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July 23, 2018

Dear Mr. Tuncak, Ms. Ramasastry, Mr. Puras, Ms. Elver, and Ms. Bhoola,

We are in receipt of your letter dated as of May 22, 2018. Thank you for your commitment to protecting human rights throughout corporate supply chains. We appreciate you contacting Alliance One International, Inc. (AOI or Alliance One) directly regarding alleged human rights violations of tobacco farmworkers in our supply chain and specific concerns about Zimbabwe.

Alliance One does not tolerate labor abuses in our supply chain in Zimbabwe or anywhere else in the world. The protection of human rights in agricultural production is a top priority for Alliance One and all of our subsidiaries, including our Zimbabwe subsidiary, Mashonaland Tobacco Company (Private) Limited (MTC). Through our global Agricultural Labor Practices (ALP) program, we have implemented a series of programs aimed at educating and training growers about the importance of protecting human rights, monitoring growers for compliance with our programs and policies, participating in third-party audits, and engaging with stakeholders.

Our staff helps growers continuously improve their labor practices by addressing the root causes of human rights violations. Labor incidents are rarely simple or clear, and our training helps the field technicians better understand how to identify the root causes of labor issues. This allows for more effective remedial training and development of long-term solutions, while implementation is monitored through follow-up farm visits. By working to resolve the cause of the issue, rather than the symptom, we can drive positive, long-term sustainable solutions to systemic issues in the agricultural supply chain.

As requested, you will find answers to your specific questions in Annex A. Should you have any follow-up questions, please feel free to reach out to us. AOI and its subsidiaries are committed to doing our part to protect human rights in the agricultural supply chain, and we welcome constructive dialogue with the United Nations Office of the High Commissioner.

Regards,

A handwritten signature in black ink, appearing to read 'Pieter Sikkel', with a horizontal line underneath.

Pieter Sikkel  
President & Chief Executive Officer  
Alliance One International, Inc.

# **Annex A**

**1. Please provide any additional information and/or comment(s) you may wish to have on the above-mentioned allegations.**

As noted in your letter, Alliance One purchases tobacco in Zimbabwe through its subsidiary, Mashonaland Tobacco Company (Private) Limited (MTC). MTC, through its predecessor companies and former partners, began directly contracting with growers in Zimbabwe more than 11 years ago through the Integrated Production System (IPS), a system of farming where a buyer and a grower of a crop work together from seed to market with the objective of producing a sustainable, traceable and compliant crop to meet the demands of the international market. By directly contracting with growers, MTC has been able to help them produce a higher quality crop that is produced in compliance with Good Agricultural Practices (GAP) and Alliance One's ALP program.

MTC first introduced the ALP program to its contracted growers in 2013. At the time, we made significant changes to our grower contracts, including the addition of provisions related to the protection of farmworkers' human rights. Over the past five years, MTC has implemented a series of education and training programs to protect human rights within its supply chain. These programs cover a wide variety of topics, and our field staff place an emphasis on sharing information on topics related to Safe Work Environment, including pesticide exposure and Green Tobacco Sickness, as well as Child Labor.

Training and education are critical components of the MTC ALP program. MTC field staff is trained in both the theories and practices of leaf production, and they extend this knowledge to groups of farmers at dedicated farm demonstration sites. Between four and five training modules are conducted every crop season. The selected farm demonstration sites are centers of best practice and are located throughout our growing areas within Zimbabwe. All contracted growers, growers' workers, growers' spouses and any other growers, including auction and growers contracted by other companies, are welcome to attend these training sessions. Local government and NGO extension officers are welcome to attend our training sessions and do attend when in the area. Farmer training is interactive and conducted at demonstration farms with the use of props and literature. In 2017, average training attendance was 92 percent.

In addition to the training modules conducted each season, MTC's extension staff visit each contracted grower throughout the season, reinforcing the information communicated during seasonal training sessions, and conduct on-farm monitoring, including, with respect to, the adherence of ALP principles, as well as proper agro-chemical application, storage, and disposal. Over the course of the past five years, MTC farm monitoring has increased to an average of 16 times throughout the growing season. On-farm visits may be either planned with the farmer or unannounced, which means that the farmer is not informed about the visit in advance. Any areas of concern noted on the farm are recorded, followed by additional training sessions and the development of a resolution plan at the time of the visit. Farmers also use the opportunity to discuss any crop-related concerns and receive the support of MTC staff.

