



# EXTERNAL ASSESSMENT COOPERATIVA TABACO MISIONES ARGENTINA

Burley farmers in Central Misiones



Agricultural Labor Practices Program

April, 2020

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# EXECUTIVE SUMMARY



**EXTERNAL ASSESSMENT**  
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Philip Morris International (PMI) is committed to progressively eliminating child labor and other labor abuses and to achieving safe and fair working conditions on all farms from which they source tobacco. In line with this commitment, in November 2019 PMI requested Control Union to conduct a Focused assessment of the Burley Tobacco growing operations of its supplier Cooperativa Tabaco de Misiones (CTM) in the province of Misiones in Argentina. The assessment was aimed at evaluating the labor practices at CTM contracted tobacco farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code,<sup>1</sup> focusing on the implementation of PMI's Step-Change-Approach.<sup>2</sup> Control Union (CU) also evaluated CTM's internal structure and systems for implementing this approach, their understanding of farm practices, and how issues were being identified, recorded and addressed.

As part of this assessment CU interviewed five CTM management employees, 14 field personnel (12 field technicians, two supervisors), one employee from PMI regional and two NGO representatives, and visited one Education For All (EFA) school. Over a one-week period, CU visited 51<sup>3</sup> farms and interviewed 51 farmers, 76 family members and 17 external workers. Most of these farms were small-scale family farms, growing two hectares of tobacco on average. Information triangulation was adopted to evaluate farm practices. The three sources included interviews, documentation and observation, together with a "Five Why's" problem analysis. The "Plan, Do, Check, Act" cycle was used to analyze CTM's management approach.

All farm visits were unannounced. However, 18 (35%) of the farmers had been informed that they could receive an external visit during the week CU was visiting. This mix-up was due to an assessment in the preceding week by another external organization who, in contrast to CU, required farmers to be informed beforehand of their visit. Although the farmers in question did not know which day CU would be visiting their farm, the fact that they expected a visit may have affected CU's ability to identify issues such as child labor, wage payment, and PPE use.

### 1. CTM's systems implementation

CTM first introduced the ALP program in August 2018. More recently, the company had adopted PMI's Step-Change approach and focused its efforts on the four key performance indicators (KPIs): Child Labor, Minimum Wage, Accommodation, and Personal Protective Equipment. CTM had four systems in place to achieve these KPIs:

- *Pre-contractual due diligence checks* were conducted at the beginning of the crop season to assess whether farmers were eligible for a contract. This check included two questions related to the global KPIs<sup>4</sup>: (1) are children below 18 involved in hazardous work (if so, no new contract), and (2) does the farmer hire external workers (if so, additional checks needed throughout the season). For the 2019-2020 crop season, the due diligence check had resulted in 12 contracts not being renewed, all because of the presence of children below 18 involved in tobacco-related tasks.

1. The main goal of the ALP Code is to eliminate child labor and other labor abuses progressively where they are found, and to achieve safe and fair working conditions on all farms from which PMI sources tobacco. For more information on the background of the ALP Program see <https://www.pmi.com/sustainability/good-agriculturalpractices/upholding-labor-rights-on-the-farms>
2. The Step-Change-Approach is an implementation strategy initiated by PMI in 2018 in specific markets to address the root causes of the main recurrent issues, in order to establish long-term sustainable solutions. The approach focusses on 4 key performance indicators (KPIs) related to the ALP Code: Child Labor, Minimum Wage, Worker Accommodations, and Personal Protective Equipment.
3. The minimum sample size was 51 farms. See Appendix II for details
4. The four key performance indicators (KPIs) are: KPI 1 Child Labor; KPI 2 Minimum Wage; KPI 3 Accommodation; KPI 4 Protective Equipment

- **Consequence management:** CTM had an escalation procedure for recurring Prompt Actions. In case of Prompt Actions related to child labor, CTM would immediately terminate the contract with the farmer, with no possibility for renewal. Payment below the minimum wage was not considered to be grounds for termination or non-renewal.
- **Farm-by-farm monitoring:** CTM covered all four KPIs in its monitoring process. Each farm was monitored at least twice during the crop season to check whether the farms were meeting the standards. Data were collected in digital form using a smartphone application and were used for tracking progress on KPI achievement. CTM also had a data validation process in place to ensure accuracy and completeness of the data collected by the field technicians.
- **Prompt Action reporting** was linked to consequence management. Field technicians would raise a Prompt Action in the digital system if they directly observed an issue listed as Prompt Action, except for payment below minimum wage.<sup>5</sup> An action plan would be agreed with the farmer in question and unannounced follow-up visits were made to check whether the issue was solved before closing the case. If the Prompt Action was related to one of the KPIs, it could only be closed by a field supervisor or member of the ALP team.

## 2. CU's findings on the KPIs

**KPI 1 – Child Labor:** CTM had adopted PMI's global KPI for Child Labor and collected data through monitoring and Prompt Action reporting to track progress on this target. CU found these systems to have extensive processes and procedures in place, supported by field technicians' awareness on minimum age requirements and hazardous

work. The majority of field technicians spoke exclusively to farmers during their farm visits to check for evidence of child involvement in tobacco production. CU found evidence child labor on three farms (6%)<sup>6</sup> and none of these cases had been captured by field technicians. Of CTM's four initiatives to address child labor (which focused on encouraging school attendance, training women, and eliminating farming practices that were often done by children), none were based on root cause analysis. CU found that the initiatives did not fully address all the underlying reasons identified by CU. As a result, child involvement in tobacco production persisted on some farms despite their participation in the initiatives.

**KPI 2 – Minimum Wage:** CTM had adopted PMI's global KPI regarding Minimum Wage and communicated to farmers a locally approved benchmarked<sup>7</sup> minimum wage. CTM recognized the need for longer term approaches in order to solve the issue among the contracted farms regarding minimum wage payment. Thus, this issue was not included in the Prompt Action system but instead reported through the monitoring system. However, CU found that payment below minimum wage was not adequately captured by CTM's monitoring system, which was mainly due to gaps in the field technicians' knowledge on how to check and calculate the hours worked. CU observed payment below the benchmarked minimum wage on 21 of the 22 farms with hired labor (96%), only seven cases of which had been captured in the monitoring system. Of CTM's two initiatives to address wage payment (which included distribution of booklets for record-keeping and mechanization solutions to reduce labor needs), one was based on root cause analysis. As these initiatives did not fully address all underlying factors, payment below minimum wage persisted on many farms despite their participation in the initiatives.

5. See Chapter 2.2 for more information on CTM's Prompt Action process

6. In two cases Child Labor was identified via interviews at farms. In one case it was directly observed during CU farm visit.

7. The aim of this benchmark was to better align the minimum national wage to the local conditions in Misiones, as the national minimum wage prescribed by Argentinean law at the time of CU assessment was considered too high by CTM and not applicable to more rural areas such as Misiones. The benchmarking involved farmer representatives and local governmental institutions, and adopted the minimum wage set for the yerba mate crop of 755,25 ARG pesos per 8 hours of work, which was the main crop produced in Misiones.



**KPI 3 – Worker Accommodation:** CTM had adopted PMI's global KPI for Worker Accommodation and made use of monitoring and Prompt Actions to achieve this target. Relatively few farmers needed to provide accommodation because most hired local workers, if hiring any. Hence, specific initiatives were not considered necessary. CU found that CTM's accommodation checklist was complete and that their systems were adequate to address the issue. Among the farms providing accommodation visited by CU, one farm (14%) did not meet two of the critical requirements. On this farm, the accommodation was made of wood and had no windows, no toilets and no electricity, the bedroom was shared with more than one person, and the building was also used as chemical storage. On all other farms, accommodation issues had been identified and solved by the ALP team.

**KPI 4 – Personal Protective Equipment (PPE):** CTM had adopted PMI's global KPI for PPE and made use of monitoring, Prompt Actions and two initiatives to achieve this target. CU found evidence that the global target had not yet been achieved on the farms visited, as not all farmers had received PPE. Evidence was found of incomplete PPE use for handling green tobacco on 51% of farms, and incomplete PPE use for handling CPA on 41% of farms. Many of these cases had not been captured in CTM's systems. The company's two initiatives to distribute and promote PPE use were not based on root cause analysis but made use of farmer feedback for further improvement. CU's farm findings indicate that the intended aims and outcomes of these initiatives were only partly achieved. In particular, the focus of one initiative on providing aprons for handling wet green tobacco had created the widespread misunderstanding that PPE was not needed for handling green tobacco when the leaves were dry.

### 3. CU's main findings on other ALP requirements

**Principle 2: Income and Work hours:** Twenty-two of the farms visited by CU made use of hired labor. On

three of these farms (18%) workers were not paid according to the payment frequency prescribed by Argentinean law, as they were paid at the end of the season, and on nine farms (41%) they were working overtime without premium compensation. In addition, on 19 farms (86%) workers were not provided with the benefits, holidays and parental leave they were entitled to by Argentinean law.<sup>8</sup> Based on farmer interviews, CU found that a common underlying reason was farmers' unawareness of the legal requirements.

**Principle 4: Forced labor and Human Trafficking:** End-of-season payment was identified on four of the farms with workers (18%). Although the workers had agreed to this form of payment and were free to leave employment, one worker would not receive his wages if he left his job before the end of the season, constituting a risk of forced labor.

**Principle 5: Safe Work Environment:** On 36 farms (70%) farmers did not dispose of empty CPA containers correctly. This was partly due to unawareness and partly due to failure of local authorities to collect chemical waste. Other important issues identified by CU included the lack of safety measures when loading high barns (12% of farms) and application of fertilizer without using gloves (57% of farms).

### 4. Feedback and follow-up

According to the feedback received by CU from farmers, workers and family members, the number of children involved in tobacco production had decreased since the start of the ALP program.

The outcome of this assessment can be used as a tool to facilitate management with continuous improvement. CU acknowledges CTM's commitment to addressing the issues identified and defining areas of improvement through the implementation of an action plan.<sup>9</sup>

8. See appendix III for legal information

9. See appendix I

# MARKET AND COMPANY BACKGROUND



**EXTERNAL ASSESSMENT**  
Burley farmers in Central Misiones



In 2019 Argentina produced an estimated 103,000 tons of tobacco, of which 32,000 tons were Burley. At the time of CU's assessment Burley production was concentrated in Misiones. In this province, for the 2019-2020 crop season, CTM had contracted 3,964 farmers across three growing regions. This assessment is focused on the central region of Misiones (approximately 2,260 farmers).

In Misiones the tobacco season lasts generally from June until April of the following year, with harvest activities peaking in November and December. The farms within the scope were mostly located in remote hilly areas and were predominantly small-scale family farms (averaging approximately two hectares, rain-fed production, 35,800 tobacco plants per farm). Popular alternatives for tobacco cropping included yerba mate, tea, forestry-based wood production, and animal husbandry. Most of the tobacco produced was exported into foreign markets.

On many farms in the scope it was common practice to exchange labor with neighbors: farmers and their family members would work on surrounding farms in exchange for help on their own farm. Relatively few farms used hired labor, utilizing it mostly during harvesting days, soil preparation and transplanting. The hired workers were mainly local workers; therefore, most farms did not need to provide accommodations as workers could travel home after work. On the few farms where accommodations were provided, workers came from nearby towns or other areas of Misiones and could travel home during weekends or off-season.

# SCOPE AND METHODOLOGY



**EXTERNAL ASSESSMENT**  
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Between November and December 2019 CU conducted a focused assessment of CTM's Burley growing operations in central Misiones. As part of this assessment, CU visited CTM's office in Leandro L. Alem in Misiones to interview CTM's management personnel responsible for ALP Program coordination and implementation, and conducted farm visits in the central area of Misiones.

The management interviews were conducted on 27 and 28 November 2019 and involved five management personnel and two supervisors. In addition to these interviews, documentation was analyzed and CTM's systems were evaluated to better understand how the implementation of ALP was organized<sup>10</sup>. In addition, CU also interviewed 12 CTM field technicians to assess their knowledge and skills to implement the ALP program on-farm.

In the week of 2 December 2019, CU visited 51 farms in central Misiones. To ensure a meaningful sample reflecting the full scope of farm types and relevant issues, farms were selected partly randomly and partly based on geographical spread, farm size, and participation in ALP program initiatives. CU visited an average of 16 farms per day, with a reporting day after each visit day. On each farm, farmers and family members were interviewed, and findings were reported based either on direct observation or triangulation of information via interviews.

The overall findings were presented to CTM in an online meeting on 31 January 2020.

A detailed description of the assessment scope and methodology is presented in Annex II.

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10. Interviews with management and supervisors were held in groups, in accordance to CU Focused assessment methodology (see Appendix II)



## Chapter 1

# SYSTEMS IMPLEMENTATION



**EXTERNAL ASSESSMENT**  
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## 1.1 Pre-contractual due diligence

CTM had included ALP requirements in their pre-contractual due diligence. For the 2019-2020 crop season, the due-diligence check included two questions related to the global KPIs<sup>11</sup>: (1) are children below 18 involved in hazardous work (if so, no new contract), and (2) does the farmer hire external workers (if so, additional checks needed throughout the season). For the next crop season CTM was planning to cover all four KPIs in its due-diligence process.

Pre-contractual due diligence checks were conducted by CTM's field technicians on all farms via farm visits at the start of the season, irrespective of whether these were new contracts or contract renewals. Field technicians were required to fill in a paper checklist including specific farm questions. All field technicians were found to be aware of the due diligence process and confirmed conducting due diligence checks at the start of the season. For the 2019-2020 crop season, the due diligence check had resulted in 12 contracts not being renewed, all because of the presence of children below 18 involved in tobacco-related tasks.

### CU's farm findings for due diligence

All farms visited by CU (100%) had had their practices verified before the start of the season. However, on three farms (6%) CU found evidence of child labor that had not been captured by the due diligence process.

#### CTM's response:

*"The process will be strengthened on 100% of the farmers, who are evaluated annually before they can be hired. Farm records and recent history will be reviewed to establish:*

- *Farms that received prompt action for child labor issues in the last 2 seasons will not receive a new contract.*

- *Farms that did not complete the agreed action plans from last season will have time to complete them before they are being granted new contract.*
- *Farms with children of farmers who do not attend school must present an action plan to ensure that they are not working, not present or exposed to any risk before offering a contract."*

## 1.2 Consequence Management

CTM's consequence management was linked to its Prompt Action system. If a Prompt Action was found to be recurring despite of mitigation measures and action plans, an escalation process was initiated. This process initially involved CTM's ALP team and step up to involving PMI if the problem persisted. In case of Prompt Actions related to child labor, CTM would instantly terminate the contract with the farmer and rule out the possibility for contract renewal in future crop seasons.

All field technicians interviewed by CU were aware of the consequence management process. Farmers were informed about the consequences of not meeting the ALP requirements in two ways: verbally, by the field technician during the initial contracting visit, and in writing in the form of a clause in their contract with CTM. In the 2019-2020 season, no escalation process had been initiated in relation to recurrent Prompt Actions. In the 2018-2019 season, one recurrent Prompt Action had been escalated but in the end the issue was solved; hence no contract had been terminated or not renewed as a result of consequence management.

### CU's farm findings for consequence management

Forty-two farmers (82%) were able to explain the possible consequences of not meeting the ALP Code. All farmers in this group mentioned having been informed by their field technician, with five

11. The four key performance indicators (KPIs) are: KPI 1 Child Labor; KPI 2 Minimum Wage; KPI 3 Accommodation; KPI 4 Protective Equipment

(12%) mentioning that they had also read about it in their contract, and three (7%) mentioning that they had been informed by CTM staff during accommodation checks.

CTM's response:

*"CTM will deliver material and train 100% of its technicians annually in the process of "consequence management", to clearly communicate to 100% of its farmers.*

- *"Field technician's written guide" that contains the tools to achieve the objectives (KPI), including the consequences matrix. This guide has been specially designed to offer the field technician quick and easy support. It is also a way of keeping in mind the CTM objectives regarding the ALP program and its Step Change, as well as a series of recommended activities to follow for their fulfillment.*
- *The inclusion of a specific clause in the Farmer's contract (signed annually with the growers) referencing to the inclusion of the Severity Matrix and Consequence Management process in the relationship between both CTM and farmer. The Farmer's contract must be renewed every year. The field technicians visit all the farms before starting the new season, explain the scope of the terms of the contract and then sign it together with the growers, who keep a printed copy.*
- *Training for field technicians. The training will be based on the interpretation, management and use of the Severity Matrix of Consequences Management during crop 20-21. Virtual training tools will be used to support this task due to COVID restrictions.*
- *Training of growers on the possible consequences of not complying with the criteria of the ALP Code, indicating the possible consequences. To support this task, the use of any valuable digital communication tools and social media (media) will also be considered."*

### 1.3 Monitoring system

CTM covered all four KPIs in its monitoring system. Field technicians had to monitor each farm at least twice during the crop season. Situations not meeting the standard were reported as an 'irregularity'.

Root cause analysis was part of the monitoring. Field technicians had to identify and report on root causes for each ALP requirement. In the smartphone application used for monitoring, field technicians could choose from a list of pre-defined root causes or use a text box to enter causes not otherwise listed. CTM compiled an overview of the irregularities observed, but did not compile or analyze the root causes reported.

For data entry, field technicians used the abovementioned smartphone application, which enabled them to record information also when not connected to internet. However, based on observing the field technicians' use of the app during the auditors' farm visits, CU found the application to be slow. In addition, some field technicians mentioned that data collected with the app earlier in the season had not been saved in the system. Although they had to combine monitoring of ALP requirements with checks related to other topics, the field technicians said to have enough time to conduct the monitoring. Each field technician was responsible for 120 farmers on average.

If an irregularity was identified, the field technician had to formulate a mitigation measure and inform the farmer of the measure(s) to be taken, both verbally and in the form of a written action plan. For each ALP requirement the smartphone application included suggestions for possible mitigation measures.

Validation of the monitoring data took place through unannounced farm visits conducted by CTM field supervisors and members of the ALP team. Any discrepancies with the data reported by field technicians were documented in the monitoring system and discussed with the field technician responsible. If necessary, the latter would be given



an individual training and be accompanied during farm visits to improve their monitoring practice. To select farms for unannounced visits for data validation, CTM had identified several risk groups among the contracted farms based on specific risk factors.<sup>12</sup> In addition to validation by CTM, monitoring data were also validated by a third party other than CU. At the time of CU's visit, this external verification had just been conducted but the results were not yet available.

Field technicians received an average of four trainings per year, one of which was dedicated specifically to monitoring, including a written exam. Farmers were informed during the pre-contractual due diligence visit that regular monitoring would be conducted at their farm. Their contract with CTM included a clause stating that CTM would be allowed to monitor their farm.

CTM used the monitoring data for the following:

- Root cause analysis of farmers' non-compliance with the ALP Code requirements in relation to the four KPIs;
- Identification of farm risk groups to prioritize unannounced farm visits;
- Formulation of strategies for KPI achievement, target setting and tracking progress;
- Risk assessments to identify and prioritize actions.

CTM's response:

- *"Modifications in the digital data collection system will be made in order to obtain the root causes of non-compliance for the different KPIs. To support this task, suggestions made by an external verification carried out during crop year 2020 will also be considered."*

- *CTM's purchasing department will replace 100% of the tablets by cell phones that provide the technician with wider functionalities. In this way, security and agility in field monitoring for data collection will be improved. In order to avoid the loss of the data collected, field technicians will be additionally trained on the handling of the application.*
- *CTM will take into account suggestions of external verification done in crop 2020.*

## 1.4 Prompt Action system

CTM covered three KPIs in its Prompt Action system and had guidelines and procedures in place. For each of these KPIs, CTM had defined which situations were considered a Prompt Action and had linked these to consequence management in case of Prompt Action recurrence. No Prompt Actions were collected for Minimum Wage (KPI 2) (See Chapter 2.2).

Prompt Actions were defined as situations where a person's physical or mental integrity and well-being is at risk, children or vulnerable groups are in danger, or workers might not be free to leave their job. These situations had to be stopped immediately. Child labor, involuntary overtime, unfair treatment, forced labor, human trafficking, unsafe working environment and unsafe workers accommodations were all considered Prompt Actions. These Prompt Actions could not be closed on the same day because CTM wanted to ensure that the action plans agreed upon with the farmers would still be working in the longer term. Unannounced follow-up visits for Prompt Actions had to be conducted within six weeks of detection.

