



PHILIP MORRIS  
INTERNATIONAL

# TAKING ACTION TO ELIMINATE CHILD LABOR FROM OUR LEAF SUPPLY CHAIN

PROGRESS UPDATE 2/2019



## ENHANCED APPROACH TO TACKLE A COMPLEX ISSUE

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Child labor affects the lives of roughly 150 million children worldwide and the vast majority occurs in agriculture. It results from complex and systemic socio-economic challenges: poverty, limited or no access to education and infrastructure problems, but also cultural practices that persist from one generation to another. The causes for child labor vary and are unique to each child and their families. This makes it more complex to address.

At PMI, we are committed to preventing and eliminating child labor whenever it occurs in our supply chain. 'No child labor' is one of the seven principles in our Agricultural Labor Practices (ALP) Code and is monitored by a network of field technicians regularly visiting each farm. As set out in our Step Change approach, by 2025 we want to eliminate child labor from our leaf supply chain if isolated incidents are identified, they will be addressed immediately.

Based on our comprehensive and regular monitoring of tobacco farms, we are confident that the vast majority of contracted farms supplying PMI do not use child labor. Our monitoring data in 2018 (covering 88% of contracted farms for child labor) shows that, out of the over 300,000 farms visited by field technicians, 98% did not have child labor by the end of the crop season.

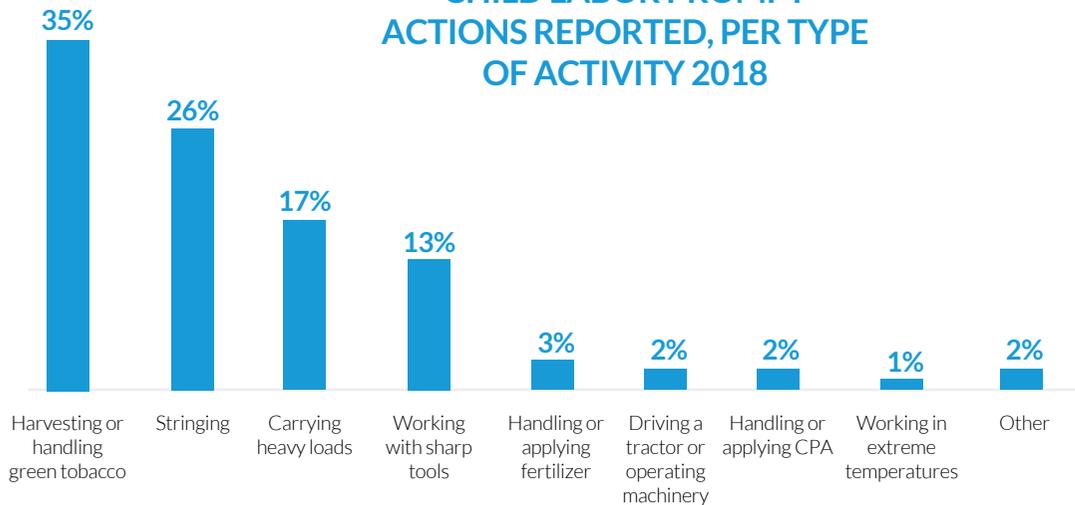
While this number is a positive sign of the efforts on the ground, we remain cautious as we acknowledge the limitations of our monitoring system; for example, the fact that the field technicians are only present on the farms for a limited amount of time at various crop stages. We are also mindful of the complexity of the underlying factors driving the child labor issues we face in our supply chain and of the seriousness of the issues for each individual child involved.



# THE STATUS OF FARMS MONITORED IN RELATION TO CHILD LABOR IN 2018



## CHILD LABOR PROMPT ACTIONS REPORTED, PER TYPE OF ACTIVITY 2018



## PMI'S TARGET:

**Zero**  
Child labor in our tobacco supply chain by 2025



## MAKING A REAL CHANGE

### OUR MONITORING & REMEDIATION SYSTEM

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The complex and persistent nature of child labor requires an integrated and robust approach to address the problem effectively. To do so, it is key to first understand the root causes of why a child participates in child labor in a farm in a given context. Then a system must be designed and implemented that enables targeted case-by-case remediation based on the circumstances of each individual incident. This needs to be followed up with ongoing monitoring to ensure the effectiveness of the intervention so that the child labor incident no longer occurs.