To complement the training, MTC's contracted small-scale growers are also provided with:

- A Farmer Record Book
  - The Farmer Record Book contains specific details on ALP principles and best practices, including child labor, hazardous work, labor rights, safe working conditions, safe chemical handling, storage, application and disposal, Grower Management System™ (GMS) and labor rights. MTC is confident that the Farmer Record Book has a positive impact on the growers as the books are also used by growers outside of their farm environment. MTC revises the Farmer Record book each season to provide the most up-to-date and relevant information to growers.
- Personal Protective Equipment (PPE)
  - In Zimbabwe, every MTC-contracted small-scale grower receives PPE (multiple pairs of gloves and soap) within their input pack in relation to the chemicals supplied, and all chemicals are supplied within a safe chemical storage container that has a childproof lid and warning signage on the exterior to indicate the hazardous contents. The input pack contains details of safe chemical use, storage, and disposal. The objective of providing this material is to encourage safe application of chemicals by both growers and workers.
- A copy of their signed contract with MTC
  - This contract contains obligations with which grower's need to comply with the requirements set forth in our ALP program, including with respect to child labor, safe work practices, Green Tobacco Sickness (GTS) and PPE and safe chemical practices.
- T-shirts displaying the seven ALP principles
  - These t-shirts serve as a regular reminder to the grower and the community of the importance of these principles.

MTC carries out numerous wide-ranging initiatives to protect labor rights on the farm and to achieve our committed goals:

- School Programs
  - MTC supports school programs such as our **One Child One Tree** project, which provides school children at 18 selected schools tree seedlings and inputs, and the safe agronomic training associated with raising these seedlings to maturity. To date, 20,113 school children have participated in this program, which equates to the same number of trees planted.
  - MTC also provides **Rain Water Harvesting** to four selected schools within our growing areas. Through these programs, MTC provides clean water for the school children to assist with health and hygiene. MTC's relationship with these schools and the local community allows us to improve MTC's training of the seven ALP Principles within these areas.

- School Fee Funding
  - o MTC is committed to working with growers to ensure they have the resources they need to support their families. At the beginning of the local buying season, which coincides with the start of the school term in Zimbabwe, MTC enables the grower to retain a percentage of their tobacco sales for those growers who have not completed paying their loan account with MTC. This enables the growers to not only pay their workers fairly but also to pay school fees and purchase books and uniforms for their children. This mitigates the risk of child labor and enables the children of both the farmer and his/her workers to attend school.
  
- Reducing Grower Travel Time
  - o In 2013, MTC began locating Buying Centers within its main growing regions which reduces the distance growers have to travel to market their tobacco. Spending less time traveling allows them to spend more time on their farms, resulting in an improvement in their net profit margin due to reduced logistics. It also reduces their need for labor, thereby decreasing their chances of child labor being used on the farm.
  
- Improving Grower Profitability
  - o To help improve grower profitability and reduce labor risks, MTC additionally conducts trials which aim to reduce the labor demands and the required labor days per farm, as well as the tasks that are potentially hazardous for workers to perform. With fewer labor days required to produce the crop and as a result, an increase in the grower's net profit margin, the likelihood of a grower using child labor is reduced.

Alliance One takes the allegations in your letter very seriously. We believe the programs we have implemented in Zimbabwe over the past several years demonstrate our commitment to the protection of human rights in our supply chain, and we are dedicated to continuously improving our efforts in this area.

2. **Please provide information as to what human rights due diligence has been undertaken by your company to prevent, identify and remedy the adverse human rights impacts of the activities of businesses in your supply chain in accordance with the UN Guiding Principles on Business and Human Rights.**

Alliance One's global ALP program is our company's guide to improving the labor practices of our contracted growers. A key aspect of the ALP program is our ALP code, which establishes the standards that we expect to be met on contracted farms. In addition to the ALP Code, the ALP program involves training and programs for our agronomists, field technicians and contracted growers; internal monitoring and third-party audits of growers to ensure they are in compliance; involvement of third-parties to help us continually improve our program; and community programs to help address root causes of local labor challenges.

The ALP Code is based on the labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. It sets forth seven principles and 32 measurable standards by which contracted growers are expected to abide.<sup>1</sup>

It is important to note that the ALP code sets the minimum standards by which our contracted growers are required to abide. Should local or national law require stronger standards than the ALP code, growers are trained on and held accountable to the more stringent regulation.

The ALP program has been implemented in all origins from which AOI or its subsidiaries source tobacco and we continue to improve implementation of our program based on findings of our risk assessments, third-party audits, and farm monitoring results. This includes continuing to provide substantial training to field staff, contracted growers and farmworkers; updating our farm monitoring programs and technology to be more effective for local staff, and implementing origin-specific programs that address specific needs of the local regions from which tobacco is sourced.