If the Prompt Action was related to an activity that was performed only one or a few days per season, the Prompt Action would remain open until the

12. The following farms were identified as risk group: farms with minors; farms with pregnant women involved in hazardous activities; and farms with people older than 65 years of age. At the time of CU's assessment, CTM had identified 1,856 farms with minors (49% of CTM's farm base in Misiones) and 141 farms with people older than 65 years of age (4%). No farms had been found where pregnant women were involved in hazardous tasks.

following year to ensure it was solved. At the time of detection, farmers had to sign an agreement indicating they accepted the Prompt Action. Farmers who did not sign the agreement were given priority for follow-up visits within 30 days. All Prompt Actions could be closed by the field technicians; however, if no agreement was reached with the farmer, the follow-up visit was performed together with a supervisor or ALP coordinator. Prompt Actions were closed if the agreed-upon action plans were implemented, with no recurrence being observed during an unannounced visit by the field technician, and if the farmers had confirmed that they understood the issue and would prevent its recurrence in the future.

If a field technician witnessed an irregularity directly, they had to stop the issue immediately, raise a Prompt Action in the system, and agree on an action plan with the farmer. Prompt Actions were reported using the same smartphone application as used for monitoring, requiring a description of the situation as well as information such as date, crop stage, and actions agreed. Similar information had to be entered during the follow-up visit, together with an explanation of why the Prompt Action could be closed or not. Root causes for Prompt Actions were recorded within the monitoring application.

CTM kept an overview of all Prompt Actions in an Excel file. A member of the ALP team kept track of ongoing Prompt Actions and timelines for follow-up, and reminded field technicians and supervisors via WhatsApp when a follow-up visit was due. Field technicians were aware of the Prompt Action procedure and the different types of Prompt Actions.

Field technicians received two trainings on the Prompt Action system per year. Farmers were informed about the Prompt Action procedure during contracting, due-diligence visits and farmers trainings. In addition, their contract included a clause on Prompt Actions and a list of situations considered a Prompt Action.

CTM used the Prompt Action data for the following:

- Formulation of strategies toward KPI achievement and target setting;
- Pre-contractual due diligence;
- Consequence management.

CTM's response:

*"CTM will establish clear criteria to report prompt actions on 100% of the productive units with labor that does not pay the minimum wage. Once the irregularity is detected, an action plan must be established together with the grower. In case this plan is not fulfilled, a prompt action will be taken. Therefore, the ALP Coordinator and technician will be responsible for communicating and delivering a written guide on monitoring and reporting of prompt actions on minimum wages to all the field technicians. Then the field technicians must communicate at the beginning of the harvest stage to 100% of the growers in their area regarding the prompt action procedure and report cases where non-compliance is detected."*



## Chapter 2

# FINDINGS PER KPI



**EXTERNAL ASSESSMENT**  
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This chapter describes CU's findings in relation to the four KPIs: Child Labor (2.1), Minimum Wage (2.2), Worker accommodation (2.3), and Personal Protective Equipment (2.4). Each of these sections assesses the supplier's management systems, procedures and relevant initiatives, and compares these with CU's farm findings to analyze the effectiveness of these systems and initiatives toward achieving the KPIs.

## 2.1. KPI 1: Child Labor

### 2.1.1. Summary

CTM had adopted PMI's global KPI for child labor. Their strategy to achieve this target included monitoring and Prompt Action systems and four initiatives to tackle persisting issues. CU found that the design of CTM's monitoring (Chapter 2.1.5)

and Prompt Action systems (Chapter 2.1.6) were adequate for monitoring and reporting child labor. Field technicians were all aware of these systems and of CTM's policy regarding child labor and hazardous activities in tobacco; however, only a few of them mentioned that they consulted all people on farms to identify evidence of child involvement in tobacco production. The three farms where CU found evidence cases of child labor (Chapter 2.1.3) had not been reported by the field technicians. Of CTM's four initiatives to address child labor, none were based on root-cause analysis and none fully covered all underlying reasons identified by CU. As a result, child labor issues persisted, also on some of the farms participating in the initiatives, despite the available resources, implementation and distribution strategies.

	Finding	Source: Observation and/or Interview	Number of Children	Number of Farms	% of farms visited (N=51)	Remarks
Child labor	Total evidence of children performing hazardous tasks	Both	3	3	6%	
	Children below 18 employed in tobacco		0	0	0%	
	Children below 18 helping on the family farm	Interview	2	2	4%	A child of 16 assisted in all tobacco related tasks throughout the tobacco season. A child of 11 helped with loading and unloading the barn
		Observation	1	1	2%	A daughter of 16 was helping several days a week but not full days, usually for specific tasks such as harvesting, barn loading

#### CTM's response:

*"Reference child labor, a triangulation is performed whereas the field technician monitors including further reporting to Conscience for remediation.*

*The new digital monitoring design will establish and order the root causes of a potential non-compliance. Once all the data have been collected, the ALP team will analyze them statistically so as to establish the most important causes and propose activities and initiatives based on them.*

*When CTM finds child labor processes of Prompt Actions are initiated and a joint application of the Severity Matrix and the Consequences Management is performed. In case the finding shows that minors were hired, the contract is immediately interrupted and is not renewed for the following crop year."*

### 2.1.2. Targets and strategy

PMI's global KPI target for Child Labor is to have child labor eliminated by 2025 on all farms contracted by its suppliers. At the time of CU's assessment, CTM had adopted this global target and formulated a local strategy towards achieving this KPI. This strategy was updated annually and described yearly targets, actions and systems. However, no risk assessments were performed to prioritize actions towards KPI achievement.

#### CTM's response:

*"CTM to prioritize actions to achieve the child labor KPI,*

- *CTM will conduct annual risk assessments for this "critical" KPI.*
- *Through a written guide, it will establish objectives and strategies to achieve the child labor KPI."*

### 2.1.3. CU's farm findings

CU found evidence of three children involved in tobacco production on three farms (6%).

No evidence was found of children being employed in tobacco production, but on three farms (6%) child family members below 18 were found to be helping with tobacco production. On one of these farms CU directly observed that the 16-year-old daughter of the farmer was harvesting tobacco without using any PPE. On the other two farms, child involvement was identified via interviews<sup>13</sup>: in one case, the farmer's 16-year-old son assisted in all tobacco-related tasks throughout the season, while in the other case, the farmer's 11-year-old son helped loading and unloading the barn and bundling tobacco.

On all three farms (6%) persons below 18 were involved in hazardous tasks.<sup>14</sup>

CU identified several underlying factors that increased the risk of child labor:

- Several farmers did not perceive tobacco-related farm activities as being hazardous. In particular, plant hanging operations (such as hanging leaves on sticks) and assistance in barn loading and unloading were erroneously not considered hazardous;
- Many farmers considered children aged between 15 and 17 old enough to carry out most tobacco-related tasks. This included children who were attending the EFA schools (see Chapter 2.1.4);
- Most farms were small family farms without hired workers, which encouraged farmers to involve children in many stages of tobacco production.

13. See Appendix II for more information on CU's methodology

14. According to Argentinean Law, children below 18 are not allowed to work in tobacco. For this assessment, CU considered any tobacco-related task performed by children below 18 as hazardous, without distinguishing between hazardous and non-hazardous practices in tobacco production

**CTM's response:**

*"The main activity of the established CTM procedure was the Severity Matrix and related consequence management for farmers who contract child labor. There is a zero-tolerance policy and any farmer who hires people under the age of 18 will have their contract canceled.*

*For cases in which the farmer involves his minor children, the Prompt Actions will be informed to the NGO Conciencia after the remediation process, addressing the resolution of its fundamental causes.*

*Another initiative for rural children is the agreement with SIPTED (Provincial System of Tele-education and Development of Misiones).*

*The unannounced visit team will continue to monitor production units with children under 18 years of age. Unannounced visits have proven to be a useful tool for on-site corroboration of data collected by field technicians and for reinforcing criteria across the team."*

### 2.1.4. Initiatives on Child Labor

At the time of CU's assessment, CTM was running four initiatives to specifically target child labor: distribution of school kits; provision of scholarships; training of female family members on tobacco production; and abolishing the practice of bundling tobacco leaves before bailing. However, CU found no evidence that CTM had conducted a root cause analysis to identify the root causes of child labor in their farm base; hence, no evidence was found of the initiatives targeting specific root causes.

CTM initiative	Targeted root cause
School kits	CU found no evidence that these initiatives were designed to target specific root causes, as no root cause analysis had been conducted; hence it could not be verified whether the aim and intended outcome of these initiatives would tackle a prevailing root cause of child labor among CTM's farmer base
Scholarships	
Women's training	
No longer bundling	

CU found evidence of child labor on three farms, despite their participation in one or more of CTM's initiatives. On two of these three farms, the families had received the school kits and the children were going to school. Likewise, on one of the three farms the children attended an EFA school and had received the scholarship. And on one farm, the farmer involved his children in bundling leaves for drying, to later unbundle these leaves for bailing as instructed. CU found no evidence of child labor on the farms where female family members had attended a training.

On all three farms where CU found evidence of child labor, the main underlying reasons identified by CU were not being targeted by the initiatives of CTM. On the farm where the farmer's children were involved in bundling and unbundling tobacco leaves, the farmer did not consider bundling and farm hanging operations as a hazardous practice (and he needed to bundle his leaves for drying because of limited drying space). On the two farms where children were found helping with tobacco despite attending school and having received the school kits, there were no hired workers and the children helped outside of school hours to assist their family farm. On the one farm where children were found helping with tobacco despite attending an EFA school and having received the scholarship, the farmer considered children aged 15 - 17 old enough to carry out most tobacco-related tasks.

**CTM's response:**

- "The new design for digital monitoring will allow establishing and ordering the root causes of possible non-compliance. The field technicians will annually receive training to monitor these root causes of non-compliance with the child labor criteria. Once all the data are collected, the ALP team will analyze them statistically to establish the most important ones and propose activities and initiatives based on them.*
- Measuring the impacts of each initiative put into practice should be of utmost importance when evaluating the actual fulfillment of the objectives sought. In order to obtain the appropriate feedback, CTM will implement a survey, among the beneficiaries of the different action plans, to obtain their response, know the degree of satisfaction and take the suggestions of each case. This tool will be included in the digital survey platform. NA - +chacra do not cover these points."*



Additional information on the initiatives is provided in the tables below.

### School kits initiative

School kits initiative	
<b>Description</b>	Provision of school kits to all farmers with children attending primary or secondary school
<b>Aim</b>	Provide economic support to farmers and facilitate their children's school attendance, thus increasing education and reducing the risk of child labor
<b>Expected outcome</b>	Increased school attendance by all children receiving the school kit [and thus a reduced risk of child labor]
<b>Resources</b>	Primary and secondary school kit: t-shirt, two notebooks, pencil, pen, coloring pencils, eraser, ruler, water bottle
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on a root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of child labor among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of farmers</li> <li>• Farms covered: 516 farms in central Misiones</li> <li>• All field technicians were aware of this initiative and the content of the school kits</li> <li>• Among the farmers visited by CU, 36 (70%) had heard about this initiative and 36 (70%) had received the kit (100% of farmers with children in CU's farm sample).</li> </ul>
<b>Distribution strategy</b>	The school kits were distributed by CTM at the end of the season, at CTM's tobacco buying facilities
<b>Farmers' feedback</b>	All farmers were positive about receiving the school kit, although many pointed out that the kit was distributed late after school had already begun. None of the farmers considered the school kit an incentive for school attendance
<b>Continuous improvement</b>	CU found no evidence that CTM collected feedback from participants to improve the initiative's design and implementation

## EFA (Escuela De Campo) Scholarship initiative

EFA (Escuela de Campo) Scholarship	
<b>Description</b>	Provision of scholarships to all farmers with children attending an EFA school (Education For All). At these agricultural schools, children board for two to three consecutive weeks, alternating with one or two weeks at home (depending on the school)
<b>Aim</b>	Provide economic support to farmer families and encourage enrollment of children in agricultural boarding schools
<b>Expected outcome</b>	Increased school attendance, reduced presence of children at the farms, and thus a reduced risk of child labor
<b>Resources</b>	Scholarships
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on a root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of child labor among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of farmers with children in EFAs</li> <li>• Scholarships provided: 350 children</li> <li>• All field technicians were aware of this initiative, but not all understood how the scholarship payments were delivered</li> <li>• Among the farmers visited by CU, 20 (39%) knew about the initiative, five of whom (25%) had children receiving the scholarship</li> </ul>
<b>Distribution strategy</b>	At the end of the school year a lump sum was paid directly to the school, who divided the money over scholarships in the form of school fee discounts
<b>Farmers' feedback</b>	All farmers participating in this initiative appreciated the help but mentioned that the scholarship was a small amount, so not an incentive for school attendance. Some farmers mentioned not receiving the subsidy regularly every year. One of the EFA schools visited by CU mentioned not having received the lump sum regularly every year.
<b>Continuous improvement</b>	CU found no evidence that CTM collected feedback from participants to improve the initiative's design and implementation

## Mas chacra mujeres: women's training initiative

Mas chacra mujeres	
<b>Description</b>	Providing regular on-farm trainings on tobacco-related practices to women-only groups, covering topics such as child labor, minimum wage, health and safety, and agronomy
<b>Aim</b>	Provide all women present on tobacco farms with trainings on tobacco-related practices and associated risks, thus increasing awareness among the key players in the household
<b>Expected outcome</b>	Increased women's awareness of tobacco-related practices and associated risks, resulting in reduced incidence of child labor and improved health and safety on-farm
<b>Resources</b>	Group trainings provided on selected farms
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on a root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of child labor among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of farms with women present</li> <li>• Farms covered: 237 farms in central Misiones</li> <li>• All field technicians were aware of this initiative and could explain the process for inviting female family members to the trainings</li> <li>• Among the farms visited by CU, 28 (55%) farmers knew about the initiative, and 20 (39%) had female family members who decided to participate in the initiative</li> </ul>
<b>Distribution strategy</b>	Regular trainings to groups of 10-25 women, provided on-farm by a female member of the ALP team
<b>Farmers' feedback</b>	All participating farms were positive about this initiative, mentioning that the trainings helped women increase their awareness on tobacco production, health and safety, and child labor related hazards
<b>Continuous improvement</b>	CTM collected feedback from participants to improve the design and implementation of this initiative



## No-bundling initiative

No bundling	
<b>Description</b>	Informing farmers that they no longer needed to bundle the leaves before bailing (storing the tobacco in wooden crates designated for sale)
<b>Aim</b>	Abolish the practice of bundling leaves before bailing, as this practice often involves children
<b>Expected outcome</b>	Reduced child involvement in tobacco-related practices
<b>Resources</b>	None
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on a root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of child labor among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of farms</li> <li>• Farms covered: 100% of farms</li> <li>• All field technicians were aware of this initiative and could explain its aim</li> <li>• All 51 farmers visited by CU (100%) knew about the initiative and all (100%) applied it</li> </ul>
<b>Distribution strategy</b>	Farmers were informed of this new policy by their field technician during regular farm visits
<b>Farmers' feedback</b>	Many farmers mentioned that quitting the practice of bundling did not significantly speed up the bailing process
<b>Continuous improvement</b>	CTM collected feedback from participants to improve the design and implementation of this initiative

### 2.1.5. Monitoring Child Labor

Child labor was covered in CTM's farm monitoring system with three questions related to this issue. For each question the field technicians had to indicate whether they found any irregularities and indicate possible root causes (from a pre-defined list and/or their own entry in a text box). CU found the pre-defined list of root causes of child labor in line with CU's farm findings.

All field technicians interviewed by CU were found to be aware of the minimum working age in tobacco and of CTM's policy regarding child labor. Eleven field technicians (92%) knew which tobacco-related activities were considered hazardous according to

PMI's global list and were able to use the smartphone application for entering monitoring data. In terms of monitoring practices, two (16%) field technicians declared to speak to farmers as well as family members on the farm, and to verify statements with farm evidence (e.g. volumes of tobacco harvested vs. number of people working on farm according to the farmer). Two (17%) said to speak to family members individually.

All farms visited by CU had been monitored for the presence of child labor. However, none of the three farms where CU found evidence of child labor had a reported risk of child labor in the monitoring system.

CTM's response:

*"CTM has identified farmers with children under 13-17 years of age, who are being considered "risk farmers", through the farm profile that is updated annually. In addition, the school attendance and educational establishment they attend is also monitored. In case of finding farmers, who do not comply with the standard, a process of immediate actions of non-conformities is started and the Severity Matrix is applied together with the Consequences Management."*

### 2.1.6. Prompt Action reporting

Child labor was covered in CTM's Prompt Action procedure. In contrast to the monitoring system, where field technicians would report a risk of child labor (referred to as 'irregularity') if they observed indirect evidence, the Prompt Action procedure required field technicians to raise a Prompt Action if they directly observed a child working. All Prompt Actions raised for child labor resulted in CTM terminating the contract with the farmer, with no possibility for renewal.

All field technicians interviewed by CU were aware of the Prompt Action procedure. At the time of CU's visit, no Prompt Actions related to child labor had been raised among the farms within the scope.

## 2.2. KPI 2: Minimum Wage

### 2.2.1. Summary

CTM had adopted PMI's global KPI regarding minimum wage and communicated the locally benchmarked minimum wage to its farmers. Their strategy to achieve this KPI included monitoring (Chapter 2.2.5) and two initiatives to tackle persisting issues (Chapter 2.2.4). CU found that most (95%) of the visited farms with hired labor paid some or all of their workers below the minimum wage, and that many of these cases had not been captured by CTM's monitoring system. Although all field technicians knew how to use the monitoring system, they had some gaps in their knowledge regarding how to calculate overtime and what information to check on-farm, resulting in wages not being recorded correctly on many farms. One of CTM's two initiatives to address payment below minimum wage was based on root cause analysis. However, CU found evidence of underlying reasons for underpayment that had not been identified as root causes by CTM and hence were not addressed in CTM's initiatives (Chapter 2.2.4). As a result, minimum wage issues persisted, also on farms participating in the initiatives, despite the available resources, implementation and distribution strategies.

		Number of Farms where minimum wage no being paid	% of visited farms with hired labor (N=22)	Remarks
These workers worked on the farm throughout the tobacco season		Total number of farms	21	95%
	Farms with temporary workers	15	68%	These workers mostly worked on farm during harvest days and occasionally during soil preparation and transplanting
	Farms with permanent workers	6	27%	

#### CTM's response:

"At the time the evaluation of the CU in Misiones was carried out, there was no legal local reference point for tobacco workers and instead the Yerba Mate salary was used, since the hiring of labor for this Activity is less compared to other activities in the area. Around 25% of CTM farmers hire labor. Most tobacco-related tasks are performed by adult family members and / or "Change of day." Less than 10% of the total work required during the harvest season is provided by contract workers, especially during harvesting and occasionally transplanting.

CTM signed a minimum wage agreement for rural workers, getting involved with the different institutions of the provincial tobacco sector. This agreement will serve as a minimum reference for payment of tobacco workers, for their monitoring and communication of compliance.

During farm-by-farm monitoring, when a farmer does not pay the national living and mobile minimum wage, the wage gap is recorded and root causes are established. This information will be used by CTM to build a baseline and define the different segments of farmers that currently pay below the minimum wage. The baseline will help CTM develop specific strategies for each segment and registered root cause. Also, for all farmers not paying the national living wage, quick actions will be recorded and action plans will be agreed in advance following PMI's Global Quick Action Guidelines. Field staff will receive appropriate training on how to collect and track quick actions related to the minimum wage, and will also reinforce the knowledge to calculate and transmit overtime to farmers, as well as to correctly record wages. CTM expects 100% of farmers with minimum wage swift actions to implement a concrete action plan to address the problem. Ultimately, consequence management will be applied for those farmers who are unwilling to address the problem: after two

recurrences, the contract will not be renewed for the following season. The Severity Matrix is reviewed annually before each growing season as part of the strategy."

### 2.2.2. Targets and strategy

PMI's global KPI for Minimum Wage is to have all workers paid at least the applicable minimum wage on all contracted farms by 2022. At the time of CU's assessment this amount corresponded to 755.25 Argentinean pesos per day and 94.40 Argentinean pesos per hour, following the agricultural benchmark for the province of Misiones.<sup>15</sup> At the time of CU's assessment, CTM had adopted this global target and formulated a local strategy towards achieving this KPI. This strategy was updated annually and described yearly targets, actions and systems. However, no risk assessments were performed to prioritize actions towards achieving this KPI.

#### CTM's response:

"An annual risk assessment will be carried out to assess the risk situations of the minimum wage."

