



EXTERNAL ASSESSMENT MASSALIN PARTICULARES ARGENTINA

Burley farmers in North and South Misiones



Agricultural Labor Practices Program

March, 2020

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EXECUTIVE SUMMARY



EXTERNAL ASSESSMENT
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Philip Morris International (PMI) is committed to progressively eliminate Child Labor and other labor abuses and to achieve 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 Massalin Particulares (MCE) in the province of Misiones in Argentina. The assessment aimed at evaluating the labor practices at MCE contracted tobacco farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code¹, focusing on the implementation of PMI's Step-Change-Approach.² Control Union (CU) also evaluated MCE's internal structure and systems for implementing this approach, their understanding of farm practices, and how issues were being identified, recorded and addressed.

Methodology:

As part of this assessment CU interviewed five MCE management employees, 14 field personnel (12 field technicians, two supervisors), one employee from PMI regional, two NGO representatives and three representatives of MCE's finance and planning team. Over a one-week period, CU visited 45³ farms and interviewed 45 farmers, 69 family members and 10 external workers. Most of these farms were small-scale family farms, growing two hectares of tobacco on average. All farm visits were unannounced. 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 MCE's management approach.

1. MCE's systems implementation

MCE first introduced the ALP program in 2012 and was first assessed by CU in 2015. 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. MCE 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. Two criteria related to the global KPIs were included: absence of Prompt Actions related to ALP, and adequate worker accommodations. Overall, CU found the due diligence process unsuitable to capture issues on newly contracted farms due to the focus on recurrent Prompt Actions. For the 2019-2020 season two contracts had not been renewed because of farmers non-meeting the ALP Code requirements.
- **Consequence management:** MCE had an escalation procedure for reoccurring Prompt Actions. Reoccurrence of 'Type 1' Prompt Actions, such as child labor, would eventually lead to non-renewal of the farmer contract. Payment below the minimum wage (a 'Type 2' Prompt Action) was not considered to be grounds for non-renewal.

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 45 farms, which is calculated as the square root of the total number of farms within the scope (approximately 2,025 farms at the time of the assessment), assuming that this sample size constitutes a meaningful sample.

- **Farm-by-farm monitoring:** MCE covered all four KPIs in its monitoring process. Each farm was monitored at least three times during the crop season to check whether the farms were meeting the standards. Data were collected in digital form using a tablet application, and were used for strategy development and tracking progress on KPI achievement. MCE 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 (see below⁴). An action plan would be agreed with the farmer in question and unannounced follow-up visits were paid 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: MCE had adopted PMI's global KPI for Child Labor and collected data through monitoring and Prompt Action reports to track progress on this target. CU found these systems to have extensive processes and procedures in place, supported by field technicians' awareness of minimum age requirements and hazardous work. Nevertheless, CU identified child labor on seven farms (15%)⁵, six cases of which had not been captured by field technicians. Of MCE's three initiatives to address child labor (which focused on encouraging school attendance and training farmers), two were based on root cause analysis.

CU found that the initiatives did not fully address all root causes of child involvement in tobacco production, with child labor still being identified by CU on some of the farms participating in the initiatives.

KPI 2 – Minimum Wage: MCE had adopted PMI's global KPI regarding Minimum Wage and communicated to farmers a locally approved benchmarked⁶ minimum wage. Although payment below minimum wage was considered a Type 2 Prompt Action (whereby MCE recognized the need for longer-term approaches to solve this issue at the contracted farms), cases of underpayment were adequately captured and reported through the monitoring system. CU observed payment below the benchmarked minimum wage on 17 of the 23 farms with hired labor (74%), all of which had already been reported by the field technicians. MCE's three initiatives to address this issue (which included distribution of pay slips and mechanization solutions to reduce labor needs) were all based on root cause analysis. However, CU identified several underlying reasons for payment below minimum wage that had not been identified as root causes by MCE and hence were not addressed by MCE's initiatives. As a result, payment issues persisted, also on farms participating in the initiatives.

KPI 3 – Worker Accommodation: MCE had adopted PMI's global KPI for Worker Accommodation and made use of monitoring, Prompt Actions and due-diligence processes to achieve this target. Relatively few farmers needed to provide accommodation because most hired local workers, if hiring any. Hence, based on MCE's risk assessment, specific initiatives were not considered necessary. CU found that MCE's accommodation checklist was complete and that their systems were adequate to address the

4. See section 2.2 for more information on Prompt Action process

5. CU directly observed children working on four farms, while on three farms child labor cases were detected through interviews with persons on farm

6. 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 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.

issue. Among the farms providing accommodation visited by CU, one farm (10%) did not meet two of the critical requirements. On this farm, no shower was available for workers, and electrical wires were exposed and in poor condition. On all other farms, accommodation issues had been identified and solved by the field technicians.

KPI 4 – Personal Protective Equipment (PPE): MCE had adopted PMI’s global KPI for PPE and made use of monitoring, Prompt Actions and two initiatives to achieve this target. CU found that the global target of PPE availability had been achieved on the farms visited, as all farmers had received PPE. Nonetheless, evidence was found of incomplete PPE use for handling green tobacco on 51% of farms, and incomplete PPE use for handling CPA on 75% of farms. Many of these cases had not been captured in MCE’s systems. The company’s two initiatives to distribute and promote PPE use were based on root cause analysis and used farmer feedback for improvement. However, 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 it was dry.

3. CU’s main findings on other ALP requirements

Principle 2: Income and Work hours: Twenty-three of the farms visited by CU made use of hired labor. On three of these farms (13%) workers were not paid according to the frequency prescribed by Argentinean law, as they were paid only at the end of the season, and on 13 farms (56%) they were working overtime without compensation. On 21 farms (91%) workers were not provided with the benefits, holidays and parental leave they were entitled to by Argentinean law.⁷ Based on farmer interviews, CU identified farmers’ unawareness of the requirements as a common underlying reason.

Principle 4: Forced labor and Human Trafficking: End-of-season payment was identified on three of the farms with workers (13%). Although the workers had agreed to this form of payment, one worker was not sure whether he would be paid if he left his job before the end of the season, constituting a risk of forced labor.

Principle 5 Safe Work Environment: On 20 farms (45%) 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 a lack of safety measures when loading high barns (31% of farms), and application of fertilizer without using gloves (62% of farms).

4. Feedback and follow-up

According to the feedback received by CU from farmers, workers and family members, fewer children were involved in tobacco production 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 MCE’s commitment to addressing the issues identified and defining areas of improvement through the implementation of an action plan.⁸

7. See appendix III for legal information

8. See appendix I

MARKET AND COMPANY BACKGROUND



EXTERNAL ASSESSMENT
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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, Massalin Particulares (MCE) had contracted 3,154 farmers across three growing areas: 1,211 farmers in the northern zone, 881 farmers in the southern zone and 1,062 farmers in the central zone. This assessment focused on the northern and southern zones (2,092 farmers in total).

In Misiones the tobacco season lasts from June until April, 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 most of the farms, exchange of labor was common practice: farmers and their family members worked on surrounding farms in exchange for help on their own farm. Relatively few farms used hired labor, mostly during harvesting days, soil preparation and transplanting. The hired workers were mainly local workers; therefore, most of the 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



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Between November and December 2019, CU visited MCE's office in Leandro L. Alem in Misiones to perform an assessment of MCE management personnel responsible for ALP Program coordination and implementation, and subsequently conducted farm visits in the northern and southern areas of Misiones.

The management interviews were conducted on 25-26 November 2019 and involved five management personnel and two supervisors. During the farm visits, 12 field technicians were interviewed to assess their knowledge and skills to implement the ALP program on-farm. The purpose of the management assessment was to interview management staff, analyze documentation, and evaluate MCE's systems to better understand how the implementation of ALP was organized⁹.

In the week of 2 December 2019, CU visited 45 farms divided between north and south 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, 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, interviews with farmers and family members were conducted, and findings reported based on either direct observation or triangulation of information via interviews.

The overall findings were presented remotely to MCE on 30 January 2020.

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

9. The interviews to management as well as supervisors were held in groups, in accordance to CU methodology for Focused Review assessments (see Appendix II for more information).

Chapter 1

SYSTEMS IMPLEMENTATION



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1.1. Pre-contractual due diligence

MCE had included ALP requirements in its pre-contractual due diligence process. For the 2019-2020 crop season, due diligence criteria included several topics related to the four global KPIs¹⁰: (1) reoccurrence of Prompt Actions related to ALP, and (2) quality of worker accommodations. For the next crop season MCE was planning to include all four KPIs and related monitoring results in their pre-contractual risk evaluation.

Pre-contractual due diligence checks were conducted by MCE's field technicians at all farms, irrespective of whether these were new contracts or contract renewals. 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, two contracts had not been renewed based on the results of the due diligence check: one due to failure to meet accommodation requirements, and one due to recurrence of a Prompt Action.

CU found the pre-contractual due diligence process of MCE to be incomplete. The focus on recurrent Prompt Actions meant that farms not previously contracted automatically qualified for a contract because they had no track record of Prompt Actions. Moreover, CU found that MCE's Prompt Action process did not capture all issues occurring on farms (see Chapters 2.1.3; 2.3.3; 2.4.3). Therefore, for previously contracted farmers, relying solely on recurring Prompt Actions meant that some issues at farms were not captured by the due-diligence process.

CU's farm findings for due diligence

All farms (100%) had had their practices verified before the start of the season. On one farm (2%) CU observed inadequate worker accommodation which had not been captured by the due diligence check, as two critical criteria listed in MCE's accommodation checklist had not been reported by the field technicians (see Chapter 2.3.2).

MCE's response:

"The Due Diligence process will be adapted and aligned to PMI Global Guidelines: "Step Change ALP: Due diligence, consequence management & rewards guidelines (2019) ". All Step Change priority areas will be included to assess 100% of farmers prior to be contracted, as well as other indicators considered a priority at a local level. This process will be reviewed on yearly basis and updated, if needed. Due diligence process takes place every year before contracting period"

1.2. Consequence Management

MCE's consequence management was linked to its Prompt Action system. If a Prompt Action was found to be recurring despite of mitigation measures and actions plans, an escalation process was initiated. This process initially would involve MCE's ALP team and step up to involving PMI if the problem persisted. Recurrence of a 'Type 1' Prompt Action (see Chapter 1.4), such as child labor, would eventually lead to non-renewal of the farmer contract after an escalation process involving MCE's ALP country team as well as PMI Regional personnel. Payment below the minimum wage (a 'Type 2' Prompt Action) was not considered to be grounds for non-renewal.

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 MCE. For the 2019-2020 season, although there were two cases of Prompt Action escalation due to recurrence, these had been solved in time and therefore no contract had been terminated or not renewed as a result of consequence management.

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

CU's farm findings for consequence management

Thirty-two farmers (71%) 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 18 mentioning that they had also been informed by Concencia,¹¹ and three mentioning that they had also read the information in the contract.

MCE's response:

"To increase farmers' awareness on the consequences of not meeting the ALP Code standards, MCE will implement clear and strong communication to farmers about the ongoing 'Consequence management' process by providing summarized communication material to Field Technicians (FT). FT will clearly inform and communicate the farmers about MCE's requirements regarding the ALP compliance and the consequences linked to not complying with critical standards. Consequence management policies include two consecutive crop seasons. The consequences of not complying with the standards could include a non-renewal of contract for the following season or an immediate contract cancelation, depending on the severity of the situation. For this purpose, MCE had developed a severity matrix which describes ALP non-compliances and the consequences that a farmer could face by not complying with them. Each individual case is discussed and analyzed within the ALP Country team before making the final decision. The severity matrix is reviewed on yearly basis and adjusted if needed."

1.3. Monitoring system

MCE covered all four KPIs in its monitoring system. Field technicians had to monitor each farm at least three times 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 requirement, both when the requirement was met or not met. In the digital application used for monitoring, they could choose from a list of pre-defined root causes or use a text box to enter causes not otherwise listed. Root causes were compiled and analyzed by the ALP team using a business intelligence tool.

For data entry, field technicians were equipped with a tablet, which enabled them to record information also when not connected to internet. In most cases the tablet was working adequately, but some field technicians mentioned that the application could be slow at times and that they had experienced data loss when the application was first launched in 2017. Some field technicians also mentioned not being able to save their entries in the text box for root causes. Although the system combined monitoring of ALP requirements with checks related to other topics, the field technicians said they have enough time to conduct the monitoring. Each field technician was responsible for 150 farmers on average.

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

Validation of the monitoring data took place through unannounced farm visits conducted by MCE's 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

11. Concencia is an NGO active throughout Argentina that is specialized in employability, community development, education and sustainability. Concencia supported MCE since 2017-2018 with the implementation of several initiatives and activities to address child labor issues in the tobacco production in Misiones. For more information see www.concencia.org

for data validation, MCE had identified risk groups among the contracted farms based on specific risk factors¹². For the regions in the scope, this risk group consisted of 754 farmers (29% of the farm base), of which 5% received unannounced visits by MCE.¹³ In addition to validation by MCE, 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 MCE included a clause stating that MCE would be allowed to monitor their farm.

MCE used the monitoring data for the following:

- Root cause analysis of farmers' meeting or non-meeting 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 and target setting;
- Risk assessments to identify and prioritize actions;
- Definition of baselines against which progress was measured;
- Input for global reporting templates such as Progress reports or End of season reports.

1.4. Prompt Action system

MCE covered all four KPIs in its Prompt Action system and had guidelines and procedures in place. For each KPI, MCE had defined which situations were considered a Prompt Action and had linked these to consequence management in case of Prompt Action reoccurrence.

MCE distinguished two types of Prompt Action:

- Type 1 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, and unsafe working environment were all considered Type 1 Prompt Actions. Follow-up visits for Type 1 Prompt Actions had to be conducted within six weeks of detection. These Prompt Actions could not be closed on the same day because MCE wanted to ensure that the action plans put in place by the farmers would still be working in the longer term. If the Prompt Action was related to an activity limited to one or a few days per season, the Prompt Action would remain open until the 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. A paper copy of the agreed-upon action plan would be left with the farmer in question. Type 1 Prompt Actions could be closed by the field technician independently, except for Prompt Actions related to KPI 1 (child labor) and KPI 4 (use of personal protective equipment),

12. The following farmers were identified as risk group: farmers providing accommodations; farmers not living at their farm; farmers with sharecroppers; farmers with Prompt Actions in the current crop season, related to child labor or PPE usage for CPA and GTS; farmers over 65 years old; farmers who purchased more than 30,000 plants (approx. 2 hectares) but according to the records had no hired workers; farmers whose children were not going to school

13. Given the large number of farmers in the risk group, 5% was selected as a threshold because it would enable MCE to visit 100% of the 5% population with the number of staff available. Increasing the threshold would lead to certain categories in the risk group to be visited more than others with the risk of not having a representative sample for the validation.

which could only be closed by supervisors or members of the ALP team during unannounced visits. Prompt Actions were closed if the agreed-upon action plans were implemented, if no recurrence was observed during an unannounced visit by the field technicians, and if the farmers had confirmed that they understood the issue and would prevent its recurrence in the future.

