as a social complement to the GAP program, understanding that it includes social aspects of the farmers, workers and rural living in tobacco production.

Rather than being committed to the ALP program, the members of the ALP team had a big commitment to addressing the social problems at a farm level. Steering committee members often went to the field to monitor the initiatives, attending identified widespread issues. To reinforce a participatory role they occasionally joined field personnel on farm visits giving them insight into a specific challenge and the perspective of the farmer.

The members of the ALP Country team were constantly in touch with field technicians, farmers

and workers and they often went to the field to actively participate in initiatives, trainings or team meetings.

Moving down the organization, the engagement of agronomy supervisors and field technicians was important as they managed the primary contact with the farmers. All of them declared that they see the ALP Code as an opportunity for the region to eradicate Child Labor and improve the Safe Working Environment at the farms.

Additionally, Regional Agronomy Supervisors, field technicians, the ALP Country Team Leader and some members of the Steering Committee had good and innovative ideas to improve the rural living in the market (new initiatives, communication materials, growing techniques that could reduce child labor, etc.).

3.3 Communicating the ALP Code requirements to all farmers

3.3.1 The ALP communication strategy

All farmers contracted by Massalin were included in ALP communication and training programs. Although the communication materials described in the following chapter included all seven ALP Code Principles, during farm visits, field technicians focused primarily on two topics; child labor and safety (CPA management) as these were considered to be the most critical topics in the assessed region.

As a result of Massalin’s communications efforts, 47 farmers¹¹ (92% of those visited) were aware of the ALP Code.

The table below summarizes the farmers’ awareness of the different ALP Code Principles. These percentages do not refer to the farmers’ total awareness of the ALP Code Principles, only the 7 major topics selected for the interviews¹².

11. Two farmers were not aware, one was a new farmer and the other had two children under 18 helping at the farm performing hazardous activities.

12. Numbers between brackets refer to the total number of farmers.

ALP Code Principle	Percentage of farmers that named and explained the principle
Child labor	47 (100%)
Safe work environment	27 (57%)
Forced labor	5 (11%)
Compliance with the law	3 (6%)
Income and work hours	1 (2%)

Of the farmers that were aware of the code, 45 (96% of the farmers visited) considered the ALP Code an important issue. They understood the importance of sending children to school and of ensuring the children's (and the family's) health and wellbeing on the farm by taking the proper safety measures when handling CPAs. In addition, they understood the ALP Code as a requirement to comply with the company rules and thus they had to meet the standard.

All the farmers interviewed considered their relationship with the field technicians good. They were satisfied with the agronomy advice and in some cases also with the support on safe work environment issues that assisted them to improve not only their tobacco productivity and income, but also the safety of rural conditions on the farm.

3.3.2 ALP communication methods and materials

Five specific groups of activities and materials were used to communicate the ALP Code to farmers.

First, group meetings of 15 to 20 farmers were held during the contracting period and used to introduce GAP practices and the ALP Code to farmers (mainly safe work environment at the farm).

Second, and one of the most important, was the support of field technicians. All field technicians declared that they communicated the ALP Code

during regular visits but they made special focus in child labor and safe work environment principles as they understood that those were the main issues at the farms. During the assessment, the field technician to farmer ratio was 1:173. All field technicians declared that they visit farms four to six times per season. Six (66%) said that they have enough time to communicate the ALP Code to farmers during regular visits. The rest stated that the farmers sometimes had difficulties to understand the need to change to these new practices and that they had not enough time to convince them.

Third, a variety of communication materials were developed by the Porvenir NEA program for farmers and their children, teachers and field technicians. While communication materials were produced and designed by CONCIENCIA the content was provided by Massalin. All communication materials were revised and approved by the ALP Steering Committee and the ALP Country Team before they were distributed. These included:

- Calendars for the farmers: the seven ALP Code Principles were illustrated in the calendars.
- Brochures for farmers: these referenced child labor and safe work environment on the farm.
- Brochures for children: brochures with information and games highlighting issues about child labor and the safe work environment.

- Posters: for schools and farmers, referring to child labor and safe work environment on the farm.
- Notebooks for teachers and field technicians: focusing on child labor prevention and responsible management of CPAs.
- Radio broadcasts: about Child Labor, based on the UN Declaration of the Rights of the Child and the minimum working age law.

Fourth, in 2012 Massalin amended the growing contract to include annexes (points 9 and 10.c) in which the farmer undertakes not to use children under 16 years of age in the production process was required to do his best to comply with the seven ALP Code Principles.

The company also adapted communication materials to ensure that all children, farmers and workers could understand them. A clear example was the replacement of written communication materials with images, targeting illiterate farmers and workers.

It was noted, however, that while all the communication materials and the growing contracts are in Spanish¹³ for a significant part of the region Portuguese is the farmers and workers' mother tongue. At one visited farm (2%), the farmer claimed he could not understand the contract because his mother language was Portuguese and he did not know how to speak or read Spanish. The company should take this into account when developing communication materials and when signing the growing contracts.

The table below summarizes the responses of the 47 farmers who were aware of the ALP Code¹⁴, based on the different communication methods. CU primarily focused on identifying which communication method was used to teach farmers about ALP¹⁵.

Communication Method	Farmers
Group meetings	47 (100%)
Regular field technician visit	18 (38%)
Poster/calendar	7 (15%)
Radio	6 (13%)
Cellphone	1 (2%)

Massalin Particulares S.R.L. response:

"MP will continue working on a communication plan with a variety of materials developed together with CONCIENCIA, for farmers and their children, teachers and field technicians."

"Communication material will be consolidated in a tool-kit, containing the main concepts related to every ALP principle to equip field technicians with a tailored material to support situations not meeting ALP standards."

"Friendly communication material such as screensavers in handheld devices and screen backgrounds containing ALP messages will allow easy access to the latest information. Visual communication will help field technicians to transfer and reinforce key ALP messages. When: Q4 2016 onwards. Scope: MP's field staff. Expected result: field staff with tools to effectively communicate ALP key indicators to farmers."

"As part of Porvenir's new approach, as of the second quarter of 2017, CONCIENCIA will provide training workshops on the organization of the farm as a productive family unit. With this innovative proposal, tobacco families will gain knowledge and skills to re-design tasks and reallocate resources, avoiding the need to involve minors under 18 in tobacco activities."

13. The official language in Argentina is Spanish.

14. Four farmers were not aware of the ALP Code. One of them was a new farmer and did not use PPE when applying CPA. The other three were farmers hiring workers and not using or using incomplete PPE for CPA application and/or harvesting. One of them had a 16 year old daughter who was found harvesting.

15. Numbers between brackets refer to the total number of farmers; one farmer may have given more than one answer.

3.3.3 Understanding and perception of the ALP Program

Massalin management generally had a good understanding of the ALP Program and ALP Code Principles. The field technicians served as the primary contact for farmers, therefore, their understanding of the ALP was critical. They saw the ALP Code as a tool to progressively eradicate child labor and improve the quality of life for farmers. Overall, field technicians' knowledge of the seven ALP Code Principles was good but some improvements were identified:

- **Child labor:** Eight (89%) field technicians were aware of the legal minimum working age (16 years old) and the requirements for children between 16 and 18 years to be allowed to work.

With regards to hazardous activities, four field technicians (44%) had a good understanding of this concept giving accurate examples of hazardous and non-hazardous activities. Of the other field technicians, four (44%) recognized harvesting and CPA application as hazardous tasks but did not recognize them as such when using PPE and protective clothing. One field technician (11%) declared that hazardous activities are any activities that can put family safety at risk.

- **Income and work hours:** None of the field technicians were aware of the legal monthly and daily minimum wage, which was 7,680 AR\$ per month or 337 AR\$ per day¹⁶. This was attributed to the fact that the new legal minimum wage had entered into effect on the same day CU started its assessment. However, 7 of the 9 field technicians (77%) were aware of the previous minimum wage of 7,200 AR\$ per month and 316 AR\$ per day.

The following was clear for all field technicians: the legal maximum work hours per day, the concept of overtime (and that it should be voluntary), that one paid rest day should be provided per week, and the maximum work hours per week. The maximum hours for children between 16 and 18 years was also clear for all field technicians. However, payment-in-kind and the amount of holiday days corresponding to the workers, was not clear for any of the field technicians interviewed.

- **Fair treatment:** All field technicians understood the basic concept of this principle. They knew that workers should be treated equally (no discrimination) and fairly.
- **Forced labor:** All field technicians understood the concept of this principle as they said workers must be free to work and cannot be forced under any circumstance. They also mentioned risks associated to maintaining original identity documents. None of them saw workers being paid at the end of the harvest as a risk situation. None of the field technicians named indirect payment as a practice going against this principle.
- **Safe work environment:** All field technicians had a good understanding about the risks of handling CPAs without the proper PPE. They also thought that it was important that workers should have a safe working place and took adequate safety measures to avoid accidents. The need to use protective clothing for harvesting, to have sanitary facilities and to have access to water and adequate housing was clear for all of them.
- **Freedom of association:** All field technicians understood the basic concept of this principle; workers should be free to join unions or build their own labor unions and no worker should be excluded because of being part of a union.

16. The same day CU started the assessment in the region, the national minimum wage entered into effect as per the law published on the "Boletín Oficial" of 9th November 2015. (<https://www.boletinoficial.gob.ar/#!DetalleNormaBusquedaAvanzada/11496449/null>).

- **Compliance with the law:** All field technicians understood this principle as a requirement for the farmer to comply with all the country's laws, but none of them explicitly mentioned employment contracts and legal rights. None of the field technicians specifically mentioned terms and conditions of employment contract between farmer and worker.

Massalin Particulares S.R.L. response:

"To reinforce the field staff understanding of ALP, the following action plan was developed:

- *MP's agriculture team to hold workshops with role-play activities where different scenarios are performed by field technicians, while the colleagues can observe, share their opinions, and align their view and understanding about different issues. These workshops will also allow field technicians to share experiences on how they are solving problems found on farms during crop season activities. Scope: MP's field staff. Expected result: align Field Technician's understanding of key ALP measurable standards.*
- *E-learning modules for Field technicians developed with interactive activities on ALP concepts. Modules will be available in handheld devices, with videos and quizzes, and will include a test to quickly assess field technician's understanding. When: Q1 2017. Scope: MP's field staff. Expected result: Uniformity in Field technicians understanding of ALP related processes and most common situations.*

CONCIENCIA will continue to work with field technicians of all tobacco companies, through workshops and "one to one" visits to reinforce the ALP understanding, with special attention to the new Child labor legislation, assessing field technicians' knowledge at the end of each training session.

Legal department will support trainings related to minimum wage, regular payment and end of season payments. When: these trainings will be held at a minimum, according to regulation updates. Additional sessions may be requested by FT if the farmers are to reorganize their activities and their need to hire people, where there is a key need to ensure hiring is done in a fair way, documented and compliant with the law. Scope: ALP country team and field staff."

3.4 Building Farm profiles for all contracted farms

As a requirement of Phase 1, Massalin employees were expected to build Farm Profiles for every farm. PMI developed a global template to support the collection of information on socio-economic indicators including farm size, number of workers, age and number of children in the farmer's family, working status (for example part time, full time, migrants), the pay period for workers and living conditions.

3.4.1 Data gathering system for Farm Profiles

In 2012, Massalin started to compile information for the Farm Profiles in a paper format. One year later, looking to improve the data gathering, a digital system to complete the Farm Profiles was developed¹⁷ using a hand held device. In 2015, the company changed the hardware to an iPad and introduced an application developed by PMI¹⁸ to collect the information at the farm level. Some problems arose from the data migration and some of the farm profiles collected on the old software could not be imported to the Leaf2Go program; this meant that information was not easily available to the ALP Country Team for further analysis.

17. Called "Chango Mobile"

18. Called "Leaf2Go"

Field technicians were in charge of gathering and updating the information for the Farm Profiles. After completing the Farm Profile template, they uploaded it and updated the information in Massalin's internal system.

Of the farms visited during the assessment, none of the Farm Profiles could be opened on the tablets and thus all of them were provided to CU after the visits.

3.4.2 Accuracy of Farm Profiles

By comparing the information on the Farm Profiles with the situations found at the farms, CU concluded that 46 (90%) of the Farm Profiles were accurate. Of the remaining five (10%) farms had at least one inaccuracy in the data collected (a farm may have had more than one inaccuracy):

- Number of hectares: In five Farm Profiles (10%) the number of hectares did not match with the area declared by the farmer.
- People on the farm: Five Farm Profiles (10%) did not include the workers hired by the farmer.

3.4.3 Analysis on information Farm Profiles

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

Massalin Particulares S.R.L. response:

"By comparing the information on the Farm Profiles with situations found during farms visits, CU concluded that 90% of the Farm Profiles were accurate. As at the time of data input the system was on a transition phase from the old platform to the new one, the remaining farm profiles had at least one information inaccuracy, created by problems with input of data collected and storage process. ALP program team and field supervisors will cross

check data during the season to ensure quality of information; captured target is 5% of farms for this control"

3.5 Prompt Actions

PMI defines a Prompt Action as:

"a situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job." (source: PMI, 2011)

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

3.5.1 Prompt Action reporting mechanism

In the 2015 crop season, 184 Prompt Actions were identified. 107 (58%) of these related to Child Labor, 75 (41%) to Safe Work Environment and two (1%) to Income and Work Hours. Prompt Actions were reported using Leaf2Go software which was observed to be easy to understand; the software provides a handbook with examples and also guides the user through all the steps when issuing a Prompt Action.

