



PHILIP MORRIS
INTERNATIONAL

AGRICULTURAL LABOR PRACTICES
PROGRESS UPDATE

EMPOWERING WOMEN FOR CHANGE

Q1 2020



CELEBRATING INTERNATIONAL WOMEN'S DAY



International Women's Day provides a platform to celebrate women of all ages and backgrounds and to highlight their great contribution to society. For the Agricultural Labor Practices (ALP) team within PMI, celebrating International Women's Day means not only embracing diversity, different skills, cultures, ways of thinking and sources of experiences. It also means breaking traditional barriers and becoming more vocal about women's rights.

What unites us all is our commitment to do the best we can to maximize impact on the ground and make a positive contribution to people and communities. However, this International Women's Day also reminds us that there is still a long way to go before gender equality—where women and men have equal rights and equal access to opportunities—becomes the norm.

The ALP team is a diverse group of 27, including 14 women living across six countries, from nine different nationalities, speaking more than 10 languages.

As inclusion and diversity have been key values for PMI, this first ALP Progress Update of 2020 will focus on our efforts to empower women for change in our tobacco supply chain. We will share some of the work we do to enable women to play a more active role in their communities through awareness-raising and training, job opportunities, economic empowerment and social inclusion.

“Providing women and men with equal opportunities is not only the right thing to do, it is critical for meeting a wide range of Sustainable Development Goals. All businesses benefit from greater gender equality in their work place, and in PMI operations, we have a deep commitment to diversity and equality that are fundamental for achieving our company's vision.

With the ALP program, which I had the opportunity to lead for many years, we are focusing on empowering women in our tobacco supply chain so that they become agents of change in the fight against rural poverty and child labor. We do this by playing an active role in improving sustainably, the livelihood and well-being of families and communities.

Our ultimate goal is to eradicate poverty and eliminate child labor in our tobacco supply chain by 2025.”



Melissa Whiting
PMI's Head Inclusion & Diversity

“Women's empowerment is an important enabler of sustainable development. When women are guaranteed equal rights and opportunities—and when gender norms and stereotypes that hold women back are overcome—it benefits individuals, their families, societies and business.

At PMI, we have a clear target to have 40 percent women in management roles by 2022. We see gender balance as an important transformative tool to creating a more collaborative, empathetic, consumer-centric, higher-performing organization.

From a broader perspective, large companies like PMI are in a position to shape and influence gender norms given their often-expansive value chains. Whether it is taking action in the workplace to reinforce gender equality and women's representation in leadership and decision-making roles, or supporting women farmers who produce raw materials. “



Laurence Ruffieux
PMI's Director Operations Sustainability

EMPOWERING WOMEN IN OUR TOBACCO SUPPLY CHAIN

Women and girls have a unique role to play in society as drivers of progress and powerful agents of change. They represent half of the world's population and, therefore, also half of its potential. Ensuring the inclusion of women's talents, skills and experience is essential to expand economic growth, promote social development and build stable and just societies. But today, gender inequality persists everywhere: women continue to confront discrimination, marginalization and exclusion.

The women involved in tobacco farming, who are at the center of our work in the ALP program, often face structural and cultural barriers to equally participate, contribute and be recognized. These obstacles include gender gaps in earnings, financial inclusion and access to credit, ownership of land and property, employment segmentation for female workers and even opportunities to receive training or technical support. Women typically also have to balance their financial contribution to the household with domestic responsibilities, which puts additional constraints on their time. Additionally, girls usually have higher dropout rates from schooling which reinforces gender norms and limits their possibilities.

This is why, we have been implementing the ALP program since 2011, where we

have been working to ensure safe and fair working conditions for all people working on the farms (the diagram on your right refers to the five key components of the ALP program).

Since its inception, equality and fair treatment have been included as a key principle to implement in all the countries where we source tobacco. This principle and the whole ALP Code are based on the labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and all relevant ILO Conventions.