- Type 2 Prompt Actions were defined as situations where the workers' well-being was at risk because they were not paid at least the minimum wage or had no access to adequate accommodation. MCE considered these issues more systemic and therefore the action plan timelines and mitigation measures were agreed upon individually with the farmer. Prompt Actions for inadequate accommodation could only be closed in the presence of a member of the ALP team or a field supervisor. At the time of CU's visit, MCE was only raising Prompt Actions for inadequate accommodation and not for payment below the minimum wage. According to MCE, the latter was not covered in the current season's Prompt Action system because the benchmarked minimum wage had just been officialized, but it would be included as from the following season.

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 tablet 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.

MCE kept an overview of all Prompt Actions and analyzed them using a business intelligence tool. 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. One of the four trainings they received each year specifically focused on the Prompt Action system. Farmers were informed about the Prompt Action procedure during contracting and due-diligence visits. In addition, their contract included a clause on Prompt Actions and a list of situations considered a Prompt Action.

MCE used the Prompt Action data for the following:

- Formulation of strategies toward KPI achievement and target setting;
- Risk assessments to identify and prioritize actions;
- Pre-contractual due diligence;
- Consequence management.

Chapter 2

FINDINGS PER KPI



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This chapter describes CU's findings in relation to the four KPIs: Child Labor (Chapter 2.1), Minimum Wage (Chapter 2.2), Worker accommodation (Chapter 2.3), and Personal Protective Equipment (Chapter 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 analyse the effectiveness of these systems and initiatives toward achieving the KPIs.

2.1. KPI 1: Child Labor

2.1.1. Summary

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

and Prompt Action system (Chapter 2.1.6) were adequate for monitoring and reporting child labor. All field technicians interviewed by CU were aware of these systems and of MCE's policy regarding child labor and hazardous activities in tobacco. However, CU's farm findings (Chapter 2.1.3) showed that, on six of the seven farms where CU had found evidence of child labor, this had not been captured by the field technicians. Of MCE's three initiatives to address child labor, two were based on root-cause analysis. However, CU found evidence of underlying causes of child labor that had not been identified as root causes by MCE and hence were not addressed by MCE's initiatives (Chapter 2.1.4). As a result, child labor issues persisted, also on some of the farms participating in these 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=45)	Remarks
Child labor	Total evidence of children performing hazardous tasks	Both	9	7	15%	
	Children below 18 employed in tobacco	Observation	2	2	4%	<ul style="list-style-type: none"> - One 16-year-old brother-in-law throughout the tobacco season in all activities except CPA application - One 17-year-old boy (neighbor's son, labor exchange) worked full-day shifts during harvesting time
	Children below 18 helping on the family farm	Interview	4	3	7%	Children (age 9-17) were helping several days a week for full shifts
		Observation	3	2	4%	Children (age 9-17) were helping several days a week but not full days, usually for specific tasks

2.1.2. Targets and strategy

PMI's global KPI target for Child Labor is to eliminate child labor by 2025 on all farms contracted by its suppliers. At the time of CU's assessment, MCE 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, including an annual risk assessment to prioritize actions. MCE's risk assessment, which made use of monitoring and Prompt Action data, had identified a high risk score for child labor, which is in line with CU's findings.

2.1.3. CU's farm findings

CU found evidence of nine children involved in tobacco production on seven farms (15%).

On two of these farms (4% of total farm sample) children below 18 were being employed in tobacco production. In one case, the farmer employed his 16-year-old brother-in-law throughout the tobacco season in all activities except CPA application; in the other case, a 17-year-old boy worked full-day shifts during harvesting time, both in the field and in the barn. He was a neighbor's son who came along with his father as part of informal labor exchange. On both farms, the children were observed working in the field during CU's visit.

MCE's response:

"MCE expects to eliminate the risk of farmers employing/hiring children by implementing the following actions:

- *On top of the ongoing communications on the prohibition by law of children below 18 y.o. working on tobacco, MCE will launch a strong communication campaign to increase knowledge on hazardous tasks among farmers and to make them aware that they are responsible of any children present or working at their farm, even the ones brought along with the 'Cambio de día' (labor exchange). This message will be delivered*

through FT during the field visits and Mas Chacra program, an itinerant training program that MCE runs within a tobacco industry approach. The topics are assessed on yearly basis, according to the priorities. Moreover, communication materials such as flyers/leaflets/posters will be redesigned accordingly.

- *Implement and follow the Due Diligence & Consequence management guidelines which state that farmers hiring children to work on tobacco will get a contract cancelation.*
- *Even though farmers found hiring children for tobacco tasks will get a contract cancellation, MCE will include critical cases into the Child Labor Remediation program in partnership with Conciencia NGO to assist and give support to these families."*

On the other five farms (11%), child family members below 18 were helping with tobacco production. They were 9 to 17 years of age. On three of these farms, children were helping several days a week for full shifts, while on the other two farms children were helping several days a week but not full days, usually for specific tasks. On two farms the children were observed working during CU's visit, while on the other three farms, child involvement was confirmed via interviews¹⁴.

MCE's response:

"In order to eliminate child labor related to family children performing tasks on tobacco, MCE will implement the following actions:

- *On top of the ongoing communications on the prohibition by law of children below 18 y.o. working on tobacco, MCE will launch a strong communication campaign to increase knowledge on hazardous tasks among farmers and to make them aware that they are responsible of any children present or working at their farm, even the ones brought along with the 'Cambio de día'*

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

(labor exchange). This message will be delivered through FT during the field visits and Mas Chacra program, an itinerant training program that MCE runs within a tobacco industry approach. The topics are assessed on yearly basis, according to the priorities. Moreover, communication materials such as flyers/leaflets/posters will be redesigned accordingly.

- Implement and follow the Due Diligence & Consequence management guidelines which state that farmers whose son or daughter under 16 are found for a second time involved in any activity related to tobacco or for family children under 18 y-o performing a hazardous task, contract cancelation will be applied. For children between 16 and 18 y-o family members performing any non-hazardous task in tobacco, found for the second time, the contract will not be renewed.
- After the Child Labor Remediation pilot ran during Crop 2019 in Misiones, MCE decided to expand and strengthen it to cover 100% of farms where children family members involved in tobacco tasks. The aim of the initiative is to solve child labor issues in a lasting and sustainable way by assessing and tackling the root causes with specific actions. These actions are tailor-made to every case taking into consideration the context and the underlying reasons. This initiative is done in partnership with Conciencia NGO. Whenever a child labor Prompt action is identified by MCE, the NGO is informed by the local ALP Coordinator to visit the farm in different instances to assess the root causes, agree an action plan with the family and follow up its implementation. This procedure is reviewed and approved by the ALP coordinator.”

On all seven farms (15%) persons below 18 were involved in hazardous tasks.¹⁵

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;
- Most farms were small family farms without hired workers, which encouraged farmers to involve children in many stages of tobacco production;
- Exchange of labor between neighbors was a common practice in the area. Neighbors would work on one another’s farms for free and sometimes bring along their children. Farmers did not perceive children brought by neighbors as being their responsibility.

MCE’s response:

“In the Misiones region, tobacco production is carried out mostly by the farmer and his/her adult family members. Harvesting is the most labor demanding period and overlaps with school summer vacations, therefore whenever a child labor case is reported, it usually occurs during this time of the year involving children helping their parents with specific tasks.

MCE will develop new training materials, guidelines and tools for Field Technicians aiming to improve the data gathering process and have an accurate description of Child Labor within the contracted farmers in line with PMI’s Monitoring Guidelines to have a clear understanding of each situation and the main drivers. Field technicians and supervisors will be trained on yearly basis and update trainings will be delivered during the crop season“

15. 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.

2.1.4. Initiatives on Child Labor

At the time of CU's assessment MCE was running three initiatives, together with the NGO Concencia, to specifically target child labor: distribution of school kits; training of farmers on topics such as health and safety in tobacco production and legal minimum working age; and provision of scholarships. Two of these initiatives were designed to target one or more of the root causes of child labor identified by MCE (see table below).

MCE initiative	Root causes targeted
School kits	[no specific root cause targeted]
Farmers trainings	Low awareness of health and safety and child labor in tobacco production
Scholarships provision	Short school days and prolonged presence of children on farm

In addition to the root causes targeted by these initiatives, MCE had identified other root causes of child labor for which they had not yet developed initiatives. This included the lack of alternative places for children to stay during the harvesting season (other than at their parents' farm) which increased the likelihood of them being involved in tobacco-related tasks.

However, MCE's root cause analysis had not captured one of the underlying reasons identified by CU (Chapter 2.1.3), namely that farmers did not perceive children brought by neighbors during labor exchange as being their responsibility. Hence, this root cause was not targeted by the initiatives.

On five of the seven farms where CU identified evidence of child labor, farmers had received the school kit; on four, farmers had received the farmers' training; and on three, children were attending an EFA with support of an MCE scholarship.

On three of these seven farms, the main underlying reasons of child labor were being targeted by the initiatives, although child labor was still present. Here, the farmers in question were still not fully aware of the minimum age requirements and definition of hazardous work, and still involved children in lighter tobacco-related tasks, despite having received training on preventing child involvement in tobacco production.

On the four other farms where CU identified child labor, the main underlying reasons of child labor identified by CU were not being targeted by MCE's initiatives. On two of these farms, the main underlying reason was that farmers did not consider it their responsibility if neighbors brought their own children to work during labor exchange. On the other two farms, the farmers' children attended the EFA school but were still involved in tobacco-related tasks when they were home because the family needed their help (despite hiring workers for harvesting).

MCE's response:

"After an internal analysis, showing a low impact on child labor issues, MCE decided not to include 'School kit delivery' and 'Farmers' training at buying stations' into 2020 Porvenir program. MCE will continue delivering trainings on child labor throughout the season during farm by farm visits, by delivering training materials and Mas Chacra program.

These activities were replaced by different, more focused initiatives, based on root cause analysis, with a bigger contribution to child labor elimination such as:

- *School infrastructure reinforcement: 34 primary schools and 16 high schools from El Soberbio and San Pedro receiving materials to improve their facilities and services provided to 800 children from MCE contracted growers. This activity aims to increase school attendance and therefore reduce the child labor risk on the benefited families.*

- *Mentoring for life projects for 50 unschooled adolescents: A tutor engages unschooled adolescents and run periodic sessions with him/her and the rest of the family aiming to enroll the child back to the educative system.*

Regarding EFA Scholarships, MCE decided to continue supporting farmers whose children attend to EFA schools aiming to cover up to 180 students (or more when needed). However, the process to select beneficiaries will be streamlined using Farm Profile data to ensure that all famers needing support are

covered. Also, all benefited farmers will sign a 'No child labor' agreement to strengthen compliance with the child labor measurable standard. Field technicians and supervisors will be trained on yearly basis to keep them updated on the ongoing initiatives done with Conciencia in the Porvenir Program (and whenever the program is modified). This will help the field technician to link farmers with different initiatives offered by the program to revert child labor cases (when found) and mitigate child labor risks."

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

School kits initiative

School kit initiative	
Description	Provision of school kits to all farmers with children attending kindergarten, primary or secondary school
Aim	Provide economic support to farmers and facilitate their children's school attendance, thus increasing education and reducing the risk of child labor
Expected outcome	Increased school attendance by all children receiving the school kit[, and reduced risk of child labor]
Resources	Kindergarten kit: t-shirt, color pencils, watercolors, and educational cards; Primary and secondary school kit: t-shirt, two notebooks, pencil, pen, coloring pencils, eraser, ruler, water bottle
Root cause analysis	CU found no evidence that this initiative was linked to MCE's root cause analysis. Hence it could not be verified whether the aim and intended outcome of this initiative was tackling a prevailing root cause of child labor
Implementation strategy	Target: 100% of farmers with children Result in assessment area: 100% of farmers with children (1680 school kits delivered) All field technicians were aware of this initiative and the content of the school kits Among the farmers visited by CU, 31 (69%) had heard about this initiative and 25 (61%) had received the kit (100% of farmers with children in the sample)

Distribution strategy	The school kits were distributed at the end of the season by Concencia, at MCE's tobacco buying facilities
Farmers' feedback	All farmers were positive about receiving the school kit. However, many pointed out that the content of the school kit did not always match with what the children needed at school. None of the farmers considered the school kit an incentive for school attendance
Continuous improvement	CU did not find evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

Farmer training initiative

Farmers training	
Description	Providing training to farmers with children in kindergarten, primary or secondary school
Aim	Inform all farmers with children about the risks of child labor
Expected outcome	Increased farmers' awareness of child labor and safe work environment
Resources	The training addressed topics such as health risks of working in tobacco, legal minimum working age, farm tasks allowed for children, and consequences of involving children in tobacco production
Root cause analysis	Low awareness among farmers of the risk of child involvement in tobacco production
Implementation strategy	<ul style="list-style-type: none"> • Target: 100% of farmers with children • Result in assessment area: 710 farmers (100% of farmers with children) • All field technicians were aware of this initiative and the content of the training • Fourteen (31%) of the farmers visited by CU could recall receiving training from Concencia
Distribution strategy	Trainings were provided at the end of the season by Concencia, at MCE's tobacco buying facilities
Farmers' feedback	Ten of the 14 farmers who remembered having received the training (71%) mentioned that the information provided in the training was not new to them
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

EFA (Escuela De Campo) Scholarship initiative

EFA (Escuela de Campo) Scholarship	
Description	Provision of scholarships to all farmers with children attending an EFA (Education For All) school. At these [agricultural] schools, children board for two to three consecutive weeks (depending on the school), alternating with one to two weeks at home [for studying and homework]
Aim	Provide economic support to farmer families and encourage enrollment of children in agricultural boarding schools
Expected outcome	Increased school attendance and reduced presence of children at the farms, leading to a reduced risk of child labor
Resources	Scholarships
Root cause analysis	Short school days, prolonged presence of children on farm during tobacco season
Implementation strategy	<ul style="list-style-type: none"> • Target: 100% of farmers with children of EFA school age • Result in assessment area: 126 farmers (100% of farmers with children of EFA school age) • All field technicians were aware of this initiative; two (17%) could explain how the scholarships were administered • Fifteen (33%) of the farmers visited by CU knew about the initiative and 13 (29%) had children who received the scholarship
Distribution strategy	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
Farmers' feedback	All farmers receiving EFA scholarships were positive about this initiative
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

2.1.5. Monitoring Child Labor

Child labor was covered in MCE'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 MCE's policy regarding child labor. All knew what tobacco activities were considered hazardous according to PMI global list and were able to use the tablet application for entering monitoring data. Most (83%) field technicians declared to speak to all people on the farm, such as family members and workers, and to verify statements with farm evidence (e.g. volumes of tobacco harvested vs.

reported people working by the farmer). Two (17%) said to speak to family members individually to confirm information and avoid people influencing each other's statements (see CU methodology, Appendix II).