All persons involved in reporting Prompt Actions were aware of the reporting procedure.

3.5.2 Understanding Prompt Actions

Six field technicians (67%) understood that a Prompt Action was a situation that goes against the ALP code¹⁹. Three (33%) explained that a prompt action was a situation that should be stopped immediately

19. Only examples relating to Safe Work Environment and Child Labor were given.

and when asked for examples one (11%) technician gave wrong examples²⁰ although the other two (22%) gave accurate examples.

It is important to mention that the Leaf2Go software was also used at the farm to record general data and non-conformities related to the GAP program which were also identified with the wording “Prompt Action”²¹. This could lead to field technicians confusing the definitions of situations that they must consider as Prompt Actions for the ALP Code.

3.5.3 Addressing Prompt Actions

When observing a Prompt Action situation, field technicians were expected to explain the danger involved to the farmer, family members and/or workers and then complete the Prompt Action form in Leaf2Go. The data was then uploaded to the Massalin database when the tablet was connected to the internet.

When A Prompt Action was not yet solved, it appeared in the database as “pending Prompt Action”. As soon as the follow up was done, the database was updated and the Prompt Action appeared as “closed Prompt Action”²². This information was later analyzed by the regional ALP Country Team leader who, in turn, forwarded them to the other members of the ALP Country Team and the ALP Steering Committee. The field technicians followed up with the farmer but no specific deadline was given. Prompt Actions need to be monitored closely to ensure the situation is addressed quickly. This will help avoid confusion for both the farmer and field technician. The Prompt Action should be solved before the next field visit.

From the four Prompt Actions verified by CU, two farmers (50%) were not aware of the Prompt Action being reported. This lack of awareness could be because the farmers did not receive a copy of the Prompt Action form. Two of the Prompt Actions (50%) verified by CU were not well described, as only the Principle related to the Prompt Action was named.

Massalin Particulares S.R.L. response:

“In order to ensure these findings are properly addressed, the following initiatives will be implemented:

- *Training sessions to enforce clear knowledge on prompt actions and process flow will be carried out with field staff.*
- *Prompt actions concepts and process will be addressed in workshops with field staff.”*

20. Not having a CPA storage or using an incorrect dose when applying CPAs.

21. An example of this wording was “PROMPT ACTION: A farmer is not using the recommended CPA for tobacco production”.

22. At the time of the assessment, there were some problems with the software and it was not possible to update the Prompt Actions in the MP database. This is why screenshots were sent to the Leaf department who gathered the information and classified it according to the type of Prompt Action reported.

Chapter 4

ASSESSMENT OF THE CURRENT STATUS OF PHASE 2 OF THE ALP PROGRAM



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

This chapter describes Massalin implementation Phase 2 of the ALP Program. When PMI makes the decision that a country is ready, the relevant organizations are introduced to Phase 2. This does not necessarily mean that all Phase 1 requirements have been achieved. PMI and Verité then provide training to the ALP Country Team including:

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

4.1 Monitoring of labor practices farm by farm

In Phase 2, PMI expects that monitoring of labor practices on individual farms has started and that at least two ALP Code Principles have been selected to focus efforts on. Eventually, the intention is that all ALP Code Principles and Measurable Standards should be implemented and monitored.

4.1.1 Selection of issues

Based on Farm Profile analysis, NGO's assessments, Monitoring data, Prompt Actions, and personnel experience on the field, Massalin selected several issues that were considered widespread and/or systemic. In the region the most widespread issues were:

- children involved in hazardous activities
- children helping or being employed at the farms
- usage of PPE and protective clothing
- lack of CPA storage sites
- poor rural living conditions
- gaps in the educational system in the cropping area
- lack of access to drinkable water.

4.1.2 Mechanism for monitoring

Since 2013, Massalin has monitored all the ALP Code Principles. The field technicians monitored the seven ALP principles at every visit and registered the results in their iPads using Leaf2Go. For this, and in order to use the time in a more efficient way, they only recorded situations that went against (or could be at risk of going against) any of the ALP measurable standards. Of the farms visited by CU, 41 (80%) had been included in the 2015 monitoring.

Massalin Particulares S.R.L. response:

"As of 2018 crop season, MP farm monitoring strategy will be divided in two:

- *Monitoring of ALP Priority Focus Areas: They will be monitored during farm visits along the season in 100% of farms.*
- *Additional Monitoring ("blind spots"): All indicators of ALP principles will be monitored in 10% of farms, randomly selected.*

ALP coordinators present the farm monitoring results to ALP country team for monthly reviews during the season. Whenever there is a spike in any ALP indicator, the ALP country team will evaluate the situation to include it into monitoring of Priority Focus Areas "

4.2 Address widespread and/or systemic issues

Phase 2 requires investigation of the root causes of the widespread and/or systemic issues identified. These issues are both identified and addressed under the ALP Program with two distinct but complementary approaches. Firstly, initiatives are implemented to mitigate specific risks and improve the overall rural living conditions of the contracted farms. Secondly, other initiatives involving the relevant stakeholders (including projects sponsored by the PMI Contributions department) address problems identified at the community level.

4.2.1 Investigation of root causes

Based on analyses conducted on Farm Profiles, irregularities reported during farm visits, Prompt Action analysis, a workshop performed by Verité, assessments and feedback from the NGO CONCIENCIA and consultations with different national stakeholders, Massalin identified three different root causes for the abovementioned widespread and/or systemic issues;

1. Weak education system: Low educational coverage, lack of (or poor) school infrastructure and a lack of roads and transport that made it difficult for farmers to send their children to school.
2. Regional working culture: Farmers were reluctant to adopt certain labor practices such as the usage of PPE for CPA application. Additionally, as soon as their children finish primary school farmers prefer them to learn how to grow tobacco at the farm rather than go to secondary school.
3. Poor living conditions: Poverty and poor rural living conditions in the region led to untidy farms and an unsafe working environment.

4.2.2. Initiatives to address widespread and/or systemic issues

At the time of the assessment, Massalin was implementing several initiatives to mitigate specific risks and improve the overall rural living conditions of contracted farmers. These included: scholarships²³ for children of technical secondary school age (12-17 years), distribution of PPE, promoting the building of CPA lockers among farmers, and safety training to address unsafe work environments.

In addition, the NGO CONCIENCIA through the Porvenir NEA program was implementing initiatives to address issues related to the weak educational system in the region and the problems identified at the community level to address poor living conditions:

- School Infrastructure: In 2012 the NGO assessed the access to drinkable water in the entire growing region. Areas with a lack of potable water were identified as suitable places to drill bore holes. At the time of the CU assessment the company was waiting to get the final approval from the national institutions to build these bore holes.
- Porvenir NEA: Development of material for teachers and students in primary schools. Improvement of school infrastructure and distribution of schooling materials among children attending schools involved in the program²⁴. Distribution of communication material among teachers, children and farmers about child labor and safe working environment at the farms. Since the beginning of the program in the assessed region, the Porvenir NEA Program has involved 11,000 children (3,000 of them are children of tobacco growers), 145 schools have received schooling materials, 5 schools latrines were replaced with bathrooms, and 300 teachers and 90 field technicians were trained on child labor.

4.2.3 Stakeholder engagement

In addition to the NGO CONCIENCIA, other stakeholders took part in the training and development of the communication for the Porvenir NEA program (see 3.2.2)²⁵.

23. Farmers with children attending technical secondary schools were asked if they were interested in receiving a scholarship. The list of farmers and their children was sent to the CA Manager who would check with the Agronomy department if children were the son of active growers.

24. Field technicians were asked to prepare a list of schools attended by farmers' children. This list was delivered to CONCIENCIA and Massalin for inclusion in the approved list for the program.

25. Ministry of Culture, Education, Science and Technology; regional Ministry of Labor; regional Ministry of Employment and Social Security; regional Ministry of Agriculture and Production of Misiones, ILO and National Commission for the Eradication of Child Labor.

4.3 Support mechanism

Unlike programs that target the root cause of poverty, support mechanisms aim to help workers in their role by facilitating access to information, providing support in difficult situations, and assisting workers and farmers in mediating disputes.

4.3.1 Hotline

In December 2014, Massalin launched a pilot support mechanism aimed at covering the two regions²⁶, and 1,200 tobacco farmers, with the aim of giving legal support and more information on the seven ALP principles. The mechanism was managed by CONCIENCIA and promoted by the field technicians during their regular farm visits and by radio advertisements. During the farm visits, field technicians distributed a calendar, a brochure, a poster and a thermos with the name of the support mechanism and the 0-800 hotline number. The company decided to stop the pilot in June 2015 when it realized it was not obtaining the desired results. After six months the hotline had received just seven calls: four requesting more information relating to requirements such as the minimum working age and regarding the Child Labor principle which were resolved during the same calls.

The field technicians, Agronomy Supervisor and the Porvenir NEA coordinator gave the following reasons for the lack of success of the pilot:

- farmers did not trust a hot line when discussing these kind of issues
- there was no cell phone signal at the farms
- some farmers used a Brazilian cell phone line and therefore the hotline was not toll free for them

Of the assessed farmers in the regions where the pilot was launched, eight (25%) were aware of the support mechanism, but when asked none of them claimed to have used it.

When asked how they knew about the support mechanism, farmers gave different responses including the field technician's visit, magnets, posters, caps and group meetings.

Among the workers interviewed in the area where the pilot was launched, none of them were aware of the support mechanism. This could be due to the communication strategy (aimed at reaching the farmers but not the workers) which could also explain why the mechanism did not work as expected.

Massalin Particulares S.R.L. response:

"Massalin Particulares will explore local organizations capable of providing services on worker's rights. As in Misiones labor contracting is mostly informal, MP will design and distribute a employment record form designed to farmers, to help them formalize their relation with employees, recording name, ages, work dates and time, wages and trainings received. FT will check these records during farm visits, enabling them to assess the transparency of workers' hiring. In addition, the +Chacra program will provide training on farm safety aspects, not only to farmers, but to workers as well "

26. San Vicente and El Soberbio.

Chapter 5

FARM LEVEL ASSESSMENT OF ALP CODE STANDARDS



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

Chapter 5 summarizes the field assessment of the current status of the farm practices in relation to the ALP Code. At the time of the assessment, Massalin was in the fifth year of implementing the ALP Program, and is expected to engage directly with farmers to address dynamics not meeting the ALP Code standards.

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

5.1 ALP Code Principle 1: Child labor

There shall be no child labor.

Background

Minimum age regulations: According to the Child Labor Law 26.390 and Agricultural Labor Law 26.727, 16 years is the legal minimum working age in Argentina. However, minors between 16 and 18 years old are allowed to work if they have been authorized by their parents/person in charge, and they do not perform any type of hazardous work which is forbidden by law for minors below 18. It should be noted that Argentinean law only provides a general definition of hazardous work (e.g. if the use of pesticides may jeopardize health, such an activity is deemed hazardous). In exceptional cases minors between 14 and 16 years old can work in companies

owned by their parents in activities that are not arduous, dangerous and/or unhealthy, where the work does not interfere in the school attendance and performance, and the family business obtains the approval of the local Labor Administrative Authority.

The Argentinean Constitution, National Education Law 27.045 and the Federal Education Law 26.206 encompass the right and obligation to education, which includes two years of preschool and eleven years of basic education (elementary school and middle school).

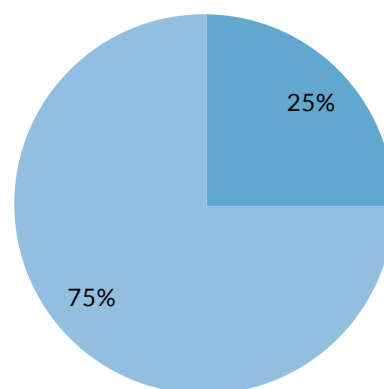
Child labor: Overall findings and challenges

5.1.1 Prevalence of children working

In one farm (2%) a child below 16 (15 years old) was employed to do stringing and sticking.

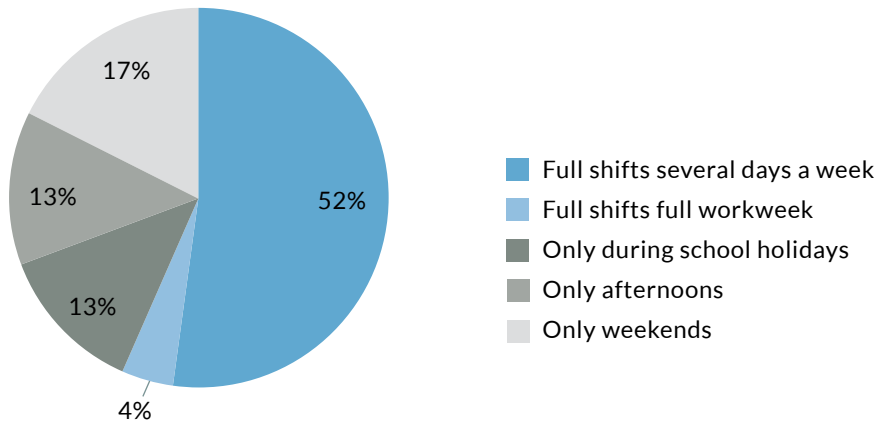
At 16 farms (31%), 25 children below 18 were involved in hazardous activities. Four of them (16%) were employed at one farm (three of them were 16 years old and one was 15 years old, referred to above) and the rest were child family members of the farmers, helping on the farm. More details regarding the employment frequency, and tasks performed by those children can be seen in the graphs below.