### 2.2.3. CU's farm findings

On 21 of the 22 visited farms with hired labor (95%), not all workers were paid at least the minimum wage according to the agricultural benchmark.<sup>16</sup> The table below provides a breakdown of the calculated hourly wages and payment frequency

15. The benchmarked minimum daily wage of 755.25 ARG pesos amounted to a minimum hourly wage of 94.40 ARG pesos. This rate was communicated by CTM as the hourly wage to be paid by farmers to workers, excluding social security contributions. Including contributions, the daily minimum wage was 950.76 ARG pesos (see Legal Questionnaire, Appendix II)
16. The aim of this benchmark was to better align the minimum national wage to the local conditions in Misiones, as the national minimum wage prescribed by Argentinean law at the time of CU assessment was considered too high by CTM for rural areas such as Misiones. The benchmarking involved farmers representatives and local governmental institutions, and followed the minimum wage agreed for yerba mate (the main crop in Misiones) of 755.25 ARG pesos per 8 hours of work



Table 1. Overview of wages paid on visited farms and payment frequency

	Breakdown of calculated hourly salaries (N=22 farms)			Salary range	
Payment frequency	0-60 (pesos/ hour)	60-94.40 (pesos/ hour)	>94.40 (pesos/hour) (benchmarked minimum wage)	Lowest salary (pesos/hour)	Highest salary (pesos/hour)
Daily, fortnightly, monthly	1	18	-	50	225
End of season	-	2	1		

On all farms with hired labor, workers were provided with food in addition to their salary. However, none of the farmers had a method to calculate the costs of these meals or to account for these in-kind payments in their calculation of the wage paid.<sup>17</sup>

CU found several underlying reasons for farmers paying below the benchmarked minimum wage:

- Although farmers were generally aware of the minimum wage to be paid according to the agricultural benchmark, they paid the rate that was accepted by local workers, which in most cases was lower than the benchmarked minimum wage;
- Many workers were unaware of the minimum legal wage;
- Farmers were not aware of the benefits of keeping records, and lacked record-keeping skills;
- In-kind payments, mostly in the form of provided lunch meals, were considered by farmers as compensation for the lower wages paid to the workers.

#### CTM's response:

*"At the time the evaluation of the CU in Misiones was carried out, there was no legal local reference point for tobacco workers and instead the Yerba Mate salary was used, since the hiring of labor for this Activity is less compared to other activities in the area. Around 25% of CTM farmers hire labor. Most tobacco-related tasks are performed by adult family members and / or "Change of day." Less than 10% of the total work required during the harvest season is provided by contract workers, especially during harvesting and occasionally transplanting.*

- *CTM signed a minimum wage agreement for rural workers, getting involved with the different institutions of the provincial tobacco sector. This agreement will serve as a minimum reference for payment of tobacco workers, for their monitoring and communication of compliance.*
- *During farm-by-farm monitoring, when a farmer does not pay the national living and mobile minimum wage, the wage gap is recorded. This information will be used by CTM to build a baseline and define the different segments of farmers that currently pay below the minimum wage. The baseline will help CTM develop specific strategies for each segment. Additionally, for all farmers not paying the national living wage,*

17. Argentinean law allowed in-kind payment provided that this would not exceed 20% of the total salary. However, CTM's policy was stricter, requiring farmers to pay at least the full minimum wage (755.25 ARG pesos/day) regardless of any in-kind payment.

*quick actions will be recorded and action plans will be agreed in advance following PMI's Global Quick Action Guidelines. Field staff will receive appropriate training on how to collect and track quick actions related to minimum wage. CTM expects 100% of farmers with minimum wage swift actions to implement a concrete action plan to address the problem. Ultimately, Consequence Management will be applied for those farmers who are unwilling to tackle the problem: after two recurrences, the contract will not be renewed for the following season. The Severity Matrix is reviewed annually before each growing season as part of the strategy.*

## 2.2.4. Initiatives on Minimum Wage

At the time of CU's assessment, CTM was running two initiatives to specifically target payment below the benchmarked minimum wage: providing booklets for record-keeping, and mechanized soil preparation (see tables below). CTM had conducted a root cause analysis to identify the root causes of farmers paying below the minimum wage, and one of their initiatives was focused on targeting some of the root causes identified.

CTM initiative	Targeted root cause(s)
<b>Record-keeping booklet</b>	CU found no evidence that this initiative was based on root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of payment below minimum wage among CTM's farmer base
<b>Mechanized soil preparation</b>	High number of hired workers for soil preparation, and farmers' unawareness of the minimum wage requirements

However, CTM's root cause analysis had not captured several underlying reasons identified by CU (Chapter 2.2.3), namely that (1) in-kind payments were considered a compensation for the lower wages paid by the farmers; (2) many workers were unaware of the legal minimum wage, resulting in farmers paying the rate that was accepted by local workers; and (3) farmers were unaware of the benefits of keeping records and lacked record-keeping skills.

To evaluate the effectiveness of CTM's initiatives, CU compared its farm findings with the aim and expected outcomes of the initiatives implemented on farms. Regarding the initiative providing booklets for record-keeping, CU found that only three (14%) of the 22 farmers with hired workers had recorded payments in the booklet, and that two of these three farmers still paid below the benchmarked minimum wage. Many farmers (72%) did not understand how to fill in the table provided or could not locate the table in the booklet. Regarding the mechanized soil preparation initiative, CU found that six (27%) of the farmers with hired labor made use of this service, and that one of them still paid below the benchmarked minimum wage. Although this farmer no longer needed hired labor for land preparation, he still needed workers during harvesting season.

When comparing the underlying reasons identified by CU with the root causes targeted by CTM's initiatives, CU found that these fully matched on only three of the 21 farms where workers were paid below the minimum wage. On eight farms the main underlying reasons identified by CU were targeted only partly, and on ten farms the underlying reasons were not targeted at all by CTM's initiatives. In the former group, the reasons not targeted were that farmers were unaware of the minimum wage and did not know how to keep records. In the latter group, the reasons not targeted were that the farmers, though aware of the minimum wage, paid the rate asked by unaware local workers, and/or that they considered in-kind payments (such as provided lunch meals) compensation for the lower wages paid.

#### CTM's response:

"CTM, in order, to comply with local laws and achieve PMI's global objectives, will offer solutions to those farmers who do not comply with the minimum wage (see below) with the aim to generate an additional impact on their income. These actions are the following:

- Soil preparation service, which aims to reach 530 farmers annually. This initiative has the support of training + Chacra, whose program is aimed at farmers and develops soil management.

- Diversification in the cultivation of Yerba Mate, with a focus on locations in the central zone such as "Dos de Mayo, San Vicente and El Soberbio (inclusive)". With the intention of incorporating around 200 farmers for harvest 2021 and another 200 farmers in 2 subsequent seasons (100 farmers for harvest 2022 and 100 farmers for harvest 2023).

Additional information on the initiatives is provided in the tables below.

#### Record-keeping booklet initiative

Booklets for record-keeping	
<b>Description</b>	Providing booklets for record keeping to all farmers
<b>Aim</b>	Encourage farmers to maintain records and evidence of payment
<b>Expected outcome</b>	Better record keeping between farmers and workers (also in case of exchange of labor) and improved monitoring by field technicians of wage payments
<b>Resources</b>	Booklet for farm record-keeping, including a table for recording the type of work agreement, tasks done by the worker, the hours/days/weeks worked, and the amount paid; receipts for the workers were not included. The booklet was also used for recording crop inputs, etc.
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on a root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of payment below minimum wage among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of the farmers</li> <li>• Farms covered: 100%</li> <li>• All field technicians were aware of this initiative and the content of the booklet</li> <li>• Among the farmers visited by CU, all farmers had heard about this initiative and all had received the booklet</li> </ul>
<b>Distribution strategy</b>	Booklets were provided to the farmers by the field technicians, at the start of and during the season
<b>Farmers' feedback</b>	Ten farmers (20%) found the booklet useful, mostly as a written proof in case of any disputes with workers. However, 37 farmers (72%) did not fully understand how and why to use the forms, particularly when exchanging labor
<b>Continuous improvement</b>	CU found no evidence that CTM collected feedback from participants to improve the design and implementation of this initiative



## Mechanized soil preparation initiative

Mechanized soil preparation	
<b>Description</b>	Providing farmers the possibility to rent a tractor for soil preparation
<b>Aim</b>	Facilitate soil preparation, reduce the need for hired labor, and improve crop quality
<b>Expected outcome</b>	Reduced risk of farmers paying below minimum wage by reducing the need to hire workers for soil preparation
<b>Resources</b>	Tractor for soil preparation, rented out by CTM
<b>Root cause analysis</b>	High number of hired workers for soil preparation, and farmers' unawareness of the minimum wage requirements
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: All farmers who requested the service</li> <li>• Farms covered: 115 farms had rented the tractor</li> <li>• All field technicians were aware and informed about this initiative</li> <li>• Among the farmers visited by CU, 28 (55%) had heard about this initiative, six of whom (21%) had rented the tractor</li> </ul>
<b>Distribution strategy</b>	At the start of the season, to farmers who requested the rental service. The cost of renting the tractor was deducted from the farmer's tobacco sales at the end of the season
<b>Farmers feedback</b>	Of the six farmers who had rented the tractor, three mentioned it helped them to save money, while the three others mentioned that the hiring costs vs. results were not favorable. Of the 22 farmers who had heard about the tractor rental service but had not used it, ten had their own tractor, six believed mechanization was too expensive, and six thought their land was unsuitable or too small for the investment
<b>Continuous improvement</b>	CTM collected feedback from participants to improve the design and implementation of this initiative

## 2.2.5. Monitoring Minimum Wage

CTM monitored whether farmers were meeting the requirement of paying the minimum wage according to the agricultural benchmark (see Legal questionnaire Appendix III). The monitoring system included one question related to minimum wage payment and a pre-defined list of root causes for the field technicians to select from. CU found that the root causes included in this list were not in line with the main underlying reasons identified by CU.

All field technicians interviewed by CU were aware of the minimum wage as defined by the agricultural benchmark. However, none of them had a complete understanding of the issue to be able to adequately monitor wage payment. None of them mentioned to add up the hours worked by the worker when checking wages. Only one field technician (8%) correctly mentioned the requirements for overtime payment for weekend work and workdays exceeding eight hours. Six field technicians (50%) mentioned to speak not only with the farmer but also with the workers if present, and eight (66%) mentioned to verify payments by checking the farm records besides speaking to the farmer.

As a result of the above, CTM's monitoring data on wage payment were not in line with CU's farm findings: for 15 of the 22 farms with hired workers (68%), the wage payment information recorded by field technicians did not match with CU's findings. In 14 of these cases, CU found evidence of farmers not paying minimum wage while this had not been captured in the monitoring system; the remaining case was a farmer who according to CTM's records was not meeting the standard, while he told CU he was not hiring any workers.

CTM's response:

- "CTM will prepare a written guide for monitoring and will train, at the beginning of each crop, 100% of the field technicians in the correct process (triangulation), including the correct way to calculate and record payments to workers.

*Monitoring will include root causes found by CU and Desarrollo & Autogestión.*

*Exercises will be carried out to calibrate the technicians on the minimum wage before starting the corresponding monitoring.*

*Each field technician will receive a list of growers who had hired labor in previous crops in order to give greater follow-up and a more efficient support to those farms.*

*The ALP team will keep the field technicians permanently informed regarding the updates of the minimum wages in the sector.*

*After all farmers have been duly informed about the minimum wage that any worker who provides labor in tobacco must receive, the technicians will follow up, those who pay below will be registered under a gap classification, also establishing the cause root and opening an immediate action. The farmer who agrees to solve his situation will be redirected to apply an initiative or plan which he agrees on with the technician and that leads him to overcome this situation. To those who do not agree or do not improve with the applied strategies the Severity Matrix process and the corresponding Consequences of Management shall apply which will lead to non-renewal of the farmer's contract if the situation repeats itself.*

- *A follow-up through unannounced visits shall be done to detect errors and further calibration when necessary.*

*In this way, there will be greater certainty about the situations reported by the field technicians."*

## 2.2.6. Prompt Action reporting

Payment of workers below the benchmarked minimum wage was not covered by the Prompt Action system. Although CTM considered this issue a Prompt Action in their Prompt Action list (see Chapter 1.4) they dealt with this issue via their monitoring system. All field technicians were aware of this procedure and were not raising Prompt Actions for this KPI.

CTM's response:

*"From the 2021 crop year on, CTM to report immediate actions on 100% of the productive units that pay below the minimum wage and after the corresponding communication, it will follow the PMI guide and initiate the processes of the Severity Matrix with its corresponding Consequence Management. Field technicians will receive instructions to accordingly inform the farmers."*

## 2.3. KPI 3: Worker Accommodation

### 2.3.1. Summary

CTM had adopted PMI's global KPI for Worker Accommodation and made use of monitoring (Chapter 2.3.5) and Prompt Actions (Chapter 2.3.6) to achieve this target. No initiatives had been put in place for this KPI. Relatively few farmers needed to provide accommodation because most hired local workers, if any. Hence, specific initiatives were not considered necessary. CU found that

the monitoring and Prompt Action systems were adequate to address the issue. The accommodation checklist developed by CTM to evaluate workers' accommodations was found to be complete and relevant to local conditions. CU's farm findings show that accommodation issues in most cases were adequately captured by CTM's ALP team, except for four farms where monitoring data did not fully match with CU's findings. On one of these farms, two critical indicators identified by CU had not been reported by CTM.

	Finding	Number of Farms	% of visited farms with accommodations (N=7)	Remarks
Accommodations	Total cases where accommodation was found to be inadequate	1	14%	
	Used by temporary workers	1	14%	These workers mostly worked on farm during harvest days and occasionally during soil preparation and transplanting

CTM's response:

*"The unreported irregularities are mainly due to the lack of clarity of the criteria at the time of monitoring. To improve the finding, the work will be carried out in 3 lines of action:*

- *Training in calibration for monitoring, aimed at the FT, will be annual and before starting each monitoring. Annual calibration training following PMI monitoring guidelines with all field staff.*
- *Unannounced visits that verify FT reports and that must be made by supervisors and managers during the growing season.*
- *CTM will follow up PMI accommodation monitoring guideline."*

### 2.3.2. Targets and strategy

PMI's global KPI for Accommodation is to provide adequate housing to all workers on all contracted farms by 2020. At the time of CU's visit CTM had adopted this global target, with the addition that worker accommodations, if not adequate, had to be at least comparable to the farmer's housing conditions. CTM's strategy towards achieving this target included monitoring and Prompt Actions.

### 2.3.3. CU's farm findings

Among the farms visited by CU, seven (14%) had accommodations where workers could stay when working on the farm. On one of these seven farms (14%), CU found the accommodation to be inadequate and also not comparable to the farmer's housing conditions. This accommodation was built of wood and had no windows, no toilets and no electricity, the bedroom was shared with more than one person, and chemicals were stored within the building.<sup>18</sup> This accommodation had not yet been monitored by CTM staff (see Chapter 2.3.5).

18. CU used CTM's checklist to assess worker accommodations (see Appendix IV)

#### CTM's response:

*"At the beginning of the crop year, CTM will train and carry out calibration exercises for field technicians to monitor 100% of the productive units that provide housing, following the PMI guide and local legislation.*

- *Farmers will be evaluated before being hired and when contracts are renewed (Due Diligence). Those who provide accommodation to workers that do not meet critical and non-critical conditions may not be hired for the 2022 season. The exception will be in cases where an action plan is established within 30 days to comply with it.*
- *Farmers monitored during the crop year that do not meet the standard (critical and non-critical conditions) open a Prompt Actions process and apply the Severity Matrix with its Consequence Management.*

*To guarantee the compliance of the farmers who provide accommodation and to follow up on those who have got open prompt actions processes, the team of unannounced visits will verify 100% of the productive units with this situation."*

### 2.3.4. Initiatives on Accommodation

At the time of CU's visit, CTM did not have specific initiatives in place to target inadequate accommodation. Based on their risk assessment, CTM considered their monitoring and Prompt Action systems sufficient to achieve the KPI for Accommodation by 2020.

#### CTM's response:

*"CTM field technicians will agree, with the farmer, on a specific action plan to fix the accommodation. The action plan will be followed up within an agreed time frame. Unannounced visits will also be strengthened and opening of prompt actions will be aligned to the Severity Matrix and Consequences Management in critical and non-critical cases."*

### 2.3.5. Monitoring Accommodation

CTM covered worker accommodation in their monitoring system. The field technicians had to notify the ALP team if a farmer had accommodations, and then the ALP team coordinator would visit that farm and check the condition of the accommodation provided. The ALP team coordinator reported the findings in a dedicated section of the monitoring app, which also required photographic evidence for certain criteria in order to substantiate the answer. The list included 34 criteria, 13 of which were considered critical for meeting basic living conditions (see Appendix IV). If one or more of these critical conditions were not met, the ALP coordinator had to report an irregularity in the monitoring system and leave an action plan with the farmer. CU found the checklist to be complete and relevant to local conditions.

All field technicians were aware of the monitoring process for accommodations, and the ALP team coordinator was found knowledgeable and aware of the requirements related to accommodation.

Of the seven farms with accommodation visited by CU, six had been monitored by CTM. On four (67%) of these six farms, CU found irregularities that had not been reported by CTM. In one case, this concerned two critical indicators (See Table 2).

#### CTM's response:

*"The unreported irregularities are mainly due to the lack of clarity of the criteria at the time of monitoring. To improve the finding, the work will be carried out in 3 lines of action:*

- *Training in calibration for monitoring, aimed at the FT, will be annual and before starting each monitoring. Annual calibration training following PMI monitoring guidelines with all field staff.*
- *Unannounced visits that verify FT reports and that must be made by supervisors and managers during the growing season.*
- *CTM will follow up PMI accommodation monitoring guideline."*



Table 2. Number of farms where CU found irregularities not captured by CTM

Indicator	Number of farms not matching
The surroundings are free from waste water	1
The accommodation is free from toxic elements*	1
The bedroom has a surface of at least 3.5 sqm	1
The showers have privacy	2
The accommodation is cleaned at least weekly	2
The common sanitary installations are in good order	1
Potable/drinkable water is available for all occupants of the accommodation*	1

\*Critical indicators

### 2.3.6. Prompt Action reporting

CTM covered worker accommodations in their Prompt Action system. The ALP team had to raise a Prompt Action if one or more of the thirteen critical indicators (see Appendix IV) were not met. CTM recognized that some accommodation criteria could not be solved within six weeks because of the necessary investments and construction work. In those cases, they required that the issues be solved before the start of the following season.

The ALP team, which was responsible for checking accommodations, was aware of the Prompt Action procedure in case of inadequate accommodation: they knew which indicators were considered critical and that they had to report a Prompt Action if

one of these indicators was not met. Three of the seven farms with accommodation visited by CU (43%) had a reported Prompt Action related to Accommodation. All three farmers were aware of the reported Prompt Actions, all of which had been correctly reported according to CTM's reporting requirements. On all three farms, mitigation measures had been implemented and the Prompt Actions had all been solved successfully.

On one of the farms with accommodations visited by CU, critical points were identified but these had not been raised as Prompt Actions by CTM.

CTM's response:

*"Critical situations observed by FTs or unannounced visits will be subject to Consequence Management. CTM will not allow critical accommodation situations offered by their farmers to workers for the 2021 crop year.*

- *Calibration exercises among FTs.*
- *Unannounced visits of 100% of farmers providing accommodation.*
- *Due diligence before new farmers contracting and the renewal of the contract.*
- *Reporting the cases of PA detected in the accommodations."*

## 2.4. KPI 4: Personal Protective Equipment

### 2.4.1. Summary

CTM had adopted PMI's Global KPI for Personal Protective Equipment. Their strategy to achieve this target included monitoring (Chapter 2.4.5) and Prompt Action systems (Chapter 2.4.6), and two initiatives to tackle persisting issues (Chapter 2.4.3). CU found evidence that the global KPI was not being achieved, as not all farmers visited had received PPE. Evidence was found of incomplete PPE use for handling green tobacco on 51% of farms, and of incomplete PPE use for handling CPA on 41% of farms. Many of these cases had not been

captured in CTM's systems. The company's two initiatives to promote PPE use were not based on root cause analysis. CU's farm findings indicate that the intended aims and outcomes of these initiatives were only partly achieved. In particular,

the focus of one initiative on aprons for handling wet green tobacco had created the widespread misunderstanding that PPE was not needed for handling green tobacco when it was dry.