All farms visited by CU had been monitored for the presence of child labor. However, for six (85%) of the seven farms where CU had found evidence of child labor, no risk of child labor had been reported in the monitoring system.

MCE's response:

"Also, the ALP monitoring (focused on Step Change areas) survey structure, questions and dropdown lists will be updated to increase data reliability. The main changes will include;

- *increase the number of optional answers to get a more detailed description of the status of the farm at the moment of the visit; and*

update the root causes to give specific support to the farmer to mitigate and fix the issues when they occur

MCE will apply the changes on the farm by farm monitoring to the current unannounced visits program. These visits are done by field supervisors, leaf buyers and ALP coordinator to 5% of farmers constituting a risk group. MCE will make adjustments and calibrations on this program to turn it into an internal auditing process enabling the ALP team to find discrepancies and areas for improvement. The unannounced visits will be focused during harvesting to capture as many risks as possible. After each unannounced visit, when discrepancies are found, individual calibration sessions will take place with the FT and minutes of the meetings will be recorded"

2.1.6. Prompt Action reporting

Child labor was covered in MCE's Prompt Action procedure. In contrast to the monitoring system, where field technicians would report a risk of child labor if they found indirect evidence (referred to as 'irregularity'), the Prompt Action procedure required field technicians to raise a Prompt Action if they directly observed a child working. Within

15 to 21 days of the observed Prompt Action the NGO Concencia would visit the farm in question to identify root causes and formulate an action plan and mitigation measures. The questionnaire used for identifying root causes (which included elements related to the socio-economic situation, family composition, roles and tasks) was found to be adequate by CU, as was the case for the action plans and mitigation measures established on the farms where Prompt Actions on child labor had been raised. However, CU did observe that on many of these farms the action plans were extended over several months, with Concencia needing more farm visits to solve the issue than the five visits agreed upon with MCE. This was due to the complexity of the root causes, but meant that some Prompt Actions on child labor could not be closed before the end of the crop season.

All root cause analyses and farm specific action plans were stored in an online dashboard, which was regularly updated by Concencia and accessible to MCE's ALP team. CU found that not all root causes identified by Concencia matched the causes identified by CU; in particular, they overlooked the risk of labor exchange where neighbors would bring along their children (see Chapter 2.1.3).

All field technicians interviewed by CU were aware of the Prompt Action procedure. At the time of CU's visit, 18 Prompt Actions related to child labor had been raised among the farms within the scope. Two of these were checked by CU. In both cases, the Prompt Actions had been reported correctly, and the farmers in question were aware of the reported Prompt Action. One case had been solved, but in the other case the Prompt Action had only recently been reported and Concencia had yet to make their first visit. Here, no mitigation measures had been implemented yet, and the issue was recurring.

MCE's response:

"MCE will review and make the following adjustments on the protocol agreed with Concencia for Child Labor remediation to ensure it is implemented correctly:

- *Conciencia will perform a maximum of 3 visits to each family (exceptional cases can have one extra visit) within a period of 9 weeks since the PA opening.*
- *Once Conciencia concludes the visits, a final report will reflect the status of the child labor case: Open (when there's still a risk of recurrence) and Close (when there's no risk of recurrence)*
- *Cases taking over 9 weeks or 4 visits (whichever happens first) and open cases will be escalated to the ALP Country Team to take a final decision.*

The review of the protocol will also include adding specific objectives (making emphasis on the root cause analysis), roles & responsibilities and deadlines for reporting.

These changes will enable MCE to have more visibility on the progress of each family under the initiative, make on-time decisions and keep the ALP Country Team updated on the Child Labor remediation program."

2.2. KPI 2: Minimum Wage

2.2.1 Summary

MCE 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 three initiatives to tackle persisting issues (Chapter 2.2.4). Although not covered in the Prompt Action system, payment below minimum wage was adequately captured and reported through the monitoring system. MCE's three initiatives to address payment below minimum wage were all based on root cause analysis. However, CU identified several underlying reasons for payment below minimum wage that had not been identified as root causes by MCE and hence were not addressed by MCE's initiatives (Chapter 2.2.4). As a result, payment issues persisted, also on some of the farms participating in these initiatives, despite the available resources, implementation and distribution strategies.

	Finding	Number of Farms where minimum wage was not being paid	% of visited farms with hired labor (N=23)	Remarks
Minimum wage payment	Total number of farms	17	74%	
	Farms with Temporary workers	15	60%	These workers mostly worked on farm during harvest days and occasionally during soil preparation and transplanting
	Farms with Permanent workers	2	9%	These workers worked on the farm throughout the tobacco season

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.¹⁶ MCE had adopted PMI's global target and formulated a local strategy towards achieving this KPI, including yearly targets

and an annual risk assessment to prioritize actions. MCE's targets and the risk score assigned to Payment of Minimum Wage were found adequate and in line with CU's farm findings for this KPI.

2.2.3 CU's farm findings

On 17 of the 23 farms with hired labor (74%), workers were paid below the benchmarked minimum wage.¹⁷ Table 1 provides a breakdown of the calculated hourly wages and payment frequency.

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

	Breakdown of calculated hourly salaries (N=23 farms)			Salary range	
	0-60 (pesos/ hour)	60-94.40 (pesos/ hour)	>94.40 (pesos/hour) (benchmarked minimum wage)	Lowest salary (pesos/ hour)	Highest salary (pesos/hour)
Payment frequency					
Daily, fortnightly, monthly	-	14	6	10	125
End of season	3	-	-		

MCE's response:

"At the time that CU assessment was performed in Misiones, there was not a legal local benchmark for tobacco workers and Yerba Mate salary was used instead, as the hiring of labor for this activity is minor compared to other activities in the area. Around 50% of MCE farmers hire labor. Most of the tobacco tasks are done by adult family members and/or 'Cambio de día'. Less than 20% of the total labor requirements along the crop season are provided

by hired workers, especially during harvesting and occasionally, transplanting.

MCE is engaging with key stakeholders in Misiones such as: other tobacco companies, farmers' unions, workers' unions and local and national government bodies to agree and establish a specific salary for BU tobacco. As part of this strategy agreement with the stakeholders, in the meantime, it has been agreed to use the national minimum wage as a reference for compliance monitoring and communications.

16. 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 MCE 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)

17. 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 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.

During farm by farm monitoring, when a farmer is not paying the national minimum vital salary, the payment gap is recorded. This information will be used by MCE to build a baseline and define the different segments of farmers currently paying below the minimum wage. The baseline will help MCE to develop specific strategies for each segment.

Additionally, for all farmers not paying the national minimum vital salary, prompt actions will be recorded, and action plans will be agreed upfront following PMI Prompt Actions Global Guidelines. The field staff will be trained accordingly on how to raise and follow up Prompt Actions related to minimum wage. MCE expects that 100% of farmers with minimum wage prompt actions will implement a concrete action plan to address the issue. Ultimately, consequence management will be applied for those farmers not willing to address the issue: after two recurrences, the contract won't be renewed for the following season. The severity matrix is reviewed on yearly basis before each crop season as part of the strategy."

On 20 of the farms with hired labor (87%), workers were provided with food in addition to their salary. 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.¹⁸

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

1. 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;
2. Most workers were unaware of the minimum legal wage;

3. Farmers were not aware of the benefits of record keeping and lacked record-keeping skills;
4. In-kind payments, mostly in the form of provided lunch meals, were considered by the farmers as compensation for the lower wages paid to the workers.

MCE's response:

"MCE is engaging with key stakeholders in Misiones such as: other tobacco companies, farmers' unions, workers' unions and local and national government bodies to agree and establish a specific salary for BU tobacco.

In the meantime, it has been agreed as an industry to consider the national minimum wage as a legal reference for communications and compliance enforcement.

All trainings and communications will be immediately updated and aligned to the national minimum vital salary to reach all tobacco farmers and workers using the different existing streams: through field technicians, printed and digital material and Mas Chacra training program. The communication will also include hourly rates. Communications and trainings will be immediately updated and refreshed whenever the minimum wage rates increase."

2.2.4 Initiatives on Minimum Wage

At the time of CU's assessment, MCE was running three initiatives to specifically target payment below the benchmarked minimum wage: pay slips, ergonomic harvest machines, and mechanized soil preparation (see tables below). MCE had conducted a root cause analysis to identify the root causes for farmers paying below the minimum wage, and all three initiatives were designed to target one or more of these root causes.

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

MCE initiative	Root causes targeted
Pay slips	Lack of record-keeping skills among farmers
Ergonomic harvest machine	High number of hired workers for harvesting, and farmers' unawareness of the minimum wage requirements
Mechanized soil preparation	High number of hired workers for soil preparation, and farmers' unawareness of the minimum wage requirements

However, MCE's root cause analysis for payment below minimum wage had not captured two underlying reasons identified by CU (Chapter 2.2.3), namely that in-kind payments were considered to compensate for the lower wage paid by the farmers, and that many workers were unaware of the legal minimum wage, resulting in farmers paying the rate that was accepted by local workers. These root causes identified by CU were not targeted by MCE's initiatives.

MCE's response:

"In order to increase the correct usage of the pay slip forms, MCE will develop training material and instructions to support the farmer on how to input figures into it and how to calculate hourly rates to assess the correct payment of minimum wage."

To evaluate the effectiveness of the initiatives, CU compared its farm findings with the aim and expected outcomes of the initiatives implemented on farms. Regarding the pay slip initiative, CU found that five of the 23 farmers with hired workers were using the pay slips, but that two of these five still paid below the benchmarked minimum wage. Although the provision of pay slips helped to create more transparency and make the issue of payment more visible and verifiable for field technicians, many (52%) of the farmers with hired labor visited by CU did not fully understand how and why to use the forms, particularly when exchanging labor. As for the ergonomic harvesting machine initiative, CU found that, on the one farm where the machine had been purchased, temporary workers were still being hired for harvesting and were still being paid below

the benchmarked minimum wage. Finally, for the soil preparation service, CU found that, on three of the seven farms where the mechanization service had been used, workers were still being paid below the benchmarked minimum wage. Although these farms no longer needed hired labor for land preparation, they still needed workers during harvesting season. The other four farmers no longer employed workers, indicating that this initiative was succeeding in (at least partly) reducing the need for hired labor.

When comparing the underlying reasons for underpayment identified by CU versus the root causes targeted by MCE's initiatives, CU found that on six of the 17 farms where workers were paid below the minimum wage, the main underlying reasons were at least partly targeted by the initiatives of MCE. On these farms, an important reason for farmers not paying the minimum wage was that they lacked record-keeping skills and were unaware of the minimum wage (causes which were addressed in the pay slip initiative). Nevertheless, all of these farmers also considered in-kind payment as a compensation for the lower wage they paid, and this root cause was not targeted by any of the initiatives. Furthermore, on the 11 other farms where workers were paid below the minimum wage, the main underlying reasons were not targeted by MCE's initiatives at all. In five of these cases, the farmers were aware of the minimum wage but paid the rate asked by unaware local workers, which was lower than the benchmarked minimum wage in most cases. On the six other farms, the main reason for payment below the minimum wage was that in-kind payment, mostly in the form of provided lunch meals, was considered compensation for the lower wages paid by the farmers.

MCE's response:

"The production of Burley Tobacco in Misiones has been mainly based on family workforce with very little investment in technology. In 2018 MCE developed a project for farmers to introduce mechanization through a service providers scheme. The service is paid by the farmer but they can get a bonus at the end of the season if they comply with a set of requirements such as not having any open Prompt Action, good practices to control soil erosion in place, tobacco volume delivery above 90% regarding the latest estimation and compliance on CPA green leaf results. In order to enforce compliance on minimum wage payment on farmers benefited with the mechanization program, this criteria will be included as a specific condition to receive a bonus at the end of the season. Meaning that mechanized

farmers can only be entitled to the bonus if the pay minimum wage to workers during the crop season. This initiative has a positive impact on ALP due to the replacement of family workforce with machinery, by more efficient use of time, reduction of labor hiring and increased profitability. These benefits are also key enablers to ensure minimum wage and legal requirements are met when a worker is eventually hired.

By 2025 100% of MCE tobacco growers will have access to soil preparation, 2,000 hectares will be covered with mechanized transplanting and 1,500 hectares with mechanized harvesting (approximately between 25-30% of the current growing area).

Also, MCE will yearly communicate all the farmers participating in the initiative about the requirements and MCE's expectations on ALP compliance."