As part of the Step Change approach initiated in 2018, PMI established a more structured approach by implementing a child labor monitoring and remediation system that addresses cases of child labor in a holistic and integrated manner. This is done in partnership with local NGOs, Government bodies and community leaders.

The image in the following page illustrates how a child labor monitoring and remediation system works in practice.



## CHILD LABOR MONITORING & REMEDIATION SYSTEM

When a child labor incidence is identified by the field technician in the farm during a field visit, he/she immediately stops the situation, takes steps to understand why the child labor incident is taking place, informs and trains the farmer again about PMI's expectations, and registers the case as a prompt action. This prompt action is reported to the ALP coordinator, who sends relevant information of the incident to the supporting NGO partner on a weekly basis. The NGO visits the farm within a week to assess the circumstances of

why the child labor case occurred, identify the root causes, and discuss potential mitigating actions and remediation activities with the farmer. Some of these could include school or afterschool programs, income generating activities, government ongoing programs and subsidies. The NGO informs the ALP Coordinator and the supplier on the outcome and potential actions. The supplier evaluates and establishes a comprehensive action plan with the relevant remediation activities that is later shared and agreed with the farmer. The NGO conducts follow up visit(s) to ensure the

right implementation of the action plan and that the child is no longer involved in tobacco farm activities. Only then, the field technician can close the prompt action.

As part of the Step Change approach, we are also introducing external verification by a third party to reinforce our monitoring system, evaluate the effectiveness of our initiatives and further improve our remediation activities.

# OUR MONITORING & REMEDIATION SYSTEM IN PRACTICE

## ...IN ARGENTINA

PMI's affiliate in Argentina, Massalin Particulares (MP), was the first company to implement our new Step Change approach involving case-by-case remediation for child labor incidents. During 2018 crop (starting in June), out of 5,308 contracted farmers visited, the field technicians raised 32 prompt actions related to child labor. In 85% of them, family children from 13 to 18 y-o were involved, mainly during the tobacco crop and harvesting period. In order to address these, MP reinforced the ongoing engagement with Conciencia, an NGO and expert in child labor elimination in the country. Conciencia's role was expanded to support the Step Change effort to achieve better progress on child labor than had been accomplished via the regular monitoring system. Specifically, Conciencia was asked to perform a case-

by-case root cause analysis (beginning with the 32 cases), to work with each farmer to develop comprehensive action plans to remediate the problem and to then follow up by checking their implementation during subsequent additional visits.

After less than a year, MP and Conciencia addressed the issues together as a team despite the challenging context. Conciencia complemented MP's monitoring system with their expertise in dealing with complex social issues such as child labor; leading to the establishment of a full-fledged remediation system.

The table shows 3 real examples on how child labor monitoring and remediation system worked in practice.



Child Labor Issue	Root Causes	Action Plan
12 y-o family member working with sharpened tools in Tobacco (male)	<ul style="list-style-type: none"> <li>Family has a natural perception of child labor as a part of growing up and learning process</li> <li>Low awareness of child labor national legislation</li> </ul>	<ol style="list-style-type: none"> <li>Delivery of 3 tailor-made training sessions on child labor to the family</li> <li>Provision of school kit (backpack, books, school supplies) to reinforce school attendance</li> <li>Enrollment to after school activities</li> <li>Validate school attendance through school records</li> </ol>
16 y-o family member involved in loading barns (male)	<ul style="list-style-type: none"> <li>Farm located far away from the community school</li> <li>Lack of alternative learning activities</li> </ul>	<ol style="list-style-type: none"> <li>Communication of a list of nearby alternative school activities</li> <li>Support to enroll the teenager in German lessons</li> <li>Provision of school kit (backpack, books, school supplies) to reinforce school attendance</li> <li>Provision of football equipment (uniform, football, gloves) to encourage the teenager to play</li> </ol>
16 y-o family member involved in harvesting activities (male)	<ul style="list-style-type: none"> <li>Family kids not attending school</li> <li>Farm located far away from the community school</li> <li>Family not participating in community activities</li> </ul>	<ol style="list-style-type: none"> <li>Tailor made trainings on child labor to the family</li> <li>Enrollment to school and after school activities</li> <li>Provision of school kit (backpack, books, school supplies)</li> <li>Provision of football equipment (uniform, football, gloves) to encourage the teenager to play</li> <li>Link family with social and community entities (neighbors, church, sport centers) to reinforce socialization</li> </ol>