This principle (provided below) stipulates that farmers shall ensure fair treatment of workers and that there shall be no harassment, discrimination, physical or mental punishment or any other form of abuse. Included in this is a measurable standard specifically related to non-discrimination based on gender, among other personal characteristics.

FAIR TREATMENT

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

Measurable Standards

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

Since 2011, PMI has been implementing the Agricultural Labor Practices (ALP) program to eliminate child labor and other labor abuses and to achieve safe and fair working conditions and a decent livelihood for all farmers contracted to supply tobacco.

THE ALP PROGRAM COMPRISES FIVE ELEMENTS

1

The ALP Code to be followed by over 335,000 farmers whom we source tobacco from.

2

Training for PMI's Leaf Sustainable Agriculture teams, suppliers, farmers and workers about the Code and how to address any gaps when applying it.

3

Internal monitoring by over 2,800 field technicians, solving problems and communicating PMI's expectations during their regular visits to farms.

4

External assessments by Control Union, a specialist supply chain auditor, to independently evaluate the implementation of the ALP program.

5

Collaboration and partnerships with civil society organizations, governments and the private sector on initiatives to address systemic issues.

In 2018, we evolved our ALP program and initiated a “Step Change” approach, with the objective of solving the root causes of the most prevalent and persistent issues that keep surfacing in our tobacco supply chain. We saw an opportunity to strengthen our approach by leveraging what we have learned so far—that the role of women is instrumental to improving household economic conditions, as well as addressing child labor and other social issues. Therefore, we included women’s empowerment as one of ten principles (see principle excerpt below) for the “Step Change” approach and, in 2019, we began implementing ambitious action plans in several priority countries in line with those principles.

“Women are positive agents of change but they can also be a vulnerable group in many rural environments. We empower women to play an active role in improving the household economic condition but also in enhancing the overall wellbeing of their children, and maintaining a safe work environment”

For more information, please refer to: [Step Change Principles](#)

INVOLVING WOMEN THROUGHOUT THE ALP JOURNEY

Women are at the heart of the implementation of our ALP program. They are involved as ALP coordinators, field technicians, farmers, workers or family members in tobacco growing.

To make sure women can become agents of change within their families and communities, we have mapped key activities (see the infographic below) where women can have an active role.