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

Pay slips initiative
Pay slips

Description	Delivery of pay slips for record keeping to farmers with hired workers and farmers participating in labor exchange
Aim	Encourage farmers to maintain records and evidence of payment
Expected outcome	Better record keeping between farmers and workers (also in case of exchange of labor) and improved monitoring by field technicians of wage payments
Resources	Paper-based pay slips, including a receipt for the worker, allowing record-keeping on the type of agreement, tasks done by the worker, the hours/ days/ weeks worked and the amount paid
Root cause analysis	Lack of recording-keeping skills among farmers
Implementation strategy	<ul style="list-style-type: none"> • Target: 100% of farmers • Result in assessment area: data not available at the time of CU's visit, as the ALP team had not yet received an overview of the number of pay slips delivered by individual field technicians • All field technicians were aware of this initiative and the content of the pay slips • Among the farmers visited by CU, 35 (77%) had heard about this initiative, and 33 (73%) had received the pay slips

Distribution strategy	Pay slips were provided to the farmers by the field technicians at the start of and during the season
Farmers' feedback	Most farmers were positive about receiving the pay slips; their main reason for using the pay slips was to have written proof in case of any disputes with their workers. However, 17 of the 33 farmers (52%) who had received pay slips did not fully understand how and why to use the forms, particularly when exchanging labor
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

Ergonomic Harvest machines initiative

Ergonomic Harvest machine	
Description	Helping farmers to buy an ergonomic machine for tobacco harvesting by advancing the costs of purchase and deducting the costs from the farmers' tobacco profits at the end of the season
Aim	Facilitate harvest practice by enabling a more ergonomic posture and faster cutting of the plant, reduce the need for hired labor, and minimize contact with green tobacco.
Expected outcome	Reduced risk of farmers not paying minimum wage by reducing the need for hired labor during the harvesting season, and reduced risk of GTS
Resources	Ergonomic harvesting machine with a fixed top component and a removable bottom element allowing to cut tobacco plants at the base
Root cause analysis	High number of hired workers during harvest and farmers' unawareness of the minimum wage requirements
Implementation strategy	<ul style="list-style-type: none"> • Target: 3000 farmers across Misiones • Results in assessment area: 49 farmers purchased the machine • All field technicians were aware of this initiative • Among the farmers visited by CU, 25 (55%) had heard about this initiative and one (4%) had purchased the machine
Distribution strategy	Throughout the season. Demonstration during field trainings

Farmers feedback	The one farmer who had purchased the machine was not satisfied with the result (the machine's sharp cut to the plant base did not allow hanging the tobacco to dry) and therefore no longer used the machine. Of the other 24 farmers who had heard about the initiative, many mentioned that they could not afford the machine and that replacement parts were not easily available. Of the 20 farmers who had not heard about the initiative, three said they would be interested in buying the machine
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

Mechanized soil preparation initiative

Mechanized soil preparation	
Description	Encouraging farmers to make use of a mechanized service for soil preparation, provided by nine external parties
Aim	Facilitate soil preparation, reduce the need for hired labor, and improve crop quality
Expected outcome	Reduced risk of farmers not paying minimum wage by reducing the need to hire workers for soil preparation
Resources	Mechanized soil preparation service provided by external parties. The use and cost of the services provided were monitored by MCE
Root cause analysis	High number of hired workers during soil preparation and farmers' unawareness of the minimum wage requirements
Implementation strategy	<ul style="list-style-type: none"> • Target: 500 selected farmers across Misiones • Result in the assessment area: 137 farmers had made use of the service • All field technicians were aware of this initiative • Among the farmers visited by CU, 32 (71%) had heard about this initiative, and seven (14%) had made use of the service
Distribution strategy	The service was offered at the start of the season, to selected farmers. Qualification criteria included farm size, number of tobacco plants, barn size and type, land characteristics, amount of tobacco delivered the previous season (if applicable), and no outstanding debts from the previous season (if applicable).

Farmers feedback	<p>Of the seven farmers who had used the service, six mentioned that this initiative had helped them to save time and money during land preparation, while one mentioned that he had not benefitted from the service because his land turned out to be unsuitable for mechanized tillage. Of the 19 farmers (60%) who had heard about the service but had not used it, six owned a tractor, while seven did not have suitable land (uneven or stony terrain). Four mentioned that their land was too small to make the investment. The remaining six farmers (who had heard about but not yet implemented the service) would be interested in trying it in the next season.</p>
Continuous improvement	<p>CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative</p>

2.2.5 Monitoring Minimum Wage

MCE 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, the in-kind payment policy set by MCE (see footnote 18, and the monitoring process for this standard. They provided adequate examples of how to check whether payments were meeting the standard, and most mentioned to also crosscheck the hours worked with the workers and to verify pay slips when available.

The available monitoring data on wage payment were in line with CU's farm findings. In all cases the monitoring forms had been filled in correctly, and on all farms where CU found farmers not paying the minimum wage this had also been reported by the field technicians (as an 'irregularity', see Chapter 1.3).

2.2.6 Prompt Action reporting

Payment of workers below the benchmarked minimum wage was not covered by the Prompt Action system. Although MCE considered this issue a 'Type 2' Prompt Action (see Chapter 1.4) they dealt with it via their monitoring system. All field technicians were aware of this procedure and were not raising Prompt Actions for this KPI.

2.3 KPI 3: Worker Accommodation

2.3.1 Summary

MCE had adopted PMI's global KPI for Worker Accommodation and made use of monitoring, Prompt Action, and due-diligence processes to achieve this target. No initiatives were put in place for this KPI. Relatively few farmers needed to provide accommodation because most hired local workers, if any. Hence, based on MCE's risk assessment, 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 MCE to evaluate workers accommodations was found to be complete and relevant to local conditions. CU's farm findings show that accommodation issues were adequately captured by the field technicians, except for one farm where accommodation was not meeting two of the checklist's critical indicators, which had not been reported.

	Finding	Number of workers	Number of Farms	% of visited farms with accommodations (N=10)	Remarks
Accommodations	Total cases where accommodation was found to be inadequate	19	1	10%	-
	Used by temporary workers	1	1	10%	The accommodation lacked showers and was unsafe due to exposed electric wiring

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 MCE 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. MCE's strategy towards achieving this target included monitoring, Prompt Actions, and annual risk assessments. They had classified the risk of inadequate accommodation as low probability and severity, which is in line with CU's findings. Since most farms hired only local workers, if hiring workers at all, only a few farmers needed to provide accommodation.

2.3.3 CU's farm findings

Among the farms visited by CU, ten (22%) had accommodations where workers could stay when working on farm. On one of these farms (10%), the accommodation was found to be inadequate and also not comparable to the farmer's housing conditions. This accommodation had no showers,

and the electric wiring was exposed. At four other farms the accommodations did not post emergency phone numbers.¹⁹

MCE's response:

"MCE will continue communicating the minimum accommodation standards to be met when it's provided to workers through field visits, Mas Chacra trainings and leaflets/digital flyers.

As well, field technicians will continue monitoring accommodation using the 34 standards checklists to assess whether the accommodation is compliant or not, and if not, action plans will be agreed upfront with the farmers with a clear deadline.

For farmers not willing to improve the workers' accommodation the consequence management policies will be applied according to the severity matrix which states that after one recurrence, the contract will be canceled.

MCE checklist to monitor accommodation standards will be reviewed and adapted to PMI's Global Accommodation Standards by Q1 2021."

19. CU used MCE's checklist to assess worker accommodations (see Appendix IV)

2.3.4 Initiatives on Accommodation

At the time of CU's visit, MCE did not have any specific initiatives in place to target inadequate accommodation. Based on their risk assessment, MCE considered their monitoring and Prompt Action systems and pre-contractual due-diligence checks sufficient to achieve the accommodation KPI by 2020.

2.3.5 Monitoring Accommodation

MCE covered worker accommodation in their monitoring system. In addition to reporting in the tablet application whether the accommodation was adequate or not, field technicians had to complete a paper checklist of 34 criteria, twelve 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 field technician had to report an irregularity in the monitoring system and leave an action plan with the farmer. Non-critical issues were reported only through the paper checklist, and farmers had to correct these issues before the next visit. CU found the checklist to be complete and relevant to local conditions.

All field technicians were aware of the monitoring requirements and content of the accommodation checklist. However, on four of the ten farms with worker accommodations (40%) CU found irregularities that had not been reported by the field technicians. On one of these farms, the irregularities related to two critical indicators (see Table below).

MCE's response:

"With the purpose of bringing more accuracy on accommodation monitoring, each of the farmers providing accommodation will receive an unannounced visit by an internal auditing team. When discrepancies are found, the FT will be informed and trained, and the findings will be recorded accordingly on the monitoring system."

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

Indicator	Number of farms not matching
Is the emergency number clearly posted?	4
Is there at least one shower for every 20 persons?*	1
Do showers guarantee privacy?	1
Are the electric system and cables kept in good condition?*	1

*Critical indicators

2.3.6 Prompt Action reporting

MCE covered worker accommodations in their Prompt Action system. Field technicians had to raise a Prompt Action if one or more of the twelve critical indicators (see Appendix IV) were not met. Inadequate accommodation was considered a 'Type 2' Prompt Action (see Chapter 1.4), meaning that the farmer and field technician had to agree on an action plan and that a follow-up visit was conducted to check whether the issues were solved. MCE 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.

All field technicians were 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 was not met. At the time of CU's assessment, no Prompt Actions had been reported for inadequate accommodations in the assessment area. However, among the farms with accommodations visited by CU, one (10%) was not meeting two of the critical indicators. This case had not been captured by the field technician or reported in the system.

2.4 KPI 4: Personal Protective Equipment

2.4.1 Summary

MCE 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 2.4.4). CU found evidence that the global KPI was being achieved, as all farmers visited had received PPE. Nonetheless, evidence was found of incomplete

PPE use for handling green tobacco on 55% of farms, and for handling CPA on 67% of farms. Many of these cases had not been captured by MCE's systems. The company's two initiatives to promote PPE use were based on root cause analysis and used farmer feedback for improvement. However, 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	Source: Interview with farmer and/ or Interview with worker or family member	Number of Farms	% of visited farms (N=45)	Remarks
PPE use	Total cases where incomplete or no PPE was used	Both	30	67%	
	PPE for handling green tobacco	Both	25	55%	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
	PPE for handling and applying CPA	Both	30	67%	Face shields and masks were often not used

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 MCE had adopted the same global KPI for their contracted farms. MCE had formulated a local strategy to achieve this KPI, including yearly

targets, an annual risk assessment to prioritize actions, and two initiatives to tackle persisting issues. Both the targets set and risk scores assigned were found to be adequate and in line with CU's farm findings.

Regarding the usage of PPE, MCE'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 MCE (see Chapter 2.4.4). For handling or applying CPA, farmers were required to wear the full set of PPE provided by MCE (see Chapter 2.4.4), plus boots.

2.4.3 CU's farm findings

PPE use for handling green tobacco

On 25 of the farms visited (67%), at least one person was handling green tobacco without wearing the complete set of required PPE. Gloves were often not used (see Table 3).

Table 3. Incomplete or no PPE used for handling green tobacco

Type of protective clothing	Number of farms where used (N=45)
Long sleeves	37 (82%)
Gloves	20 (44%)
Long-pants	37 (82%)
Closed shoes	37 (82%)

MCE's response:

"To ensure PPE availability on the farms, MCE will continue delivering PPE for GTS to cover all farmers and workers as a crop input.

100% of farmers will be trained on GTS avoidance and the risks related with the non-usage or incomplete usage of PPE when handling green tobacco, highlighting and clarifying that gloves must be used whether the green tobacco is dry or wet.

Specific communication material on GTS will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on the pay slip forms.

Moreover, MCE will research on yearly basis and collaborate with local providers to develop new and more comfortable products to increase PPE usage.

Ultimately, farmers not complying with complete usage of PPE will not get a contract renewal after one recurrence following the Consequence management policies."

In addition, CU found a discrepancy in PPE use when green tobacco was wet: on 23 farms (51%) 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 (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=45)
Long sleeves	6 (13%)
Gloves	23 (51%)
Long-pants	6 (13%)
Closed shoes	8 (18%)

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

1. 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) always had to be used when working with green tobacco;
2. 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;
3. The set of gloves provided were found to be uncomfortable when handling a machete for harvesting.

PPE for handling and applying CPA

On 30 of the farms visited (75%), at least one person handling or applying CPA did not wear the full set of required PPE. On five farms (11%) no PPE was used at all by any of the persons handling or applying CPA. In particular, face shields and mouth masks were often not used (see Table 5).

Table 5. Incomplete or no PPE used for handling and applying CPA

Type of protective clothing	Number of farms where used (N=45)
Long sleeves	40 (89%)
Gloves	38 (84%)
Long pants	40 (89%)
Closed shoes	40 (89%)
Face shield	19 (42%)
Mouth mask	29 (64%)

MCE's response:

"To ensure PPE availability on the farms, MCE will continue delivering PPE for CPA to cover all farmers and workers as a crop input.

100% of farmers will be trained on the risks related with the non-usage or incomplete usage of PPE when handling/applying CPA.

Specific communication material on the correct usage of PPE for CPA will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on the pay slip forms.

Moreover, MCE will research on yearly basis and collaborate with local providers to develop new and more comfortable products to increase PPE usage.

Ultimately, farmers not complying with complete usage of PPE will not get a contract renewal after two recurrences following the Consequence management policies."

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

1. Although persons handling and applying CPA were aware of the associated risks, they were not fully aware of how to prevent exposure. Consequently, they did not use the full set of PPE at all times;
2. The face shield provided by MCE limited the vision of users because it fogged up easily, and users did not know how to prevent this.

2.4.4 Initiatives on Personal Protective Equipment

At the time of CU 'assessment, MCE 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. MCE had conducted a root cause analysis to identify the root causes for farmers not utilizing PPE on farms. Both initiatives were targeting one or more of these root causes.

MCE initiative	Root causes targeted
PPE for handling green tobacco	Low awareness of GTS risk, discomfort of PPE materials, and lack of PPE at farms
PPE for handling and applying CPA	Low awareness of CPA risk, discomfort of PPE materials, and lack of PPE at farms

During the farm visits, CU identified several underlying reasons for incomplete PPE use by persons handling green tobacco or CPA (see Chapter 2.4.3). Three of these had not been identified in MCE's root cause analysis, namely: (1) 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; (2) although persons handling and applying CPA were generally aware of

the associated risks, they were not fully aware of how to prevent exposure; and (3) the face shield provided by MCE for handling and applying CPA limited the vision of users because it fogged up easily, and users did not know how to prevent this.

On the 25 farms where CU identified incomplete PPE use for handling green tobacco, the main underlying reasons were only partly being met by MCE's initiative. Although MCE's provision of PPE targeted the lack of PPE on farms as a root cause, 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. As a result, on most 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 30 farms where CU identified incomplete PPE use for handling CPA, the main underlying reasons were only partly being met by MCE's initiative. Although MCE's provision of PPE targeted the lack of PPE on farms as a root cause, 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, the face shield was often not used because it fogged up and users did not know how to prevent this.