	Finding	Number of Farms	% of farms visited (N=51)	Remarks
Use of PPE	Incomplete or no PPE used for handling green tobacco	26	51%	Gloves were the most common item missing. On many farms, persons handling green tobacco did wear the required PPE, plus apron and gloves, when handling wet tobacco (after rain or morning dew), but used incomplete or no PPE when it was dry
	Incomplete or no PPE used for handling and applying CPA	21	41%	Face shields and mask were often not used

#### CTM's response:

*"At the time of CU's evaluation, CTM was in full distribution of harvesting equipment according to the objectives agreed with PMI, at that time there was a degree of progress of approximately 70%, reaching 100% of the distribution at the end of 2019. The renewal of the harvesting equipment will be implemented annually for those who need it (maintaining at least the objectives agreed with PMI) and the costs will be bared by the growers and will be discounted at the end of the crop year.*

*CTM will instruct the field FTs to clarify that the harvest equipment must be used in its entirety (pants + shirt + glove + closed shoes) when the "tobacco is green and wet". When the tobacco is "not green + dry" or "dry + green in combination of high temperatures" the use of traditional common clothing will be tolerated (pants and long-sleeved shirt + gloves + closed shoes)."*

#### 2.4.2. Targets and strategy

PMI's global KPI for Personal Protective Equipment (PPE) is to ensure availability of PPE for handling green tobacco and crop protection agents (CPA) on all contracted farms by 2020. At the time of CU's assessment CTM had adopted the same global KPI for their contracted farms. CTM had formulated a local strategy to achieve this KPI, including yearly targets and two initiatives to tackle persisting issues.

Regarding the usage of PPE, CTM's policy was as follows. For handling green tobacco, farmers were required to wear long sleeves, long trousers, gloves, and closed shoes. Additionally, when the green tobacco was wet due to rain or morning dew, they had to wear the apron and gloves provided by CTM (see Chapter 2.4.4). For handling or applying CPA, farmers were required to wear the full set of PPE provided by CTM (see Chapter 2.4.4), plus boots.

### 2.4.3. CU's farm findings

On 26 of the farms visited (51%), at least one person was handling green tobacco without wearing the complete set of PPE. Gloves, long pants and long sleeves were often not used (see Table 3).

Table 3. PPE use for handling green tobacco

Type of protective clothing	Number of farms where used (N=51)
Long sleeves	24 (47%)
Gloves	25 (49%)
Long-pants	25 (49%)
Closed shoes	38 (74%)

In addition, CU found a discrepancy in PPE use when green tobacco was wet versus when it was dry: on 20 farms (39%) persons handling green tobacco did wear the required PPE, including apron and gloves, when handling wet tobacco (after rain or morning dew), but used incomplete or no PPE when it was dry (see Table 4).

Table 4. Number of farms where PPE was used when the green tobacco was wet, but not when it was dry

Type of protective clothing	Number of farms where used (N=51)
Long sleeves	10 (20%)
Gloves	20 (39%)
Long-pants	9 (18%)
Closed shoes	7 (14%)

CU identified several underlying reasons why persons did not use the required PPE at all times:

- Many farmers were under the misunderstanding that PPE for handling green tobacco was meant to be used only when the tobacco in the field was wet, after rain or morning dew. Although this was true for the apron, the remaining PPE (long sleeves, long trousers, gloves, closed shoes) had to be used at all times when working with green tobacco;
- Many farmers were not fully aware of the risk of contracting green tobacco sickness (GTS) when working with 'dry' green tobacco, i.e. leaves not wet from rain or dew;
- The set of gloves provided were found to be uncomfortable when handling a machete for harvesting.

#### PPE for handling and applying CPA

On 21 of the farms visited (41%), at least one person handling or applying CPA did not wear the full set of required PPE. On eight farms (16%) no PPE was used at all by any of the persons handling or applying CPA, apart from closed shoes. In particular, face shields and mouth masks were often not used (see Table 5).

Table 5. PPE use for handling and applying CPA

Type of protective clothing	Number of farms where used (N=51)
Long sleeves	46 (89%)
Gloves	44 (86%)
Long pants	39 (76%)
Closed shoes	51 (100%)
Face shield	30 (59%)
Mouth mask	33 (64%)

CU identified several underlying reasons why persons did not use the required PPE at all times:

- Although persons handling and applying CPA were aware of the associated risks, they were not fully aware of how to ensure no exposure to the CPA. Consequently, they did not use the full set of PPE at all times;
- The face shield provided by CTM limited the vision of users because it fogged up easily, and users did not know how to prevent this.

CTM's response:

#### "PPE for GTS:

At the time of CU's evaluation, CTM was in full distribution of harvesting equipment according to the objectives agreed with PMI, at that time there was a degree of progress of approximately 70%, reaching 100% of the distribution at the end of 2019. The renewal of the harvesting equipment will be implemented annually for those who need it and the costs will be in charge of the producers that will be discounted at the end of the campaign.

The goal is 100% use for people who handle or harvest green tobacco. To increase the use, the following actions will be carried out:

- Due diligence: to renew their contract, farmers must have GTS PPE available and in use, farmers who have protected themselves by handling dry tobacco in the traditional way will also be able to contract again. Farmers who are hired must have PPE available from GTS.
- CTM will continue to instruct farmers to avoid Green Tobacco Disease (with the support of trainings from + Chacra) indicating the use of full harvest equipment (pants + shirt + gloves + closed shoes) when the "tobacco is green and wet"; When the tobacco is "not green and dry" or "dry + green in combination of high temperatures", CTM will have tolerance in the use of traditional common clothing (pants and long-sleeved shirt + gloves + closed shoes), ensuring that FT follow up through unannounced visits.

#### • PPE for CPA:

CTM will guarantee an early availability of PPE, sufficient to cover all the needs of the farmers, in accordance with the objectives agreed with PMI. The renewal of the equipment will be carried out according to the request of the farmers and the observation of the FT, being the farmer responsible for the expenses of the equipment, which will be discounted at the end of the campaign.

The goal is 100% usage for people managing or applying CPA. To increase the use, the following actions will be carried out:

- Due diligence: farmers who renew the contract must have CPA equipment available and in use. To be hired, they must have availability of the CPA team.
- Farmers will be instructed by FT (with the support of the + Chacra trainings), and they will be followed up, ensuring compliance through unannounced visits.
- When the FT follows up on the non-compliance in the total non-use of the equipment, Quick Action processes, Severity Matrix and Consequences Management will be opened, leaving the farmers' contract without renewal when the situation of not using the equipment totality is reiterated."

### 2.4.4. Initiatives on Personal Protective Equipment

At the time of CU's assessment, CTM was running two initiatives to specifically target PPE use on farms: distribution of PPE for handling green tobacco, and distribution of PPE for handling and applying CPA. CU found no evidence that CTM had conducted a root cause analysis prior to implementing the initiatives. Therefore, no evidence was found of the initiatives targeting specific root causes of incomplete PPE use among CTM's farmer base.



CTM initiatives	Targeted root cause
PPE for handling green tobacco	CU found no evidence that these initiatives were based on root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of incomplete PPE use among CTM's farmer base
PPE for handling and applying CPA	

On the 26 farms where CU identified incomplete PPE use for handling green tobacco, the main underlying reasons were only partly targeted by CTM's initiative. Although the provision of PPE targeted the lack of PPE on farms, the focus of the initiative on providing aprons for handling wet tobacco had created a widespread misunderstanding that PPE was only needed in wet conditions. Thus, on many farms, persons handling green tobacco only used

complete PPE when handling wet tobacco (after rain or morning dew), but used incomplete or no PPE when it was dry (see Table 4).

Likewise, on the 21 farms where CU identified incomplete PPE use for handling and applying CPA, the main underlying reasons were only partly targeted by CTM's initiative. Although the provision of PPE targeted the lack of PPE on farm as a root cause for not using PPE, CU found that persons handling and applying CPA, although aware of the associated risks, were not fully aware of how to prevent exposure. Consequently, they did not use the full set of PPE at all times. In particular, face shields were often not used because they easily fogged up and users did not know how to prevent this.

CTM's response:

*"CTM shall evaluate on a yearly basis root causes of non-compliance for usage and address it accordingly."*

Additional information on the initiatives is provided in the tables below.

#### PPE for handling green tobacco

PPE for handling green tobacco	
Description	Providing all contracted farmers with PPE for handling green tobacco
Aim	Reduce the incidence of GTS among people working in tobacco, and increase safety on farms
Expected outcome	Increased PPE use for handling green tobacco, reduced risk of GTS
Resources	PPE set consisting of an apron and a pair of gloves. The gloves were meant to be used at all times when handling green tobacco; the apron only when the tobacco was wet
Root cause analysis	CU found no evidence that this initiative was based on root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of incomplete PPE use among CTM's farmer base
Implementation strategy	<ul style="list-style-type: none"> <li>Target: 100% of the farmers</li> <li>Farms covered: 3,773 farmers across Misiones (95%)</li> <li>All field technicians were aware and informed about this initiative</li> <li>Among the farms visited by CU, 36 (71%) had received the PPE</li> </ul>

<b>Distribution strategy</b>	PPE sets were distributed at the start of the season by the field technicians. Farmers received two PPE sets for every 30,000 tobacco plants planted. The cost was deducted from the farmer's tobacco sales at the end of the season
<b>Farmers' feedback</b>	Most farmers appreciated receiving the PPE; however, some farmers complained about the cost
<b>Continuous improvement</b>	CTM collected feedback from participants to improve the design and implementation of this initiative

## PPE for handling and applying CPA

PPE for handling and applying CPA	
<b>Description</b>	Providing all contracted farmers with PPE for handling and applying CPA
<b>Aim</b>	Reduce exposure to hazardous chemicals and increase safety for persons handling or applying CPA
<b>Expected outcome</b>	Increased PPE use and reduced risk of chemical exposure
<b>Resources</b>	PPE set consisting of long pants, a long-sleeved shirt, a pair of gloves, a mouth mask, and a face shield, plus instructions to wear closed shoes or boots
<b>Root cause analysis</b>	CU found no evidence that this initiative was based on root cause analysis; hence it could not be verified whether the aim and intended outcome would tackle a prevailing root cause of incomplete PPE use among CTM's farmer base
<b>Implementation strategy</b>	<ul style="list-style-type: none"> <li>• Target: 100% of farmers</li> <li>• Farms covered: 100%</li> <li>• All field technicians were aware and informed about this initiative</li> <li>• Among the farmers visited by CU, 49 (96%) had received the PPE</li> </ul>
<b>Distribution strategy</b>	PPE sets (one per farm) were distributed at the start of the season by the field technicians. The cost was deducted from the farmer's tobacco sales at the end of the season
<b>Farmers feedback</b>	Most farmers appreciated receiving the PPE; however, some farmers complained about the cost and about receiving too many PPEs which they did not all need, but had to pay at the end of the season
<b>Continuous improvement</b>	CTM collected feedback from participants to improve the design and implementation of this initiative

### 2.4.5. Monitoring Personal Protective Equipment

At the time of CU's assessment, CTM was monitoring PPE use for handling green tobacco and for handling and applying CPA. The smartphone application for monitoring included three questions (one related to PPE use for handling green tobacco and two related to PPE use for handling and applying CPA) and a pre-defined list of root causes for the field technicians to select from. CU found that the root causes matched with the underlying reasons identified by CU. However, the questions were found to cover too many points in one single question; as a result, it was not always clear to which point exactly the identified root cause related<sup>19</sup>. Furthermore, the requirement regarding PPE use for handling green tobacco explicitly mentioned the use of PPE for green tobacco under wet conditions (rain, morning dew), without including any reference to the use of PPE under dry conditions.

All field technicians interviewed by CU were aware of the PPE requirements for handling green tobacco and applying CPA. Ten field technicians (83%) reported that they checked this issue only with the farmer, not with the family members or workers. When comparing CU's farm findings to CTM's monitoring data, CU found that not all findings matched. On 17 (65%) of the 26 farms where CU found evidence of persons not using complete PPE for handling green tobacco, the field technician had not reported an irregularity. The same was true for 13 (62%) of the 21 farms where CU found evidence of persons not using complete PPE for handling and applying CPA.

CTM's response:

*"CTM, in order to improve the objectives, set by PMI and following the guidelines established by them through the ALP Code and using the ALP Step*

*Change Monitoring Brief, will address the following actions:*

- *Due diligence: retrain before starting this process on the use of the equipment, on the criteria to be taken and on how the technicians are to evaluate the farmers before the renewal of the growing contract or the new contracting of farmers.*
- *Train 100% of the technicians at the beginning of each monitoring and reinforce trainings with the group in a total or partial way, when it is observed that there are no coincidences between their monitoring and the unannounced visits.*
- *Provide a written guide for monitoring and triangulation.*
- *Monitoring by the technician and unannounced visits by the team for calibration and validation of the criteria.*
- *Faced with non-compliance with the monitoring related to the use of the equipment, Prompt Actions processes will be applied applying the Severity Matrix and Consequence Management in the corresponding cases."*

### 2.4.6. Prompt Action reporting

CTM was raising Prompt Actions when farmers were observed handling green tobacco or applying CPA without using complete PPE. All field technicians were aware of the Prompt Action procedure for PPE use. Prompt Actions for PPE could only be closed when the field technician was accompanied by a field supervisor or member of the ALP Team in an unannounced follow-up visit (within six weeks).

Among the farms visited by CU, one (2%) had a Prompt Action related to PPE use. The case was still open; the farmer in question was aware of the Prompt Action raised, and mitigation measures (training) had already been implemented. The issue was not recurring at the time of CU's visit.

19. For example, one of the requirements was formulated as follows: All persons working in the topping, harvesting and barn loading and unloading were informed on the risks of GTS and its prevention, received the PPE for handling green tobacco and use it when handling wet tobacco. The possible answers were:

Persons responsible are not aware of the risks of handling wet tobacco

Persons involved do not have PPE for handling green tobacco

Persons involved consider the PPE for handling green tobacco uncomfortable

Other

The root causes selection was not easily linkable to the issue found on the farm.

## Chapter 3

# FARM FINDINGS ON OTHER ALP MEASURABLE STANDARDS



**EXTERNAL ASSESSMENT**  
Burley farmers in Central Misiones



This chapter describes CU's assessment of the working conditions on farms with regard to the ALP Code Principles and Measurable Standards not covered by the four KPIs described in Chapter 2. ALP Code Principles are short statements designed to guide farmers on specific practices, resulting in safe and fair working conditions. A Measurable Standard defines a good practice and over time can be objectively monitored to determine whether, and to what extent, the labor conditions and practices on a tobacco farm are in line with each ALP Code Principle.

### 3.1 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.*

#### Payment schedule

On four of the farms with hired labor (18%), workers were paid at the end of the season, which is not in accordance with Argentinean national law. On three of these farms the end-of-season payment was for permanent workers. No evidence was found of these workers disagreeing to this form of payment.

#### Work hours and overtime pay

No evidence was found of work hours not being in accordance with the national law. On all farms with hired labor, the workers would generally start at 7 am in the morning, break for lunch around 11 am, and start again around 2 pm in the afternoon, until 6pm.

On nine farms (41%) workers were working overtime, either by working more hour in the afternoon or by working on weekends. None of these workers were paid overtime in accordance with the national law. No evidence was found of overtime being involuntary.

#### Legal Benefits

On 19 farms (86%) workers were not provided with the social security benefits, holidays, and parental leave they were entitled to by Argentinean law.

#### Main underlying reasons

Most farmers did not perceive relatives as workers and agreed with them on the most convenient form of payment for both sides, which was end-of-season. Furthermore, farmers said they would not consider end-of-season payment if the worker did not agree with this form of payment.

Farmers were not aware of the requirement to pay overtime to their workers. In most cases, farmers and workers agreed on the tasks to be completed, and if this work took slightly longer than planned or needed to be done over the weekend, farmers would pay the same rate. Most farmers were also not aware of the requirement to provide benefits.

#### CTM's response:

*"CTM is a cooperative that encourages compliance with the law by farmers. To ensure compliance by farmers, the CTM will focus on the following main activities:*

- Communication to all farmers about the legal requirements through the contract (reinforcing communication through the field technician and the + Chacra Program, which is also aimed at family members and agricultural workers, includes income module and work hours).*
- The FTs will receive communication for follow-up and triangulation, requesting proof of payment from the growers and speaking with the workers whenever possible.*

- *When non-compliances are registered through follow-ups, Quick Action processes will be opened, establishing plans through the technician when they are not resolved, the Severity Matrix will be applied with the Management of consequences, and contracts may not be renewed when violations are repeated by the same situation.*
- *To ensure compliance with the monitoring, people who are not directly related to the crop will follow up through visits without prior notice."*

### 3.2 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.*

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

No evidence was found on farms of discrimination.

All workers mentioned to be able to communicate to their farmer in case of need.

### 3.3 ALP Code Principle 4: Forced Labor and Human Trafficking

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

On four of the farms with workers (18%) CU identified a risk of forced labor, as the workers were paid at the end of the season. Although these workers had agreed to this form of payment and were free to leave their employment, one worker mentioned that he would not receive the agreed-upon wage if he left his job before the end of the season.

No evidence was found of workers having to make financial deposits to be employed.

No evidence was found of indirect payment or wages being withheld beyond the agreed date of payment.

No evidence was found of farmers retaining workers' documents

No evidence was found of prison workers.

#### Main underlying reasons

The farmers did not perceive any risks associated with end-of-season payment if their workers had agreed to being paid this way. Among the workers interviewed, none of them disagreed to this form of payment because they had a long-standing working relationship with the farmer.

CTM's response:

*"CTM will continue to monitor farmers who hire permanent and temporary workers with specific questions related to frequency of payment to identify and mitigate any risk of forced labor. This measurable standard will also be evaluated during unannounced visits.*

*In addition, during field visits, training and communications related to the aforementioned topic will be redesigned and reinforced.*

*To ensure that all risks related to frequency of payment and forced labor are mitigated, CTM will continue to monitor and establish agreements to provide transparency to this business relationship when identified.*

*In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers who pay at the end of the season in accordance with the consequences management policies: after two recurrences, the contract is not renewed for the following season. This also helps mitigate the risks associated with forced labor or workers unable to leave the farm until they are paid.*

*Ultimately, when CTM identifies that workers are not free to leave their employment due to outstanding debts or payments, the contract is immediately terminated."*

### 3.4 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.*

- 100% of the farmers will have a telephone directory of the nearest health centers. The availability of first aid kits will be a regular recommendation for growers.
- The CTM medical department will train the field team in first aid. This topic will be included in the CTM magazine for further communication to farmers.
- Unannounced visits to verify compliance with the criteria and to validate the monitoring of field technicians."

#### General safety measures

On 12 farms (23%) the barns were high and lacked protection measures for persons climbing the barns to load tobacco.

On 49 farms (96%) resources were available in case of emergency. Forty-one farms could provide transport to a medical facility. Four farms had a first-aid kit. Seven farms had contact details of health institutions displayed, and three had resources to act in case of fire.

On 40 farms (78%) sharp tools were properly stored, but on 10 farms (20%) these tools were left around the farm or barn area where children and other family members had access.

#### CTM's response:

*"CTM in order to strengthen the knowledge of the farmers about a safe work environment will carry out the following actions:*

- *Communication to 100% of the farmers on the potential risks of a safe work environment. The topic will be included in the + Chacra trainings (theoretical and practical training carried out in all production areas with an agenda focused on the ALP and a technician dedicated exclusively to the activity), field technicians will also help farmers define spaces for the storing of tools that do not represent a risk to people.*

#### Chemical storage and disposal, equipment and application

On 29 farms (57%) evidence was found of persons applying fertilizers without using gloves.

On 48 farms (94%) CPA containers and chemical equipment were stored safely in locked storage on the farm. On the three remaining farms (6%), CPA and chemical equipment were kept in a storage that was not locked.

On 36 farms (70%) farmers did not dispose of empty CPA containers correctly (the correct method is to triple rinse and puncture the containers before safe disposal). On one of these farms the empty containers were burned in the field, while on ten farms they were left in the field and around the farm. On the other farms they were kept in the storage but without being rinsed or punctured first.

On 49 farms (96%) the equipment for CPA and fertilizer application was in good condition and free from leaks. On one farm the sprayer had been repaired by the farmer but it occasionally leaked when used in the field. On the other farm, the farmers did not allow the auditor to see the facility where the CPA equipment was stored.

On 13 farms (25%) farmers were not aware of the correct re-entry period after CPA application.

On 18 farms (35%) no warning sign was available to use after CPA application.