## ...AND IN MALAWI

Building on the learnings from Argentina, Malawi will implement a similar child labor monitoring and remediation approach for its upcoming crop season starting in August 2019. In 2018, 1,095 child labor prompt actions were identified by field technicians in Malawi across the 28,206 contracted farmers – In 84% of those instances, the children involved were the farmers' own children. For the remediation system, suppliers have engaged YONECO (Youth Net and Counseling), a local NGO working towards youth and women's empowerment, good health, human rights and democracy promotion in Malawi. Similar to Conciencia in Argentina, YONECO will perform the root cause analysis on each farm with a child labor case and will link the farmer with remediation initiatives (from suppliers, government or other organizations), and check the action plan implementation during follow-up visits. In addition, YONECO will also inform the local Department of Labor offices, so as to facilitate additional follow up and integration with law enforcement procedure.



## BRAZIL: A SUCCESS STORY

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Since the beginning of the ALP program, Philip Morris Brazil (PMB) has been working towards child labor elimination in the tobacco growing communities.

Early on in the program and based on our monitoring system, we understood that the majority of the child labor incidents were related to farmers' children mainly within 15 to 17 y-o and often during harvesting season. The major root causes of child labor in Brazil are cultural, where parents want to teach their children farming skills to contribute to the household, or are related to limited professional development opportunities outside the school hours. In response to this, PMB developed specific interventions to tackle the issue, with a focus on the risk groups, and root causes.

In 2018, PMB sourced tobacco from 6,630 farmers, most of them growing tobacco within a family farming model. The field technicians perform on average 5 visits per farm per crop season. Among other topics, they monitor the presence of child labor on the farms covering up to 4,492 children living in the farms. In this large population, the incidents of child labor dropped to 5 cases (10 in 2017) which were all solved in the same year.

This encouraging outcome demonstrates the significant progress PMB and its partners have made in addressing the child labor issue. PMB's objective is to maintain and further improve this performance for next season. The initiatives that are in place to address child labor, will continue with a focus now on preventing and addressing high risk cases before an actual child labor incident occurs.

In this respect, PMB has structured its remediation and prevention system based on three main programs: Rural Education, Digital Inclusion and Rural Apprenticeship. For each of these initiatives, PMB engages with appropriate local implementing partners such as EFA (Agricultural Family Schools), CPDI (Committee to Democratize Information Technology) and Crescer Legal (Growing Up Right program). From 2015-2016, approximately 1,500 teenagers graduated from school as a result of these initiatives.





## RURAL EDUCATION - AGRICULTURAL FAMILY SCHOOLS

Agricultural Family Schools (EFA) are learning centers that cater for rural youth. Through the centers, they are provided regular classes aligned with the standards offered in urban areas (and thus avoiding a drain of youth to urban areas), including valuable technological skills. The three year EFA program consists of 5,500 hours of high school learning focused on agriculture training and alternates weeks that the children participate at home and at EFA.

PMB has been supporting education in the field since 2013. On March 2019, the EFA learning unit located in Santa Cruz do Sul (EFASC) celebrated its 10th year of existence. This institute serves students from 10 municipalities and made it possible for 232 students to have a high school degree on agricultural technician and most of them expressed their intention to continue working on their family farms. Currently 115 students are enrolled.