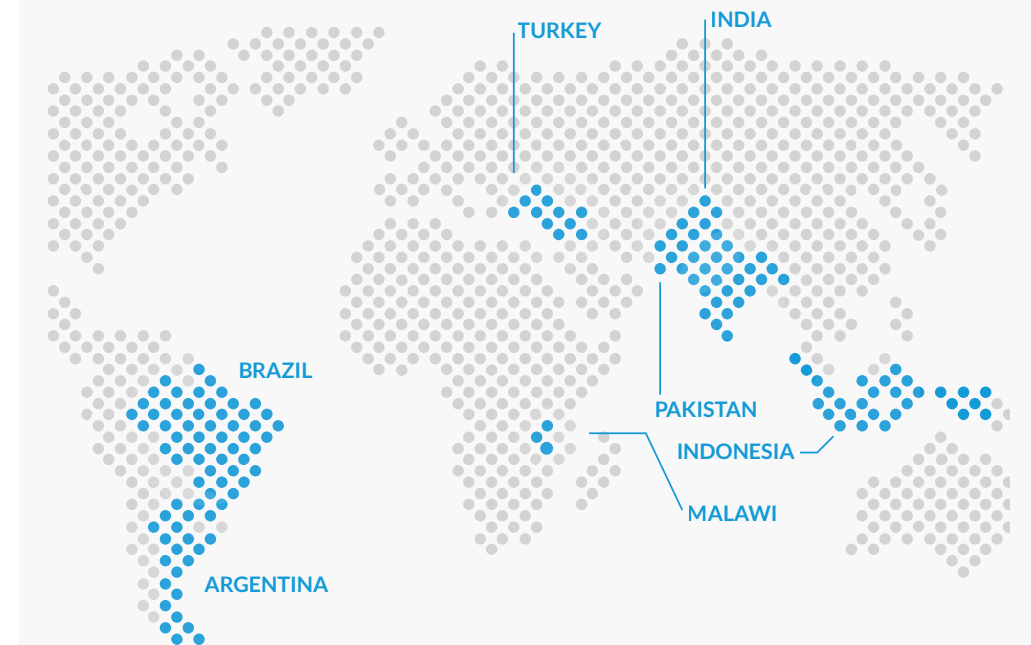


Our key activities range from conducting focused women’s training, hiring female field technicians to perform farm-by-farm monitoring and empowering women through entrepreneurial opportunities to bring positive change in the households and communities. Of course, putting this system in place, across all sourcing countries, and helping communities to rethink their mindsets and

local traditions, does not happen overnight. But we commit to adjusting and enhancing current initiatives, setting up new approaches,

including collaborating with new stakeholders and partners that bring different perspectives, until true and sustainable change occurs.

TO EXPLORE HOW THIS WORKS IN PRACTICE, WE WILL TAKE A TRIP AROUND THE WORLD.



1. Targeted training

Since the beginning of the ALP program, training and awareness-raising have been key components to ensure fair working conditions and sustainable agricultural practices. Initially, the training was focused on raising awareness on the ALP Code requirements, informing farmers and workers of PMI's expectations and of their rights and obligations. This has now evolved and today the focus is on adapting the training methodology and approach to be more effective and targeted, using real life examples and creative delivery methods. The objective is to ultimately achieve behavioral change and have a positive impact on the communities.

Women are known for being more open to learning and changing, especially when it comes to issues related to their children's well-being and safety in general. When they are engaged in awareness-raising programs, they extend learnings to their families and influence them toward a safer and more inclusive work environment without child labor.

"... We learned how to protect ourselves from the risks that may occur during tobacco cultivation."



"... The training made us feel special. On behalf of all the women participants I would like to thank the initiators and trainers of ALP program."



Turkey

In 2019, our three suppliers in Turkey with the support of a local NGO, introduced a training for women involved in tobacco-growing activities. The objective of the training was twofold: to raise awareness on the mental and physical consequences of child labor (especially when performing hazardous tasks) and to train the participants on the importance of safe working practices.

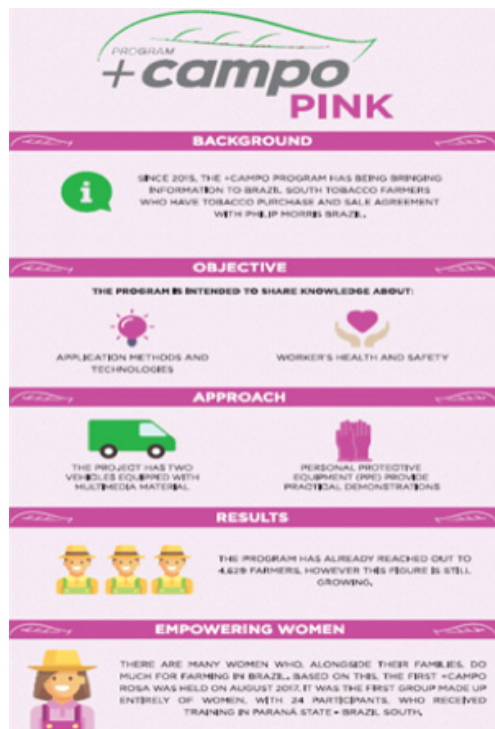
The expected outcome is to achieve behavioral change that would ultimately lead to a safe work environment and the reduction of child labor incidences.

53 sessions were delivered across 17 villages reaching 1,111 women. The majority of participants stated they will implement the learnings in the next crop cycle. Many stated that this was the first time they had attended a women's training, and they felt "visible" and that their contribution to tobacco production was recognized. We will assess the effectiveness of the training next season to understand if the training has achieved the desired outcome.

Brazil

The first “+Campo Rosa” was introduced in Parana, Brazil, in 2017, with the objective to train participants on farm safety, while also raising awareness on breast cancer (from which the program takes its name).