Employment frequency (External workers)

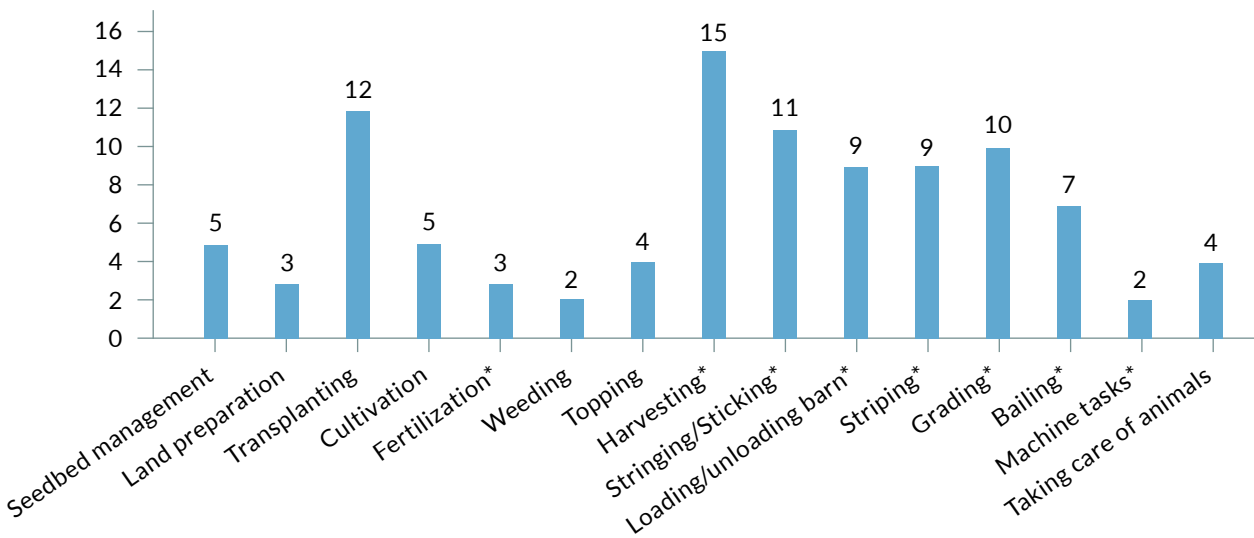


- Full shifts several days a week
- Full shifts full workweek

Helping frequency (Family members)

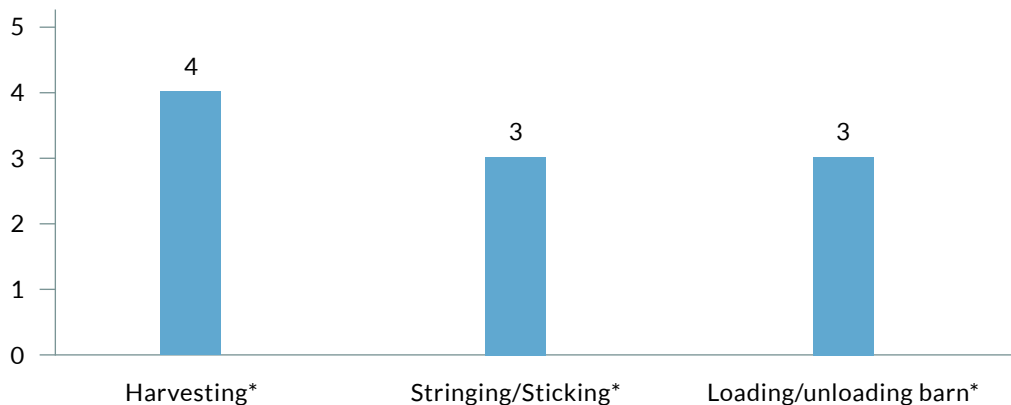


Tasks performed by family members



*These tasks are considered as hazardous

Tasks performed by workers



*These tasks are considered as hazardous

Regarding school attendance, 14 children (52%) above 14 years old (one of 14 years old, three 15 years old, seven 16 years old and three 17 years old and all of compulsory secondary school age) were absent from school.

Initiatives to address child labor

- **Porvenir NEA program²⁷:**

Seven farmers declared that they sent their children to primary schools that benefited from the Porvenir program. On two of the farms the children were interviewed and described how they were taught in school about child labor and the hazardous tasks on the farm. All of these farmers thought this was a good way to teach children about the safe work environment and child labor.

- **Scholarships for technical schools:**

Implemented since 2008, for the scholarships program Massalin involved all the children of secondary school age from the farmers that grow tobacco for Massalin: 46 schools were included in the program and the scholarships were intended to cover all or part of the student quota for the year. The aim of the program was to improve secondary school attendance but also to reduce the time that the children spend on the farm where they may be exposed to hazardous activities. Of the farmers visited, five of them stated that their children had received scholarships and were very pleased with the program.

5.1.2 Awareness of legal minimum working age

43 (84%) farmers were aware of the legal minimum working age and on four farms (36%) the workers were aware of the minimum working age.

Three (6%) farmers stated that they disagreed with the ALP code as they thought 12 year old children should be able to help with all the tobacco production tasks with the exception of handling CPA's and fertilizers.

Child labor: Risks

5.1.3 Awareness of hazardous work

25 farmers (50%) and the workers at 10 farms (91%) were unaware of the meaning of "hazardous activities". Practices such as harvesting and the handling of green tobacco, were not considered to be hazardous tasks by farmers.

5.1.4 Age verification

11 farmers (92%) said that they did not verify the age of the workers when hiring.

Child labor: Analysis and Priorities

Massalin's communication efforts and focus on this principle is not bearing fruit as expected. While Porvenir NEA is a positive program that increases school attendance among farmers' children of primary school age, it is not enough to prevent children below 18 years old from being hired or involved in hazardous farm activities. Additional efforts are still required to raise awareness among farmers and especially workers on: the prohibition of family members below 18 from performing hazardous activities, and the understanding and identification of hazardous activities.

27. Porvenir NEA" means "Future NEA".

Massalin Particulares S.R.L. response:

"In order to mitigate the risks, as of 2016 Massalin Particulares will start to implement an integrated approach, with a combination of actions to reduce the labor requirements on tobacco production. Within this context, there will be two approaches to implement technical innovations: the first through individual farmers; the second through service providers."

5.2 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.

Background

Minimum salary regulations: According to the Resolution 84/2015 issued in December 2015 by the National Commission for Agricultural Work, the legal minimum wage is 7,680 AR\$ per month or 338 AR\$ per day. The Argentinean labor law states that for monthly workers, wages must be paid at least on a monthly basis. For weekly or day laborers, salaries or wages must be paid at least weekly or every 15 days. For piece workers, payment must be made every week or every 15 days in relation to the work finished during the mentioned periods, and an amount proportional to the value of the rest of the job performed. The employer may hold as a guarantee a sum not exceeding a third of the total

amount. Payment-in-kind is allowed but cannot exceed 20% of the total salary. If an employee has been working for the same employer for more than one year, an additional amount of 1% per year shall be added.

Work hour's regulations: According to Agricultural Labor Law 26.727;

- Maximum work hours for children of 14-16 years old: three hours a day and 15 hours per week. Night shifts are forbidden.
- Maximum work hours for children of 17 years old: six hours per day or 32 hours per week with a maximum of 7 hours per day²⁸. No night shifts (8pm to 5am of the following day) are allowed.
- Maximum work hours for adults: eight hours per day or 44 hours per week (with a maximum of 9 hours per day), from Monday to 1pm on Saturday. This schedule excludes tasks that, because of their nature, are usually performed on Sundays. In such cases, employers shall allow workers to take a compensatory rest day during the following week. Night work (from 8:00 pm to 5:00 am) cannot exceed 7 hours per day or 42 per week. In combined working schedules (day and night hours), every night hour implies: (a) a proportional reduction of the total work shift by 8 minutes; or (b) these 8 minutes to be paid as overtime.

Overtime regulations: There are no specific requirements to be met by employers to request overtime from workers, except for the employer's obligation to comply with the employee's resting time between each working day. The maximum overtime allowed is 30 hours per month or 200 hours per year. Every overtime hour shall be paid with a 50% increase, if it takes place from Monday to 1pm on Saturday or with a 100% increase, if it takes place on Saturday after 1pm or on Sundays.

28. However, in exceptional cases, and upon approval of the Administrative Labor Authority, this schedule may be increased to 8 hours per day and 44 hours per week, provided that it does not affect the minors' education. Porvenir NEA" means "Future NEA".

Benefits regulations: Workers are included in the regular social security provisions, and they have their own health care system. Employees must deduct from their salary 3% for Elders' Social Services Association (PAMI), 3% for the worker's Health Association and 11% for Pension Plan contributions. The employer must pay 17% of the gross salary as social security contributions and 1.5% as unemployment insurance. Benefits also include vacations, leave for exams or parental deaths, maternity leave for 90 consecutive days and paternity leave of 30 days.

Migrant workers: Migrant workers shall obtain a working visa from the National Direction of Migration (Dirección Nacional de Migraciones). Upon issuance, migrant workers have the same

rights and obligations as local workers; any difference in treatment would be considered illegal.

Income and work hours: Overall findings and challenges

5.2.1 Minimum salary

In all farms workers were being paid below the legal minimum wage.

On four farms (44%) the workers were receiving more than 20% of their salary in-kind. Two of them (22%) received 100% of their wage-in-kind²⁹.

Details of the different ways in which farmers were paying wages can be found in the table below.

End of the harvest Salary	Daily Salary	In Kind Salary ³⁰	Percentage (In Kind Salary/ Total Salary)	Total
-	AR\$ 250,00	-	100%	AR\$ 250,00 ³¹
-	AR\$ 200,00	AR\$50,00	20%	AR\$ 250,00
-	AR\$ 180,00	AR\$50,00	22%	AR\$ 230,00
-	AR\$ 250,00	-	100%	AR\$ 250,00 ³²
-	AR\$ 150,00	AR\$ 50,00	25%	AR\$ 200,00
-	AR\$ 150,00	AR\$ 50,00	25%	AR\$ 200,00
-	AR\$ 200,00	AR\$ 50,00	20%	AR\$ 250,00
AR\$ 1.000,00	-	-	-	AR\$ 1.000,00 ³²
AR\$ 25.000,00	-	-	-	AR\$ 25.000,00

29. The in-kind payment exceeded the legal minimum. Payment-in-kind is allowed but cannot exceed the 20% of the total salary.

30. Breakfast and lunch, valued at 50 AR\$.

31. The farmer gave the employee the option to receive the salary in kind by purchasing goods (for the amount of the agreed salary) in grocery on which the producer received a special discount or to receive salary in cash.

32. Included food and accommodation for the entire harvest season.

5.2.2 Payment schedule

At 10 farms (67%), the payment schedules were in accordance with the local law. Workers were paid either on a daily or a weekly basis. On two other farms (13%) the workers were paid at the end of the harvest which is against the law³³. In both cases the farmers explained that the workers were contracted to work during the whole tobacco season and that they would receive full payment at the end of the season. In three farms (20%), sharecroppers were being in an employment rather than in a commercial relation with the farmers (see 5.2.9) and paid at the end of the harvest.

5.2.3 Regular and overtime hours

At five farms (42%) the work hours were in compliance with the local law. On the other farms workers worked up to 10 hours a day. At those farms with overtime hours, none of the farmers paid overtime but also no evidence was found of involuntary overtime hours in the region. Workers received a fixed amount per day.

5.2.4 Legal benefits

None of the workers interviewed received the benefits to which they are entitled by law. In addition, none of the farmers or workers in either region were aware of the legal requirements regarding benefits, holidays and leave (i.e. leave for maternity) to which the workers were entitled by law.

Income and work hours: Risks

5.2.5 Awareness of legal requirements

None of the farmers and workers were aware of the legal minimum wage, overtime rates, workers benefits, leave and holidays to which they were entitled by law.

5.2.6 Awareness of legal work hours

None of the farmers were aware of the legal work hours and at 10 farms (91%) the workers were not aware of the legal work hours.

5.2.7 Record keeping

11 farmers (92%) visited do not keep records of hours/days worked, tasks performed or payments made to workers. In addition, none of the farmers provided pay slips to the workers.

