

AGRICULTURAL LABOR PRACTICES CODE

PRINCIPLES & MEASURABLE STANDARDS



PHILIP MORRIS
INTERNATIONAL



AGRICULTURAL LABOR PRACTICES CODE

Philip Morris International, Inc. (PMI) is committed to eliminating child labor and other labor abuses where are found and to achieve safe and fair working conditions on all farms from which PMI sources tobacco.

This Agricultural Labor Practices Code supports this objective by defining the labor practices, principles and standards PMI expects to be met on tobacco farms with which PMI or PMI's suppliers have contracts¹. This Code is based on the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. The principles and standards of this Code must be interpreted and implemented in line with these ILO conventions.

PMI recognizes that labor abuse can often have underlying systemic causes that this Code on its own cannot address. Long term solutions to these systemic issues will require the serious

and lasting commitment of all actors in the supply chain, as well as that of governments and other stakeholders. PMI is committed to engaging with all of these actors.

Suppliers must have due diligence processes in place to identify any form of labor abuses (as described in the Code) in their operations and value chain and act to prevent, mitigate and cease such practices.

Farmers and suppliers are expected to apply this Code in a diligent and transparent manner, and to work with PMI on continuously improving agricultural labor practices. In all actions concerning children, the best interests of the child shall be the primary consideration.

¹ For the purposes of this Code, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries, and "Supplier" where used, means a company that has a contract with PMI to supply tobacco but is not a farmer.

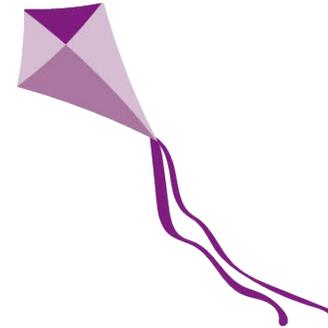


1. CHILD LABOR

There shall be no child labor.

Measurable Standards:

- No person below age 18 is involved in any type of hazardous work.
- There is no recruitment or employment of child labor. The minimum age for work is not less than the legal age for completion of compulsory schooling and, in any case, is not less than 15 years. If a country's laws set the minimum age for work higher than 15 years, the higher age applies.
- Children who work on their own family's farm are at least 13 years old and perform light work that does not harm their health, development, or education. If a country's laws set the minimum age for light work higher than 13 years, the higher age applies.





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 sufficient to provide discretionary income. Workers shall not work excessive or illegal hours.

Measurable Standards:

- Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet or exceed applicable legal standards or agricultural benchmark standards.
- Wages of all workers are paid regularly, in accordance with applicable laws.
- Work hours are in compliance with applicable laws. Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.
- Overtime work hours are voluntary.
- Overtime wages are paid at a premium as required by applicable laws or by any applicable collective bargaining agreement.
- Wages are paid to workers by their direct employer.
- All workers are provided with the benefits, holidays, and leave to which they are entitled by applicable laws.





3. FAIR TREATMENT

Farmers shall ensure fair treatment of workers. There shall be no violence, harassment, discrimination, psychological abuse, or any other form of abuse.

Measurable Standards:

- There is no violence, threat of violence, or physical contact with the intent to injure or intimidate.
- There is no sexual abuse or harassment.
- There is no verbal or psychological abuse or harassment.
- 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.
- Workers have access to a fair, transparent and anonymous grievance mechanism.



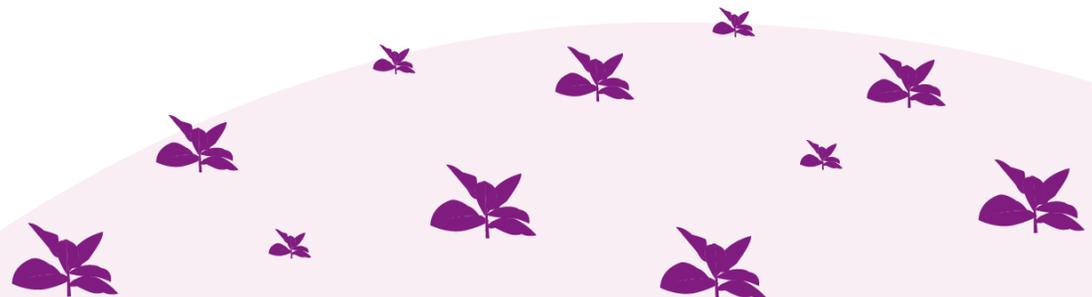


4. FORCED LABOR & HUMAN TRAFFICKING

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

Measurable Standards:

- Workers are not in debt bondage to the farmer, labor contractor, or other third-party.
 - Workers are free to leave their employment at any time with reasonable notice, without threat or penalty.
 - Farmers, labor contractors, security guards, and other third-parties do not restrict workers' freedom of movement or communication or perform excessive surveillance.
 - Workers are not required to make financial or material deposits with farmers, labor contractors, or any other third-party, at the time of their recruitment or at any point during their employment.
 - Workers do not pay recruitment fees or recruitment related costs to farmers, labor contractors, or any other third-party.
 - Wages are not withheld beyond the legal and agreed limits.
- Farmers do not retain workers' original identity, travel, or other personal documents. Where farmers are legally required to hold such documents, they shall provide secure storage protected from unauthorized access to which workers have access at any time.
 - Where labor contractors are used, farmers verify their labor practices and ensure they're in line with the standards stated in this Code.
 - The farmer does not use prison labor.





5. SAFE WORK ENVIRONMENT

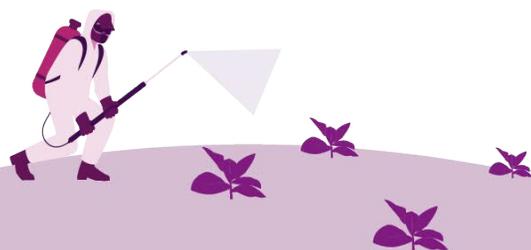
Farmers shall provide a safe work environment to prevent accidents and injuries and to minimize health risks.

Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.

Measurable Standards:

- The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injuries and exposure to health risks.
- All persons who handle green tobacco have been trained on and have adequate protection to avoid green tobacco sickness.
- All persons who use, handle, or apply crop protection agents (CPA) or other hazardous substances such as fertilizers have received appropriate training and use the required personal protection equipment. Persons under the age of 18, pregnant women, and nursing mothers do not handle or apply CPA or other hazardous substances.

- No person enters a field where CPAs have been applied unless and until it is safe to do so.
- Every person has access to clean drinking and washing water close to where they work and live.
- Risks of heat stress are minimized through rest breaks, hydration, appropriate to local temperatures and conditions.
- Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the applicable laws.





6. FREEDOM OF ASSOCIATION

Farmers shall recognize and respect workers' rights to freedom of association and collective bargaining.

Measurable Standards:

- The farmer does not interfere with workers' rights to freedom of association.
- Workers are free to join or form organizations and unions of their own choosing and to bargain collectively.
- The farmer respects and abides by any applicable collective bargaining agreements.
- Worker representatives are not discriminated against and are able to carry out their representative functions in the workplace.





7. TERMS OF EMPLOYMENT

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

Measurable Standards:

- At the time of hire, farmers have informed workers of the terms and conditions of their work. This includes work responsibilities, working hours, wages, time period of hire, and all legally mandated benefits.
- Farmers and workers have entered into written employment contracts when required by applicable laws, and workers receive a copy of the contract.
- Terms and conditions of employment contracts do not contravene the applicable laws.





COMPLIANCE & ENFORCEMENT

PMI's guiding principle is continuous improvement: to work with suppliers and farmers to achieve, over time, measurable, tangible improvements in the working conditions for farm labor. In the case of noncompliance with this Code, PMI's response is case-specific, and depends on a variety of factors, including the nature and severity of the violation.

Our preferred approach to enforcing compliance with this Code is to work with both farmers and suppliers to address any issues identified and to improve their practices. However, if there is no clear commitment to corrective actions, or if there is a persistent lack of action and improvement, PMI will terminate the contract. PMI also reserves the right to terminate contracts immediately in cases of severe violations of this Code.

An important component of PMI's Agricultural Labor Practices program is external third-party assessments to monitor the progress that PMI, its suppliers and farmers make in improving labor conditions and compliance with this Code. We publish reports of the third-party assessments on pmi.com.