## DIGITAL INCLUSION - PROJECT RURAL SCHOOLS

The project started in 2016 with the goal of promoting social inclusion in rural areas in Southern Brazil. It provided students with IT training and internet access after regular school classes, in order to reduce the number of farmers' children involved in farming activities and to help them to develop good social behaviors. Currently, 549 students from 14 to 17 y-o are being supported by the

project that comprises IT labs, which provide professional courses, services and encourage entrepreneurial activities.

For 2019, 500 youths will benefit from the program, including 53 children of PMB contracted farmers between 14-17 y-o and 43 between 6-13 y-o.



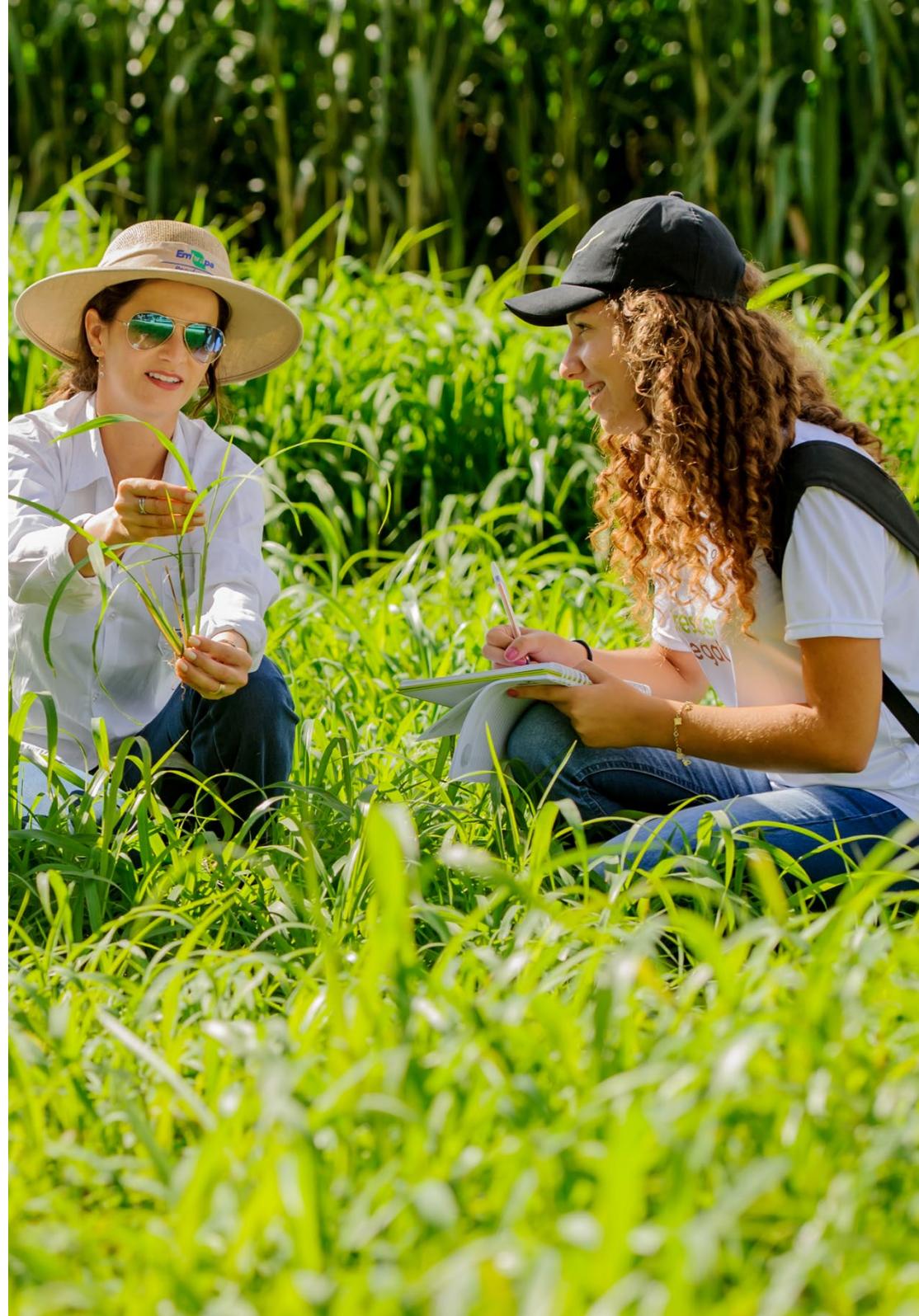
## RURAL APPRENTICESHIP INSTITUTE - GROWING UP RIGHT