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 a PPE set (apron and gloves) for handling green tobacco
Aim	Reduce the incidence of GTS among persons 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, and the apron only when the tobacco was wet.
Root cause analysis	Low awareness of GTS risk, discomfort of PPE materials, and lack of PPE at farms
Implementation strategy	<ul style="list-style-type: none"> • Target: 100% of contracted farmers • Result in assessment area: 100% • All field technicians were aware of this initiative • All farmers visited by CU (100%) had received the PPE set
Distribution strategy	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 (circa 2,200 Argentinean pesos per set) was deducted from the farmer's tobacco sales at the end of the season

Farmers feedback	All farms visited by CU (100%) had received the apron and gloves for handling green tobacco. However, the initiative's focus on providing aprons for handling wet tobacco had created a widespread misunderstanding that PPE was needed only in wet conditions: on 23 farms (51%), 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 Chapter 2.4.1)
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

PPE for handling and applying CPA

PPE for handling and applying CPA	
Description	Providing all contracted farmers with a PPE set for handling and applying CPA
Aim	Reduce exposure to hazardous chemicals and increase safety for persons handling or applying CPA
Expected outcome	Increased PPE use and reduced risk of chemical exposure
Resources	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
Root cause analysis	Low awareness of CPA risk, discomfort of PPE materials, and lack of PPE at farms
Implementation strategy	<ul style="list-style-type: none"> • Target: 100% of contracted farmers • Result in assessment area: 100% • All field technicians were aware of this initiative • All farmers visited by CU (100%) had received the PPE set
Distribution strategy	Sets (one per farm) were distributed at the start of the season by the field technicians. The cost per set was deducted from the farmer's tobacco sales at the end of the season
Farmers feedback	All farms visited by CU (100%) had received a PPE set for handling and applying CPA. However, on 30 farms (75%), at least one person handling or applying CPA did not wear the complete PPE set, while on five farms (11%) no PPE was used at all by any of the persons handling or applying CPA (see Chapter 2.4.1).
Continuous improvement	CU found evidence of feedbacks from the initiative implementation being collected by MCE to advise future design and implementations of the initiative

2.4.5 Monitoring Personal Protective Equipment

At the time of CU's assessment, MCE was monitoring PPE use for handling green tobacco and for handling and applying CPA. The monitoring application included two questions (one for each PPE use) and a pre-defined list of root causes for the field technicians to select from. However, CU found this list to provide mere descriptions of the issues, rather than their root causes. According to MCE, collecting root causes was not their priority; persons handling green tobacco or applying CPA simply had to wear the required PPE.

All field technicians interviewed by CU were aware of the PPE requirements for handling green tobacco and applying CPA. However, CU found that not all technicians were adequately monitoring PPE use by all people on the farm: eight field technicians (66%) reported that they checked this issue only with the farmer, not with the family members or workers.

When comparing CU's farm findings to MCE's monitoring data, CU found that not all findings matched. On ten (40%) of the 25 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 nine (30%) of the 30 farms where CU found evidence of persons not using complete PPE for handling and applying CPA.

2.4.6 Prompt Action reporting

MCE was raising Prompt Actions when farmers were observed handling green tobacco or applying CPA without using complete PPE. Failure to wear complete PPE was a 'Type 1' Prompt Action linked to one of the KPIs (see Chapter 1.4), which could only be closed by a field supervisor or member of the ALP Team in an unannounced follow-up visit (within six weeks). All field technicians were aware of the Prompt Action procedure for PPE use. For the 2019-2020 season, nine Prompt Actions had been raised in the assessment area for farmers not using complete PPE for CPA application, and 16 for farmers not using complete PPE for handling green tobacco.

Two of the farms visited by CU had a Prompt Action related to PPE use. Both cases were still open; the farmers in question were aware of the Prompt Action raised, and mitigation measures (training) had already been implemented. However, on both farms the Prompt Actions were reoccurring at the time of CU's visit.

Chapter 3

FARM FINDINGS ON OTHER ALP MEASURABLE STANDARDS



EXTERNAL ASSESSMENT
Burley farmers in North and South 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 three of the farms with hired labor (13%), workers were paid at the end of the season, which is not in accordance with Argentinean national law. On two of these farms the end-of-season payment was for hired relatives, while on the third farm it applied to a permanent worker. No evidence was found of these workers dis-agreeing 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 applicable 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 13 farms (56%), workers were working overtime, either by working one more hours 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 21 farms (91%) workers were not provided with the social security benefits, holidays, and parental leave they were entitled to by Argentinean law. On five farms (22%), workers were registered to receive social security (see ALP Code Principle 7), but on only two of these farms did they receive holidays and parental leave.

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.

MCE's response:

"MCE will develop a focused monitoring to be done to farmers hiring permanent workers with specific questions related to frequency of payment, overtime payment and workers' legal benefits. In parallel, training and communication related to the topics mentioned above will be redesigned and reinforced during field visits. These measurable standards will also be assessed during the unannounced visits.

To ensure that all risks related to payment frequency are mitigated, MCE will continue monitoring

sharecropping and putting agreements in place to bring transparency to this commercial relationship when it is identified.

In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers paying at the end of the season according to the consequence management policies: after two recurrences, the contract is not renewed for the following season."

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 three of the farms with workers (13%) 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, a worker on one of these farms was not sure whether he would 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 dis-agreed to this form of payment as they had a longer-term relationship with the farmer.

MCE's response:

"MCE will develop a focused monitoring to be done to farmers hiring permanent workers with specific questions related to frequency of payment to identify and mitigate any forced labor risk. This measurable standard will also be assessed during the unannounced visits.

Moreover, training and communications related to the topic mentioned above will be redesigned and reinforced during field visits.

To ensure that all risks related to payment frequency and forced labor are mitigated, MCE will continue monitoring sharecropping and putting agreements in place to bring transparency to this commercial relationship when it is identified.

In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers paying at the end of the season according to the consequence management policies: after two recurrences, the contract is not renewed for the following season. This will also contribute to mitigate any risks associated with forced labor or workers not being free to leave the farm until they get paid.

Ultimately, when MCE identifies that workers are not free to leave their employment due to debts or pending payments, the contract is immediately canceled."

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.

General safety measures

On 13 farms (29%), the barns were high and lacked protection measures for persons climbing the walls to load tobacco.

On 44 farms (98%), resources were available in case of emergency. Forty-one farms could provide transport to a medical facility. Thirteen farms had a first-aid kit, and one farm had a person who had received first-aid training. Nineteen farms had contact details of health institutions, and three had resources to act in case of fire.

On 40 farms (89%), sharp tools were properly stored, but on five farms (11%) these tools were left around the farm or barn area where children and other family members had access.

MCE's response:

"Aiming to increase the usage of PPE when working at heights, MCE will continue:

- Monitoring farms to assess harness availability and its correct usage, reinforcing the importance of the PPE availability at farms; and*

Delivering trainings to farmers through Mas Chacra and communication material"

Chemical storage and disposal, equipment and application

On 28 farms (62%) evidence was found of persons applying fertilizers without using gloves.

MCE's response:

"Gloves usage for applying fertilizers will be monitored and communicated to farmers to increase the adoption of this practice"

On 41 farms (92%), CPA containers and chemical equipment were stored safely in locked storage on the farm. On the four remaining farms (8%), CPA and chemical equipment were kept in storage that was not locked.

MCE's response:

"MCE will continue monitoring CPA storage at farms to assess if they comply with all the safety measures recommended including the correct lockage of it and warning signs. Field technicians will continue raising prompt actions when CPA are not safely stored. This standard is also included in Due Diligence & Consequence management policy, which states that after one recurrence, the contract won't be renewed for the following season."

On 20 farms (45%), farmers did not dispose of empty CPA containers correctly (the correct method is to triple rinse and puncture the container before safe disposal). On three of these farms the empty containers were burned in the field, while on two farms they were left in the field and around the farm. On the other 15 farms they were kept in the storage but without being rinsed or punctured first. Some farmers mentioned reusing the empty containers for other purposes, mostly to carry gasoline to machines in the field. One farmer mentioned refilling empty CPA containers with drinking water to take to the field when working in tobacco.

MCE's response:

"MCE will continue training farmers on how to correctly dispose the CPA empty containers (including triple rinse and puncturing the container).

Additionally, MCE will actively participate in CoTTaProM (Comisión Técnica de Tabaco de la Provincia de Misiones – is a technical committee that engages tobacco key stakeholders such as tobacco companies, unions, technical entities and government bodies to discuss and address common issues) empty containers collection program to ensure that 100% of farmers get their containers collected by 2021.

Field technicians will continue reporting CPA empty containers being reused for domestic purposes as a prompt action and this practice will be linked to consequence management policy: after one recurrence the farmers' contract will be cancelled."

On 44 farms (98%), the equipment for CPA and fertilizer application was in good condition and free from leaks. On one farm the sprayer was leaking and was found fixed with a rubber tie.

On seven farms (15%), farmers were not aware of the correct re-entry period after CPA application.

MCE's response:

"MCE will keep on monitoring and training farmers on the minimum period to re-entry a field after a CPA application."

On 15 farms (33%), no warning sign was available to use after CPA application.

MCE's response:

"MCE will redesign and distribute warning signs to 100% of farmers to be placed on the tobacco field after a CPA application to alert people from entering."

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

MCE's response:

"100% of farmers will be trained on the risks related with the non-usage or incomplete usage of PPE when handling/applying CPA.

Specific communication material on the correct usage of PPE for CPA will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on pay slip forms.

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. One of the farms had been storing empty containers for almost ten years.

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 on Freedom of association.

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 11 of the farms with hired labor (48%), 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 in Appendix III). On 22 of the farms with hired labor (96%), farmers had a verbal contract with their workers.

On 18 of the farms with hired labor (78%), 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.

MCE's response:

"MCE will develop a focused monitoring to be done to farmers hiring workers with specific questions related to workers' legal benefits and labor registration.

In parallel, training and communication related to the topics mentioned above will be redesigned and reinforced during field visits."

Chapter 4

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



EXTERNAL ASSESSMENT
Burley farmers in North and South 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, mostly 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 MCE, mentioning that in most cases these were too high, and that on occasion too much PPE was provided per farm, which was later not needed by the farmer as fewer workers were hired than expected.

Of the 69 family members interviewed, all had heard about at least one Measurable Standard of the ALP Code. Twenty-four (35%) mentioned that fewer children were involved in tobacco production since the start of the program; three (4%) mentioned improved conditions for the workers, particularly in terms of wage payment. Thirty (43%) mentioned that they felt better protected thanks to the provided PPE.

Of the 10 workers interviewed, seven (70%) had heard about at least one Measurable Standard of the ALP Code. Four (40%) mentioned that children could no longer work on tobacco farms. Five (50%), mentioned that their payment conditions had improved and on-farm safety had increased. Three (30%) were aware of the possibility to associate with farmer unions if these were available.

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 appreciated the collaboration with MCE and the efforts put in place to address some of the persisting issues in tobacco production in Misiones.

Chapter 4

APPENDICES



EXTERNAL ASSESSMENT Burley farmers in North and South Misiones

Appendix I Action plan

Control Union focused assessment - MCE Argentina (Misiones)

Pre-contractual due diligence

CU's farm findings for due diligence:

All farms (100%) had had their practices verified before the start of the season. On one farm (2%) CU observed inadequate worker accommodation which had not been captured by the due diligence check, as two critical criteria listed in MCE's accommodation checklist had not been reported by the field technicians (see Chapter 2.3.2).

MCE response:

The Due Diligence process will be adapted and aligned to PMI Global Guidelines: "Step Change ALP: Due diligence, consequence management & rewards guidelines (2019)". All Step Change priority areas will be included to assess 100% of farmers prior to be contracted, as well as other indicators considered a priority at a local level. This process will be reviewed on yearly basis and updated, if needed. Due diligence process takes place every year before contracting period.

Implementation date: Q2 2020

Responsible: Sustainable Agriculture manager & ALP Coordinator

Consequence Management

CU's farm findings for consequence management:

Thirty-two farmers (71%) 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 18 mentioning that they had also been informed by Conciencia, and three mentioning that they had also read the information in the contract.

MCE response:

To increase farmers' awareness on the consequences of not meeting the ALP Code standards, MCE will implement clear and strong communication to farmers about the ongoing 'Consequence management' process by providing summarized communication material to Field Technicians (FT). FT will clearly inform and communicate the farmers about MCE's requirements regarding the ALP compliance and the consequences linked to not complying with critical standards. Consequence management policies include two consecutive crop seasons. The consequences of not complying with the standards could include a non-renewal of contract for the following season or an immediate contract cancelation, depending on the severity of the situation. For this purpose, MCE had developed a severity matrix which describes ALP non-compliances and the consequences that a farmer could face by not complying with them. Each individual case is discussed and analyzed within the ALP Country team before making the final decision. The severity matrix is reviewed on yearly basis and adjusted if needed.

Implementation date: Q2 - Q3 2020

Responsible: ALP Coordinator & Field Technicians

Findings per KPI

KPI 1: Child Labor

Summary

CU's farm findings:

CU's farm findings (Chapter 2.1.3) showed that, on six of the seven farms where CU had found evidence of child labor, this had not been captured by the field technicians.

MCE response:

In the Misiones region, tobacco production is carried out mostly by the farmer and his/her adult family members. Harvesting is the most labor demanding period and overlaps with school summer vacations, therefore whenever a child labor case is reported, it usually occurs during this time of the year involving children helping their parents with specific tasks.

MCE will develop new training materials, guidelines and tools for Field Technicians aiming to improve the data gathering process and have an accurate description of Child Labor within the contracted farmers in line with PMI's Monitoring Guidelines to have a clear understanding of each situation and the main drivers. Field technicians and supervisors will be trained on yearly basis and update trainings will be delivered during the crop season.

Implementation date: Q3 of every year

Responsible: ALP Coordinator

Also, the ALP monitoring (focused on Step Change areas) survey structure, questions and dropdown lists will be updated to increase data reliability. The main changes will include;

increase the number of optional answers to get a more detailed description of the status of the farm at the moment of the visit; and

update the root causes to give specific support to the farmer to mitigate and fix the issues when they occur.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Leaf planning analyst

MCE will apply the changes on the farm by farm monitoring to the current unannounced visits program. These visits are done by field supervisors, leaf buyers and ALP coordinator to 5% of farmers constituting a risk group. MCE will make adjustments and calibrations on this program to turn it into an internal auditing process enabling the ALP team to find discrepancies and areas for improvement. The unannounced visits will be focused during harvesting to capture as many risks as possible. After each unannounced visit, when discrepancies are found, individual calibration sessions will take place with the FT and minutes of the meetings will be recorded.