5.2.8. Exchange of labor

22 farmers (43%) participated in some type of exchange of labor arrangement (see 2.4). This usually only involved the farmer and his/her spouse without involving their children. Commonly the exchange of labor is done between family related farmers and/or neighbors for tasks such as weeding, CPA application and harvesting. Some farmers explained that they exchanged labor with farmers who had a tractor; the normal deal being 2 man days for 1 tractor day.

Massalin was aware of these types of arrangement and the possibility of having contracted farmers exchanging labor with non-contracted farmers. To ensure all farmers were informed about the ALP code, Massalin organized trainings and meetings with all the field technicians in the region to talk about safe working environment and child labor on the farm. Field technicians from other companies in the area were expected to communicate these topics to their farmers.

5.2.9 Sharecropping

Three farms (6%) were working with sharecroppers and in two cases family members were involved. One farmer who had a contract with Massalin lent part of his land to his son who worked it and earned a profit. In the second case, the sharecropper was the one providing the labor and the farmer who had

33. Between 6 and 9 months.

the contract provided the inputs and land. At the end of the harvest the sharecropper would receive half of the payment as arranged at the beginning of the season with the farmer. In the third case, the sharecropper was providing the labor and the farmer the inputs, work tools and land. At the end of the harvest they would share the income³⁴ with the sharecropper according to the surface lent³⁵. As all these sharecroppers agreed on the revenue for their work with the farmers, as well as the tasks to be performed, and worked on the land of the contracted farmers, their profit would depend mainly on the inputs provided by the contracted farmer. In addition, they did not manage their own plots. Therefore, it could be concluded that rather than a commercial, an employment relation existed.

The main difference between a commercial and sharecropping situation is that sharecroppers in a commercial relation are business partners whereas sharecroppers in an employment relation were employees. As they received a percentage of the revenue without having insight in the total amount, received this payment at the end of the harvest, and also paid for crop inputs, this is considered an unfair arrangement since employees should be paid a fixed salary, receive this at least monthly, should not have to pay for any inputs, and have their employment formalized.

In addition, most sharecroppers do not own the land they managed which poses risks to their investment (i.e. loss of production because of bad weather). Second, all sharecroppers paid for the crop inputs without having a formal contract with the farmer, so if the farmer would decide not to pay they did not have any proof of their right the deduction of the revenue. Third, sharecroppers generally did not have insight in the total revenue of the tobacco sales causing a lack of transparency in the relation.

Income and work hours: Analysis and Priorities

These findings demonstrate that Massalin needs to give more attention to this ALP Code Principle. There was no awareness among farmers and workers on topics such as the legal minimum wage, overtime hours, and benefits. Farmers and workers need time to learn about these laws and concepts. The poor results can be attributed to a lack of knowledge among field technicians and inadequate communication material. Even though the number of farmers hiring workers was low (only 25% according to the CU assessment) this issue needs to be addressed as all workers were being paid below the legal minimum wage, overtime was not being paid at all, and none of the workers received benefits. Workers interviewed claimed that they were being paid in kind, and CU found in all such cases this payment exceeded the maximum legal percentage. In addition, close monitoring of the relations between farmers and sharecroppers is required to verify whether these are employment or commercial relations and if commercial, if the conditions are fair.

Massalin Particulares S.R.L. response:

"MP's plan to integrate labor reduction initiatives on tobacco production will not only mitigate risks associated to Income and Work Hours principle, but also increase farmers' income. Working Hours, Wages and Regularity of Payment are the ALP indicators that will be part of a systematic monitoring, enabling identification and follow up of Measurable Standards"

34. Inputs used by the sharecropper were deducted from the final income.

35. Total farm surface was 2.5 hectares and 0.5 were worked by the sharecropper. This means the sharecropper would receive 20% of the tobacco income at the end of the harvest.

5.3 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.

Background

Regulations: Any kind of abuse (physical, verbal, etc.) or mistreatment is prohibited. The employer must comply with the constitutional duty of ensuring decent working conditions and is required to observe the regulations on health and safety at work. With regards to discrimination, the National Constitution specifically states that all inhabitants are equal before the law, and equal employment access without any other requirement than their abilities. Besides, the Anti-Discrimination Law 23.592 protects employees from arbitrary discrimination and the Law for the Comprehensive Protection of Women 26.485 specifically punishes discrimination and violence against this gender.

Fair treatment: Overall findings and challenges

5.3.1 Fair treatment

No evidence was found at the farms visited in either region, of sexual, verbal or physical abuse or harassment, or of discriminatory practices.

5.3.2 Communication with workers

Farmers were expected to communicate directly with all workers so small problems could be solved without further escalation. In none of the farms visited was there evidence of workers not being able to communicate with the farmers to raise potential grievances.

Fair treatment: Analysis and Priorities

As CU did not find any evidence of unfair treatment, it is understandable that this ALP Code Principle

was not a main focus of Massalin and Consciencia. Despite this attention should still be paid to the relations between the farmers and their workers to ensure that all workers are treated fairly.

Massalin Particulares S.R.L. response:

“Although CU did not find any evidence of unfair treatment, MP will continue to monitor farmers to ensure fair treatment to all workers, and if such a situation is identified, will respond to any breach of this important Principle by setting case by case action plans”

5.4 ALP Code Principle 4: Forced labor

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

Background

Regulations: As Argentina ratified the ILO Convention on Forced Labor in 1950, its provisions apply; namely that forced labor is forbidden and it shall be permitted only as an exceptional measure. Notwithstanding this, the Argentine Constitution considers prison and “forced labor” - more specifically “slavery” - as a crime and thus protects all workers against this practice. This protection covers any task performed by a person against their will, under the menace of penalty. As regards third party recruiters, the Agricultural Labor Law prohibits any personnel agency from recruiting workers for activities that fall under the scope of this Law.

Forced labor: Overall findings and challenges

5.4.1 No evidence of workers unable to leave their job

All workers interviewed said they were free to leave their employment with reasonable notice. In addition, none of the workers declared that they

had been required to make any financial deposits or relinquish their original, identity or travel documents.

Forced labor: Risks

5.4.2 Financial problems among farmers

Eight farmers that hired workers (89%) declared that they had suffered financial problems and thus had a lack of cash to pay workers at the time arranged in the contract. These farmers reported that they had run out of cash at the end of season and had to wait until they sold their tobacco to finish paying the workers.

5.4.3 Payment schedule

On three farms (27%) the workers were unaware of the payment schedule. They explained that they came to the farm looking for work and when the farmer said he would pay them he did not mention when and the workers did not ask either.

In the three farms with sharecropping arrangements (6%), the sharecroppers would not receive their payment until the end of the season.

Forced labor: Analysis and Priorities

As field technicians did not understand the risk involved with end of harvest payments, it is unlikely that they would detect the risks associated with sharecropping in employment relations or of workers being paid at the end of the harvest. In general, Massalin did not pay much attention to labor relations in this region as the common understanding was that farmers did not hire any workers. Based on CU's findings, this conclusion is incorrect and investigation of labor relations is required to identify potential risks.

Massalin Particulares S.R.L. response:

"CU did not find evidence of workers unable to leave their jobs. There were, however, risks associated with end of season payments and the need to further investigate farmers and sharecroppers relation. As in the Fair Treatment principle, initiatives aiming to reduce labor hours will affect this principle and improve farmers' income, mitigating the risks of force labor.

Training program through role-play activities and e-learning for FT will allow that risks associated with end of harvest payments are understood.

Employment forms will be delivered to farmers to monitor payment schedule and will help to establish action plans for those farmers not being able to pay daily workers at least weekly, or monthly for monthly workers."

5.5 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.

Background

Regulations: Under the Agricultural Law 26.727 agricultural work shall be performed in adequate hygienic and secure conditions in order to avoid diseases and accidents. In addition the employer must: adopt every necessary measure to protect the workers' dignity and personal safety; avoiding detrimental effects of risky or unhealthy tasks; comply with every regulation regarding hygiene and safety at the workplace; and when necessary (e.g.: handling of CPAs) provide workers with clothes and/or protection elements, instructing

them on specific usage. Specific hygiene and security conditions for each workplace, machinery and working tools are determined by the National Commission for Agricultural Work in addition to other specific regulations. If worker accommodation is provided, the Law states that employer shall provide “adequate and sufficient conditions” in regards to hygiene, security, light, adequate spaces for each family member and separate bathrooms. According to the provincial Law 2.980 if the tobacco production farmers are considered CPAs users they shall, amongst other requirements: comply with the usage, appropriate PPEs (clothes, masks, globes, etc.); avoid handling CPA near houses or animals; avoid storing empty CPA containers inside houses, avoid eating/drinking/smoking while applying CPA; pay special attention to weather conditions; after finishing their shifts, take a shower and change clothes. The Law specifically forbids minors under the age of 18 and pregnant women to handle, or intervene in any task related to, CPA. Moreover, Misiones Decree No. 1701/04 states that after appropriate draining, washing and rendering empty CPA containers useless, containers shall be disposed as the Authorities state. Regarding the empty CPA containers, the national Law 24.051 states they shall be considered as hazardous waste and, as such, subject to special treatment.

Safe work environment: Overall findings and challenges

5.5.1 Training and awareness of Green Tobacco Sickness (GTS)

At 37 farms (77%) those responsible for handling green tobacco were unaware of the existence and symptoms of GTS. Additionally, at six farms (75%) workers were unaware of the existence and symptoms of GTS. None of the people interviewed remembered being trained on this topic.

On one farm (2%), a 16 year old girl who was breastfeeding was found stringing and harvesting green tobacco, a high health risk.

In 15 farms (29%) those in charge of handling green tobacco were not using any type of protective clothing. They explained that they had never been sick after handling green tobacco and the use of the protective clothing was not comfortable because of the hot weather. Of the rest, on two farms (4%) the complete protective equipment was used and in the other farms one or more types of protective clothing for handling green tobacco was used. See the table below for additional details about the farmers’ answers about types, or combinations of, protective clothing.

Protective clothing ³⁶	Number of farms	Percentage
Full equipment ³⁷	2	4%
Long Sleeve Shirt, Shoes and Long Pants	13	25%
Long Pants and Shoes	7	14%
Long Sleeve Shirt and Shoes	4	8%
Long Sleeve Shirt	3	6%
Long Pants	2	4%

36. Percentages indicate the type of equipment used by the total number of people using any type of protective equipment in the assessed region.

37. Full equipment comprises gloves, long pants and long sleeves, shoes and rain gear.

Protective clothing	Number of farms	Percentage
Gloves and Shoes	1	2%
Long Sleeve Shirts, Gloves and Long Pants	1	2%
Long Sleeve Shirts and Long Pants	1	2%
Shoes	1	2%
No protective clothing	15	29%

5.5.2 CPA handling and training

At 32 farms (63%), persons responsible for applying CPA were trained. They stated that the field technician explained to them how to apply and manage CPA. At the remaining 19 farms (37%) those applying CPA claimed to have learned this by themselves. The table below shows the type of PPE used for CPA application.

Type of PPE used	Number of Farms in which the type of equipment is used	Percentage of farms ³⁸
Full equipment ³⁹	13	27%
No equipment	9	18%
Only overall and boots	8	16%
Only mask	3	6%
Only overall, masks and boots	3	6%
Only gloves	2	4%
Only masks and boots	2	4%
Only overall	2	4%
Only overall, boots and gloves	2	4%
Only overall and gloves	2	4%
Only boots	1	2%
Only masks and goggles	1	2%
Only overall and mask	1	2%
Not possible to verify	2	-

38. *Percentages indicate the type of equipment used over the total number of people using any type of protective equipment in the assessed region

39. Full equipment includes an overall with long sleeves and long pants, boots, gloves and mask.

Initiative to address safe work environment for application of CPA

- **Distribution of CPA application kit:**

Every two years since 2008 Massalin has distributed a complete PPE kit to all of its contracted farmers for the application of CPA. One of the field technicians explained that this initiative had been improved over time: in the first years the company bought PPE made of material that was unsuitable for hot conditions while this year PPE adapted for the Misiones region was being distributed. From the visited farmers, 47 (92%) declared that they had received PPE from Massalin and 32 (68%) were happy with this initiative. The rest claimed that they did not use the PPE as they found it uncomfortable to work in.

5.5.3 Clean drinking and washing water

Washing and drinking water was available at 41 farms (85%). The rest of the farms had no access to potable water. Farmers explain that mainly due the contamination of lakes, rivers and groundwater from the misuse of fertilizers and pesticides the water was not potable.

5.5.4 Worker accommodation

At six farms (86%), worker accommodation verified by CU was considered adequate according to local standards⁴⁰.

5.5.5 Re-entry period

47 farmers (92%) could not guarantee that the re-entry period after CPA application was respected.

5.5.6 CPA storage and final disposal

All farmers had a wooden locker for storing CPA. Of these, 21 (50%) did not have a lock and two (5%) were missing a door.

Initiative to address safe work environment in CPA storage

- **Distribution of CPA lockers**

After conducting an assessment of CPA storage in the region, Massalin started a communication and awareness campaign to convince all farmers to build CPA lockers.

Disposal of empty CPA containers⁴¹: all of the visited farmers collected the empty containers in special bags distributed by the field technicians who then called the recycling company to pick up the containers on a fixed date. The bags were stored in the CPA lockers.