For more information, please take a look at the 4th 2019 ALP Progress Update [\(link\)](#).



Argentina

Following the success of the “+Campo Rosa” in Brazil, the approach was expanded to Argentina through the “+Chacra” program. The trainings take place on the ground, on the tobacco farms, and is addressed to female farmers and farmers’ wives and daughters. In 2019, 494 women were trained on farm safety and the importance of schooling for children. The initiative aims to make a positive change by recognizing women’s role in tobacco farms and communities to promote safe and fair working conditions and contribute to child labor elimination.



Indonesia

In Indonesia, we launched “Kids Day and Women’s Training” in 2018. The program has now reached over 19,000 women in 23 areas where we source tobacco and clove, especially in Java, Bali and Sulawesi. The participants actively participated, raising questions on good agricultural practices and the ALP Code, sharing stories and giving solutions. The feedback was very positive and the participants showed an interest in furthering their learning.



Pakistan

In 2019, we introduced training to 63 young girls, aged 14-17, with the objective to help them develop new vocational skills such as tailoring. This gave them an alternative to working on tobacco during the summer school break. Following the positive feedback and the success of this initiative, in 2020, it will be expanded to reach over 200 girls.



2. Farm-by-farm monitoring

Field technicians in all countries where we source tobacco verify farmers' compliance to the ALP Code by conducting farm-by-farm monitoring. They engage with farmers and workers to ensure that practices that are not aligned with the Code are identified and addressed.

Since the beginning, hiring female field technicians has been a focus of our strategy despite the fact that this role has been traditionally performed by men. This is due to agronomy being predominantly a male profession as well as the various challenges that women face as field technicians. This remains a key priority for us because we value the additional gender sensitive insights and expertise that female field technicians can bring to the team, particularly in engaging openly with female farmers, workers and family members.



Pakistan

Cultural paradigms in Pakistan lead to male field technicians not being able to directly engage with women on the farm. This is why, in 2019, PMI's local affiliate made the decision to deploy a team of 10 women ("ALP Monitors") to raise awareness on the ALP standards. In 2019, the team engaged with over 250 women across 250 farms mostly through house visits. During follow-up visits, they recorded significant improvements achieved so far with respect to the ALP requirements. The most important progress was identified in the areas of safe working practices in tobacco growing.

In addition to improving working conditions on the farms, they also conducted health and hygiene awareness-raising campaigns and distributed over 1,500 sanitation and hygiene kits at homes. This work improved sanitation and hygiene practices not only on the farms but also at home.

3. Empower

Research has proven that a greater percentage of women's income is reinvested in their families and communities¹. Women are indeed more likely to spend their income on long-term investments like education, health and household services. Taking this into account for our ALP program, we have been testing and rolling out entrepreneurial activities for women involved in tobacco farming in various countries.

Malawi

Village Savings and Loan Associations (VSLAs) are a proven methodology to enabling women to play an active role in improving household economic conditions and enhancing families' overall well-being. VSLAs are groups of women who save together and take small loans from those savings. The purpose is to provide simple savings and loan facilities in a community that

does not have easy access to formal financial services.

In Malawi, we started rolling out VSLAs to women farmers and workers in 2015. Based on the learnings, we partnered with a number of organizations to transform their scope to become more entrepreneurial. This means supporting them with financial literacy and entrepreneurial training, seed funding, opening their own bank accounts, providing access to capital and then connecting them to potential business opportunities. Over 4,300 women, constituting 257 groups, were given the opportunity to participate in this initiative, improving their families' households income— income that can be invested in family needs or school costs for their children.

In a country where child labor can be considered as a systemic issue, with ILO estimating its prevalence at 38 percent², we decided to include an additional prerequisite for women



1. <https://www.weforum.org/agenda/2017/02/7-myth-busting-reasons-we-should-be-investing-in-women/>
 2. https://www.ilo.org/global/topics/cooperatives/news/WCMS_607265/lang--en/index.htm

to be able to benefit from this initiative: the signature of a “no child labor” pledge. This formalizes their commitment to not involve children in hazardous tobacco tasks and become advocates for children’s rights and well-being in their communities. Recent impact evaluation of the initiative demonstrated that

the participants were able to make a profit and improve families’ livelihoods through activities such as growing and selling vegetable crops or preparing and selling goods (e.g., soap, shoes and clothes). Below are some recent testimonials from members

“Prior to receiving training, I was only selling tomatoes and never used to calculate profit as I was only using money as it came...”