Implementation date: Q4 2020 - 2021 - 2022

Responsible: ALP Coordinator/Field supervisors/Leaf buying team

CU's farm findings

CU's farms findings:

CU found evidence of nine children involved in tobacco production on seven farms (15%).

On two of these farms (4% of total farm sample) children below 18 were being employed in tobacco production. In one case, the farmer employed his 16-year-old brother-in-law throughout the tobacco season in all activities except CPA application; in the other case, a 17-year-old boy worked full-day shifts during harvesting time. He was a neighbor's son who came along with his father as part of informal labor exchange. On both farms, the children were observed working in the field during CU's visit.

MCE response:

MCE expects to eliminate the risk of farmers employing/hiring children by implementing the following actions:

On top of the ongoing communications on the prohibition by law of children below 18 y.o. working on tobacco, MCE will launch a strong communication campaign to increase knowledge on hazardous tasks among farmers and to make them aware that they are responsible of any children present or working at their farm, even the ones brought along with the 'Cambio de día' (labor exchange). This message will be delivered through FT during the field visits and Mas Chacra program, an itinerant training program that MCE runs within a tobacco industry approach. The topics are assessed on yearly basis, according to the priorities. Moreover, communication materials such as flyers/leaflets/posters will be redesigned accordingly.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Field Technicians/Mas Campo trainers

Implement and follow the Due Diligence & Consequence management guidelines which state that farmers hiring children to work on tobacco will get a contract cancelation.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Field supervisors/Leaf agronomy manager

Even though farmers found hiring children for tobacco tasks will get a contract cancellation, MCE will include critical cases into the Child Labor Remediation program in partnership with Conciencia NGO to assist and give support to these families.

Implementation date: Q3 2020

Responsible: ALP Coordinator

CU's farm findings:

On the other five farms (11%), child family members below 18 were helping with tobacco production. They were 9 to 17 years old. On three of these farms, children were helping several days a week for full shifts, while on the other two farms children were helping several days a week but not all day but for specific tasks. On two farms the children were observed working during CU's visit, while on the other three farms, child involvement was confirmed via interviews.

MCE response:

In order to eliminate child labor related to family children performing tasks on tobacco, MCE will implement the following actions:

On top of the ongoing communications on the prohibition by law of children below 18 y.o. working on tobacco, MCE will launch a strong communication campaign to increase knowledge on hazardous tasks among farmers and to make them aware that they are responsible of any children present or working at their farm, even the ones brought along with the 'Cambio de día' (labor exchange). This message will be delivered through FT during the field visits and Mas Chacra program, an itinerant training program that MCE runs within a tobacco industry approach. The topics are assessed on yearly basis, according to the priorities. Moreover, communication materials such as flyers/leaflets/posters will be redesigned accordingly.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Field Technicians/Mas Campo trainers

Implement and follow the Due Diligence & Consequence management guidelines which state that farmers whose son or daughter under 16 are found for a second time involved in any activity related to tobacco or for family children under 18 y-o performing a hazardous task, contract cancelation will be applied. For children between 16 and 18 y-o family members performing any non-hazardous task in tobacco, found for the second time, the contract will not be renewed.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Field supervisors/Leaf agronomy manager

After the Child Labor Remediation pilot ran during Crop 2019 in Misiones, MCE decided to expand and strengthen it to cover 100% of farms where children family members involved in tobacco tasks. The aim of the initiative is to solve child labor issues in a lasting and sustainable way by assessing and tackling the root causes with specific actions. These actions are tailor-made to every case taking into consideration the context and the underlying reasons. This initiative is done in partnership with Conciencia NGO. Whenever a child labor Prompt action is identified by MCE, the NGO is informed by the local ALP Coordinator to visit the farm in different instances to assess the root causes, agree an action plan with the family and follow up its implementation. This procedure is reviewed and approved by the ALP coordinator.

Implementation date: Q3 2020

Responsible: ALP Coordinator

CU's farm findings:

On 7 of the farms (15%) persons below 18 were involved in hazardous activities

MCE response:

Refer to previous findings (Pages 5 & 6)

CU's finding:

Child labor remediation: Most of the open PAs for CL were open for long time (some almost 1 year). Procedures in place on how many visits possible by Conciencia per PA, but not followed by Conciencia (more visits made than agreed).

MCE response:

MCE will review and make the following adjustments on the protocol agreed with Conciencia for Child Labor remediation to ensure it is implemented correctly:

Conciencia will perform a maximum of 3 visits to each family (exceptional cases can have one extra visit) within a period of 9 weeks since the PA opening.

Once Conciencia concludes the visits, a final report will reflect the status of the child labor case: Open (when there's still a risk of recurrence) and Close (when there's no risk of recurrence)

Cases taking over 9 weeks or 4 visits (whichever happens first) and open cases will be escalated to the ALP Country Team to take a final decision.

The review of the protocol will also include adding specific objectives (making emphasis on the root cause analysis), roles & responsibilities and deadlines for reporting.

These changes will enable MCE to have more visibility on the progress of each family under the initiative, make on-time decisions and keep the ALP Country Team updated on the Child Labor remediation program.

Implementation date: Q3 2020

Responsible: ALP Coordinator

CU's finding:

On five of the seven farms where CU identified evidence of child labor, farmers had received the school kit; on four, farmers had received the farmers' training; and on three, children were attending an EFA with support of an MCE scholarship.

MCE response:

After an internal analysis, showing a low impact on child labor issues, MCE decided not to include 'School kit delivery' and 'Farmers' training at buying stations' into 2020 Porvenir program. MCE will continue delivering trainings on child labor throughout the season during farm by farm visits, by delivering training materials and Mas Chacra program.

These activities were replaced by different, more focused initiatives, based on root cause analysis, with a bigger contribution to child labor elimination such as:

School infrastructure reinforcement: 34 primary schools and 16 high schools from El Soberbio and San Pedro receiving materials to improve their facilities and services provided to 800 children from MCE contracted growers. This activity aims to increase school attendance and therefore reduce the child labor risk on the benefited families.

Mentoring for life projects for 50 unschooled adolescents: A tutor engages unschooled adolescents and run periodic sessions with him/her and the rest of the family aiming to enroll the child back to the educative system.

Regarding EFA Scholarships, MCE decided to continue supporting farmers whose children attend to EFA schools aiming to cover up to 180 students (or more when needed). However, the process to select beneficiaries will be streamlined using Farm Profile data to ensure that all famers needing support are

covered. Also, all benefited farmers will sign a 'No child labor' agreement to strengthen compliance with the child labor measurable standard. Field technicians and supervisors will be trained on yearly basis to keep them updated on the ongoing initiatives done with Conciencia in the Porvenir Program (and whenever the program is modified). This will help the field technician to link farmers with different initiatives offered by the program to revert child labor cases (when found) and mitigate child labor risks.

Implementation date: Q3 2020 – 2021 & 2022

Responsible: ALP Coordinator

KPI 2: Minimum wages

CU's Farm findings:

In Misiones there is still not a legal local benchmark for tobacco workers, as the hiring of labor for this activity is minor compared to other activities in the area. Around 50% of MCE farmers hire labor. Most of the tobacco tasks are done by adult family members and/or 'Cambio de día'. Less than 20% of the total labor requirements along the crop season are provided by hired workers, especially during harvesting and occasionally, transplanting.

MCE is engaging with key stakeholders in Misiones such as: other tobacco companies, farmers' unions, workers' unions and local and national government bodies to agree and establish a specific salary for BU tobacco.

In the meantime, it has been agreed as an industry to consider the national minimum wage as a legal reference for communications and compliance enforcement.

CU's farm finding:

On 6 (26%) of the farms, farmers were not aware of the minimum wage.

MCE response:

MCE is engaging with key stakeholders in Misiones such as: other tobacco companies, farmers' unions, workers' unions and local and national government bodies to agree and establish a specific salary for BU tobacco.

In the meantime, it has been agreed as an industry to consider the national minimum wage as a legal reference for communications and compliance enforcement.

All trainings and communications will be immediately updated and aligned to the national minimum vital salary to reach all tobacco farmers and workers using the different existing streams: through field technicians, printed and digital material and Mas Chacra training program. The communication will also include hourly rates. Communications and trainings will be immediately updated and refreshed whenever the minimum wage rates increase.

Implementation date: Q3-Q4 2020 – 2021 - 2022

Responsible: ALP Coordinator

CU's farm findings:

On 17 of the 23 farms with hired labor (74%), workers were paid below the benchmarked minimum wage

MCE response:

At the time that CU assessment was performed in Misiones, there was not a legal local benchmark for tobacco workers and Yerba Mate salary was used instead, as the hiring of labor for this activity is minor compared to other activities in the area. Around 50% of MCE farmers hire labor. Most of the tobacco tasks are done by adult family members and/or 'Cambio de día'. Less than 20% of the total labor requirements along the crop season are provided by hired workers, especially during harvesting and occasionally, transplanting.

MCE is engaging with key stakeholders in Misiones such as: other tobacco companies, farmers' unions, workers' unions and local and national government bodies to agree and establish a specific salary for BU tobacco. As part of this strategy agreement with the stakeholders, in the meantime, it has been agreed to use the national minimum wage as a reference for compliance monitoring and communications.

During farm by farm monitoring, when a farmer is not paying the national minimum vital salary, the payment gap is recorded. This information will be used by MCE to build a baseline and define the different segments of farmers currently paying below the minimum wage. The baseline will help MCE to develop specific strategies for each segment.

Additionally, for all farmers not paying the national minimum vital salary, prompt actions will be recorded, and action plans will be agreed upfront following PMI Prompt Actions Global Guidelines. The field staff will be trained accordingly on how to raise and follow up Prompt Actions related to minimum wage. MCE expects that 100% of farmers with minimum wage prompt actions will implement a concrete action plan to address the issue. Ultimately, consequence management will be applied for those farmers not willing to address the issue: after two recurrences, the contract won't be renewed for the following season. The severity matrix is reviewed on yearly basis before each crop season as part of the strategy.

Implementation date: Q4 2020

Responsible: ALP Coordinator / Sustainable Agriculture Manager / Head of Leaf AR

CU's farm finding:

16 of the farmers (48%) who received the pay slips understood how to use them.

MCE response:

In order to increase the correct usage of the pay slip forms, MCE will develop training material and instructions to support the farmer on how to input figures into it and how to calculate hourly rates to assess the correct payment of minimum wage.

Implementation date: Q4 2020 - Q1 2021

Responsible: ALP Coordinator

CU's farm finding:

On 3 of the farms (42%) where mechanization was implemented, farmers were paying below the legal minimum salary (for harvesting).

MCE response:

The production of Burley Tobacco in Misiones has been mainly based on family workforce with very little investment in technology. In 2018 MCE developed a project for farmers to introduce mechanization through a service providers scheme. The service is paid by the farmer but they can get a bonus at the end of the season if they comply with a set of requirements such as not having any open Prompt Action, good practices to control soil erosion in place, tobacco volume delivery above 90% regarding the latest estimation and compliance on CPA green leaf results. In order to enforce compliance on minimum wage payment on farmers benefited with the mechanization program, this criteria will be included as a specific condition to receive a bonus at the end of the season. Meaning that mechanized farmers can only be entitled to the bonus if the pay minimum wage to workers during the crop season. This initiative has a positive impact on ALP due to the replacement of family workforce with machinery, by more efficient use of time, reduction of labor hiring and increased profitability. These benefits are also key enablers to ensure minimum wage and legal requirements are met when a worker is eventually hired.

By 2025 100% of MCE tobacco growers will have access to soil preparation, 2,000 hectares will be covered with mechanized transplanting and 1,500 hectares with mechanized harvesting (approximately between 25-30% of the current growing area).

Also, MCE will yearly communicate all the farmers participating in the initiative about the requirements and MCE's expectations on ALP compliance.

Implementation date: Q4 2020

Responsible: ALP Coordinator

KPI 3: Accommodation

2.3.3 CU's farm findings:

CU's farm findings:

In 1 farm out of 10 (10%) the accommodation lacked showers and was unsafe due to exposed electric wiring.

In 4 farms out of 10 (40%) the accommodations did not post emergency phone numbers.

MCE response:

MCE will continue communicating the minimum accommodation standards to be met when it's provided to workers through field visits, Mas Chacra trainings and leaflets/digital flyers.

As well, field technicians will continue monitoring accommodation using the 34 standards checklists to assess whether the accommodation is compliant or not, and if not, action plans will be agreed upfront with the farmers with a clear deadline.

For farmers not willing to improve the workers' accommodation the consequence management policies will be applied according to the severity matrix which states that after one recurrence, the contract will be canceled.

MCE checklist to monitor accommodation standards will be reviewed and adapted to PMI's Global Accommodation Standards by Q1 2021.

Implementation date: Q3-Q4 2020

Responsible: ALP Coordinator/Field Technicians

CU's finding:

Among the farms with accommodations visited by CU, one (10%) was not meeting two of the critical indicators. This case had not been captured by the field technician or reported in the system.

MCE response:

With the purpose of bringing more accuracy on accommodation monitoring, each of the farmers providing accommodation will receive an unannounced visit by an internal auditing team. When discrepancies are found, the FT will be informed and trained, and the findings will be recorded accordingly on the monitoring system.

Implementation date: Q3-Q4 2020

Responsible: ALP Coordinator/Field Supervisors/Leaf buyers

KPI 4: Personal Protective Equipment

CU's farm findings:

PPE use for handling green tobacco

CU's farm finding:

On 25 of the farms visited (67%), at least one person was handling green tobacco without wearing the complete set of required PPE. Gloves were often not used.

MCE response:

To ensure PPE availability on the farms, MCE will continue delivering PPE for GTS to cover all farmers and workers as a crop input.

100% of farmers will be trained on GTS avoidance and the risks related with the non-usage or incomplete usage of PPE when handling green tobacco, highlighting and clarifying that gloves must be used whether the green tobacco is dry or wet.

Specific communication material on GTS will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on the pay slip forms.

Moreover, MCE will research on yearly basis and collaborate with local providers to develop new and more comfortable products to increase PPE usage.