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In 2015, the Tobacco Industry Union supported by PMB, created the Institute Growing up Right. The purpose of the institute is to enable the construction of projects for rural areas, away from child labor practices. This program provides field staff with professional skills, with the aim to fight child labor in rural settings. It strengthens the rural properties' sustainable management skills for thousands of families in the South Region of the Country. This program also offers alternatives for youth, to prevent them from being involved in hazardous tasks on the farms. School attendance is a basic premise for joining the course. 14 to 17 y-o youths are selected from the families of tobacco farmers and rural workers with the help of field technicians, along with the help from school and social assistance networks.

The five groups of the pilot-project of the Rural Management and Entrepreneurship Course in 2016/2017 produced more than 84 graduated students. In 2018, relying on support from the municipal administrations and the state government, more than 120 rural youths finished the program in seven municipalities in Rio Grande do Sul: Boqueirão do Leão, Candelária, Santa Cruz do Sul, Sinimbu, Vale do Sol, Venâncio Aires and Vera Cruz.

During the last three months of 2018, a selection process has been carried out for new students for the 2019 classes. 140 young people were selected including 15 children of farmers contracted by PMB.



## EXTERNAL VERIFICATION - ASSESSING PROGRESS & IMPACT

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During 2018, PMB engaged Peterson Consultoria e Logística, expert on supply chain sustainability, to perform external verification and assess progress in relation to the Step Change targets introduced by PMI. Peterson assessed farmers' level of understanding and awareness of ALP Code, evaluated the impact of PMB's initiatives in place, checked ALP data gathered by field technicians and reviewed communication strategies. The assessment was carried out by visiting 77 PMB farmers in three regions (Paraná, Santa Catarina, Rio Grande Do Sul), interviewing field technicians and reviewing relevant documentation. One of the main focus areas of this verification, was ALP's Child Labor Principle.

The main outcomes were the following:

- All children aged 14-18 y-o were attending school.
- No child labor has been observed during Peterson's visits in the farms.
- Families interviewed were aware of the ALP principle and the prohibition of child labor in tobacco.
- The farmers visited had, however, low awareness on PMB's initiatives as mentioned above (Agricultural Family Schools, Committee to Democratize Information Technology and Growing Up Right program).

## Extract from Peterson's ALP Code's Report in Brazil:

*Impacts have been observed by Peterson for all the initiatives implemented by PMB among the interviewed farmers in all three regions:*

**"Eliminating child labor incidences":** *Even though the participation rate in the initiatives by the farmers in the state of Rio Grande do Sul is low, no child labor have been observed on the farms visited in 2018, contrary to the 2013 assessment. The combination of the efforts on communication, the monitoring realized by the field technicians and the initiatives, seem to have impacted on the overall results. However, child labor still represents a risk in the community and efforts should continue to keep the population from using their children in tobacco crop. Peterson made various improvement suggestions based on other international groups initiatives in cocoa and coffee sectors. The recommendations are focused on the improvement of the communication about the principle but also on specific initiatives, as well as other systems to monitor child labor on the farms. It was also suggested to emphasize the quality of the education offered by schools that PMB sponsors as well as on the benefits of education to break the cycle of poverty in the households.*



## PHILIP MORRIS INTERNATIONAL

We welcome your feedback. If you have comments or suggestions, please contact [sustainability@pmi.com](mailto:sustainability@pmi.com)

Or visit [www.pmi.com/sustainability](http://www.pmi.com/sustainability) to find out more.

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