Alliance One's contracted growers worldwide are required to abide by the principles of our ALP program, which prohibits them from allowing youth under the age of 18 to participate in any hazardous tasks.<sup>2</sup>

In Zimbabwe specifically, MTC's policies commit to the protection of human rights and adherence to the ALP Program. MTC carries out numerous wide-ranging initiatives<sup>3</sup> in an effort to ensure the protection of labor rights on the farm and achieving its committed goals.

MTC grower contracts clearly define their obligations with regards to the ALP program. Through training programs, which are open to all contracted growers, their spouses, and workers, MTC provides attendees with information about the best practices to allow them to produce the a high-quality, high-yielding crop, which will result in high return, while producing it in a sustainable manner in line with the ALP Principles. MTC believes that growers achieving a sustainable net profit margin are at lower risk of using child labor and as a result, are less likely to employ child labor on the farm. They will also be more likely to send their children to school. In addition to helping contracted growers improve their profitability, MTC provides loans in the form of a bank transfer to growers at peak labor demand periods throughout the season, to assist with hiring labor and allowing for the fair remuneration of labor and the reduction of child labor.

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<sup>1</sup> Reference AOI's ALP brochure:

[http://www.aointl.com/files/1414/5744/7765/AOI\\_Agricultural\\_Labor\\_Practices\\_Brochure.pdf](http://www.aointl.com/files/1414/5744/7765/AOI_Agricultural_Labor_Practices_Brochure.pdf)

<sup>2</sup> Reference hazardous tasks included in AOI's Child Labor Policy: <http://www.aointl.com/sustainability/one-vision/child-labor-policy/>

<sup>3</sup> Reference response to Question No. 1.

**3. Please provide information on steps taken by your company to provide for effective remedy or cooperate in remediation of adverse human rights impacts, which they have caused or contributed to, through legitimate processes, as set forth in the UN Guiding Principles on Business and Human Rights.**

In each origin from which AOI sources tobacco, field technicians visit contracted growers multiple times per season to provide guidance on and monitor for compliance with our policies and ALP program. In addition to these regular visits, management frequently conducts random, unannounced visits to growers at a high-risk of child labor or other human rights violations. In Fiscal Year 2018<sup>4</sup>, Alliance One's field staff conducted more than 1 million farm visits globally.

To monitor human rights on farms, field technicians follow the below steps:

1. Visual Observation
2. Grower Interview
3. Worker Interview
4. Written Documentation Review

Throughout these visits, we collect data on the farm and the grower so that we can assess the risk level of various human rights issues at each farm. These risk assessments allow us to focus our training and monitoring on higher risk growers. For example, a grower who has no children under 18 living at home and does not hire labor is a low risk for child labor. However, a grower who has several children living at home and a relatively large tobacco plot has a higher level of risk for child labor issues and we would therefore tailor our training and monitoring accordingly.

In respect of mitigation of risk and addressing any potential violations of ALP, if it is determined by AOI that there is a violation of AOI's ALP policy and/or applicable regulations, the field technician will raise a prompt action concern and record it in our Grower's Management System™ (GMS)<sup>5</sup>. For example, if a field technician were to find an individual under 18 on the farm handling CPAs, the field technician will begin communication with the grower and worker to obtain confirmation on the age and a description of the activity (or activities) that the youth is tasked with performing. The field technician will then remind the grower about their contractual obligations regarding child labor and require that the youth immediately be moved to a different, non-hazardous task. On a follow-up visit, the field technician will check on the situation and determine whether the youth is still at risk. If the situation has been resolved, the case will be closed. If not, the field technician will seek guidance from his or her superior on next steps and the incident will be taken into consideration for future grower contracts.

In addition to the field work, each origin has an active ALP committee responsible for regularly reviewing local program implementation and identifying areas for potential improvement. This includes reviewing reported incidences to identify trends that need to

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<sup>4</sup> Fiscal Year encompasses the time range of April 1, 2017 – March 31, 2018.

<sup>5</sup> Please refer to our response to Question No. 6 for additional information about GMS.

be addressed as well as to determine adequate resourcing of the program. The committee is cross-functional in nature and is responsible for providing updates and reports to senior management.