Ultimately, farmers not complying with complete usage of PPE will not get a contract renewal after one recurrence following the Consequence management policies.

Implementation date: Q3-Q4 2020 - 2021 - 2022

Responsible: ALP Coordinator/Sustainable agriculture manager/Field technicians

PPE use for handling and applying CPA

CU's farm findings:

On 30 farms (75%) persons handling CPA did not wear the required PPE

On 6 of the farms (13%) not all people handling or applying chemicals received training

MCE response:

To ensure PPE availability on the farms, MCE will continue delivering PPE for CPA to cover all farmers and workers as a crop input.

100% of farmers will be trained on the risks related with the non-usage or incomplete usage of PPE when handling/applying CPA.

Specific communication material on the correct usage of PPE for CPA will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on the pay slip forms.

Moreover, MCE will research on yearly basis and collaborate with local providers to develop new and more comfortable products to increase PPE usage.

Ultimately, farmers not complying with complete usage of PPE will not get a contract renewal after two recurrences following the Consequence management policies.

Implementation date: Q3-Q4 2020 - 2021 - 2022

Responsible: ALP Coordinator/Sustainable agriculture manager/Field technicians

Farm findings on other ALP Measurable Standards

3.4 ALP Code Principle 2: Income and work hours

CU's farm findings:

Payment schedule

On three of the farms with hired labor (13%), workers were paid at the end of the season, which is not in accordance with Argentinean national law. On two of these farms the end-of-season payment was for hired relatives, while on the third farm it applied to a permanent worker. No evidence was found of these workers dis-agreeing to this form of payment.

Overtime payment

12 farmers (52%) did not pay the legal overtime rate.

Legal benefits

On 5 of the farms (22%) workers were provided registration at AFIP (Administración Federal de Ingresos Públicos). Only on 2 they were provided with the full benefits provided by law, such as holidays, sick leave, paternity etc.

MCE response:

MCE will develop a focused monitoring to be done to farmers hiring permanent workers with specific questions related to frequency of payment, overtime payment and workers' legal benefits. In parallel, training and communication related to the topics mentioned above will be redesigned and reinforced during field visits. These measurable standards will also be assessed during the unannounced visits.

To ensure that all risks related to payment frequency are mitigated, MCE will continue monitoring sharecropping and putting agreements in place to bring transparency to this commercial relationship when it is identified.

In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers paying at the end of the season according to the consequence management policies: after two recurrences, the contract is not renewed for the following season.

Implementation date: Q4 2020 – 2021 - 2022

Responsible: ALP Coordinator /Field technicians/Sustainable agriculture manager

3.5 ALP Code Principle 3: Fair treatment

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.

3.6 ALP Code Principle 4: Forced Labor and Human Trafficking

CU's farm findings:

On three of the farms with workers (13%) 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, a worker on one of these farms was not sure whether he would receive the agreed-upon wage if he left his job before the end of the season.

MCE response:

MCE will develop a focused monitoring to be done to farmers hiring permanent workers with specific questions related to frequency of payment to identify and mitigate any forced labor risk. This measurable standard will also be assessed during the unannounced visits.

Moreover, training and communications related to the topic mentioned above will be redesigned and reinforced during field visits.

To ensure that all risks related to payment frequency and forced labor are mitigated, MCE will continue monitoring sharecropping and putting agreements in place to bring transparency to this commercial relationship when it is identified.

In addition, to strengthen compliance regarding the frequency of payment, the severity matrix will be applied to farmers paying at the end of the season according to the consequence management policies: after two recurrences, the contract is not renewed for the following season. This will also contribute to mitigate any risks associated with forced labor or workers not being free to leave the farm until they get paid.

Ultimately, when MCE identifies that workers are not free to leave their employment due to debts or pending payments, the contract is immediately canceled.

Implementation date: Q4 2020 – 2021 - 2022

Responsible: ALP Coordinator /Field technicians/Sustainable agriculture manager

3.7 ALP Code Principle 5: Safe Work Environment

CU's farm findings:

General safety measures

On 13 farms (29%), the barns were high and lacked protection measures for persons climbing the walls to load tobacco.

MCE response:

Aiming to increase the usage of PPE when working at heights, MCE will continue:

Monitoring farms to assess harness availability and its correct usage, reinforcing the importance of the PPE availability at farms; and

Delivering trainings to farmers through Mas Chacra and communication material.

Implementation date: Q1 2021

Responsible: ALP Coordinator/Field technicians

CU farm finding:

On 40 farms (89%), sharp tools were properly stored, but on five farms (11%) these tools were left around the farm or barn area where children and other family members had access.

MCE response:

Field technicians will communicate and agree action plans with farmers when dangerous or sharp tools are present in areas where children or other family members could be injured.

Implementation date: Q4 2020

Responsible: ALP Coordinator/Field technicians

Chemical storage and disposal, equipment and application

On 28 farms (62%) evidence was found of persons applying fertilizers without using gloves.

MCE response:

Gloves usage for applying fertilizers will be monitored and communicated to farmers to increase the adoption of this practice.

Implementation date: Q1 2021

Responsible: ALP Coordinator/Field technicians

On 41 farms (92%), CPA containers and chemical equipment were stored safely in locked storage on the farm. On the four remaining farms (8%), CPA and chemical equipment were kept in storage that was not locked.

MCE response:

MCE will continue monitoring CPA storage at farms to assess if they comply with all the safety measures recommended including the correct lockage of it and warning signs. Field technicians will continue raising prompt actions when CPA are not safely stored. This standard is also included in Due Diligence & Consequence management policy, which states that after one recurrence, the contract won't be renewed for the following season.

Implementation date: Q3 – Q4 2020

Responsible: ALP Coordinator

On 20 farms (45%), farmers did not dispose of empty CPA containers correctly (the correct method is to triple rinse and puncture the container before safe disposal). On three of these farms the empty containers were burned in the field, while on two farms they were left in the field and around the farm. On the other 15 farms they were kept in the storage but without being rinsed or punctured first. Some farmers mentioned reusing the empty containers for other purposes, mostly to carry gasoline to machines in the field. One farmer mentioned refilling empty CPA containers with drinking water to take to the field when working in tobacco.

MCE response:

MCE will continue training farmers on how to correctly dispose the CPA empty containers (including triple rinse and puncturing the container).

Additionally, MCE will actively participate in CoTTaProM (Comisión Técnica de Tabaco de la Provincia de Misiones – is a technical committee that engages tobacco key stakeholders such as tobacco companies, unions, technical entities and government bodies to discuss and address common issues) empty containers collection program to ensure that 100% of farmers get their containers collected by 2021.

Field technicians will continue reporting CPA empty containers being reused for domestic purposes as a prompt action and this practice will be linked to consequence management policy: after one recurrence the farmers' contract will be cancelled.

Implementation date: Q3 – Q4 2020

Responsible: ALP Coordinator/Environmental Coordinator/Sustainable Agriculture Manager/ Field Technicians

On seven farms (15%), farmers were not aware of the correct re-entry period after CPA application.

MCE response:

MCE will keep on monitoring and training farmers on the minimum period to re-entry a field after a CPA application.

Implementation date: Q3 2020

Responsible: ALP Coordinator/Field Technicians

On 15 farms (33%), no warning sign was available to use after CPA application.

MCE response:

MCE will redesign and distribute warning signs to 100% of farmers to be placed on the tobacco field after a CPA application to alert people from entering.

Implementation date: Q1 2021

Responsible: ALP Coordinator/Field Technicians

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

MCE response:

100% of farmers will be trained on the risks related with the non-usage or incomplete usage of PPE when handling/applying CPA.

Specific communication material on the correct usage of PPE for CPA will be developed by MCE so farmers can train workers at the time of hiring them. These trainings will be recorded on pay slip forms.

Implementation date: Q3-Q4 2020 - 2021 - 2022

Responsible: ALP Coordinator/Field technicians

3.8 ALP Code Principle 6: Freedom of association

No evidence was found on Freedom of association.

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.

3.9 ALP Code Principle 7: Terms of employment

CU's farm findings:

On 11 of the farms (48%) the farmer did not inform the workers of their legal rights and benefits to be received. Topics such as hours to be worked and pay were discussed with the farmer.

On none of these farms gave an introduction regarding safety on farm

On 40 farms (78%) the terms and conditions contravened the country's law, because farmers did not register their workers for AFIP (Administración Federal de Ingresos Públicos)

MCE response:

MCE will develop a focused monitoring to be done to farmers hiring workers with specific questions related to workers' legal benefits and labor registration.

In parallel, training and communication related to the topics mentioned above will be redesigned and reinforced during field visits.

Responsible: ALP Coordinator/Field technicians

Implementation date: Q3 2021

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 MCE 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 CU requested that MCE send documentation to CU to give the assessment team a better idea of the market characteristics and the management systems that were in place. MCE 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 25 November 2019, CU started the assessment with an opening meeting at MCE's head office in Leandro N. Alem, Misiones, Argentina. This meeting was attended by MCE's ALP Country Team. CU presented the objectives and approach of the assessment, while MCE provided a brief overview of the market and company background.

Methodology for ALP implementation system review

The methodology used for the evaluation of MCE's implementation of the ALP Program was based on the widely used PDCA²⁰ cycle. This cycle is a management method for the continuous improvement of processes and products. CU spent two days (25 and 26 November 2019) at MCE's head office to interview management staff, analyze documentation, and evaluate MCE's systems to better understand how the implementation of the ALP Program was organized. In total, CU interviewed five management personnel, 14 field personnel (12 field technicians, two supervisors), two NGO representatives, and three representatives of MCE's finance and planning team.

Scope and farm sampling

This assessment focused on Burley farmers located in the northern and southern areas of the province of Misiones, Argentina (see graph below). These two areas were considered homogenous and comparable based on farm size, geographical spread, language spoken, and cultural aspects, and were therefore assessed together within the same scope.



Figure 4. Scope of assessment: Burley farmers in northern and southern Misiones in Argentina. Source: MCE.

20. Plan, Do, Check, Act

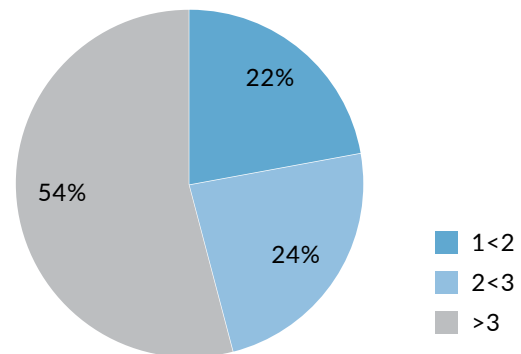
The majority of the farmers contracted by MCE in Misiones were small-scale family farms growing 1.7 hectares of tobacco on average.

For the 2019-2020 crop season, MCE had contracts with 3,154 farmers across Misiones: 1,211 farmers in the northern area, 1,062 farmers in the central area, and 881 farmers in the southern area. To constitute a meaningful sample CU needed to visit at least 45 farms, which was calculated as the square root of the total number of farms within the scope (2,092). In total, CU visited 45 farms, which were either sampled randomly or selected based on the following criteria:

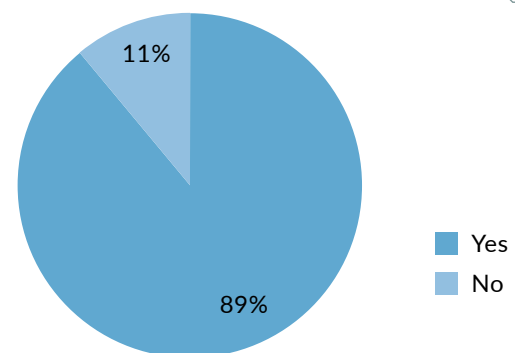
- Geographic spread
- Farm size: different farm sizes selected to ensure diversity, but a focus on the larger farms to ensure labor practices could be assessed.
- Participation in ALP Program initiatives, to allow assessment of the initiatives' implementation.

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.

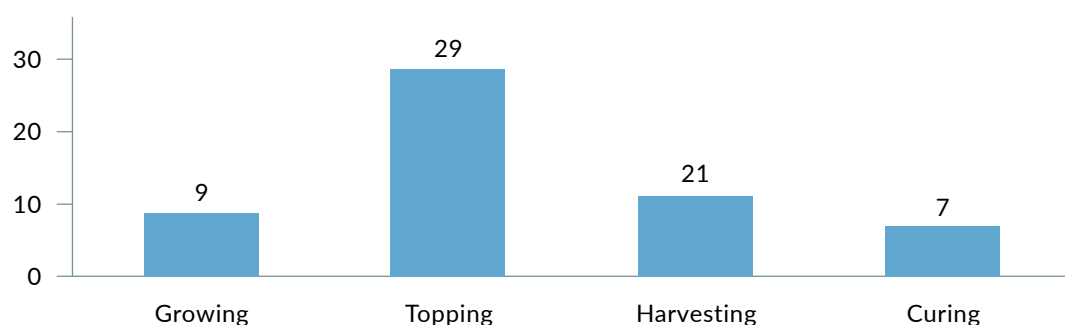
Farm size farms visited by CU and contracted by MCE



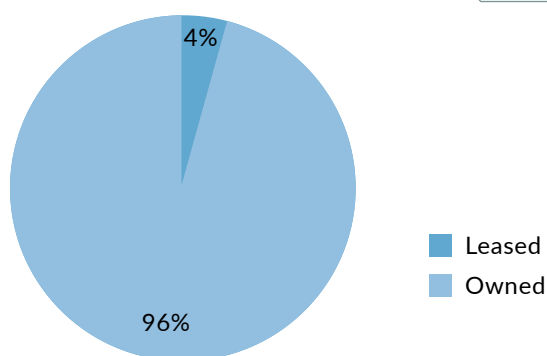
Total number of visited farm previously contracted by MCE



Stages in tobacco production on the visited farms



Farm ownership break down and farms compositions of visited farms



Farm composition



CU informed MCE 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 45 visits (100%) unannounced.

Methodology for ALP farm practices review

The methodology used during the farm visits was based on triangulation of information. Auditors were instructed to seek at least two, preferably three, sources of information. They used their findings to draw conclusions about whether farm practices were meeting the standard of the ALP Code. These sources could be interviews with farmers, family members, 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 MCE’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.