On six farms (12%) people handling or applying chemicals had not received training on how to do this.

## Main underlying reasons

Most farmers did not consider fertilizer application a hazardous practice and therefore did not see the need to use gloves during this task. Many farmers were not aware of the correct disposal procedure for empty chemical containers. Furthermore, many farmers mentioned that it was impossible to dispose of the empty containers because the local waste collection authority had not collected their chemical waste for a long time.

### CTM's response:

*"CTM will carry out a series of actions in order to improve these criteria:*

- *Train farmers through + Chacra, individual visits by field technicians, these points will also be included in the magazine which will be distributed to all farmers.*
- *CoTTaProM (Civil Association Tobacco Technical Commission of Misiones), will deliver 110 boxes to store CPA containers and CPA application equipment, both properly marked and with basic security measures. It will provide a pair of anti-cut gloves per farmer to be used to apply fertilizers, handle cutting tools and prevent GTS.*
- *Delivery of identification posters ("DANGER DO NOT ENTER", area treated with CPA) of the areas treated with CPA.*
- *Monitoring by the FT, including validation and calibration through unannounced visits."*

## 3.5 ALP Code Principle 6: Freedom of association

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

No evidence was found of workers not being able to join or form organizations of their own choice. No evidence of active unions was found in the region where the assessment was conducted.

No evidence was found of worker representatives being discriminated against for their functions.

## 3.6 ALP Code Principle 7: Terms of employment

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

On 12 of the farms with hired labor (55%) farmers did not inform their workers of their legal rights and benefits to be received; mostly they only discussed topics such as tasks, working hours, and wage. None of the farmers gave their workers an introduction about on-farm safety measures.

Written contracts are not required according to Argentinean law ( see Legal Questionnaire Appendix III). On 18 of the farms with hired labor (81%) farmers had a verbal contract with their workers.

On 19 of the farms with hired labor (86%) employment conditions contravened the country's law; on these farms none of the workers had been registered with the AFIP (Administracion Federal de Ingresos Publicos) for social security and employment benefits as prescribed by Argentinean law.

### Main underlying reasons

Farmers were not aware of the need to inform workers, upon hiring, of their legal rights and benefits or farm safety measures. As most of the hired workers were local, farmers assumed that they had already been informed about these topics during previous jobs at other tobacco farms.

Farmers thought that registration with the public authorities was not necessary for temporary workers. Some of the workers did not want to register because this would result in their loss of unemployment benefits.

### CTM's response:

*"CTM, respecting local legislation and PMI guidelines, will be in charge of instructing farmers through contracts, with the support of the field technician and of the + Chacra training (aimed at growers, their families and workers). Also, topics such as the importance of compliance with labor legislation and information on the rights and obligations of the workers will focussed on in brochures and in the magazine."*



## Chapter 4

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



**EXTERNAL ASSESSMENT**  
Burley farmers in Central Misiones

As part of this assessment, CU asked farmers, family members and external workers what had changed since the start of the ALP Program. Most farmers reported positive changes with the implementation of the ALP Program related to the usage of PPE when handling green tobacco and to prevent exposure to CPA. Many farmers also reported fewer children working in tobacco. Many farmers expressed concerns over the costs of the PPE provided by CTM, mentioning that in most cases these were too high, and that on occasion too much PPE was provided per farm, which was eventually not needed by the farmer as fewer people were employed in the production than expected.

Of the 76 family members interviewed, all had heard at least one Measurable Standard of the ALP Code. 19 (38%) mentioned that fewer children were involved in tobacco production since the start of the program; 5 (6%) mentioned improved conditions for the workers, particularly around wages provision. 28 (37%) mentioned that they now felt more protection with the provision of PPE.

Of the 17 workers interviewed, 5 (29%) had heard about at least one Measurable Standard of the ALP Code. 7 (41%) mentioned that children could now no-longer work on tobacco farms. 3 (18%) declared to have now better working conditions, and that safety measures on farms had improved.

Overall, all farmers gave positive feedback regarding the field technicians, mentioning that they were mostly available whenever they needed something. Finally, all the stakeholders (NGOs, schools) interviewed as part of this assessment generally appreciated the collaboration with CTM and the efforts put in place to address some of the persisting issues in the tobacco production in Misiones.



## Chapter 5

# APPENDICES



## EXTERNAL ASSESSMENT Burley farmers in Central Misiones

## Appendix I – CTM Action Plan

### Control Union focused assessment - CTM Argentina (Misiones)

#### 1.1 Pre-contractual due diligence

**CU's farm findings for due diligence:**

All farms visited by CU (100%) had their practices verified before the start of the season. However, on three farms (6%) CU found evidence of child labor that had not been captured by the due diligence process.

**CTM response:**

The process will be strengthened on 100% of the farmers, who are evaluated annually before they can be hired. Farm records and recent history will be reviewed to establish:

- a. Farms that received prompt action for child labor issues in the last 2 seasons will not receive a new contract.
- b. Farms that did not complete the agreed action plans from last season will have time to complete them before they are being granted new contract.
- c. Farms with children of farmers who do not attend school must present an action plan to ensure that they are not working, not present or exposed to any risk before offering a contract.

**Implementation date:** Q1 & Q2 2020.

**Responsible:** Field Extension Team.

#### 1.2 Consequence management

**CU's farm findings for consequence management:**

Forty-two farmers (82%) were able to explain the possible consequences of not complying with the ALP Code. All the farmers in this group mentioned having been informed by their field technician whereas five farmers (12%) mentioned that they had also read about this in their contract and three (7%) mentioned that they had been informed by the CTM staff during the control of their accommodation.

**CTM response:**

CTM will deliver material and train 100% of its technicians annually in the process of "consequence management", to clearly communicate to 100% of its farmers.

1. "Field technician's written guide" that contains the tools to achieve the objectives (KPI), including the consequences matrix. This guide has been specially designed to offer the field technician quick and easy support. It is also a way of keeping in mind the CTM objectives regarding the ALP program and its Step Change, as well as a series of recommended activities to follow for their fulfillment.

**Implementation date:** Q1 2020.

**Responsible:** ALP Team.



2. The inclusion of a specific clause in the Farmer's contract (signed annually with the growers) referencing to the inclusion of the Severity Matrix and Consequence Management process in the relationship between both CTM and farmer. The Farmer's contract must be renewed every year. The field technicians visit all the farms before starting the new season, explain the scope of the terms of the contract and then sign it together with the growers, who keep a printed copy.

**Implementation date:** Q1 2020.

**Responsible:** CTM Legal Advisors

3. Training for field technicians. The training will be based on the interpretation, management and use of the Severity Matrix of Consequences Management during crop 20-21. Virtual training tools will be used to support this task due to COVID restrictions.

**Implementation date:** Q2 2020, 2021 & 2022.

**Responsible:** ALP Team.

4. Training of growers on the possible consequences of not complying with the criteria of the ALP Code, indicating the possible consequences. To support this task, the use of any valuable digital communication tools and social media (media) will also be considered.

**Implementation date:** Q2 & Q3 2020, 2021 & 2022.

**Responsible:** Field Extension Team

## 1.3 Monitoring system

### CU's farm findings for monitoring system:

1. CTM compiled an overview of observed irregularities, also compiled for pre-defined causes but did not analyze reported root causes.
2. CU found the application to be slow. In addition, some field technicians mentioned that the data collected with the application at the beginning of the season had not been saved in the system.

### CTM response:

1. Modifications in the digital data collection system will be made in order to obtain the root causes of non-compliance for the different KPIs. To support this task, suggestions made by an external verification carried out during crop year 2020 will also be considered.

**Implementation date:** Q3 & Q4 2020, Q1 to Q4 2021 & 2022.

**Responsible:** ALP Coordinator & Digital Technical Service.

2. CTM's purchasing department will replace 100% of the tablets by cell phones that provide the technician with wider functionalities. In this way, security and agility in field monitoring for data collection will be improved. In order to avoid the loss of the data collected, field technicians will be additionally trained on the handling of the application.

**Implementation date:** Q1 to Q4 2020, 2021.

**Responsible:** CTM Purchasing department.

3. CTM will take into account suggestions of external verification done in crop 2020.

**Implementation date:** Q2 & Q3 2020.

**Responsible:** ALP Coordinator.

## 1.4 Prompt Actions System

### CU's farm findings for prompt actions system:

No Prompt Actions were collected for Minimum Wage (KPI 2) (See Chapter 2.2).

### CTM response:

1. CTM will establish clear criteria to report prompt actions on 100% of the productive units with labor that does not pay the minimum wage. Once the irregularity is detected, an action plan must be established together with the grower. In case this plan is not fulfilled, a prompt action will be taken. Therefore, the ALP Coordinator and technician will be responsible for communicating and delivering a written guide on monitoring and reporting of prompt actions on minimum wages to all the field technicians. Then the field technicians must communicate at the beginning of the harvest stage to 100% of the growers in their area regarding the prompt action procedure and report cases where non-compliance is detected.

**Implementation date:** Q2, Q3, Q4 & Q1 2020, 2021 & 2022.

**Responsible:** ALP Coordinator & Field technicians.

## 2. Findings per KPI

### 2.1 KPI 1: Child Labor

#### 2.1.1 Summary

### CU's farm findings:

The three farms where CU found evidences of child labor (Chapter 2.1.3) had not been reported by the field technicians. Of CTM's four initiatives to address child labor, none was based on root-cause analysis and none fully covered all underlying reasons identified by CU. As a result, child labor issues persisted, also on some of the farms participating in the initiatives, despite the available resources, implementation and distribution strategies.

### CTM response:

Reference child labor, a triangulation is performed whereas the field technician monitors including further reporting to Conscience for remediation.

The new digital monitoring design will establish and order the root causes of a potential non-compliance. Once all the data has been collected, the ALP team will analyze them statistically so as to establish the most important causes and propose activities and initiatives based on them.

When CTM finds child labor processes of Prompt Actions are initiated and a joint application of the Severity Matrix and the Consequences Management is performed. In case the finding shows that minors were hired, the contract is immediately interrupted and is not renewed for the following crop year.

**Implementation date:** Q3 & Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022.

**Responsible:** ALP Team. Field Technicians. NGO Conciencia Coordinator.

## 2.1.2 Targets and strategy

### CU's farm findings:

Risk assessments were not conducted to prioritize actions to achieve the child labor KPIs.

### CTM response:

CTM to prioritize actions to achieve the child labor KPI,

1. CTM will conduct annual risk assessments for this "critical" KPI.
2. Through a written guide, it will establish objectives and strategies to achieve the child labor KPI.

**Implementation date:** Q2 & Q3 2020, 2021 & 2022.

**Responsible:** ALP Coordinator & Technicians.

## 2.1.3 CU's farm findings

### CU's farm findings:

On 3 farms (6%) people under the age of 18 were involved in dangerous tasks.

### CTM response:

The main activity of the established CTM procedure was the Severity Matrix and related consequence management for farmers who contract child labor. There is a zero tolerance policy and any farmer who hires people under the age of 18 will have their contract canceled.

For cases in which the farmer involves his minor children, the Prompt Actions will be informed to the NGO Conciencia after the remediation process, addressing the resolution of its fundamental causes.

Another initiative for rural children is the agreement with SIPTED (Provincial System of Tele-education and Development of Misiones).

The unannounced visit team will continue to monitor production units with children under 18 years of age. Unannounced visits have proven to be a useful tool for on-site corroboration of data collected by field technicians and for reinforcing criteria across the team.

**Implementation date:** Q3 & Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022.

**Responsible:** ALP Team. Field Technicians. NGO Conciencia Coordinator. Unannounced visits team.

## 2.1.4 Initiatives on Child Labor

### CU's farm findings:

1. CU found no evidence that CTM performed a root cause analysis; therefore, no evidence of initiatives targeting specific root causes was found.
2. CU found no evidence that CTM collected participant feedback to improve the design and implementation of the following KPI initiatives, scholarships (EFA, IEAE) and school kits (child labor).

**CTM response:**

1. The new design for digital monitoring will allow establishing and ordering the root causes of possible non-compliance. The field technicians will annually receive training to monitor these root causes of non-compliance with the child labor criteria. Once all the data are collected, the ALP team will analyze them statistically to establish the most important ones and propose activities and initiatives based on them.
2. Measuring the impacts of each initiative put into practice should be of utmost importance when evaluating the actual fulfillment of the objectives sought. In order to obtain the appropriate feedback, CTM will implement a survey, among the beneficiaries of the different action plans, to obtain their response, know the degree of satisfaction and take the suggestions of each case. This tool will be included in the digital survey platform. NA - +chacra do not cover this points.

**Implementation date:**

- 1) Q3 2020, 2021 & 2022.
- 2) Q2 & Q3 2020.

**Responsible:** ALP Team.

## 2.1.5 Monitoring Child Labor

**CU's farm findings:**

None of the 3 farms where CU found evidence of child labor had a reported risk of child labor in the monitoring system.

**CTM response:**

CTM has identified farmers with children under 13-17 years of age, who are being considered "risk farmers", through the farm profile that is updated annually. In addition, the school attendance and educational establishment they attend is also monitored. In case of finding farmers, who do not comply with the standard, a process of immediate actions of non-conformities is started and the Severity Matrix is applied together with the Consequences Management.

**Implementation date:** Q3 & Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022.

**Responsible:** Technicians.

## 2.1.6 Prompt Action reporting

**CU's farm findings:**

N/A



## 2.2 KPI 2: Minimum Wage

### 2.2.1 Summary

**CU's farm findings:**

CU found that most (95%) of the visited farms with hired labor paid some or all of their workers below the minimum wage, and that many of these cases had not been captured by CTM's monitoring system. Although all field technicians knew how to use the monitoring system, they had some gaps in their knowledge regarding how to calculate overtime and what information to check on-farm, resulting in wages not being recorded correctly on many farms.

CU found evidence of underlying reasons for underpayment that had not been identified as root causes by CTM and hence were not addressed in CTM's initiatives.

**CTM response:**

At the time the evaluation of the CU in Misiones was carried out, there was no legal local reference point for tobacco workers and instead the Yerba Mate salary was used, since the hiring of labor for this Activity is less compared to other activities in the area. Around 25% of CTM farmers hire labor. Most tobacco-related tasks are performed by adult family members and / or "Change of day." Less than 10% of the total work required during the harvest season is provided by contract workers, especially during harvesting and occasionally transplanting.

CTM signed a minimum wage agreement for rural workers, getting involved with the different institutions of the provincial tobacco sector. This agreement will serve as a minimum reference for payment of tobacco workers, for their monitoring and communication of compliance.

During farm-by-farm monitoring, when a farmer does not pay the national living and mobile minimum wage, the wage gap is recorded and root causes are established. This information will be used by CTM to build a baseline and define the different segments of farmers that currently pay below the minimum wage. The baseline will help CTM develop specific strategies for each segment and registered root cause. Also, for all farmers not paying the national living wage, quick actions will be recorded and action plans will be agreed in advance following PMI's Global Quick Action Guidelines. Field staff will receive appropriate training on how to collect and track quick actions related to the minimum wage, and will also reinforce the knowledge to calculate and transmit overtime to farmers, as well as to correctly record wages. CTM expects 100% of farmers with minimum wage swift actions to implement a concrete action plan to address the problem. Ultimately, consequence management will be applied for those farmers who are unwilling to address the problem: after two recurrences, the contract will not be renewed for the following season. The Severity Matrix is reviewed annually before each growing season as part of the strategy.

**Implementation date:**

- 1) Q3 2020
- 2) Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022.

**Responsible:**

- 1) CTM Board. Farmers Associations.
- 2) ALP Team, Field Technicians.

## 2.2.2 Targets and strategy

### CU's farm findings:

Risk assessments were not conducted to prioritize actions to achieve the minimum wage KPI.

### CTM response:

An annual risk assessment will be carried out to assess the risk situations of the minimum wage.

**Implementation date:** Q2 & Q3 2020, 2021 & 2022.

**Responsible:** ALP Team.

## 2.2.3 CU's farm findings

### CU's farm findings:

At 21 of the 22 farms visited with hired labor (95%), rural workers did not receive at least the minimum wage according to the agricultural benchmark.

### CTM response:

At the time the evaluation of the CU in Misiones was carried out, there was no legal local reference point for tobacco workers and instead the Yerba Mate salary was used, since the hiring of labor for this Activity is less compared to other activities in the area. Around 25% of CTM farmers hire labor. Most tobacco-related tasks are performed by adult family members and / or "Change of day." Less than 10% of the total work required during the harvest season is provided by contract workers, especially during harvesting and occasionally transplanting.

1) CTM signed a minimum wage agreement for rural workers, getting involved with the different institutions of the provincial tobacco sector. This agreement will serve as a minimum reference for payment of tobacco workers, for their monitoring and communication of compliance.

2) During farm-by-farm monitoring, when a farmer does not pay the national living and mobile minimum wage, the wage gap is recorded. This information will be used by CTM to build a baseline and define the different segments of farmers that currently pay below the minimum wage. The baseline will help CTM develop specific strategies for each segment. Additionally, for all farmers not paying the national living wage, quick actions will be recorded and action plans will be agreed in advance following PMI's Global Quick Action Guidelines. Field staff will receive appropriate training on how to collect and track quick actions related to minimum wage. CTM expects 100% of farmers with minimum wage swift actions to implement a concrete action plan to address the problem. Ultimately, Consequence Management will be applied for those farmers who are unwilling to tackle the problem: after two recurrences, the contract will not be renewed for the following season. The Severity Matrix is reviewed annually before each growing season as part of the strategy.

### Implementation date:

1) Q3 2020

2) Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022

### Responsible:

1) CTM Board. Farmers Associations.

2) ALP Team, Field Technicians.

## 2.2.4 Initiatives on Minimum Wage

### CU's farm findings:

1. CU found that only 3 (14%) of the 22 growers with contract workers had posted payments on the brochure, and that two of these three farmers were still paying below the benchmark minimum wage. Many growers (72%) did not understand how to complete the table nor could they locate that table in the brochure.
2. CU found that six (27%) of the growers with hired labor made use of the service of mechanized soil preparation, and that one of them still paid below the minimum reference wage. Although those farmers no longer needed hired labor to prepare their land, they still needed workers during the harvest season.
3. CU found no evidence that CTM collected participant feedback to improve the design and implementation of the KPI initiatives, record keeping brochure (minimum wage).

### CTM response:

CTM, in order, to comply with local laws and achieve PMI's global objectives, will offer solutions to those farmers who do not comply with the minimum wage (see below) with the aim to generate an additional impact on their income. These actions are the following:

1. Soil preparation service, which aims to reach 530 farmers annually. This initiative has the support of training + Chacra, whose program is aimed at farmers and develops soil management.
2. Diversification in the cultivation of Yerba Mate, with a focus on locations in the central zone such as "Dos de Mayo, San Vicente and El Soberbio (inclusive)". With the intention of incorporating around 200 farmers for harvest 2021 and another 200 farmers in 2 subsequent seasons (100 farmers for harvest 2022 and 100 farmers for harvest 2023).

### Implementation date:

- 1) Q1 to Q2 2021, 2022 & 2023.
- 2) Q2 2021, 2022 & 2023

### Responsible:

- 1) Field Extension Team and + Chacra Trainers.

## 2.2.5 Monitoring Minimum Wage

### CU's farm findings:

The root causes included in this list were not in line with the main underlying reasons identified by CU.

In 15 of the 22 farms with contract workers (68%), the wage payment information recorded by the field technicians did not match the CU findings.

None of the technicians had a complete understanding of the problem in order to properly monitor the payment of wages. None of them mentioned adding the hours worked by the worker when checking wages.

**CTM response:**

- 1) CTM will prepare a written guide for monitoring and will train, at the beginning of each crop, 100% of the field technicians in the correct process (triangulation), including the correct way to calculate and record payments to workers.

Monitoring will include root causes found by CU and Desarrollo & Autogestión.

Exercises will be carried out to calibrate the technicians on the minimum wage before starting the corresponding monitoring.

Each field technician will receive a list of growers who had hired labor in previous crops in order to give greater follow-up and a more efficient support to those farms.

The ALP team will keep the field technicians permanently informed regarding the updates of the minimum wages in the sector.

After all farmers have been duly informed about the minimum wage that any worker who provides labor in tobacco must receive, the technicians will follow up, those who pay below will be registered under a gap classification, also establishing the cause root and opening an immediate action. The farmer who agrees to solve his situation will be redirected to apply an initiative or plan which he agrees on with the technician and that leads him to overcome this situation. To those who do not agree or do not improve with the applied strategies the Severity Matrix process and the corresponding Consequences of Management shall apply which will lead to non-renewal of the farmer's contract if the situation repeats itself.