40. Workers sleeping in the same room as the rest of the family, lack of bathrooms in the sleeping area and clean eating area.

41. At the time of the assessment, farmers were waiting for the trucker to set a date to pick up their empty CPA containers. In the San Pedro region, the collecting truck could not reach the farms because the roads were impassable due to the recent rains.

Initiative to address proper disposal of empty CPA containers

- **Recycling Program:**

In 2013 Massalin contacted the local authorities and stakeholders to develop a program for the proper recycling of empty CPA containers. At the time of the assessment the first empty containers started to be collected.

Initiative to address lack of records in CPA application

- **CPA Register Poster:**

Aimed to encourage the farmer to register the application of CPA in the field. Distributed at the beginning of the season in 2015, the poster was designed as a form with stubs to record the CPAs applied on the farm. It included pictures of the products, usage, thresholds and recommended dosage.

Safe work environment: Risks

5.5.7 General safety measures

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

- 20 farmers (39%) had a first aid kit at the farm.
- 33 farmers (65%) had a means of transport to nearest medical care (car, motorcycle or horse).
- 15 farmers (29%) had contact details of health institutions available at the farm.
- Six farmers (13%) had their own records of CPA application.

Safe work environment: Analysis and Priorities

Massalin prioritized this ALP Code Principle in ALP communications, initiatives and trainings with the farmers and field technicians but this effort was

not reflected in the farms assessed. Awareness of GTS and CPA application and the use of PPE and protective clothing were still insufficient.

Massalin's campaign to encourage farmers to build a storage locker to store empty CPA containers was successful as all the farmers had such a facility. However, there is still room for improvement as half had no locker and all were made of wood, material not recommended for the storage of CPA. The CPA container recycling program was another successful company initiative.

As a last consideration, some of the farmers had already started to record the application of CPA in the field on a register poster distributed by Massalin, which shows that a change in behavior is taking place.

As sharecroppers and farmers with whom labor is exchanged are currently not included in the communication efforts by field technicians, it is important that these situations will be instigated so that potential risks can be addressed.

Massalin Particulares S.R.L. response:

"MP plans to tackle these observations with the following actions:

+Chacra project

This initiative will support the ALP Principle 5, of Safe Work Environment. Through its innovative approach, MP expects to increase safety awareness amongst farmers. The training module is focus on CPA handling, spraying and GTS.

- 2016 onwards. Scope: All tobacco farmers in Misiones with contracts with MP.

Curing barns roof replacement project

This project will have a strong farm safety component as well as labor hours' reduction. There will be a financial incentive for replacement of barn roofs to Galvanized Iron sheets and safety harnesses will be part of the barn improvement package.

Harvesting method and curing barns model pilots

Besides a reduction of the labor hours for harvesting and the changes expected in practices that will mitigate child labor risks, the curing barn project will mitigate GTS exposure and the risks of work at heights, by developing a rig system for lifting tobacco sticks to the upper section of the curing barn.

Porvenir Program

CONCIENCIA will continue promoting compliance with Safe Work Conditions on tobacco fields, contributing to the sustainability of Burley tobacco production in Misiones. The Porvenir's action plan is fully described under the Child Labor's chapter and involves both ALP's Principles 1 and 5; please refer to this section for further detail.

Additional initiatives

The field technician's tool-kit and audiovisual campaign for handheld devices will include instructions for GTS, CPA application, CPA empty container collection and proper use of PPE. The field technician's tool-kit will include new awareness materials, and re-entry signs will be delivered to farmers."

5.6 ALP Code Principle 6: Freedom of association

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

Background

Regulations: Freedom of association is guaranteed by the National Constitution and reinforced by the Unions Law 23.551. This Law also prevents unions from discriminating any (potential) affiliation based on sex, religion, political ideology or race; and employers from performing any discriminatory practice based on prerogatives set forth in the Law. Furthermore, Law 26,727 regulates how trade unions may provide employers with workers to perform temporary tasks, based on the special regulation that the National Commission for Agricultural Work (CNTA) may determine.

Freedom of association: Overall findings and challenges

5.6.1 Workers' right to freedom of association

No evidence was found of farmers disrespecting workers' right to freedom of association or to join/form labor unions at the farms visited. There were no tobacco workers' associations in the assessed areas.

Freedom of association: Risks

5.6.2 Awareness of freedom of association

Eight farmers (50%) were aware of the workers' right to freedom of association and at one farm (9%) workers were unaware of their right to freedom of association. Additionally, all the farmers and workers interviewed declared that they were unaware of the labor unions active in the area.

Freedom of association: Analysis and Priorities

Awareness of workers' right to freedom of association among farmers and workers was low. Even if there were no active labor unions in either region, workers should be aware of their right to organize themselves in such a way, to discuss and review working conditions. This demonstrates that additional communication on this topic is required. Having said that, as no risks were identified, it is understandable that this ALP Code Principle is not an area of focus for Massalin.

Massalin Particulares S.R.L. response:

"CU's assessment shows that there is no specific risk in this principle. Nevertheless, communication materials in field technicians' toolkit will be upgraded to incorporate current applicable laws and names of organizations available to support workers' inquiries. This principle will be included in the additional monitoring strategy."

5.7 ALP Code Principle 7: Compliance with the law

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

Background

Regulations: In Argentina, there is no legal obligation to execute written contracts between employers and employees, and there are no specific requirements for regular indefinite term workers.

Compliance with the law: Overall findings and challenges

5.7.1 Information on legal rights

In none of the farms were the workers informed about their legal rights and employment conditions. The farmers generally only informed workers about

the salary and tasks to be performed. At one farm (10%) the workers were not informed about how much they were going to receive as payment.

5.7.2 Employment contracts

As a written employment contract is not mandatory by law, the farmers and workers assessed said they arranged their contracts verbally. Contracts did not exist between farmers and sharecroppers, which posed a risk to their arrangement because if the farmer would decide not to pay they did not have any proof of their right of the revenue.

Compliance with the law: Analysis and Priorities

The fact that none of the farmers visited properly informed their workers of their legal rights and employment conditions, demonstrates the need for additional support from Massalin to the farmers on this topic.

Massalin Particulares S.R.L. response:

"MP acknowledges the importance of farmers' compliance with Argentinian regulations for employment relations and is committed to develop communication materials and trainings. A pay slip form will be developed to improve compliance with the law and raise farmers' awareness regarding contracting requirements for workers. This principle will also be included in the additional monitoring strategy mentioned previously"

Chapter 6

CONCLUDING REMARKS



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

Since the initial implementation of the ALP Program in 2012, less progress than expected has been made in Argentina. Even though all required personnel were trained and employees from different levels of the organization were engaged with improving the social issues at the farms, the implementation of the ALP Program has not resulted in much impact in the field.

Much of the implementation is outsourced to the NGO, CONCIENCIA, which receives guidelines from Massalin for the development of most of the communication materials and for a big part of the training of the field technicians while Massalin remained working on GAP related issues, which it has been doing since 2003]. This demonstrated that Massalin's efforts to implement the program are limited, which directly translates to the slow progress made.

The ALP Code Principles of child labor and safe working environment are the only ones communicated extensively to the farmers. Even when communicating this last principle, only issues related to CPA management seemed to be addressed. Additional attention is required to the other ALP Code Principles as many workers are present in the field, which are currently not included in any communication efforts.

The other ALP Code Principles (Income and Work Hours, Forced Labor, Compliance with the Law, Freedom of Association and Fair Treatment) are known by most of the ALP team members but less mentioned in the communication materials or during the farm visits. Another important issue is that workers are not considered when communicating the ALP Code. Communication efforts are made mainly towards children and farmers, but not to workers who in most of the cases showed unawareness on most of the principles.

The Porvenir NEA program proved to be effective in addressing primary school attendance but needs to be complemented with other initiatives if the company wants to minimize the possibility of child labor among farmers and workers, and to reduce the risk of children performing hazardous activities and/or being hired.

Other initiatives like the distribution of a notebook to register the application of CPA, the empty container disposal system and the campaign to encourage farmers to build CPA storage are good but will only work if awareness is created among both farmers and workers.

Chapter 7

APPENDICES



EXTERNAL ASSESSMENT
Massalin Particulares S.R.L.

Appendix 1. Massalin response and ALP Program action plan

Introduction

In Argentina, tobacco represents a key activity in the productive and social framework of seven states, being the most relevant source of regional economy for some of them. Concentrated in the Northwest (NWA) and North East (NEA) regions of Argentina, tobacco production represents a high share of the Geographic Gross Product in the provinces of Misiones, Salta, Jujuy and Tucuman, with many municipalities and small villages depending almost entirely on tobacco production. This makes tobacco farming in Argentina not only relevant as source of income for small farmers, but a commodity with social importance.

The main tobacco-growing province in NEA is Misiones, where almost 50% of the production takes place in farms of up to two hectares, demonstrating the crop's importance as an income source for small landholders. Moreover, the economy of many cities in this province depends almost entirely on tobacco production. A total of 24,000 hectares are grown annually and production in Misiones represents 20% of the total production volumes in Argentina⁴².

In 2010, the need to strengthen the actions related to Agricultural Labor Practices led Massalin Particulares to set up a series of activities. At that time, Verité performed the first assessment in the NWA region. Although there were efforts over the last years on different social initiatives in the tobacco growing areas of Argentina, PMI's launch of the ALP Program in the year 2011 was key to facing the challenges that mean the eradication of child labor and other forms of labor abuse. Parallel to that, Massalin Particulares (MP) appointed a task force with participation of senior management, so to come up with a situation analysis and the design of an action plan adapted to the complex rural context.

The conversion point between Verité's diagnosis, the launching of ALP and the work performed by MP's task force paved the way for the implementation of the Argentine chapter of the ALP program. One high impact initiative developed from these efforts was the elimination of leaf bundling, which turned out to be an essential innovation to reduce the need for labor in tobacco farming. The Integrated Crop Management⁴³ program and the Porvenir NEA⁴⁴ are other examples of initiatives that have had a significant impact on supporting the ALP Program implementation.

Massalin Particulares welcomes Control Union's Assessment, which provides an important insight into the implementation of the ALP Program. Furthermore, MP appreciates Control Union's positive feedback on the internal work done so far to implement the ALP Program and is aware of the many challenges still to overcome.

ALP Program Implementation

Assessment of the implementation - Phase 1

Massalin Particulares' journey towards the ALP implementation was initiated before its official worldwide launch, as in 2011 the company was selected to implement an ALP pilot in Misiones. The ALP implementation in the province of Misiones meant not only a transfer of new information from field technicians to farmers, but also a change of paradigm in tobacco production, as an important hurdle to overcome at the time was the ongoing training of personnel focused on technical tasks rather than social activities. It was necessary to tackle some common farming practices that were traditional in the region but sometimes contrary to the ALP Code, and strengthen the team to face the future for a new set of best practices, as a key change

42. Program for the Reconversion of Tobacco Producing Areas – Ministry of Agriculture, Livestock and Fishing (2016). Tobacco Industry in Argentina. Buenos Aires, Argentina.

43. Integrated Crop Management: Program implemented seeking reducing labor and cost while increasing yield for tobacco production in Misiones

44. Porvenir: Child labor prevention program

in the social aspect of the tobacco production. MP acknowledges that the process took longer than expected, but the team today is stronger, with a deep commitment to address social problems at farm level, and is ready to advance, following the assessment recommendations.

Management of the ALP Program

ALP team re-structuring

The ALP Management seeks to create a strong and sustained structure to address ALP issues. Based on that approach, after the assessment, MP decided to change its organizational structure and working methods by fully integrating ALP into the Good Agricultural Practices (GAP) program and merging the NWA and NEA teams, thus creating one ALP National team. This enabled MP to address limitations detected in terms of process and communication flow. The expected outcomes are:

- Improvements in:
 - a. Identification and follow up of practices not meeting the standards
 - b. Accuracy of farm profiles
 - c. Farm monitoring understanding
 - d. Handling of prompt actions
- Faster and more efficient communication flow.
- Promote interaction, integration and alignment of field staff, sharing best practices among personnel.
- Handling of similar issues with same approach, enhancing effectiveness to solve them

External stakeholders - Industry approach

Considering that certain behaviors are deeply engrained in the cultural context of the communities within the tobacco growing areas, it is essential to work toward an “industry approach”, so that the whole Misiones region is aware of key issues in the tobacco sector and promotes the same message and solutions.

In this context, for more than 5 years, CONCIENCIA⁴⁵ has been leading the interaction and collaboration of key stakeholders, thus contributing to the involvement of the whole industry in the implementation of the ALP Code. Their activities involve creating strategies with COTTAPROM⁴⁶, with local government (including state Government, Ministry of Education, Ministry of Agriculture and Ministry of Labor) and institutions specialized in Child Labor and Safe Working Environment (including National Committee for the Eradication of Child Labor - CONAETI, Provincial Committee for the Eradication of Child Labor - COPRETI MISIONES, the Ministry of Ecology of the Province of Misiones and Agricultural Health and Fertilizers Chamber - CASAFE). Through these interactions, CONCIENCIA has been key to generating a sustainable and long-term approach for ALP implementation.