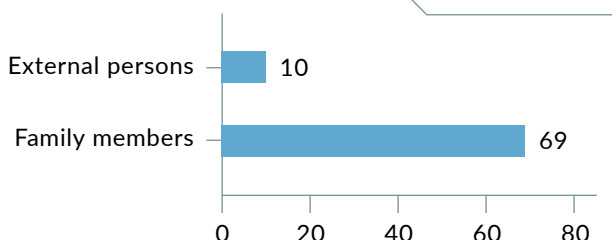
People interviewed

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.

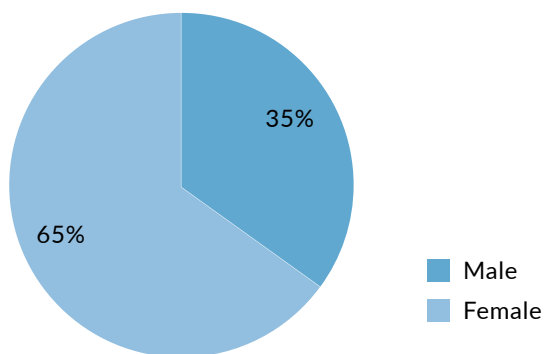
In total, CU interviewed 45 farmers, 69 family members, and 10 workers. The relatively low number of workers interviewed was due to farm composition and stage in tobacco production: many farms were family farms without hired labor, while farms that did hire labor often only did so for labor-intensive 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:

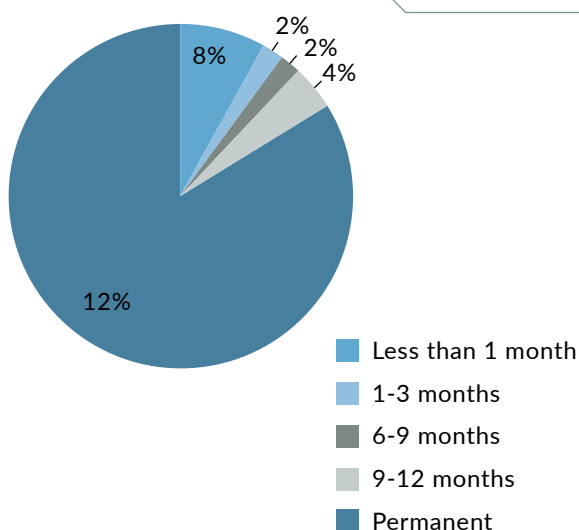
Total number of people interviewed on farms



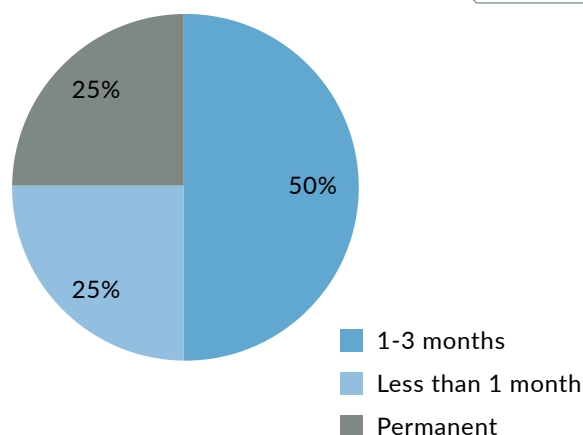
Breakdown of gender of total number of people interviewed



Family members' involvement in farm activities



Workers duration of employment



Closing meeting

On 30 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, representatives of PMI OC and PMI Regional joined the web conference call.

CU presented the initial findings, and MCE 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, MCE reviewed the report to verify that all the information was correct, and to finalize their action plan that was based on this report.²¹

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

LEGAL INFORMATION QUESTIONNAIRE

Summary & Guidance

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

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

Summary

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

- 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 not less than age for completion of mandatory schooling		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 not less than 15 years OR the minimum age provided by law, whichever offers greater protection		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 between 13-15 years OR above the minimum age for light work defined by law, which ever affords greater protection		Minors cannot work at all on family farms.		

Applicable laws

- 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

Minimum age for employment (in tobacco)

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

Age (or ages) limits for compulsory schooling

- 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

- 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.)

- Minors under the age of 16 are prohibited from working in any type of activity, whether it is for profit or not²³.

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.				Licenses are provided for maternity/paternity, vacation, exam and family death leaves. Healthcare and social security provided. It applies to all employees, even weekly/daily workers and performance workers

Applicable laws

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

- 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.

Wage and hours laws specific to piece rate workers, seasonal workers, and migrant workers

- No rules on these matters.

Other specific rules applicable to migrant workers including any legal requirements to ensure they are legally permitted to work

- 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.
-

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

- 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:
 - a. Every week or every 15 days in relation to the work finished during the mentioned periods
 - b. AND an amount proportional to the value of the rest of the job performed.
 - c. 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)

- 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.
-

Requirements that employers must meet to request overtime from workers

- 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.

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

- 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	
No physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate	Any kind of abuse is prohibited			
No sexual abuse or harassment				
No verbal abuse or harassment				
No discrimination on the basis of race, color, caste, gender, religion, political affiliation, union membership, status as a worker representative, ethnicity, pregnancy, social origin, disability, sexual orientation, citizenship, or nationality	All people equal before the law and protected from arbitrary discrimination, especially women.			
Worker access to fair, transparent and anonymous grievance mechanism	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>

Your answer

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

- 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
-

Laws defining and prohibiting discrimination

- 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
-

Protection of workers from discrimination (workers' rights and employers' obligations)

- 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
-

Laws on resources for victimized workers including any access to grievance mechanisms

- Employees are entitled to claim damages as compensation for discrimination

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 receive wages directly from the employer.	NA	NA	NA	
Workers are free to leave their employment at any time with reasonable notice, without threat or penalty	Forced labor is forbidden			
Workers are not required to make financial deposits 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	
Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.	NA	NA	NA	
Farmers do not retain the original identity documents of any worker	NA	NA	NA	
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	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			

Applicable laws

- 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
- Implementing Decree to Provincial Agro-chemical Law, No. 1701/04 (link not available)

Your answer

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

- 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
-

Requirements to report accidents and injuries

- All accidents and injuries must be reported to the company.
-

Requirements for green tobacco sickness training or awareness

- No rules for these matters.
-

Requirements for PPE needed for using, handling, storing, or disposing of crop protection agents (CPA). This may vary depending on the CPA in question.

- Employers shall provide workers with clothes and/or protection elements and instruct workers on specific usage when necessary (ex. CPA manipulation)
-

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)

- 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

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)

- 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

Requirements related to providing drinking water and safe housing

- No specific rules on these matters

Requirements for worker accommodation if provided

- 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.

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

- 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) .

 Laws or requirements for collective bargaining

- Law 23.551 establishes that only unions with trade union personality can bargain collectively

 Laws related to worker representatives (e.g. requirements for representatives to be in place, protection from discrimination, access to carry out functions in workplace)

- 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

- 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.

Required content for written employment contracts

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

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

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

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

- 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.

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

- 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.

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

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

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

- The parts have freedom to choose terms of contracts.

Appendix IV - MCE Workers Accommodation Checklist

ALP 7 Principles including measurable standards

INFORMACION GENERAL							
Nombre del productor:			Numero de Contrato:		Coordenadas X:	Técnico:	
Localidad:		Municipio:			Coordenadas Y:	Fecha Visita 1 ^a :	
Número de trabajadores:		Migrantes:	Locales:	Chacareros:	Temporales:	Fecha Visita 2 ^a :	
Habitantes en la casa:					Permanentes:	Fecha Visita 3 ^a :	
SECCION 1. LUGAR Y ENTORNO				VISITA 1			
No	Indicador	Si	NO	¿Por qué NO cumple?	¿Qué acción se requiere para cumplir con el estándar?	Plazo y Fecha de visita de seguimiento	Status de visita en Seguimiento
1	¿El suelo de la vivienda es de material? (No es de tierra)			Si el suelo es parcialmente de tierra. Irregularidad.			
2	★ ¿El suelo de la vivienda está libre de agua de desecho? CRITICO						
3	¿Los alrededores de la vivienda están libres de agua de desecho?						
4	★ ¿La vivienda está libre de elementos tóxicos/peligrosos? (Envases de APC, herramientas) CRITICO						
5	¿Las áreas de comunes de circulación están iluminadas (luz natural o artificial)?						
SECCION 2. ELIMINACIÓN DE BASURA Y DESPERDICIOS							
6	¿La zona de viviendas está libre de basura y desperdicios?						
SECCION 3. PRIMEROS AUXILIOS							
7	¿El número de teléfono de emergencia está a la vista?						

SECCION 4. DORMITORIOS ADECUADOS E HIGIENICOS		VISITA 1					
No	Indicador	Si	NO	¿Por qué NO cumple?	¿Qué acción se requiere para cumplir con el estándar?	Plazo y Fecha de visita de seguimiento	Status de visita en Seguimiento
8	¿La estructura del dormitorio (paredes, ventanas, techo y puertas) se encuentran en buenas condiciones para habitarse?			Si faltan las tapajunta y no es muy grande la separación entre tablas, no se considera irregularidad.			
9	★ ¿Los colchones están elevados? CRITICO			Puede ser palets o algo casero			
10	¿Los colchones están en buenas condiciones? (libres de insectos/parásitos, secos)						
11	★ ¿Hay colchones elevados para cada habitante de la vivienda? CRITICO			De no alcanzar el espacio para las camas, agrandar las habitaciones o agregar cuartos.			
12	¿El dormitorio tiene superficie de 3.5 mt2 por persona?			3,5m2 son por ej. 1,87x1,87			
13	¿Los dormitorios están separados por sexo para personas no relacionadas entre sí?			Parientes directos de mismo sexo solamente pueden compartir cuarto.			
SECCION 5. AGUA POTABLE PARA CONSUMO							
14	★ ¿Hay disponibilidad de agua potable/bebible para todos los habitantes? CRITICO			Vertiente, pozo, red			
15	★ ¿La fuente de agua está protegida de contaminación? CRITICO			Tapada, cerco, vegetación de monte nativo			

SECCION 6. SANITARIOS Y AGUA PARA HIGIENE PERSONAL							
No	Indicador	Si	NO	¿Por qué NO cumple?	¿Qué acción se requiere para cumplir con el estándar?	Plazo y Fecha de visita de seguimiento	Status de visita en Seguimiento
16	★ ¿Se provee adecuado suministro de agua? CRITICO			Calidad y cantidad			
17	★ ¿Hay un excusado o letrina por cada 20 personas? CRITICO						
18	★ ¿Hay una ducha por cada 20 personas? CRITICO			Ducha, no balde, ni arroyo			
19	¿El excusado o letrina tiene puerta o cortina para privacidad?						
20	¿Las duchas tienen privacidad?						
21	¿Se provee lavadero?			Mínimo un fregadero			
22	¿Las instalaciones sanitarias comunes están limpias?						
23	¿Las instalaciones sanitarias comunes están en buen mantenimiento?						
24	¿Hay servicio de limpieza por lo menos semanalmente de los excusados o letrinas?			Productor exigir al trabajador la limpieza.			
25	¿Se provee jabón?			Productor debe proveer			

SECCION 7. ESPACIO SEPARADO PARA COCINAR ALIMENTOS		VISITA 1					
No	Indicador	Si	NO	¿Por qué NO cumple?	¿Qué acción se requiere para cumplir con el estándar?	Plazo y Fecha de visita de seguimiento	Status de visita en Seguimiento
26	★ ¿La cocina está separada de los dormitorios? CRITICO						
27	¿La cocina está ventilada?			Garrafa cerca de ventana o puerta			
28	¿Cuenta con cocina, anafe, parrilla, horno a leña?						
29	¿Cuenta con estantes para almacenar comida?			O alacena			
30	¿Tiene área de preparación de comida?						
31	¿Cuenta con mesa de comedor?						
32	¿Cuenta con sillas suficientes para cada habitante?			Bancos si, toquito o balde no			
SECCION 8. PROVEER ENERGÍA ELECTRICA							
33	★ ¿Se provee electricidad? CRITICO						
34	★ ¿Los sistemas eléctricos y el cableado se mantienen en condición segura? CRITICO			Diyuntor			
FIRMA DEL VISITADOR				FIRMA DEL PRODUCTOR			

- Monitoreo y monitoreo de vivienda: monitoreo, permite seguimiento en cada visita. Monitoreo vivienda: permite seguimiento del plan de acción.
- Visita anunciada aunque sea el mismo día que se realiza una visita o monitoreo
- Se realiza también a personas que viven en la chacra y no trabajen para el productor, mientras no sean parientes
- Productor que da tierra para que trabajador se haga su tierra, se monitorea porque es tierra del productor, al menos que trabajador tenga los papeles del título.
- TC encuentra irregularidad en la vivienda del trabajador, no levanta AI.
- Si definen con productor 3 planes de acción con tres plazos diferentes: 7-30 y 60 días. Ir dos veces, a los 15 y a la 30 días.

Appendix V – Glossary

ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural Labor Practices Code
ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his/her farm in seven focus areas
ALP Program	Agricultural Labor Practices Program
CU	Control Union
Correction	Any action that is taken to eliminate a situation not meeting the standard
Corrective action	Steps taken to remove the causes of a situation not meeting the standard
CPA	Crop Protection Agents
Crew leader	Person responsible for managing a group of workers
EFA	Education for All agricultural secondary schools for children between 13 and 18 present throughout the region of Misiones, where children boarded for either two or three consecutive weeks alternating with one or two weeks at home for studying and homework.
Family farm	Farm that depends mainly on family members for the production of tobacco
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
Leaf tobacco supplier	Company that has a contract with PMI to supply tobacco but is not a farmer
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and helps determining to what extent the labor conditions and practices on a tobacco farm are in line with the ALP Code Principles
Migrant labor	Labor coming from outside the farm's immediate geographic area
NGO	Non-Governmental Organization
Piece rate	Payment at a fixed rate per unit of production/work
PMI	Philip Morris International, Inc. or any of its direct or indirect subsidiaries
PPE	Personal Protection Equipment

Preventive action	Steps taken to remove the causes of potential situations not meeting the standard
Prompt Action	A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job
Root cause	The underlying reason that caused a situation not meeting the standard
Root cause analysis	A set of analyzing and problem solving techniques targeted at identifying the underlying reason that caused a situation not meeting the standard
Sharecropping	A system of agriculture in which the farmer has a partner (“socio”) who either works together with the farmer or manages a plot of land. Costs of inputs and/or revenue are shared.