The wife of a tobacco farmer in Lilongwe used the money generated from sales of produce (such as maize, soy, peanuts, beans) to buy and sell dried fish. This was done on a small scale, and she only managed to make profits of about Malawian Kwachas (MK) 500. Through the VSLA partnership, she was able to borrow MK100k, which she used to expand her dried fish business and diversified with secondhand clothes. She managed to make a profit of MK60k and was able to repay her loan in full. She’s now in the second cycle and borrowed MK50k while preparing herself for the trading season starting in April.

A single mother from Kasungu West, who has no allegiance to tobacco and is trading in grains (such as maize, beans and soy), had managed to save an amount of MK 500k as business capital. She used the money for her children’s school fees in the beginning of the season leaving her with no additional money to invest in her business. The opportunity from the VSLAs partner provided her with a loan of MK50k to continue with her business. She was not only able to repay within the stipulated period, but she also made a profit of MK250k. She is now in the second cycle and hopes to expand her business and further increase profits.

India

In some places, access to basic feminine sanitation and toilet facilities can become an obstacle for girls to attend school.

With this in mind, PMI has funded, since 2015, the refurbishment of 60 schools reaching over 5,000 children in India. A key element of the work was the provision of separate toilets

between boys and girls. This led to an increase in school enrollment, with an additional 182 girl pupils enrolled across 12 schools in 2018 (57 percent of the total new students). We will continue to track the impact and report in future editorials. For more information on our ALP program in India, see:

[ALP Progress Update, Q3/2019](#)



Indonesia

In Palar, Klaten, in Indonesia, our supplier introduced two pilot projects for farmers' wives to generate additional income: establishing sewing businesses and small-scale ginger gardening.

Starting July 2019, 10 women were trained on sewing skills, learning how to sew clothes that they could then use for their household or sell for additional income. The flexibility of this activity means that women integrate it alongside their tobacco activities during crop season. At the end of the training, our supplier provided the participants with sewing machines to help them establish their microbusinesses.

The second project is a crop diversification initiative introduced to support women to cultivate ginger in their backyards. This involved 46 families who each received input packs with the necessary planting material, including organic fertilizers. Our local partner provides training and full assistance from transplanting to harvesting. Women could choose to participate in the program as individuals or in a group.

In addition to the above initiatives, women participate in community awareness-raising to preserve the village environment through a "waste bank" program. The program is led by a local expert in waste management and recycling, leading to the establishment of 17 units of waste collecting points in different villages. Each woman was provided with a savings account, where the value of the waste collected is recorded and the cumulative value is shared amongst the women.





ACHIEVING SUSTAINABLE CHANGE

International Women's Day not only allows us to celebrate accomplishments; it also reminds us that there is still a lot of work to be done. In order to further strengthen and expand the gender component of our ALP program, we identified key actions that we will undertake. We will start by assessing the impact of the current initiatives through external verification and targeted benchmarks. We will take the learnings to scale those that are effective, improve those that are less impactful and pilot innovative approaches and projects to overcome cultural norms and barriers. Lastly, we will reinforce our due diligence and overall approach by applying a gender lens to our monitoring and data collection, inspired by the UN Women Empowerment Principles.

We believe that these steps will enrich our approach, strengthen the foundations and build the momentum necessary to achieve sustainable progress. We are passionate and committed to making our vision—to empower women for change—a reality.

Stay tuned for our next ALP Progress Update on PMI's work to eliminate child labor, which will be published in recognition of the World Day Against Child Labor in June.



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We welcome your feedback. If you have comments or suggestions, please contact sustainability@pmi.com

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