2. A follow-up through unannounced visits shall be done to detect errors and further calibration when necessary.

In this way, there will be greater certainty about the situations reported by the field technicians.

**Implementation date:** Q2 to Q4 2020, Q1 to Q4 2021 & 2022.

**Responsible:** ALP Team. Field technicians. Unannounced Visits Team.

## 2.2.6 Prompt Action reporting

**CU's farm findings:**

No Prompt Actions were collected for Minimum Wage (KPI 2) (See Chapter 2.2).

**CTM response:**

From the 2021 crop year on, CTM to report immediate actions on 100% of the productive units that pay below the minimum wage and after the corresponding communication, it will follow the PMI guide and initiate the processes of the Severity Matrix with its corresponding Consequence Management. Field technicians will receive instructions to accordingly inform the farmers.

**Implementation date:** Q3 to Q4 2020, 2021 & 2022.

**Responsible:** ALP Team. Field technicians.



## 2.3 KPI 3: Worker Accommodation

### 2.3.1 Summary

**CU's farm findings:**

CU's farm findings show that accommodation issues in most cases were adequately captured by CTM's ALP team, except for four farms where monitoring data did not fully match with CU's findings. On one of these farms, two critical indicators identified by CU had not been reported by CTM.

**CTM response:**

The unreported irregularities are mainly due to the lack of clarity of the criteria at the time of monitoring. To improve the finding, the work will be carried out in 3 lines of action:

- Training in calibration for monitoring, aimed at the FT, will be annual and before starting each monitoring. Annual calibration training following PMI monitoring guidelines with all field staff.
- Unannounced visits that verify FT reports and that must be made by supervisors and managers during the growing season.
- CTM will follow up PMI accommodation monitoring guideline.

**Implementation date:** yearly basis for 2021 - 2022 & 2023.

**Responsible:** ALP Team. Field technicians. Unannounced Visits Team.

### 2.3.2 Targets and strategy

**CTM response:**

CU reported no findings in this section.

PMI's global KPI for Accommodation is to provide adequate housing to all workers on all contracted farms by 2020. At the time of CU's visit CTM had adopted this global target, with the addition that worker accommodations, if not adequate, had to be at least comparable to the farmer's housing conditions. CTM's strategy towards achieving this target included monitoring and Prompt Actions.

### 2.3.3 CU's farm findings

**CU's farm findings:**

In 1 of 7 farms (14%), CU considered that the accommodation was inadequate and not comparable to the farmer's housing conditions. This accommodation had not yet been monitored by the CTM staff (see Chapter 2.3.5).

**CTM response:**

At the beginning of the crop year, CTM will train and carry out calibration exercises for field technicians to monitor 100% of the productive units that provide housing, following the PMI guide and local legislation.

- a. Farmers will be evaluated before being hired and when contracts are renewed (Due Diligence). Those who provide accommodation to workers that do not meet critical and non-critical conditions may not be hired for the 2022 season. The exception will be in cases where an action plan is established within 30 days to comply with it.

- b. Farmers monitored during the crop year that do not meet the standard (critical and non-critical conditions) open a Prompt Actions process and apply the Severity Matrix with its Consequence Management.

To guarantee the compliance of the farmers who provide accommodation and to follow up on those who have got open prompt actions processes, the team of unannounced visits will verify 100% of the productive units with this situation.

**Implementation date:**

- a) Q1 2021 & 2022.
- b) Q2, Q3, Q4 2022 & 2023.

**Responsible:**

ALP Coordinator.

- a) Field technicians.
- b) Unannounced Visits Team.

## 2.3.4 Initiatives on Accommodation

**CU's farm findings:**

At the time of CU's visit, CTM had no specific initiatives in place to target inadequate accommodation.

**CTM response:**

CTM field technicians will agree, with the farmer, on a specific action plan to fix the accommodation. The action plan will be followed up within an agreed time frame. Unannounced visits will also be strengthened and opening of prompt actions will be aligned to the Severity Matrix and Consequences Management in critical and non-critical cases.

**Implementation date:** Q3, Q4 2021, Q1, Q2, Q3 & Q4 2022.

**Responsible:** ALP Team.

## 2.3.5 Monitoring Accommodation

**CU's farm findings:**

In 4 (67%) of these 6 farms, CU found irregularities that CTM had not reported. In 1 case, this referred to two critical indicators (See Table 2).

**CTM response:**

The unreported irregularities are mainly due to the lack of clarity of the criteria at the time of monitoring. To improve the finding, the work will be carried out in 3 lines of action:

- Training in calibration for monitoring, aimed at the FT, will be annual and before starting each monitoring. Annual calibration training following PMI monitoring guidelines with all field staff.
- Unannounced visits that verify FT reports and that must be made by supervisors and managers during the growing season.
- CTM will follow up PMI accommodation monitoring guideline.

**Implementation date:** yearly basis for 2021 - 2022 & 2023.

**Responsible:** ALP Team. Field technicians. Unannounced Visits Team.

## 2.3.6 Prompt Action reporting

### CU's farm findings:

In one of the farms with accommodation visited by CU, critical points were identified, but these were not considered as prompt actions by CTM.

### CTM response:

Critical situations observed by FTs or unannounced visits will be subject to Consequence Management. CTM will not allow critical accommodation situations offered by their farmers to workers for the 2021 crop year. .

- Calibration exercises among FTs.
- Unannounced visits of 100% of farmers providing accommodation.
- Due diligence before new farmers contracting and the renewal of the contract.
- Reporting the cases of PA detected in the accommodations.

**Implementation date:** Q2 to Q4 2020, 2021 & 2022.

**Responsible:** ALP Team. Field technicians.

## 2.4 KPI 4: Personal Protective Equipment

### 2.4.1 Summary

#### CU's farm findings:

CU found evidence that the global KPI was not being achieved, as not all farmers visited had received PPE.

CU's farm findings indicate that the intended aims and outcomes of these initiatives were only partly achieved. In particular, the focus of one initiative on aprons for handling wet green tobacco had created the widespread misunderstanding that PPE was not needed for handling green tobacco when it was dry.

#### CTM response:

At the time of CU's evaluation, CTM was in full distribution of harvesting equipment according to the objectives agreed with PMI, at that time there was a degree of progress of approximately 70%, reaching 100% of the distribution at the end of 2019. The renewal of the harvesting equipment will be implemented annually for those who need it (maintaining at least the objectives agreed with PMI) and the costs will be bared by the growers and will be discounted at the end of the crop year.

CTM will instruct the field FTs to clarify that the harvest equipment must be used in its entirety (pants + shirt + glove + closed shoes) when the "tobacco is green and wet". When the tobacco is "not green + dry" or "dry + green in combination of high temperatures" the use of traditional common clothing will be tolerated (pants and long-sleeved shirt + gloves + closed shoes).

### 2.4.2 Targets and strategy

#### CTM response:

CU reported no findings in this section.

PMI's global KPI for Personal Protective Equipment (PPE) is to ensure availability of PPE for handling green tobacco and crop protection agents (CPA) on all contracted farms by 2020. At the time of CU's assessment CTM had adopted the same global KPI for their contracted farms. CTM had formulated a local strategy to achieve this KPI, including yearly targets and two initiatives to tackle persisting issues.

Regarding the usage of PPE, CTM's policy was as follows. For handling green tobacco, farmers were required to wear long sleeves, long trousers, gloves, and closed shoes. Additionally, when the green tobacco was wet due to rain or morning dew, they had to wear the apron and gloves provided by CTM (see Chapter 2.4.4). For handling or applying CPA, farmers were required to wear the full set of PPE provided by CTM (see Chapter 2.4.4), plus boots.

### 2.4.3 CU's farm findings

#### **CU's farm findings for PPE:**

PPE for GTS: In 26 of the farms visited (51%), at least 1 person handled green tobacco without using the full set of PPE.

CU found a discrepancy in the use of PPE when green tobacco was wet versus when it was dry.

PPE for CPA: In 21 of the farms visited (41%), at least 1 person who managed or applied CPA did not use the full set of PPE required. In 8 farms (16%) none of the people who handled or applied CPA used PPE, apart from closed shoes. In particular, face shields and mouth masks were often not used.

Many growers expressed concern about the cost of PPE provided by CTM, mentioning that in most cases it was too high, and that sometimes too much PPE was provided per farm, which was eventually not needed by the farmer as there were fewer people employed in production than expected.

#### **CTM response:**

##### PPE for GTS:

At the time of CU's evaluation, CTM was in full distribution of harvesting equipment according to the objectives agreed with PMI, at that time there was a degree of progress of approximately 70%, reaching 100% of the distribution at the end of 2019. The renewal of the harvesting equipment will be implemented annually for those who need it and the costs will be in charge of the producers that will be discounted at the end of the campaign.

The goal is 100% use for people who handle or harvest green tobacco. To increase the use, the following actions will be carried out:

- Due diligence: to renew their contract, farmers must have GTS PPE available and in use, farmers who have protected themselves by handling dry tobacco in the traditional way will also be able to contract again. Farmers who are hired must have PPE available from GTS.
- CTM will continue to instruct farmers to avoid Green Tobacco Disease (with the support of trainings from + Chacra) indicating the use of full harvest equipment (pants + shirt + gloves + closed shoes) when the "tobacco is green and wet"; When the tobacco is "not green and dry" or "dry + green in combination of high temperatures", CTM will have tolerance in the use of traditional common clothing (pants and long-sleeved shirt + gloves + closed shoes), ensuring that FT follow up through unannounced visits.

**Implementation date:** Q3 & Q4, 2020, Q1 to Q4 2021 & 2022.

**Responsible:** ALP Coordinator. Field Technicians. Unannounced visits Team.



#### PPE for CPA:

CTM will guarantee an early availability of PPE, sufficient to cover all the needs of the farmers, in accordance with the objectives agreed with PMI. The renewal of the equipment will be carried out according to the request of the farmers and the observation of the FT, being the farmer responsible for the expenses of the equipment, which will be discounted at the end of the campaign.

The goal is 100% usage for people managing or applying CPA. To increase the use, the following actions will be carried out:

- Due diligence: farmers who renew the contract must have CPA equipment available and in use. To be hired, they must have availability of the CPA team.
- Farmers will be instructed by FT (with the support of the + Chacra trainings), and they will be followed up, ensuring compliance through unannounced visits.
- When the FT follows up on the non-compliance in the total non-use of the equipment, Quick Action processes, Severity Matrix and Consequences Management will be opened, leaving the farmers' contract without renewal when the situation of not using the equipment totality is reiterated.

**Implementation date:** Q3 & Q4, 2020, Q1 to Q4 2021 & 2022.

**Responsible:** ALP Coordinator. Field Technicians. Unannounced visits Team.

### 2.4.4 Initiatives on Personal Protective Equipment

#### **CU's farm findings:**

CU found no evidence that CTM performed a root cause analysis before implementing the initiatives.

#### **CTM response:**

CTM shall evaluate on a yearly basis root causes of non-compliance for usage and address it accordingly.

**Implementation date:** Q2 2020, 2021 & 2022.

**Responsible:** ALP Coordinator.

### 2.4.5 Monitoring Personal Protective Equipment

#### **CU's farm findings:**

All field technicians interviewed by CU were aware of the PPE requirements for handling green tobacco and applying CPA.

- 10 of the field technicians (83%) reported that they verified this problem only with the farmer, not with family members or workers.  
When comparing CU's farm findings to CTM's monitoring data, CU found that not all findings matched:
- PPE for CPA: 13 (62%) of the 21 farms where CU found evidence of people not wearing full PPE to handle and apply CPA, the field technician had not reported an irregularity in the monitoring.
- PPE for GTS: 17 (65%) of the 26 farms where CU found evidence of people not wearing full PPE to handle green tobacco, the field technician had not reported an irregularity in the monitoring.
- On 29 farms (57%), evidence was found of people applying fertilizers without wearing gloves.

**CTM response:**

CTM, in order to improve the objectives set by PMI and following the guidelines established by them through the ALP Code and using the ALP Step Change Monitoring Brief, will address the following actions:

- a. Due diligence: retrain before starting this process on the use of the equipment, on the criteria to be taken and on how the technicians are to evaluate the farmers before the renewal of the growing contract or the new contracting of farmers.
- b. Train 100% of the technicians at the beginning of each monitoring and reinforce trainings with the group in a total or partial way, when it is observed that there are no coincidences between their monitoring and the unannounced visits.
- c. Provide a written guide for monitoring and triangulation.
- d. Monitoring by the technician and unannounced visits by the team for calibration and validation of the criteria.
- e. Faced with non-compliance with the monitoring related to the use of the equipment, Prompt Actions processes will be applied applying the Severity Matrix and Consequence Management in the corresponding cases.

**Implementation date:**

- a) Q2 2020, 2021 & 2022.
- b) Q3 2020, 2021 & 2022.
- c) & d) Q3 & Q4 2020, Q1, Q2, Q3 & Q4 2021 & 2022.

**Responsible:**

- a) Field Technicians.
- b) ALP Coordinator
- c) & d) Field technicians & Unannounced visits Team.

## 2.4.6 Prompt Action reporting

**CTM response:**

CU reported no findings in this section

CTM was raising Prompt Actions when farmers were observed handling green tobacco or applying CPA without using complete PPE. All field technicians were aware of the Prompt Action procedure for PPE use. Prompt Actions for PPE could only be closed when the field technician was accompanied by a field supervisor or member of the ALP Team in an unannounced follow-up visit (within six weeks).

Among the farms visited by CU, one (2%) had a Prompt Action related to PPE use. The case was still open; the farmer in question was aware of the Prompt Action raised, and mitigation measures (training) had already been implemented. The issue was not recurring at the time of CU's visit.

### 3 Farm findings on other ALP Measurable Standards

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

**CU's farm findings:**Payment Schedule:

On four of the farms with hired labor (18%), workers were paid at the end of the season.

Legal benefits:

In 19 farms (86%), workers did not receive the benefits of social security, vacations, and paternity leave to which they were entitled under Argentine law.

Hours of work and overtime pay:

In 9 farms (41%) the workers worked overtime, either working longer hours in the afternoon or working on weekends. None of these workers were paid overtime in accordance with national law.

**CTM response:**

CTM is a cooperative that encourages compliance with the law by farmers. To ensure compliance by farmers, the CTM will focus on the following main activities:

1. Communication to all farmers about the legal requirements through the contract (reinforcing communication through the field technician and the + Chacra Program, which is also aimed at family members and agricultural workers, includes income module and work hours).
2. The FTs will receive communication for follow-up and triangulation, requesting proof of payment from the growers and speaking with the workers whenever possible.
3. When non-compliances are registered through follow-ups, Quick Action processes will be opened, establishing plans through the technician when they are not resolved, the Severity Matrix will be applied with the Management of consequences, and contracts may not be renewed when violations are repeated by the same situation.
4. To ensure compliance with the monitoring, people who are not directly related to the crop will follow up through visits without prior notice.

**Implementation date:** Q3 & Q4 2020, Q1 to Q4 2021 & 2022.

**Responsible:** Field Technicians. +Chacra Trainers. Unannounced visits Team.

#### 3.2 ALP Code Principle 3: Fair treatment

**CU's farm findings:**

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

No evidence was found on farms of discrimination.

All workers mentioned to be able to communicate to their farmer in case of need.

### 3.3 ALP Code Principle 4: Forced Labor and Human Trafficking

**CU's farm findings:**

In 4 of the farms with workers (18%), CU identified a risk of forced labor, since the workers were paid at the end of the season. Although these workers had accepted this form of payment and were free to leave their employment, 1 worker mentioned that he would not receive the agreed salary if he left his job before the end of the season.

No evidence was found of workers having to make financial deposits to be employed.

No evidence was found of indirect payment or wages being withheld beyond the agreed date of payment.

No evidence was found of farmers retaining workers' documents

No evidence was found of prison workers.

**CTM response:**

CTM will continue to monitor farmers who hire permanent and temporary workers with specific questions related to frequency of payment to identify and mitigate any risk of forced labor. This measurable standard will also be evaluated during unannounced visits.

In addition, during field visits, training and communications related to the aforementioned topic will be redesigned and reinforced.

To ensure that all risks related to frequency of payment and forced labor are mitigated, CTM will continue to monitor and establish agreements to provide transparency to this business relationship when identified.

In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers who pay at the end of the season in accordance with the consequences management policies: after two recurrences, the contract is not renewed for the following season. This also helps mitigate the risks associated with forced labor or workers unable to leave the farm until they are paid.

Ultimately, when CTM identifies that workers are not free to leave their employment due to outstanding debts or payments, the contract is immediately terminated.

**Implementation date:** Q3 & Q4, 2020, Q1 to Q4 2021 & 2022.

**Responsible:** Field Technicians. +Chacra Trainers.

### 3.4 ALP Code Principle 5: Safe Work Environment

**CU's farm findings for general safety measures:**

In 12 farms (23%) the barns were tall and lacked protection measures for people who went up to sheds to carry tobacco.

In 49 farms (96%) the resources were available in case of emergency. 41 farms could provide transportation to a medical facility. 4 farms had a first aid kit. 7 farms had contact details of health institutions displayed, and 3 had resources to act in case of fire.

In 40 farms (78%) the sharpened tools were properly stored, but in 10 farms (20%) these tools were left around the farm or barn area where children and other family members had access.



**CTM response:**

CTM in order to strengthen the knowledge of the farmers about a safe work environment will carry out the following actions:

1. Communication to 100% of the farmers on the potential risks of a safe work environment. The topic will be included in the + Chacra trainings (theoretical and practical training carried out in all production areas with an agenda focused on the ALP and a technician dedicated exclusively to the activity), field technicians will also help farmers define spaces for the storing of tools that do not represent a risk to people.
2. 100% of the farmers will have a telephone directory of the nearest health centers. The availability of first aid kits will be a regular recommendation for growers.
3. The CTM medical department will train the field team in first aid. This topic will be included in the CTM magazine for further communication to farmers.
4. Unannounced visits to verify compliance with the criteria and to validate the monitoring of field technicians.

**Implementation date:**

1), 2) & 4) Q3, Q4 2020. Q1 to Q4 2021 & 2022.

3) Q3, 2020.

**Responsible:**

1) & 2) Field Technicians. +Chacra Trainers.

3) CTM Medical Department. Field Technicians.

4) Unannounced Visits Team.

**CU's farm findings for chemical storage and disposal, equipment and application:**

In 48 farms (94%), CPA containers and chemical equipment were safely stored in a closed warehouse on the farm. In the three remaining farms (6%), the CPA and the application equipment were kept in a storage that was not closed.

In 36 farms (70%) the growers did not properly dispose of the CPA empty containers (the correct method is to rinse three times and pierce the containers before safe disposal). In one of these farms, the empty containers were burned in the field, while in ten farms they were left in the field and around the farm. In the other farms they were kept in storage, but without being rinsed or drilled first.

In 49 farms (96%) the equipment for the application of CPA (backpack) and fertilizers was in good condition and without leaks. On a farm, the sprinkler had been repaired by the grower, but it occasionally leaked when used in the field.

In 13 farms (25%) the growers were not aware of the correct period of re-entry after the application of CPA.

In 18 farms (35%) there were no warning signs available after application of CPA.

**CTM response:**

CTM will carry out a series of actions in order to improve these criteria:

1. Train farmers through + Chacra, individual visits by field technicians, these points will also be included in the magazine which will be distributed to all farmers.

2. CoTTaProM (Civil Association Tobacco Technical Commission of Misiones), will deliver 110 boxes to store CPA containers and CPA application equipment, both properly marked and with basic security measures. It will provide a pair of anti-cut gloves per farmer to be used to apply fertilizers, handle cutting tools and prevent GTS.
3. Delivery of identification posters ("DANGER DO NOT ENTER", area treated with CPA) of the areas treated with CPA.
4. Monitoring by the FT, including validation and calibration through unannounced visits. . . . .

**Implementation date:**

- 1), 2), 3) Q3, Q4 2020, Q1 to Q4 2021 & 2022.
- 3) Q2 to Q4 2020.

**Responsible:**

- 1) +Chacra Trainers. Field Technicians.
- 2) & 4) Field Technicians.
- 3) Field Technicians. CoTTaProM.
- 5) Unannounced Visits Team.

### 3.5 ALP Code Principle 6: Freedom of association

**CU's farm findings:**

No evidence was found of workers not being able to join or form organizations of their own choice.