On the other hand, as of 2016, MP is strengthening the industry approach, bringing on board key stakeholders, like COTTAPROM⁴⁷, Tobacco Cooperative of Misiones and farmers’ unions to have a common understanding of ALP, focus areas and interventions, like the +Chacra program, Crop Protection Agents’ containers collection program and media broadcasting of key ALP messages.

45. Asociación Conciencia (“CONCIENCIA”) is a non-profit, non-partisan NGO, founded in 1982. It works for attaining citizenship development through community engagement and social inclusion. Education is the pillar of its strategy, working jointly with the public, private and academic sectors. In Misiones, CONCIENCIA has been working hard along with MP to progressively eliminate child labor through the program “Porvenir NEA”, in place as of 2012.

46. COTTAPROM: Tobacco Technical Commission of the Province of Misiones. All tobacco companies and cooperatives, farmers unions and Government agricultural bodies in Misiones province.

47. COTTAPROM: Tobacco Technical Commission of the Province of Misiones. All tobacco companies and cooperatives, farmers unions and Government agricultural bodies in Misiones province.

This integrated approach also supports an interaction with the Ministry of Education, Ministry of Labor, and Ministry of Agriculture to further explore synergies towards a fully sustainable tobacco production in Misiones.

Industry approach - message alignment

Since 2012, the Porvenir program has raised awareness on Agriculture Labor Practices (ALP) among tobacco stakeholders, hundreds of rural school teachers, parents (small farmers and tobacco growers) and Field Technicians, the later being fully trained to communicate Principles 1 (Child Labor) and 5 (Safe Work Environment) of the ALP Code. In this regard, in close collaboration with the Agronomy team, Porvenir has been leading ALP workshops in order to promote collaborative work among all field technicians, to align strategies, develop cohesive messages and share knowledge.

As a result of the priorities setting derived from the original ALP risk assessment, carried out by MP when implementing the ALP Pilot, the main ALP principles covered by the agronomy team were Child Labor and Safe Work Environment. Porvenir's trainings have proven to be effective as all key stakeholders are aligned in concept of these principles for ALP implementation. As CU acknowledges in its assessment, regarding communication achievements, Child Labor is on top of the list, followed the Safe Work Environment.

In this context, CONCIENCIA will continue to support and strengthen implementation of the ALP Code at farm level, promoting compliance with Principles 1 and 5 through activities strategically aimed at minimizing associated risks. Through Porvenir, CONCIENCIA will ensure the following lines of action:

- a. education, focusing on keeping students at school;
- b. training and raising awareness on farmers, with special emphasis on communicating

National Decree N° 1117/2016⁴⁸, excluding any tobacco related activity on the farm for minors under the age 18;

- c. strengthening the skills of local Agronomy team, with special attention to the new legislation
- d. sustainability actions

Workshops and tailored trainings for parents, farmers, field technicians, teachers and other stakeholders as well as communication activities for the whole industry will continue to be key in CONCIENCIA's work. As of first quarter of 2017, CONCIENCIA will carry out individual one-to-one explanation sessions with each grower negotiating tobacco to MP, being this an excellent opportunity to reinforce Decree N° 1117/2016 and ALP principles 1 and 5, and to include the income and working hours topic. With the same direct approach, CONCIENCIA will also reach growers while selling tobacco to the Tobacco Cooperative of Misiones, helping MP to spread a uniform message within the whole industry. Through systematic monitoring, MP will be able to identify any gap between current payments and the minimum payment; these gaps will be recorded when irregularities are identified.

Regarding income and working hours, to this date there are no apparent communication efforts by the other stakeholders in Misiones regarding minimum conditions for labor contract. Once the CU assessment report is made public, MP will share the findings with all COTTAPROM members and develop sessions with farmers' unions, to explain the risks associated to hazardous tasks, to workers being paid below minimum wage, and to irregularities of payments to workers. This will facilitate communication and understanding among rural communities of the importance of meeting ALP requirements. In addition, MP will implement specific initiatives to address these issues, details below:

48. During October 2016, National Decree N° 1117/2016 came into force, stating the activities considered "dangerous tasks" for people under 18 years old. Such Decree includes - among other tasks - the production of tobacco, defining such activity as prohibited for minors under said age.

Industry approach: +Chacra

In conjunction with COTTAPROM, MP will implement “+Chacra”, an innovative mobile training program designed to tackle specific issues found in farms, focused specifically on tobacco farmers. The activities are conducted by specialized trainers introducing modules relevant for tobacco farming. These trainers will have a fully equipped vehicle with visual and practical tools to conduct interactive trainings, and will have an in-depth knowledge on the training modules, carefully designed to cover technical and social aspects of tobacco farming.

The +Chacra training program will travel across the Misiones province, taking place near farmers. This initiative will be appealing and interesting to farmers, since training sessions will be conducted with small groups and will be highly interactive. Attendees’ knowledge will be tested before and after each session. This fully customizable training modules will use feedback from participants to design future modules. This initiative will be sponsored by Massalin Particulares and the Tobacco Cooperative of Misiones.

Expected benefits:

1. By Dec 2017, all MP farmers trained in Module I⁴⁹
2. By Dec 2019, all MP farmers trained in Module II⁵⁰
3. Expected to progressively achieve behavior changes and increase the use of Personal Protection Equipment (PPE) for CPA handling. Appropriate storage conditions for CPA and full participation in the CPA container collection program is also expected. Farmers will be trained on GTS prevention and about the importance of children under 18 not being involved in tobacco production⁵¹.

Communicating the ALP Code requirements to all farmers

When ALP was launched, training was focused on disseminating knowledge and raising awareness among field technicians of the ALP objectives and the seven principles. The first step was the design of a detailed and practical strategy with “train-the-trainer” approach, where field technicians were prepared to be the ones to communicate the ALP code to tobacco farmers.

From the start, field technicians have been committed to the ALP implementation, assuming a leading role with the program. The majority of MP’s field staff was born and raised in the rural areas where they currently work, knowing in details how the social networks and cultural mindset in the region are structured.

CU highlighted Massalin Particulares’ ALP team commitment to address social problems at farm level and identified field technicians’ knowledge of the seven ALP Code Principles as good. However CU also raised the fact that some Field Technicians did not identify certain scenarios as risky situations (i.e. workers being paid at the end of the harvest or indirect payments), and that some of them did not fully understand employment contracts and legal rights as a part of the Compliance with the Law and Income and Work Hours principles.

The training program must focus on achieving a deeper knowledge on hazardous activities and the minimum requirements for labor contracting. In this sense, communication of regulatory changes and their implications is crucial. The Decree 1117/2016 implies that FT’s role will need to be tailored to understand and monitor the prohibition for people under 18 years old to perform any kind of tobacco activity. Within this context, MP will communicate this restriction and drive efforts to raise awareness for the need to reorganize farm activities. As part of Porvenir’s new approach, as of the second quarter of

49. Module I: CPA handling, CPA containers storage, empty CPA containers disposal and Green Tobacco Sickness (GTS).

50. Module II: Child labor, Safe Work Environment and Income and Work Hours.

51. As of 21st October 2016 Argentinean Government declared tobacco production as hazardous for people under 18.

<https://www.boletinoficial.gob.ar/#!DetalleNorma/152515/20161021>

2017, CONCIENCIA will provide training workshops on the organization of the farm as a productive family unit. With this innovative proposal, tobacco families will gain knowledge and skills to re-design tasks and reallocate resources, avoiding the need to involve minors under 18 in tobacco activities.

Field staff understanding of ALP

Since the launch of the ALP Program, field technicians had to assume a different role from the one they used to have in the promotion of Good Agricultural Practices (GAP). In spite of the relationship already set with each farmer, field technicians have to face different challenges, not only limited to growing the crop, but how to intervene and how to promote behavioral changes. These were the new and quite different challenges to be faced and to do so, field staff needed to be equipped with a new set of skills, tools and practical examples to communicate farmers.

To reinforce the field staff understanding of ALP, the following action plan was developed:

- MP's agriculture team to hold workshops with role-play activities where different scenarios are performed by field technicians, while the colleagues can observe, share their opinions, and align their view and understanding about different issues. These workshops will also allow field technicians to share experiences on how they are solving problems found on farms during crop season activities. Scope: MP's field staff. Expected result: align Field Technician's understanding of key ALP measurable standards.
- E-learning modules for Field technicians developed with interactive activities on ALP concepts. Modules will be available in handheld devices, with videos and quizzes, and will include a test to quickly assess field technician's understanding. When: Q1 2017. Scope: MP's field staff. Expected result: Uniformity in Field technicians understanding of ALP related processes and most common situations.

CONCIENCIA will continue to work with field technicians of all tobacco companies, through

workshops and "one to one" visits to reinforce the ALP understanding, with special attention to the new Child labor legislation, assessing field technicians' knowledge at the end of each training session.

Legal department will support trainings related to minimum wage, regular payment and end of season payments. When: these trainings will be held at a minimum, according to regulation updates. Additional sessions may be requested by FT if the farmers are to reorganize their activities and their need to hire people, where there is a key need to ensure hiring is done in a fair way, documented and compliant with the law. Scope: ALP country team and field staff.

Communication skills training

MP and CONCIENCIA developed a workshop to teach and strengthen Field Technicians, to differentiate risky situations, as well as their communication skills. An expert technical consultant with proven experience in these areas designed and delivered the trainings. The consultant has been working with PMI in other Latin American countries, as well as with the Governments of Ecuador, Bolivia and Peru to develop national policies to eradicate child labor, and has a vast experience in conceiving tools and instruments to overcome local challenges. The knowledge on how to approach farmers and identify the distribution of children's daily tasks is valuable for Field Technicians, providing them with new tools and resources to help disseminate ALP messages. Since Decree 1117/2016 came into force, an additional training was given to reinforce communication to farmers, explaining that no one under the age of 18 should work in any activity related to tobacco production. This training updated Field Technicians about Argentinian regulations and empowered them to communicate ALP principles effectively, promoting changes in the way ALP issues in Misiones are addressed.

- When: Q4 2016. Scope: MP's field staff. Expected result: field staff empowered to effectively communicate ALP measurable standards to farmers

Communication plan

MP will continue working on a communication plan with a variety of materials developed together with CONCIENCIA, for farmers and their children, teachers and field technicians. Key messages will be delivered through radio and TV as part of such plan, highlighting ALP principles 1 and 5 as well as any new applicable legislation such as Decree 1117/2016.

Communication material will be consolidated in a tool-kit, containing the main concepts related to every ALP principle to equip field technicians with a tailored material to support situations not meeting ALP standards. In this regard, Massalin Particulares and CONCIENCIA will develop a card set to resemble activities and people at the farm, catching farmer's attention to this new information. These materials will be a guide for Field Technicians, containing examples on how to make required changes and why these changes are crucial to farmers.

Friendly communication material such as screensavers in handheld devices and screen backgrounds containing ALP messages will allow easy access to the latest information. Visual communication will help field technicians to transfer and reinforce key ALP messages. When: Q4 2016 onwards. Scope: MP's field staff. Expected result: field staff with tools to effectively communicate ALP key indicators to farmers.

Assessment of communication effectiveness

To verify the communication effectiveness, Massalin Particulares will implement the following process:

1. Unannounced farm visits performed by the ALP team and tobacco production supervisors, in order to evaluate communication effectiveness through farmer's interviews. Target: 10% of farmers per year
2. Additionally the farm by farm monitoring done by FT will check ALP implementation and if the farmer is applying the information and changing their practices.

3. Follow up meetings to discuss results on a monthly basis, which will allow to address in a timely way the lack of farmers' understanding.
4. When lack of farmer's understanding is identified, the most repeated issues will be prioritized in role-play training sessions.

- When: Q4 2017. Scope: Farmers' ALP understanding is assessed through sampling.

Expected results:

- Enhance of ALP training program dynamics and effectiveness for Field Technicians by Q4 2017.
- All FTs have improved their communication skills and knowledge of ALP by Q4 2017.
- All FTs are aware of Decree 1117/2016 and able to properly communicate and generate awareness among farmers.
- All FTs' understanding is regularly assessed for ALP principles Q4 2017 and onwards.
- Mechanism in place to identify farmers implementation of the ALP Program by Q4 2017.

Farm Profiles

By comparing the information on the Farm Profiles with situations found during farms visits, CU concluded that 90% of the Farm Profiles were accurate. As at the time of data input the system was on a transition phase from the old platform to the new one, the remaining farm profiles had at least one information inaccuracy, created by problems with input of data collected and storage process. ALP program team and field supervisors will cross check data during the season to ensure quality of information; captured target is 5% of farms for this control.

- Q1 2018. Scope: MP's field staff.

Expected result:

- Control mechanism in place to identify gaps and eliminate inaccuracies.

Prompt Actions (PA)

According to CU findings, not all Field Technicians (FT) had a clear understanding of a Prompt Action (PA). When FT were requested to give an example of PA, descriptions were usually related to the crop component of the overall program⁵². In addition, no specific deadline was agreed, identified issues were not closely monitored to ensure that the situation was solved, and some farmers were not even aware of having prompt actions.