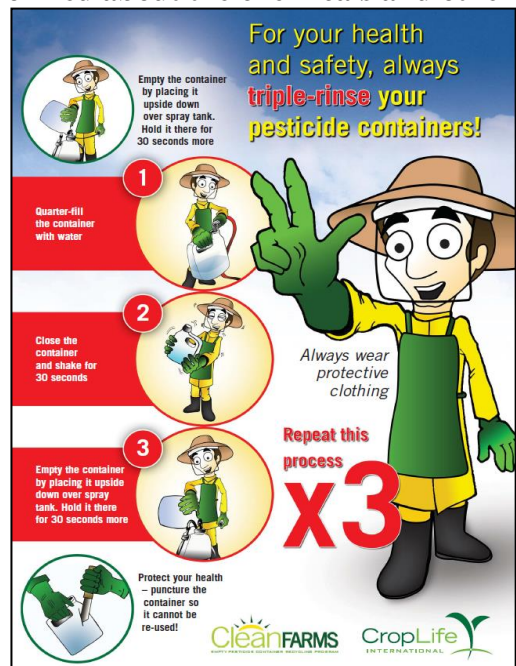
In Zimbabwe, trained MTC staff visit all contracted farms an average of 16 times through the season, reinforcing the training and best practices and helping to resolve any areas of concern noted on the farm. Supporting these visits, the annually updated Farmer Record Book contains all the information to support the grower and extension staff in training on ALP Principles, inclusive of details of National Labor Regulations.

4. **Please provide information on existing measures including policies your company has put into place to ensure occupational health and safety and the protection of workers in your supply chain from edifices, industrial chemicals and other hazardous substances.**

In addition to AOI's ALP Code, the Company has implemented Child Labor and Human Rights policies which support our commitment to protect human rights inside our organization and throughout our supply chain. These policies are publicly available on our corporate website.

5. **Please indicate specific initiatives taken to ensure the protection of agricultural workers in your supply chain exposed to hazardous substandard. Please also indicate specific policies, if any, relating to the handling and exposure of toxic chemicals and other hazardous substances in relation to agricultural workers in your supply chain. Please specify any measures your company has taken to ensure that workers in your supply chain are fully informed about the chemicals and other hazardous substance they handle or could potentially be exposed to and on the required precautions to avoid and respond to exposure.**

As noted above, Alliance One has extensive policies and programs in place to protect human rights. Many of these place an emphasis on informing growers and their workers about the chemicals and other hazardous substances they could potentially be exposed to as well as the required precautions to avoid, and how to respond to a suspected exposure. Growers are contractually required to train workers about these topics, using the manufacturer's warnings and label instructions as the basis of the training.





This educational and training material varies by origin. Examples of material provided to contracted growers in Zimbabwe can be found in our response to this question.

This information is provided to MTC contracted farmers via Farmer Record Books. MTC field staff monitors growers for compliance through regular farm visits.

The provision of PPE within the MTC contracted grower's loan package<sup>6</sup> assists with the safe handling of chemicals on the farm, as well as providing a safe storage container for the chemicals while in use. The safe storage container has a childproof lid and a hazardous symbol on the exterior to prevent unauthorized use.

**6. Please provide information on any mechanisms or initiatives by your company in relation to data collection, measuring, monitoring, reporting and verification of information on health of workers in your supply chain and nearby communities as well as on contamination of water, air, soil and food.**

Alliance One's award-winning farm monitoring system, Grower's Management System™ (GMS), plays a key role in our efforts to monitor and resolve issues related to human rights in our supply chain.

In 2011, Alliance One recognized the need for a global data capture system that would provide us with real-time visibility into our grower base. Our agronomists and field technicians were collecting information, but we needed greater visibility to identify trends and high-risk situations. To meet this challenge, we developed an award-winning software tool – GMS. The GMS system is designed to collect data for each measurable standard included in the three pillars of GAP (Crop – Environment – People). Within this global data capture system, we build a profile of each grower that we work with, including information such as a GPS position of the farm, type of tobacco being grown, equipment being used, chemical application and farmer family details.

## agricultural labour practices

### SAFE WORK ENVIRONMENT

#### Safe Environment, injury and illness

- Farms should be clean and tidy
- Sharp tools should be stored safely away
- Farmers and workers handling or applying CPAs and fertiliser should wear the PPE supplied in the input pack.
- Farmers and workers should be aware of the location and telephone number of the nearest clinic or hospital and be able to provide details and direction
- Workers and family working on farm should be trained in the tasks that they are required to perform. Children below 18 years should not perform hazardous tasks.

#### Green Tobacco Sickness

- Farmers and workers should take precautions against Green Tobacco Sickness and avoid handling or entering wet tobacco
- Skin in contact with green tobacco should be washed with soap and water
- Workers and family labour should be trained in Green Tobacco Sickness
- Ensure that long sleeved clothing is worn when entering tobacco
- Symptoms: Headache, dizziness, nausea, vomiting, weakness
- Treatment: Drink water, change wet clothing, wash skin with soap and water. Seek medical attention if necessary

#### Secure Storage of CPAs

- CPAs should be stored securely in the CPA container provided or in a lockable CPA storage area. CPAs and the CPA storage should be labeled and out of reach of children or unauthorized use, hung 1.5 meters above the ground if not securely locked away

#### Handling and Use of CPAs

- PPE and CPAs should be stored separately
- No person under 18 years, or pregnant or nursing mothers, should handle or apply CPAs

#### Re-entry Times after CPA Application

- Farmers, family and workers should not enter a field within the re-entry period after the application of a CPA. Refer to the CPA Record Sheet for further information.