No evidence of active unions was found in the region where the assessment was conducted.

No evidence was found of worker representatives being discriminated against for their functions.

### 3.6 ALP Code Principle 7: Terms of employment

**CU's farm findings:**

- In 12 of the farms with hired labor (55%) the growers did not inform their workers about their legal rights and the benefits they would receive.
- In 18 of the farms with hired labor (81%), the growers had a verbal contract with their workers.
- In 19 of the farms with hired labor (86%) the conditions of employment contravene the country's law.

**CTM response:**

CTM, respecting local legislation and PMI guidelines, will be in charge of instructing farmers through contracts, with the support of the field technician and of the + Chacra training (aimed at growers, their families and workers). Also topics such as the importance of compliance with labor legislation and information on the rights and obligations of the workers will focused on in brochures and in the magazine

**Implementation date:**

- 1) Q1 & Q2 2020.
- 2) Q1 to Q4 2020 to 2022
- 3) Q2 2020 to 2020

**Responsible:**

- 1) Legal Advisers.
- 2) +Chacra Trainers. Field Technicians.
- 3) ALP Team.

## Appendix II – Scope and methodology

### Assessment team

The team responsible for conducting this assessment consisted of three auditors from Argentina, one auditor from the United States, one coordinator from Italy, and one coordinator from the Netherlands. The auditors conducted farm assessments, interviewed field technicians, and were accompanied by one of the coordinators during most of the visits. The coordinators interviewed CTM management and senior field staff (including field supervisors). Both the auditors and coordinators had been trained by Verité and CU before the assessment. This qualification process consisted of the following stages:

- Selection of candidates by CU;
- Webinars organized by CU to verify suitability of candidates;
- Completion of online training provided by Verité;
- Full week classroom training conducted by Verité with CU; and
- Two-day preparation training by CU directly prior to starting the field visits.

### Desk review

Prior to this assessment CTM was requested to send documentation to CU to give the assessment team a better idea of the market characteristics and the management systems in place. CTM provided the legal information that was relevant to the ALP Code (see Appendix III for more detailed legal information). This was important to ensure a thorough preparation of the assessment.

### Opening meeting

On 27 November 2019, CU started the assessment with an opening meeting at CTM's head office in Leandro N. Alem, Misiones, Argentina. This meeting was attended by CTM's ALP Country Team. CU presented the objectives and approach of the assessment, while CTM provided a brief overview of the market and company background.

### Methodology for ALP implementation system review

The methodology used for the evaluation of CTM's implementation of the ALP Program was based on the widely used PDCA<sup>20</sup> cycle. This cycle is a management method for the continuous improvement of processes and products. CU spent two days (27 and 28 November 2019) at CTM's head office to interview management staff, analyze documentation, and evaluate CTM's systems to better understand how the implementation of the ALP Program was organized. In total, CU interviewed three management personnel, 14 field personnel (12 field technicians, two supervisors) and two NGO representatives. In addition, CU visited one EFA school to interview their staff and management.

### Scope and farm sampling

This assessment focused on Burley farmers located in the central area of the province of Misiones, Argentina (see graph below). This area was considered homogenous in terms of farm size, geographical spread, language spoken, and cultural aspects.



Figure 4. Scope of assessment: Burley farmers in central Misiones in Argentina.

20. Plan, Do, Check, Act

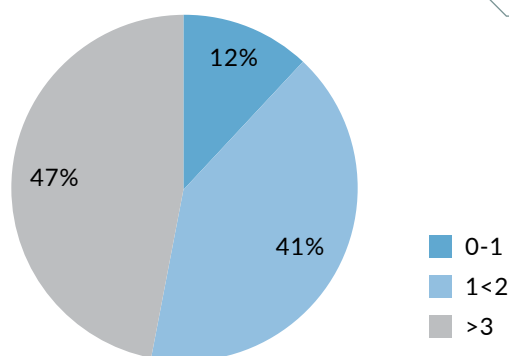
The majority of the farmers contracted by CTM in Misiones were small-scale family farms growing 1.2 hectares of tobacco on average.

For the 2019-2020 crop season, CTM had contracts with 3,964 farmers across Misiones, of which 2,259 farmers in the central area, the area selected for this assessment. To constitute a meaningful sample CU needed to visit at least 51 farms, which was calculated as the square root of the total number of farms within the scope (2,259). In total, CU visited 51 farmers, which were either sampled randomly or selected based on the following criteria:

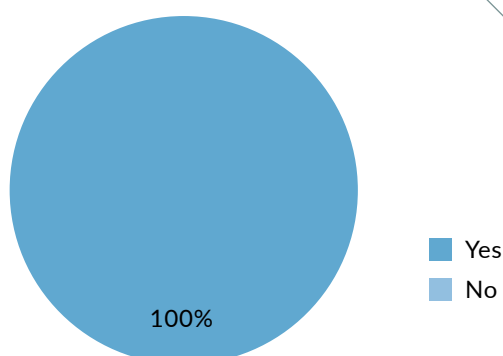
- Geographic spread;
- Farm size: different farm sizes selected to ensure diversity, but a focus on the larger farms to ensure labor practices could be assessed;
- Participation in ALP Program initiatives, to allow assessment of the initiatives' implementation.

Over a period of one week, CU visited an average of 16 farms per day, with a reporting day after each field day. The graphs below provide demographic information about the selected farms.

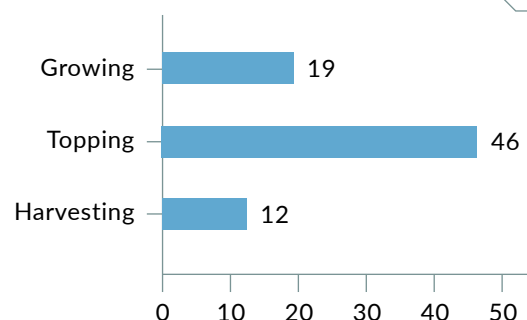
**Farm size of farms visited by CU and contracted by CTM**



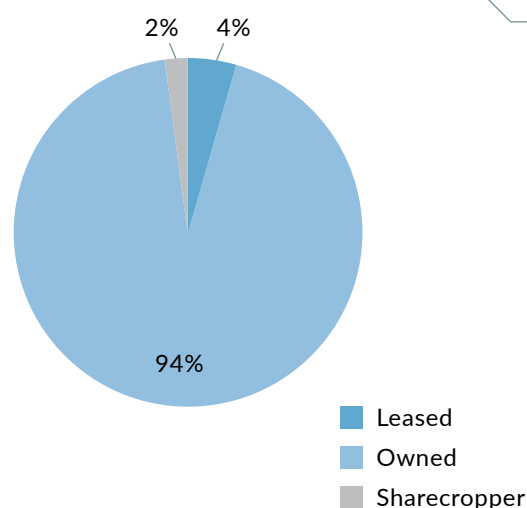
**Number of visited farm previously contracted by CTM**



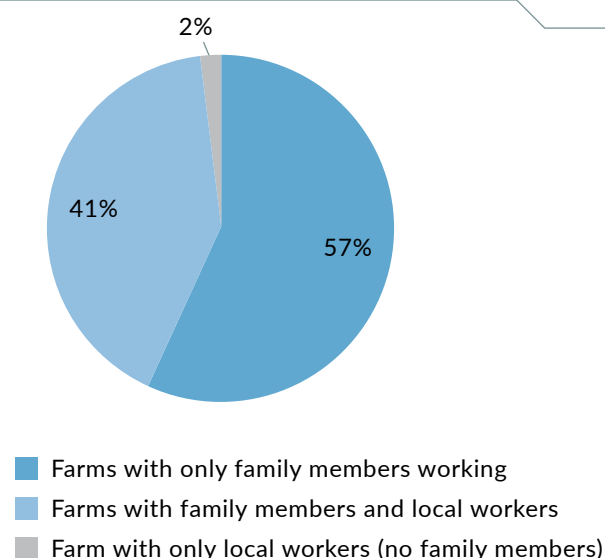
**Stages in tobacco production on the visited farms**



**Farm ownership of visited farms**



**Farm composition of visited farms**





CU informed CTM about the names of the selected field technicians and selected farmers the same day the visit would take place. The reason for this was that CU wanted to obtain a realistic picture of the farm practices, which was most likely to be seen when arriving unannounced. CU conducted 51 visits (100%) unannounced. However, 18 (35%) of the farmers had been informed by mistake that they could receive an external visit during the week that CU was visiting. This mix-up was due to an assessment in the preceding week by another external organization who, in contrast to CU, required farmers to be informed of their visit. Although the farmers in question did not know if and which day CU would be visiting their farm, the fact that they expected a visit may have affected CU's ability to identify issues such as child labor, wage payment and PPE use.

#### Methodology for ALP farm practices review

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

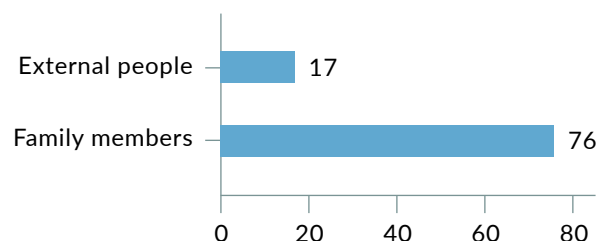
#### People interviewed

Wherever possible, interviews with family members and workers were conducted individually and without the presence of the farmer, to avoid undue bias. For the same reason, all interviews with farmers were conducted without the presence of the field technician.

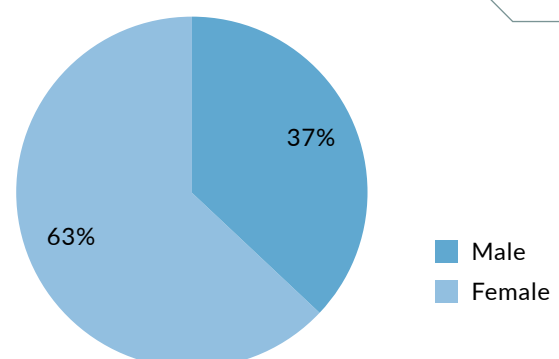
In total, CU interviewed 51 farmers, 76 family members, and 17 workers. The relatively low number of workers interviewed was due to farm composition and stage in tobacco production: many farms were family farms without hired labor, while farms that did hire labor often only did so for labor-intensive tasks such as transplanting and harvesting. However, most of the farmers visited by CU were still at the topping stage of tobacco production.

Demographic information on the family members and external workers interviewed is shown in the graphs below:

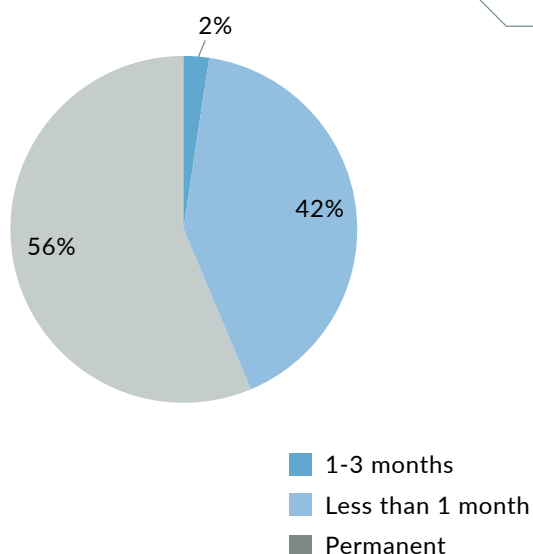
**Total number of people interviewed on farms**



**Gender of family members and workers interviewed**



### Family members' involvement in farm activities



### Closing meeting

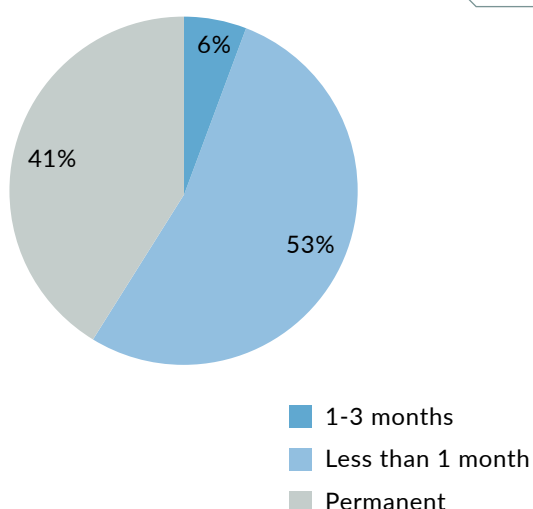
On 31 January 2020 a closing meeting was held via web conference. As with the opening meeting, the closing meeting was attended by the ALP Country Team. Furthermore, the web conference was joined by representatives of PMI OC and PMI Regional.

CU presented the initial findings and CTM requested clarification of certain items. A constructive discussion took place on several topics. Overall, CU's findings were considered a useful base for taking action to improve the implementation of the ALP Program.

### Reporting procedure

During the assessment, auditors reported after each field day to the coordinator. This person monitored the auditors' findings and provided feedback whenever necessary. The coordinator compiled all findings and combined these with the findings from the management assessment. Public release of CU's assessment report demonstrates PMI's commitment to transparency, which is an important component of the ALP Program. CU authored the final report, which was evaluated by Verité. PMI reviewed the report. Finally, CTM reviewed the report to verify that all the information was correct, and to finalize their action plan that was based on this report.<sup>21</sup>

### Workers' duration of employment



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

## Appendix III – Legal Questionnaire

### ARGENTINA

#### Agricultural Labor Practices

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#### LEGAL INFORMATION QUESTIONNAIRE

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##### Summary & Guidance

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Understanding the legal situation in the markets from which PMI sources tobacco leaf is critical for ALP Code implementation. With this goal in mind, PMI produces a Legal Information Questionnaire (LIQ).

The LIQ is a key document for third party assessments of the ALP Program in your country.

Your review should cover all laws/decisions/regulations **applicable to tobacco**. This may include any relevant federal, state, municipal laws, collective bargaining agreements, and court precedents (collectively 'Laws'). If there are no Laws related to an item covered, please also indicate this. We have also provided a separate document (**Matters to consider when completing your LIQ**) with further guidance.

**PLEASE KEEP IN MIND THAT THE LIQ WILL BE READ AND USED MOSTLY BY LEGAL LAYPERSONS**

##### Structure

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The LIQ is divided into 7 sections which correspond to the 7 ALP Code principles. For each, you will find the following:

###### *Summary*

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- **In a few words**, provide an overview of the Market's legal standards which match, exceed, or oppose the ALP measurable standards for each principle.
- Make comments (if any) including any local particularities or variations within your country. These can also be referenced in footnote format where a more detailed discussion is required.
- Where no related market legal standard can be referenced, write NA (non-applicable) in the cells that apply.

###### *Applicable laws*

---

- Provide a list of the applicable laws (i.e. Constitution, Employment regulation etc.) included in your answer.
- References may be repeated if the same laws apply to more than one principle.
- Please include, if possible a link to the official or reliable websites for the references.
- It is no problem if the same laws appear in more than one section.

*Your answer*

---

- Provide comprehensive yet concise answers to each listed item as identified by subheadings. Please avoid pooling items together as much as possible.
- Answer in bullet point format. Please do not use lettered or numbered bullets.
- Provide context as needed.
- Limit your answers only to tobacco or agricultural sectors, or explain the general rules applying to these sectors.
- Include any authority references in footnote format to facilitate reading.
- Avoid discussions of superseded law at national or international levels. References to current directly applicable law are all that is needed.



## Appendix III – Legal Questionnaire

### Agricultural Labor Practices

#### LEGAL INFORMATION QUESTIONNAIRE

##### ARGENTINA

Author: Tamara Cañete Chadra

Date of Original Analysis: Q1 2017

Date of Updated Analysis: Delfina De Elizalde & Tamara Cañete Q4, 2019

#### Principle 1 – CHILD LABOR

##### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Minimum age for admission to work is <b>not less than age for completion of mandatory schooling</b>		Education can be finished at age 17. The age for working with tobacco is greater at 18 years		
In any case, minimum age for admission to work is <b>not less than 15 years OR the minimum age provided by law, whichever offers greater protection</b>		The age for working with tobacco is 18. Minors are prohibited.		
No person under 18 involved in hazardous work	Minors of 18 years are prohibited from hazardous work including tobacco production.			
A child may only help on the family farm if it is light work AND if the child is <b>between 13-15 years OR above the minimum age</b> for light work defined by law, which ever affords greater protection		Minors cannot work at all on family farms.		

### Applicable laws

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- Argentine Constitution: <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/804/norma.htm>
- Several International Treaties ratified by Argentina
- Child Labor Law, No. 26,390: <http://www.infoleg.gob.ar/infolegInternet/anexos/140000-144999/141792/norma.htm>
- Agricultural Labor Law, No. 26,727: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>
- Federal Education Law, No. 26,206: <http://www.infoleg.gob.ar/infolegInternet/anexos/120000-124999/123542/texact.htm>
- National Decree 1117/2016: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/265000-269999/266668/norma.htm>

### Your answer

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Minimum age for employment (in tobacco)

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- The minimum age for working with tobacco is 18 years old.
- 

Age (or ages) limits for compulsory schooling

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- Primary and secondary school education are structured based on a scheme that should be finished by the age of 17.
  - Despite social programs to encourage school attendance, there are no specific obligations or punishments applied to parents whose children do not attend school.
- 

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

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- It is forbidden to employ minors of 18 years old in dangerous, hazardous or unhealthy work, and tobacco production is considered hazardous work.
- 

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

---

- Minors, whether a family member or not, cannot work in activities related to tobacco, except when they are 18 years old or older.
- 

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

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- Minors under the age of 16 are prohibited from working in any type of activity, whether it is for profit or not.

## Principle 2 – INCOME AND WORK HOURS

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Wages of all workers meet, at a minimum, national legal standards or agricultural benchmark standards.				<p>National Legal Standards (Labour Law): AR\$ 16.875 per month or AR\$ 84,37 per hour.</p> <p>National Commission for Agricultural Work (CNTA): The current minimum wage for agricultural work is AR\$ 24.445, 89 per month or AR\$ 1.075,45 per day for a lower scale worker (a peon).</p> <p>Salta and Jujuy applicable Legal Standards: CNTA Resolution N° 219/19 establishes the current minimum wage for tobacco in AR\$ 23.923,35 per month or AR\$ 1052,44 per day.</p> <p>In Misiones there is no a specific tobacco salary, so the agricultural benchmark MP uses is from yerba mate (CNTA Resolution N° 48/19) that establishes that the current minimum wage is AR\$ 21.607,73 per month or AR\$ 950,76 per day.</p>
Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.				Monthly workers are paid at end of calendar month and within the first 4 days of the next month. Weekly or daily workers are paid every week or 15 days. Performance workers are paid every week or 15 days in relation to work finished.
Work hours are in compliance with the country's laws.				<p>Agricultural Law: Working hours are 9 hours per day OR 44 hours per week.</p> <p>Farmers must to enroll daily workers and permanent workers (more than 1 month) in the AFIP (Administración Federal de Ingresos Públicos).</p>
Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.		Maximum working hours are 9 hours per day OR 44 hours per week.		
Overtime work hours are voluntary.	NA	NA	NA	Special request to the Employment Ministry is needed only when an employee works more than 30 extra hours a month or 200 extra hours a year.
Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.				Every overtime hour is paid with a 50% increase or with 100% if on Sundays.
All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.				<p>Licenses are provided for maternity/paternity, vacation, exam and family death leaves.</p> <p>Healthcare and social security provided. It applies to all employees, even weekly/daily workers and performance workers</p>

### Applicable laws

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- Argentine Constitution : <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/804/norma.htm>
- Agricultural Labor Law, No. 26,727: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>
- Pension Law, No. 24,241 (and related regulation): <http://www.infoleg.gob.ar/infolegInternet/anexos/0-4999/639/texact.htm>

### Your answer

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Laws on regular and overtime wages including laws on in kind payment (e.g. minimum wages, minimum wages agreed with unions, agricultural wage benchmark standards). If a minimum monthly wage is referenced, please indicate how many hours this wage represents

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- Regarding to working hours less than 8 hours, the law state: when employees work less than 2/3 of the working hours, the salary can be proportional to the time worked. If you work more than 2/3 of the working hours and the day is calculated in hours, the company must pay the full day although the employees hadn't worked 8 hours. So, if the employee's daily workday is 6 hours but the usual working hours per day are 8 hours, it is necessary to pay 8 hours as it is exceeding 2/3 parts. On the other hand, if you work 5 hours you can pay 5 hours.
  - Every overtime hour shall be paid:
    - with a 50% increase, if it takes place from Monday to Saturday until 01:00 pm
    - OR with a 100% increase, if it takes place on Saturday after 01:00 pm or on Sundays.
  - In Salta and Jujuy, the current minimum wage for tobacco growing activities is AR\$ 23. 923, 35 per month or AR\$ 1052,44 per day.
  - In Misiones we don't have a specific tobacco salary but we have yerba mate CNTA Resolution N° 48/19 that establishes the current minimum wage in AR\$ 21.607,73 per month or AR\$ 950,76 per day.
  - If an employee has been working for the same employer for more than one year, an additional amount of 1% must be added as a 'seniority'.
  - Payments in-kind are allowed provided they do not exceed 20% of the total payment.
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Wage and hours laws specific to piece rate workers, temporary workers, and migrant workers

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- No rules on these matters.
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Other specific rules applicable to migrant workers including any legal requirements to ensure they are legally permitted to work

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- To be legally allowed to work in Argentina, migrant workers shall obtain a working visa.
- Upon the issuance of a working visa, migrant workers have the same rights and obligations as local workers.
- Any difference in treatment of migrant workers with a working visa is illegal.