In order to ensure these findings are properly addressed, the following initiatives will be implemented:

- Training sessions to enforce clear knowledge on prompt actions and process flow will be carried out with field staff.
- Prompt actions concepts and process will be addressed in workshops with field staff.

As of 2017, PA process will follow the sequence below:

- PA found issues are reviewed and updated on a yearly basis, according to PMI guidelines. The issues identified must be clearly highlighted to farmers.
- PA form to be available in Leaf2Go⁵³, making easier the identification of those situations that should be immediately stopped.
- PA situation detected:
 - FT must stop the action and agree with the farmer about the importance of preventing recurrence of such a situation.
 - A written notification is delivered to farmers with the information of the issue found to make clear the problem and severity of it.

- A specific training is delivered to the farmer by his FT, using applicable materials from tool-kit.

- In addition PA will be recorded in Leaf2Go.

- Prompt actions will be immediately reported to supervisors, which will inform the ALP team.
- FTs follow-up visit should happen within 60 days of PA identification, to assess the situation. For those PAs which have not been followed up, FTs and supervisors will receive a reminder from ALP team.
- Data of prompt action issues will be categorized and made available for field staff and ALP country team. Meetings will be carried out for analysis and follow up.
- ALP country team, Agronomy manager/supervisors, ALP coordinators will visit farms to verify progress and effectiveness of improvement plans. Target: at least one farm per FT.

ALP country team will assess open Prompt Actions on a case-by-case basis, seeking support and intervention from CONCIENCIA for social standpoint before defining specific actions. ALP team will analyze recurrent cases of child labor aged 16-17 to prioritize implementation of initiatives to address Child Labor. The Decree 1117/2016 came into force just before harvest season, thus giving farmers very short time to re-organize their farm activities. In this context, CONCIENCIA is working aggressively to communicate the new decree and is additionally implementing some specific actions - like scholarships for children aged 16-17 - to benefit identified minors previously working. In addition, workshops on the organization of the farm as a productive family unit are being implemented, to avoid minors under 18 being involved in tobacco-related activities.

52. GAP/STP program has three pillars. Crop, Environment and People pillar. Last one refers to ALP.

53. PMI data collection system.

In case of recurrence and lack of willingness to undergo a change in behavior, MP will not renew contracts for next crop

- Immediately effective. Scope: MP's farmers.

Expected results

- All FTs are clear about PA situations, their severity, and process to follow.
- Clear follow up of PAs process established.
- All open and overdue PAs are immediately discussed at ALP country team level.
- Clear understanding regarding involvement of people under age 18 in tobacco production.
- MP's personnel with no direct supervision over FTs to verify PAs resolution.
- PAs records available with background description and resolution.

Monitoring of Labor Practices Farm by Farm

Following the CU assessment, MP monitoring process had not yet been entirely implemented as planned. There had been some lacks of follow ups and of the timely identification of risk situations on farms.

ALP measurable standards have to be managed under a systematic farm monitoring, as an accurate form monitoring is crucial to identify situations that do not meet the ALP Code standards.

MP will drive efforts towards key focus areas and targeted ALP indicators, implementing an approach based on self-assessment and on CU findings. This will serve as a baseline for initiatives and action plans for significant risk mitigation.

As of 2018 crop season, MP farm monitoring strategy will be divided in two:

1. Monitoring of ALP Priority Focus Areas: They will be monitored during farm visits along the season in 100% of farms.
2. Additional Monitoring ("blind spots"): All indicators of ALP principles will be monitored in 10% of farms, randomly selected.

ALP coordinators present the farm monitoring results to ALP country team for monthly reviews during the season. Whenever there is a spike in any ALP indicator, the ALP country team will evaluate the situation to include it into monitoring of Priority Focus Areas.

Expected results

- All FTs are clear about the focus areas for systematic monitoring at farm.
- Systematic monitoring will enable impact measurement from initiatives and action plans to reflect progress of ALP implementation
- Additional monitoring will ensure potential blind spots are identified and monitoring strategy is reviewed.

Support Mechanism

In December 2014, Massalin Particulares launched a pilot for a support mechanism in Misiones, managed by CONCIENCIA and promoted by the field technicians. After six months, the telephone hotline had received just seven calls. CU attributed these limited results of the Support Line pilot implemented in Misiones to the following situations: (i) farmers lack of trust in a telephone hotline; (ii) no cell phone signal in some tobacco areas; (iii) some farmers using a Brazilian mobile phone line, so the hotline was not toll-free for them.

This pilot showed the need for alternative tools to assess how farmers and workers problems are managed. Massalin Particulares will explore local organizations capable of providing services on worker's rights. As in Misiones labor contracting is mostly informal, MP will design and distribute a employment record form designed to farmers, to help them formalize their relation with employees, recording name, ages, work dates and time, wages and trainings received. FT will check these records during farm visits, enabling them to assess the transparency of workers' hiring. In addition, the +Chacra program will provide training on farm safety aspects, not only to farmers, but to workers as well.

Farm level assessment of ALP Code standards

ALP Code Principle 1: Child Labor

To have minors helping on family farm tasks is considered a normal situation, a culturally accepted behavior in Misiones, as farmers see it as part of their children's education. Although MP has been working to progressively address these issues in Misiones, CU's report shows that there is still room for improvement, in the following areas:

- No hiring of workers under age 18
- No under 18 years old performing hazardous work
- Reducing school drop-outs (teenagers)
- Access to information about child labor on farms, both to farmers and workers

On October 21st, a new decree 1117/2016 was published establishing the tobacco production as hazardous activity for people under 18, making any task related to tobacco prohibited for minors. MP actions will address CU findings as well as this change in the legislation.

In order to mitigate the risks, as of 2016 Massalin Particulares will start to implement an integrated approach, with a combination of actions to reduce the labor requirements on tobacco production. Within this context, there will be two approaches to implement technical innovations: the first through individual farmers; the second through service providers.

Through individual farmers

1. Harvesting methods and curing barns pilot

Massalin Particulares will distribute the necessary material for 58 curing barns in strategically selected farms. Farm selection will be made based on farmers understanding and alignment to ALP key aspects. Selected farms will be named Model Farms and used as best practice examples to replicate the

model with other farmers during field visits. MP will deliver the equipment and materials free of charge to these selected farmers to build the new curing barns. These barns will allow changes in current harvesting method, with a reduction on man hours needed for harvesting and for barn loading:

- Labor reduction for harvesting will come from reducing manual cuts needed per plant, and by handling several plants in sticks, rather than individual plants hanged on wires.
- Labor reduction for barn loading will come from the design of a device for loading up to 90 plants at a time (currently it is a plant-by-plant activity).

Promotion of innovations

Taking the successful example of the process implemented to the elimination of tobacco leaf bundling in 2012, MP is developing an Innovation Catalogue for FT to take into account technologies that are easily applicable at farming, such as use of watering cans for fertilizer band application and pre-wilting. These techniques can mitigate the risks of minors under 18 being involved in tobacco tasks.

In line with this approach, and as part of the end of season review, there will be an annual workshop with agronomy staff to identify the highest impact initiatives on child labor and labor reduction to be included in the Innovation Catalogue. By systematic cross-checking monitoring reports and farmers' technology adoption, it is possible to assess how these initiatives are impacting the presence of children in tobacco production. These initiatives will be also evaluated during unannounced visits by ALP team and production supervisors during peaks season of labor.

- 2018 onwards. Scope: All farmers suitable for implementation of each innovation

Through service providers

1. The small size of tobacco farms in Misiones make investments on new technology (i.e. machinery) difficult. Some types of new machinery are

too expensive to be purchased by individual farmers and there is little chance of fully utilizing it. MP will work in an Industry approach to develop service hubs where suitable suppliers can offer agricultural services and initiate the implementation of mechanical activities. This initiative will first target a change in transplanting practices in Misiones, as this is one of the tasks where family members under 18 are frequently involved.

Employment form

An employment record form will be created and delivered to farmers as part of a toolkit to verify the age of hired people, recording personnel details. Field technicians will check these records during farm visits, to verify if they comply with the law (decree 1117/2016).

Q3 2017 Scope: MP's farmers are likely to hire workers, where is possible to hire children under 18 years old.

The above initiatives will have synergy with the Porvenir program.

Since 2012, Porvenir strengthens development in the tobacco rural areas of the Province of Misiones through the progressive improvement of the social, economic, educational and cultural conditions of local farming communities. It also facilitates access and permanence of sons and daughters of tobacco growers in the rural educational system. Additionally, the Program raises awareness of the risks to which children and teenagers are exposed to at farms, supporting small farmers in the implementation of good agricultural practices.

During November 2016, an external consultant with expertise in sustainability programs conducted an evaluation of the Porvenir program by comparing two groups of growers (beneficiaries and non-beneficiaries). Consultant's knowledge on the agriculture industry and experience in assessing tailored-made programs were key to perform a straightforward and independent evaluation, and deliver the realistic and unbiased findings: i) Porvenir

intervention has improved schools' infrastructure conditions; ii) raised awareness on child labor and safe work environment through meetings and workshops; iii) improved children's attendance and permanence at school; iv) strengthen the strategic bond with field technician to implement ALP.

CU's report also acknowledges "the Porvenir NEA program proved to be effective in addressing primary school attendance". Still, both Massalin Particulares and CONCIENCIA agree with CU in the fact that further initiatives need to be put in place to support the achievements already accomplished by Porvenir.

Considering the Misiones' context, the results of the external evaluation requested by CONCIENCIA during 2016, and the constant feedback from key stakeholders, as of 2017 Porvenir will renew its strategy to reach tobacco families directly to accomplish an even deeper impact. In line with this, taking advantage of the tobacco-buying season starting in February 2017, when farmers take a free day to visit the company and negotiate their production, Porvenir will be present at the buying stations to carry out one-to-one explanations with each farmer, being this an excellent opportunity to reinforce Decree N° 1117/2016. With similar approach, CONCIENCIA will also reach growers during their tobacco negotiation day at the Tobacco Cooperative of Misiones, to spread a uniform message within Misiones. Such communication activities will be supported by new instruction cards in the FT tool kits.

Additionally, the new design of the Porvenir will improve permanence of children and adolescents at rural schools located in tobacco regions, by implementing afterschool activities to avoid children presence in the farms, keeping them at school for more time, and supporting scholarships for high school students. The concept is to strengthen their permanence at school, decreasing their availability at farm with risk of Child Labor, and reducing school dropouts. A total of 150 rural schools, located in tobacco growing areas, will be equipped with better educational materials to be

more appealing and ready to the more than 15,000 children living in tobacco growing regions. This will be accompanied by training sessions for teachers to help them identify and deal with the risk situations associated with child labor. In some of these schools, according with the needs and the percentage of tobacco growers' children, Porvenir will build and distribute community water purifiers to improve hygiene habits and access to clear water. As MP has been doing for last two years, 2,500 school kits will be delivered to children of growers who supply tobacco to MP, to facilitate their access to school and directly support reduction of child labor.

In order to improve tobacco growers' knowledge and skills related to ALP Principles, Porvenir will reach tobacco growers for individual messages on ALP at the buying stations and will hold meetings with them to discuss ALP Principles 1 and 5, with special emphasis on communicating the new legislation applicable to child labor. A tool kit to support field technicians' trainings will be created, and key messages will be delivered on local radio and TV stations, highlighting the new legislation regarding child labor. Taking into account the new decree, Porvenir will provide training workshops focused on the organization of the farm as a productive family unit, to help tobacco growers re-design their farm tasks and reallocate resources to non-hazardous tasks outside tobacco, avoiding minors under 18 in tobacco activities.

Along with the Agronomy team, Porvenir will continue to develop actions based on the ALP Principles for the prevention, intervention and follow-up in contracted tobacco farms, through workshops on training tools for field technicians, with special attention to the new child labor legislation, providing assistance to the local Agronomy team to improve the toolkit, and performing farm visits in order to identify risk situations and evaluate specific interventions. These activities will support field technicians for the compliance of the ALP code.

Finally, Porvenir will promote sustainable ALP efforts through alliances with local and provincial

agencies, by designing public positioning strategies and communication materials to generate media engagement through ALP messages and presence in public events, and by formalizing agreements with key stakeholders to implement the ALP Program, seeking the commitments of all parties. With these actions, Porvenir seeks to promote the long-term sustainability of the ALP program in the tobacco area.

Beyond these activities outlined by Porvenir Program, MP's will continue to look for key stakeholders, to reinforce the ALP awareness and seek together with other institutions a solution to the labor practice issues. Massalin Particulares is a member of the network of companies against child labor (part of the National Ministry of Labor) and develops institutional contact with national and state Government Officials.

Expected results

- Progressive and consistent reduction of labor requirements and change of those activities with highest risk of child labor.
- Farmers that hire workers to fill in employment forms by 2018.
- Farmers verify age of workers by 2018.
- First version of Innovation Catalogue developed by 2018.
- Work with Porvenir NEA to support:
 - By Q3 2017, at least 1,000 growers, suppliers of MP, are fully aware and trained on the principles of the ALP Code and the new applicable legislation.
 - By 2018, 100 growers, suppliers of MP, participate in training activities on the organization of the farm as a productive family unit to have better tools to meet the principles of the ALP Code and reallocate teenagers to non-hazardous tasks out of tobacco.