#### Breaks and Access to Clean Drinking and Washing Water

- People working at the farm (including family) can have regular breaks and have access to enough safe drinking and washing water close to where they work and live

#### Accommodation to Hired Workers

- If accommodation is provided to workers, it should be clean and safe. The worker should have access to the same facilities as the farmer has access to – including a cooking area and toilet area
- CPAs and fertiliser should not be stored in the living area

<sup>6</sup> Reference our response to Question No. 1.

GMS is incorporated into a handheld mobile device (tablet) for each of our leaf technicians, and these technicians input data into the system as they visit each grower. The GMS system also allows AOI to track non-compliance issues, which expedites the timeliness of any follow-up conversations/visits. One hundred percent of Alliance One's contracted growers around the world have profiles within our GMS system.

Third-party audits and assessments are an additional component of our efforts to address labor issues in our supply chain. Alliance One and its contracted farms are regularly audited by third-parties so that we can identify areas of improvement and determine whether or not our practices are effective. The findings of assessments to date have been incredibly helpful in determining what aspects of ALP our staff and contracted growers need further education on as well as identifying high-risk situations.

In Zimbabwe, risk assessments are conducted annually at the end of the crop season, using GMS monitoring data, training records, and internal and external priorities. Findings from risk assessments are used to guide training programs, determine if/how monitoring questions need to be adjusted, identify focus areas for the coming season and determine budget allocation. High-risk factors become the focus areas of MTC in the coming season. In crop year 2017, child labor, hazardous work, safe work conditions and labor rights were the primary focus areas for ALP training and on-farm monitoring visits. In addition, safe chemical application, handling, storage, and disposal; use of personal protective equipment (PPE) and GTS were additionally reviewed during training sessions.

**7. Please indicate particular measures your company has put in place to uphold international human rights obligations to protect children from the worst forms of child labor including addressing work of children in an unhealthy environment where they are exposed to hazardous substances, agents or processes.**

The identification and elimination of child labor on contracted growers' farms has been a high priority for Alliance One and its subsidiaries worldwide for many years. Growers are contractually required to abide by the child labor standards set forth in our ILO-guided ALP code, Child Labor policy, Human Rights policy, and applicable national/local regulations. As noted previously, growers must abide by whichever standards are most stringent. To encourage grower compliance with these requirements, AOI field staff provides extensive grower education and training as well as monitor growers for compliance.

In addition to education, training and farm monitoring efforts, field staff in many origins also implement community programs aimed at addressing root causes of child labor in their specific growing areas.

As noted in our response to Question No. 1, MTC has implemented multiple programs aimed at reducing child labor risks:

- School Programs
  - By partnering with local schools on projects such as our One Child One Tree initiative and the Rain Water Harvesting project, MTC is able to strengthen relationships between the company and the local communities. As a result, we are able to extend awareness of our ALP program and monitor school attendance.
- Grower Profit Margin Improvement Projects
  - MTC conducts various programs designed to improve grower profitability and reduce labor needs. With improved profitability and less demand for labor, child labor risks are reduced.
- Grower Travel Time Reduction
  - By reducing the travel time it takes growers to travel to market their tobacco, they have more time to spend on their farms. This results in an improvement in their net profit margin due to reduced logistics costs. It also reduces their need for labor, thereby decreasing their chances of child labor being used on the farm.
- School Fee Funding Support
  - The beginning of the local buying season in Zimbabwe coincides with the start of the school term. For those growers who have not completed paying their loan account with MTC, the company allows the grower to retain a percentage of their tobacco sales. In doing so, the grower can pay their workers fairly as well as pay school fees and purchase books and uniforms for their children.

## **Conclusion**

Alliance One shares your concern regarding the protection of human rights within agricultural supply chains. As evidenced by our multiple programs aimed at mitigating human rights issues, ongoing awareness initiatives and education for contracted growers, we are actively working to protect human rights within our supply chain.

Alliance One and its subsidiaries will continue the approaches that have shown the greatest success and we will continue to explore and develop initiatives that may provide further positive outcomes. We welcome constructive dialogue with the United Nations as we work toward achieving our shared objective.