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

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- Payment intervals are as follows:
    - For monthly workers, wages shall be paid at the end of each calendar month and within the next 4 days;
    - For weekly or daily workers, wages shall be paid every week or every 15 days;
    - For work-performance workers, wages shall be paid:
      - 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 guarantee a sum not exceeding a third of the total amount.
  - End-of-season wage payments are not allowed.
- 

Laws on regular and overtime hours (e.g. maximum work hours, requirements for overtime hours to be voluntary)

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- Maximum working hours are 9 hours per day OR 44 hours per week, from Monday to Saturday at 01:00 pm.
  - Such a schedule excludes tasks that, because of their nature, are usually performed on Sundays. For these cases, employers shall allow workers to take a compensatory rest day during the following week. The compensatory rest day aims at providing the worker physical and psychological rest and thus cannot be waived or exchanged for any monetary benefit (not even if the workers chooses to).
  - Night work (from 9:00 pm to 6:00 am) cannot exceed 7 hours per day or 42 per week.
  - For work schedules that combine day and night hours, every night hour implies a proportional reduction of the total work shift of 8 minutes or for these 8 minutes to be paid as overtime.
  - The maximum overtime allowed is 30 hours per month or 200 hours per year.
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Requirements that employers must meet to request overtime from workers

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- There are no specific requirements to be met by employers in order to request overtime from workers.
  - The employer has an obligation to comply with the employee's resting time between each working day.
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Laws on basic entitlements or benefits to be paid to workers (e.g. social security, health care, holidays, other leave entitlements etc.)

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- Workers are covered by regular social security provisions and have their own health care system.
- The employer must perform the following 3 deductions from the employee's gross salary so that 17% of entitlements are paid by employees:
  - 3% for Elders' Social Services Association (PAMI);
  - 3% for the worker's Health Association; and
  - 11% for Pension Plan contributions.

- Salaries may also have special deductions set by specific collective agreements for a specific purpose. In the provinces of Salta, Jujuy and Mendoza, UATRE (collective agreement) sets a deduction of 1.5% for burial insurance and 2% for solidary contributions.
- If food is not provided by the employer, an additional amount must be paid to the employee. Such payment is not subject to any salary deduction.
- There are licenses for vacations, leaves for exams, parental deaths etc.
- Maternity licenses are for 90 running days. Paternity licenses are for 30 running days.
- Employees may retire at the age of 57 provided that they comply with 25 years of service with social contributions.

## Principle 3 – FAIR TREATMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
<b>No physical abuse</b> , threat of physical abuse, or physical contact with the intent to injure or intimidate	Any kind of abuse is prohibited			
<b>No sexual abuse</b> or harassment				
<b>No verbal abuse</b> or harassment				
<b>No discrimination</b> 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	All people equal before the law and protected from arbitrary discrimination, especially women.			
Worker <b>access to fair, transparent and anonymous grievance mechanism</b>	NA	NA	NA	

### Applicable laws

- Argentine Constitution : <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/804/norma.htm>
- Anti-Discrimination Law, No. 23,592: <http://www.infoleg.gob.ar/infolegInternet/anexos/20000-24999/20465/texact.htm>
- Law for the Comprehensive Protection of Women, No. 26,485: <http://www.infoleg.gob.ar/infolegInternet/anexos/150000-154999/152155/norma.htm>

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*Your answer*

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**Laws defining and prohibiting physical, sexual, or verbal threats, abuse, contact, or harassment**

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- Any kind of abuse (physical, verbal, etc.) or mistreatment is prohibited.
  - The employer has a duty to ensure decent working conditions and is required to observe the regulations on health and safety at work
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**Laws defining and prohibiting discrimination**

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- All inhabitants are equal before the law and admissible to employment without any requirement other than their abilities
  - Employees are protected from arbitrary discrimination
  - Discrimination and violence against women is specifically punishable
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**Protection of workers from discrimination (workers' rights and employers' obligations)**

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- Under identical situations, the employer shall treat all workers equally, avoiding arbitrary discrimination based on sex, religion, race etc.
  - Workers are allowed to formally request their employers to cease any discriminatory behavior
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**Laws on resources for victimized workers including any access to grievance mechanisms**

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- Employees are entitled to claim damages as compensation for discrimination
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## Principle 4 – FORCED LABOR AND HUMAN TRAFFICKING

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
No work under bond, debt or threat	Slavery is a crime and includes any task performed against a person's will under menace of penalty.			
Workers must <b>receive wages directly</b> from the employer.	NA	NA	NA	
Workers are <b>free to leave their employment</b> at any time with reasonable notice, without threat or penalty	Forced labor is forbidden			
Workers are <b>not required to make financial deposits</b> with farmers, labor contractors, or any other third party at the time of recruitment or at any point during employment	NA	NA	NA	
Workers are not charged recruitment fees or other related fees for their employment by labor contractors	NA	NA	NA	
<b>Wages or income from crops and work done are not withheld</b> beyond the legal and agreed payment conditions.	NA	NA	NA	
<b>Farmers do not retain the original identity documents</b> of any worker	NA	NA	NA	
<b>Where farmers are legally required to retain the original identity documents of workers, they provide secure storage protected from unauthorized access and ensure workers have access to their documents upon end of employment</b>	NA	NA	NA	

Where labor contractors are used, farmers verify their labor practices and ensure they are in line with the ALP standards	NA	NA	NA	
No employment of prison or compulsory labor	Forced labor is forbidden			

### Applicable laws

- Argentine Constitution : <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/804/norma.htm>
- ILO Forced Labor Convention
- Agricultural Labor Law, No. 26,727: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>

### Your answer

Legislation on forced labor (including any regulation on identity document retention or wage withholding)

- Forced labor is forbidden and shall only be admitted as an exceptional measure.
- Slavery is a crime and all workers are protected from this practice, which includes any task performed by a person against their will under the menace of penalty

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

- There are no specific laws relating to limits or prohibitions on recruitment fees and deposits workers may be required to pay.

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

- Any personnel agency is prohibited from recruiting workers for certain activities

Laws on prison labor

- No specific rules on this matter.



## Principle 5 – SAFE WORK ENVIRONMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Farmers provide a safe and sanitary working environment	Agricultural work shall be performed under adequate hygienic and secure conditions			
Farmers take all reasonable measures to prevent accidents, injury and exposure to health risks.	Employers shall adopt every necessary measure to protect the workers' dignity and personal safety			
No person is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.	NA	NA	NA	
No person is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training.	NA	NA	NA	
No person is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without using the required personal protection equipment.	Workers in Misiones must use appropriate PPEs (clothes, masks, gloves)			
Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.	Minors under 18 and pregnant women are forbidden from CPA use			
No person do not enter a field where CPA have been applied unless and until it is safe to do so.	NA	NA	NA	
Every person has access to clean drinking and washing water close to where they work and live.	NA	NA	NA	
Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.	If worker accommodation is provided, the employer shall provide adequate and sufficient conditions regarding hygiene, security, light, adequate spaces for each family member and separate bathrooms			

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*Applicable laws*

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- Agricultural Labor Law, No. 26,727: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>
- Hazardous Waste Law, No 24,051: <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/450/texact.htm>
- Agro-chemical Law, No 2,980 (Provincial Law – Misiones): [http://www.minagri.gob.ar/site/agregado\\_de\\_valor/gestion\\_ambiental/05-Legislacion/02-Provincial/\\_archivos/000001-Agroquimicos/000014-Misiones/002980-Ley%202980%20AGROTOXICOS.pdf](http://www.minagri.gob.ar/site/agregado_de_valor/gestion_ambiental/05-Legislacion/02-Provincial/_archivos/000001-Agroquimicos/000014-Misiones/002980-Ley%202980%20AGROTOXICOS.pdf)
- Implementing Decree to Provincial Agro-chemical Law, No. 1701/04 (link not available)

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*Your answer*

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Requirements for provision of medical protection (availability of first aid kit, health & safety training etc.)

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- Agricultural work shall be performed under adequate hygienic and secure conditions in order to avoid diseases and accidents
  - Employers shall adopt every necessary measure to protect the workers' dignity and personal safety including avoiding detrimental effects for risky or unhealthy tasks
  - Employers shall comply with every regulation regarding hygiene and safety at the workplace
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Requirements to report accidents and injuries

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- All accidents and injuries must be reported to the company.
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Requirements for green tobacco sickness training or awareness

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- No rules for these matters.
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Requirements for PPE needed for using, handling, storing, or disposing of crop protection agents (CPA). This may vary depending on the CPA in question.

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- Employers shall provide workers with clothes and/or protection elements and instruct workers on specific usage when necessary (ex. CPA manipulation)
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Restrictions on CPA use, handling, storing, or disposing (e.g. restrictions on vulnerable population such as under 18s, pregnant women, nursing mothers interacting with CPA)

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- Workers in Misiones must
  - Use appropriate PPEs (clothes, masks, gloves, etc.)
  - Follow any provided instruction
  - Avoid manipulating CPAs near houses or animals
  - Avoid storing empty CPA containers inside houses

- Avoid eating/drinking/smoking while applying CPA
- Take a shower and change clothes after finishing working with CPA
- Pay special attention to weather conditions
- Respect recommended dose
- Minors under 18 and pregnant women are forbidden to manipulate or intervene in any task related to CPA
- After appropriate draining, washing and rendering empty CPA containers useless, such containers must be disposed of correctly
- Empty CPA containers are considered as hazardous waste and are subject to special treatment

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Other legislation related to CPA, (e.g. where they may be stored or transported, explicit restrictions on specific CPAs, weather conditions under which CPA application may or may not occur, other restrictions limiting contact or exposure with CPA)

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- Only persons or companies registered by the Federal Registry of Generators, Carrier, and Operators of Hazardous Waste are allowed to store, treat, transport or dispose of hazardous waste, provided they follow the practices determined by the Hazardous Waste Law

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Requirements related to providing drinking water and safe housing

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- No specific rules on these matters

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Requirements for worker accommodation if provided

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- If worker accommodation is provided, the employer shall provide adequate and sufficient conditions regarding hygiene, security, light, adequate spaces for each family member and separate bathrooms.
- CNTA shall determine the infrastructure conditions and control their compliance.

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Restrictions on farm equipment (e.g. maintenance and licensing for operators)

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- The National Commission for Agricultural Work (CNTA) shall determine the hygiene and security conditions for each workplace, machinery, and working tools in addition to other specific regulations.

## Principle 6 – FREEDOM OF ASSOCIATION

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Farmers do not interfere with workers' right to freedom of association.	Freedom of association guaranteed			
Workers are free to join or form organizations and unions of their own choosing.	Workers have total freedom to join or leave a union or an association provided that they choose one related to the activities or tasks that they carry out.			
Workers are free to bargain collectively.	NA	NA	NA	
Worker representatives are not discriminated against.	Employers are prevented from performing any discriminatory practice			
Worker representatives have access to carry out their representative functions in the workplace.	Employers shall allow workers' representatives to use certain amounts of their working hours for their union duties and meet regularly with representatives			

### Applicable laws

- Argentine Constitution: <http://infoleg.mecon.gov.ar/infolegInternet/anexos/0-4999/804/norma.htm>
- Unions Law, No. 23,551: <http://www.infoleg.gob.ar/infolegInternet/anexos/20000-24999/20993/texact.htm>
- Agricultural Labor Law, No. 26,727: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>

### Your answer

Laws on organizing unions and their operation (e.g. protections in place for freedom of association, protection against employer interference)

- Freedom of association is guaranteed.
- Workers have total freedom to join or leave a union or an association provided that they choose one related to the activities or tasks that they carry out.
- Trade unions may provide employers with workers to perform temporary tasks based on the determination of the National Commission for Agricultural Work (CNTA).

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#### Laws or requirements for collective bargaining

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- Law 23.551 establishes that only unions with trade union personality can bargain collectively
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#### Laws related to worker representatives (e.g. requirements for representatives to be in place, protection from discrimination, access to carry out functions in workplace)

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- Employers must meet periodically with workers representatives
  - Employers shall allow workers' representatives to use certain amounts of their working hours for their union duties
  - Workers' representatives cannot be suspended or dismissed without fair cause
- 

#### Other prohibitions on union discrimination and employer interference

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- Union discrimination of affiliates based on sex, religion, political ideology, race, etc. is prohibited
- Employers are prevented from performing any discriminatory practice.



## Principle 7 – TERMS OF EMPLOYMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
At the time of hire, farmers inform workers of their legal rights	For fixed-term employees, it is usual to sign contracts to determine the beginning and ending of the labor relationship			
At the time of hire, farmers inform workers of the essential aspects of the work relationship and work place safety such as work to be performed, working hours, wages paid, period of hire, and all legally mandated benefits				
Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.			There is no legal obligation to execute written contracts between employers and employees, and there are no specific requirements for regular workers of an indefinite term	
Terms and conditions of employment contracts do not contravene the country's laws.	NA	NA	NA	

### Applicable laws

- Agricultural Labor Law, No. 26,727 <http://servicios.infoleg.gob.ar/infolegInternet/anexos/190000-194999/192152/norma.htm>

### Your answer

Legal requirements to constitute labor/employment relation

- There is no regulation for this matter

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

- There is no legal obligation to execute written contracts between employers and employees, and there are no specific requirements for regular workers of an indefinite term.

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### Required content for written employment contracts

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- Fix term contract (Art. 93/95 Law 20.744) or contingency employment contract (art. 99/100 Law 20.744) require the written form.

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

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- Only the fixed-term contract has an end date agreed by the parts

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### Requirements for various types of contract (indefinite term, definite term, temporary workers, and probationary workers)

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- For fixed-term employees, it is usual to sign contracts to determine the beginning and ending of the labor relationship
- As tobacco production has peaks during the year, it is usual to sign fixed-term contracts for seasonal production.

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

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- The notice period required to end an employment agreement varies based on the type of contract (indefinite, temporary, cyclical, etc.).
- If the employer does not comply with the correspondent notice period, he should pay a monetary compensation to the former employee.

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### Options for farmers to obtain legal assistance about their obligations (e.g. government departments, local labor offices, farmer associations etc.)

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- Farmers can obtain legal assistance from their Union and the Ministry of Labor, which has specific offices for agricultural work


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### Specific requirements for leaf growing contracts (e.g. government imposed templates, government approval of contracts, freedom to choose terms of contract)

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- The parts have freedom to choose terms of contracts.

## Appendix IV – CTM Workers Accommodation Checklist

MONITOREO- CONDICIONES DE VIVIENDA							
Nombre del Productor:							
Número de productor:				Fecha:			
Técnico:				Locales: (cantidades)			
	Visita	1	2	3	4	Migrantes: (cantidad)	
	Fecha de seguimiento:				Trabajadores Permanente: (cantidad)		
					Trabajadores Temporario: (Cantidad)		
					Chacreros: (cantidad)		
Nº	Indicador			¿ Porque No Cumple?	¿ Que acción se requiere para cumplir con este estándar?	Fecha de Seguimiento	Foto
SECCIÓN 1. LUGAR Y ENTORNO		VISITA 1					
1	¿ El suelo de la vivienda es de material? (No es de tierra)(crítico)	Si	No			Fecha	Foto
2	¿ El suelo de la vivienda está libre de agua de desecho? (crítico)	Si	No			Fecha	Foto
3	¿ Los alrededores de la vivienda están libres de agua de desecho?	Si	No			Fecha	Foto
4	¿ La vivienda está libre de elementos tóxicos/peligrosos? (Envases de APC, herramientas) (crítico)	Si	No			Fecha	Foto
5	¿ Las áreas de comunes circulación están iluminadas ( luz natural o artificial)?	Si	No			Fecha	Foto
SECCIÓN 2. ELIMINACIÓN DE BASURAS Y DESPERDICIOS		VISITA 1					
6	¿ La zona de viviendas está libre de basuras y desperdicios?	Si	No			Fecha	Foto

SECCIÓN 3. PRIMEROS AUXILIOS		VISITA 1					
7	¿ El número de teléfono de emergencia está a la vista?	Si	No			Fecha	Foto
SECCIÓN 4. DORMITORIOS ADECUADOS E HIGIENICOS		VISITA 1					
8	¿ La estructura del dormitorio ( paredes, ventana, techo y puerta) se encuentran en buenas condiciones para habitarse?	Si	No			Fecha	Foto
9	¿ Los colchones están elevados? (crítico)	Si	No			Fecha	Foto
10	¿ Los colchones están en buenas condiciones? (libres de insectos/parásitos, secos?)	Si	No			Fecha	Foto
11	¿ Hay colchón elavado para cada habitante de la vivienda? (crítico)	Si	No			Fecha	Foto
12	¿ El dormitorio tiene superficie de 3,5 mt2 por personas?	Si	No			Fecha	Foto
13	¿ Los dormitorios están separados por sexo para personas no relacionadas entre sí?	Si	No			Fecha	Foto
SECCIÓN 5. AGUA POTABLE PARA CONSUMO		VISITA 1					
14	¿ Hay disponibilidad de agua potable/bebible para todos los habitantes? (críticos)	Si	No			Fecha	Foto
15	¿ La fuente de agua está protegida de contaminación? (críticos)	Si	No			Fecha	Foto
SECCIÓN 6. SANITARIOS Y AGUA PARA HIGIENE PERSONAL		VISITA 1					
16	¿ Se provee adecuado suministro de agua? (crítico)	Si	No			Fecha	Foto
17	¿ Hay un excusado o letrina por cada 20 personas? (crítico)	Si	No			Fecha	Foto
18	¿ Hay una ducha por cada 20 personas? (crítico)	Si	No			Fecha	Foto

19	¿El excusado o letrina tiene puerta o cortina para privacidad?	Si	No			Fecha	Foto
20	¿ Las duchas tienen privacidad?	Si	No			Fecha	Foto
21	¿Se provee lavadero?	Si	No			Fecha	Foto
22	¿ Las instalaciones sanitarias comunes están limpias?	Si	No			Fecha	Foto
23	¿ Las instalaciones sanitarias comunes están en buen mantenimiento?	Si	No			Fecha	Foto
24	¿ Hay servicio de limpieza por lo menos semanalmente de los excusados o letrina?	Si	No			Fecha	Foto
25	¿ Hay jabón disponible?	Si	No			Fecha	Foto
<b>SECCIÓN 7. ESPACIO SEPARADOS PARA COCINAR ALIMENTOS</b>				<b>VISITA 1</b>			
26	¿ La cocina está separada de los dormitorios? (crítico)	Si	No			Fecha	Foto
27	¿La cocina está ventilada?	Si	No			Fecha	Foto
28	¿Cuenta con cocina, anafe, parrilla, orno a leña?	Si	No			Fecha	Foto
29	¿Cuenta con estantes para almacenar comida?	Si	No			Fecha	Foto
30	¿Tiene área de preparación de comida?	Si	No			Fecha	Foto
31	¿Cuenta con mesa de comedor?	Si	No			Fecha	Foto
32	¿Cuenta con sillas suficiente para cada habitante?	Si	No			Fecha	Foto
<b>SECCIÓN 8. PROVEER ENERGÍA ELECTRICA</b>				<b>VISITA 1</b>			
33	¿ Se provee electricidad? (crítico)	Si	No			Fecha	Foto
34	¿ Los sistemas eléctricos y el cableado se mantienen en condiciones segura? (crítico)	Si	No			Fecha	Foto

<b>Firma del Visitador:</b>	<b>Firma del Productor:</b>