- By 2018, 100% Massalin' FT have awareness/training tools and an improved toolkit to promote the implementation of ALP on the field, containing the applicable legal updates.
- By Q4 2017, at least 20 farms supplying tobacco to MP receive visits from Porvenir.
- By 2018, 80% of farming population surveyed identify/acknowledge the intervention of Porvenir NEA in matters of Child Labor and/or a Safe Work Environment.
- 2,500 girls and boys from tobacco growers, suppliers of MP, improve their permanence at schools by Q2 2017.
- 150 schools from tobacco areas, receive improved equipment by Q2 2017, making schools more appealing, promoting children's access and permanence at school for 15,000 students.
- By 2017, at least 300 students from tobacco areas minimize exposure to Child Labor (CL) during the tobacco transplant and harvest stages.
- Pilot for a scholarship program developed by 2017, for teenagers (sons and daughters of growers, suppliers of MP) to improve their access and permanence in high-school education, reducing school dropouts.
 - Support 20 rural schools to improve their infrastructure by 2018, improving conditions for children to continue attending school.
 - At least 300 teachers from rural schools with tools to identify risks and consequences of CL by 2018.

ALP Code Principle 2: Income and Work Hours

Historically, tobacco farming in Misiones has been developed as a communal labor exchange system. When this system evolved towards a farmer-worker relation, it became mostly informal, but considered fair by both farmers and workers. Tobacco production is a labor-intensive activity. According to CU assessment, there are risks associated with this kind of informal contracts, which can be summarized by the following findings:

- Workers being paid below the minimum wage
- End-of-harvest payments
- Sharecroppers

MP's plan to integrate labor reduction initiatives on tobacco production will not only mitigate risks associated to Income and Work Hours principle, but also increase farmers' income. Working Hours, Wages and Regularity of Payment are the ALP indicators that will be part of a systematic monitoring, enabling identification and follow up of Measurable Standards.

Roofs change in curing barn

Construction of curing barn roofs are currently made out of cardboard sheets with very limited duration, requiring frequent maintenance and employing a lot of manual labor. An alternative material is the Galvanized Iron sheet, with better resistance. Although cost effective, since galvanized iron sheets are more expensive, farmers use cardboards. MP will finance the cost difference to help farmers execute roof changes. This long-lasting roof will reduce the labor requirements for repair and barn maintenance, estimated in more than 4 hour/hectare. This initiative will be implemented covering 20% of farmers per year.

Harvesting method and curing barns model change pilot

It is estimated that a significant reduction in labor (around 40 hours/hectare) is possible by changing the harvesting method, from plant-by-plant to the use of sticks. The use of sticks allow to handle

tobacco plants more efficiently during harvesting and its transport to barns. Additional time (around 6 hours/hectare) can be saved by using a rig system, avoiding the need of having one person in each barn tier when lifting tobacco into the barn top. This pilot initiative will serve as a demonstration project for other farmers. This initiative will require additional modifications in current barns, replacing hang wires by sticks.

An employment form will be developed as part of the FT toolkit. This will include farmers that currently hire workers as well as those farmers not hiring but who cannot rely anymore on family members under 18 years old. FT will check these records during their farm visits to enable additional monitoring regarding farmer-worker terms.

- Q4 2017. Scope: MP's farmers likely to hire workers.

As mentioned previously, the tool-kit and audiovisual campaign for handheld devices will include minimum wage, overtime hours, in kind payments and legal benefits.

- Q4 2017. Scope: MP's field staff.

The expected outcome is to generate the conditions for farmers to understand why some informal practices need to be changed, while implementing interventions to facilitate this change.

Once workers became aware of fair conditions of employment and work, an additional business for agricultural service providers will be generated, changing working conditions for the better.

Sharecroppers

According to CU assessment, a close monitoring of the relations between farmers and sharecroppers is required to verify whether there is a commercial relations with employment rights, and if the conditions are fair.

In this line, MP will assess farmers and sharecroppers' to identify all their agreements. Farms reported with sharecropping will be listed by ALP coordinators

and then visited by field supervisors to assess and agree on how to bring transparency to their business relation. The implementation of action plans will be assessed during unannounced visits performed by ALP coordinators and Tobacco Production Supervisors. Those situations considered not fully transparent will be submitted to the ALP country team for evaluation and corrective action. To reinforce this, MP will work closely with other stakeholders to have a uniform approach to sharecropping situations in Misiones.

- Q4 2017. Scope: All Misiones farmers with sharecroppers

Expected results

- Farmers are aware of legal minimum wage, overtime hours, and workers' benefits by 2019.
- Mechanism in place to identify farmers not aware of legal minimum wage, overtime hours, and workers' benefits by 2018.
- All farms identified with sharecroppers are assessed and action plans implemented by 2018.
- Risks related to workers not being paid enough to meet their basic needs are identified and addressed.

ALP Code Principle 3: Fair Treatment

Although CU did not find any evidence of unfair treatment, MP will continue to monitor farmers to ensure fair treatment to all workers, and if such a situation is identified, will respond to any breach of this important Principle by setting case by case action plans.

In addition, initiatives such as new practices for the reduction of labor hours will support mitigate labor peaks and risks related to this principle. The additional monitoring strategy will ensure timely detection of any blind spots between farmer and worker's relation.

Expected results

- Maintain fair treatment in all tobacco farms.

ALP Code Principle 4: Forced Labor

CU did not find evidence of workers unable to leave their jobs. There were, however, risks associated with end of season payments and the need to further investigate farmers and sharecroppers relation. As in the Fair Treatment principle, initiatives aiming to reduce labor hours will affect this principle and improve farmers' income, mitigating the risks of force labor.

Training program through role-play activities and e-learning for FT will allow that risks associated with end of harvest payments are understood.

Employment forms will be delivered to farmers to monitor payment schedule and will help to establish action plans for those farmers not being able to pay daily workers at least weekly, or monthly for monthly workers.

MP will monitor 3 out of 6 ALP indicators for forced labor in 100% of farms and the remaining indicators in 10% of farms.

Expected results

- All FTs understand the risks associated to end of season payments
- All risks associated to sharecropping and end of season payments are identified and addressed

ALP Code Principle 5: Safe Work Environment

The CU report showed that there has been progress in terms of communication efforts and farmer awareness, such as 82% of farmers partially using PPE, 27% using full equipment, all farmers having a CPA storage cabinet, and the high adherence of farmers to the CPA containers' collection program, implemented with MP's participation.

On the other hand, CU raised risks such as low awareness on GTS, not all CPA cabinets had lockers and there were still farmers not using any protection equipment during CPA application. MP plans to tackle these observations with the following actions:

+Chacra project

This initiative will support the ALP Principle 5, of Safe Work Environment. Through its innovative approach, MP expects to increase safety awareness amongst farmers. The training module is focus on CPA handling, spraying and GTS.

- 2016 onwards. Scope: All tobacco farmers in Misiones with contracts with MP.

Curing barns roof replacement project

This project will have a strong farm safety component as well as labor hours' reduction. There will be a financial incentive for replacement of barn roofs to Galvanized Iron sheets and safety harnesses will be part of the barn improvement package.

Harvesting method and curing barns model pilots

Besides a reduction of the labor hours for harvesting and the changes expected in practices that will mitigate child labor risks, the curing barn project will mitigate GTS exposure and the risks of work at heights, by developing a rig system for lifting tobacco sticks to the upper section of the curing barn.

Porvenir Program

CONCIENCIA will continue promoting compliance with Safe Work Conditions on tobacco fields, contributing to the sustainability of Burley tobacco production in Misiones. The Porvenir's action plan is fully described under the Child Labor's chapter and involves both ALP's Principles 1 and 5; please refer to this section for further detail.

Additional initiatives

The field technician's tool-kit and audiovisual campaign for handheld devices will include instructions for GTS, CPA application, CPA empty container collection and proper use of PPE. The field technician's tool-kit will include new awareness materials, and re-entry signs will be delivered to farmers.

- Q4 2016 onwards. Scope: MP tobacco farmers in Misiones.

The CPA application record tracking will continue, an initiative to encourage farmers to capture relevant information about product, dosage and thresholds for CPA application.

- 2016 onwards. Scope: MP tobacco farmers in Misiones.

MP will continue distributing PPEs to farmers in such a way to ensure its renewal once useful life is completed.

- 2016 onwards. Scope: MP tobacco farmers in Misiones.

MP will start introducing PPE for harvesting in a three-year plan.

- 2018 onwards. Scope: MP tobacco farmers in Misiones

Expected results

- Farmers aware of general safety hazards at farms by 2017.
- Mechanism in place to identify farmers not aware of safety hazards at farm by 2017.
- Farmers have a lock-up CPA storage by 2019.
- Farmers trained by +Chacra fill in their CPA record form.
- Identified and addressed issues in storage of empty CPA containers at farms.
- Identified and addressed no use of protective clothes for CPA application.
- Identified farmers not following recommendations for GTS prevention.
- Through Porvenir Program:
 - By 2018, 100% Massalin' FT have awareness/training tools and an improved toolkit to promote the implementation of ALP on the field, containing all applicable legal updates.

- By Q4 2017, at least 20 of the farms supplying tobacco to MP visited by Porvenir.
- By 2018, 80% of people surveyed acknowledges Child Labor or Safe Work Environment by Porvenir-NEA intervention.

ALP Code Principle 6: Freedom of Association

CU's assessment shows that there is no specific risk in this principle. Nevertheless, communication materials in field technicians' toolkit will be upgraded to incorporate current applicable laws and names of organizations available to support workers' inquiries. This principle will be included in the additional monitoring strategy.

ALP Code Principle 7: Compliance with the law.

MP acknowledges the importance of farmers' compliance with Argentinian regulations for employment relations and is committed to develop communication materials and trainings. A pay slip form will be developed to improve compliance with the law and raise farmers' awareness regarding contracting requirements for workers. This principle will also be included in the additional monitoring strategy mentioned previously.

Concluding Remarks

Since the beginning of the ALP Program in Argentina, Massalin Particulares has been committed to its implementation in order to progressively improve working conditions of tobacco farms in Misiones.

A poor socio-economic environment, made worse by an erratic weather season due to excess of rain, that negatively affected crop yields and farmers' income during the assessment, were challenges that also had to be considered to redesign strategies looking for ALP implementation.

Before the ALP Program implementation, training of personnel used to focus on the technical rather than the social aspect of tobacco production, something that had to be overcome to strengthen the agronomy team to face the future, looking for a new set of best practices for tobacco production in Misiones. This

process took longer than expected, but the team today in Massalin Particulares is stronger, with a deep commitment to address social issues at farm, and is ready to advance following the assessment recommendations.

The Control Union report is a valuable tool to identify the barriers that must be addressed to achieve the ALP Program objectives of eradicating child labor and any labor abuse in tobacco farms. Massalin Particulares acknowledges that this process is complex and some ALP standards were not managed as priorities before Control Union's assessment, but following Control Union findings, the team implementing ALP today is ready to move forward and to put in place an integrated plan to address systemic labor issues in Misiones.

Appendix 2. ALP Code

ALP Code Principle 1: Child labor

There shall be no child labor.

Measurable Standards:

1. There is no employment or recruitment of child labor. The minimum age for admission to work is not less than the age for the completion of compulsory schooling and, in any case, is not less than 15 years or the minimum age provided by the country's laws, whichever affords greater protection.⁵⁴
2. No person below 18 is involved in any type of hazardous work.
3. In the case of family farms, a child may only help on his or her family's farm provided that the work is light work and the child is between 13 and 15⁵⁵ years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.

ALP Code Principle 2: Income and work hours

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

Measurable Standards:

1. Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet, at a minimum, national legal standards or agricultural benchmark standards.
2. Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.
3. Work hours are in compliance with the country's laws. Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.
4. Overtime work hours are voluntary.
5. Overtime wages are paid at a premium as required by the country's laws or by any applicable collective Agreement.
6. All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.

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

55. The same ILO convention 138 allows developing countries to substitute "between the ages 12 and 14 in place of "between the ages 13 and 15".

ALP Code Principle 3: Fair treatment

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

Measurable Standards:

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

ALP Code Principle 4: Forced labor

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

Measurable Standards:

1. Workers do not work under bond, debt or threat and must receive wages directly from the employer.
2. Workers are free to leave their employment at any time with reasonable notice.
3. Workers are not required to make financial deposits with employers.
4. Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.

5. Farmers do not retain the original identity documents of any worker.
6. The farmer does not employ prison or compulsory labor.

ALP Code Principle 5: Safe work environment

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

Measurable Standards:

1. The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injury and exposure to health risks.
2. No worker is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.
3. No worker is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training and without using the required personal protection equipment. Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.
4. Workers do not enter a field where CPA have been applied unless and until it is safe to do so.
5. Workers have access to clean drinking and washing water close to where they work and live.
6. Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.

ALP Code Principle 6: Freedom of association

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

Measurable Standards:

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

ALP Code Principle 7: Compliance with the law

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

Measurable Standards:

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