Lausanne, September 28, 2022

Object: Philip Morris International response to Joint Communication from UNHRC Special Procedures – Malawi

Reference: AL OTH 44/2022

Dear Ms. Balbin,
Dear Ms. Achiume, Mr. Fakhri, Ms. Karska, Ms. Lawlor, Ms. Mofokeng, Ms. Mullally, Mr. Obokata and Ms. Upeti,

We write regarding your communication, addressed to Philip Morris International (PMI), reference AL OTH 44/2022, dated July 05, 2022 (Joint Communication). Please accept our regrets for not responding within the requested timeframe. Unfortunately, we became aware of this Joint Communication only once it was available publicly on the OHCHR Special Procedures website.¹ Going forward, we kindly ask you to contact us at the following address:

Philip Morris Products SA, Office of the CEO
Avenue de Rhodanie 50
1007 Lausanne
Switzerland
officeofCEO@pmi.com

We have reviewed with care the concerns raised by the independent human rights experts with mandate to report and advise on human rights in Malawi. Accordingly, the following pages intend to respond to your inquiry, clarify, and contribute to your investigation by sharing detailed information that we hope will help advocate for, raise public awareness of, and provide advice on technical cooperation in Malawi.

Respect for human rights is an absolute and universal requirement for businesses, and something we take very seriously at PMI. It shapes the way we work with employees, suppliers, business partners, consumers, and the communities in which we operate. It is also integrated fully in PMI’s sustainability strategy. We have developed a Human Rights Commitment (HRC) which is the cornerstone of our human rights strategy and is aligned with the United Nations Guiding Principles on Business and Human Rights (UNGPs).²

Through our HRC, we have committed to adhering to the UNGPs. This means avoiding, mitigating, and remediating human rights risks and impacts that may arise across our value chain. In addition, we seek to contribute to the achievement of the UN Sustainable Development Goals (SDGs). Accordingly, we

¹ https://apcommreports.ohchr.org/TimSearch/RefCom?code=MWI 2/2022
² Further information on PMI’s HRC can be found in Annex 1

Philip Morris Products S.A., Avenue de Rhodanie 50, 1007 Lausanne, Switzerland
T: +41 (58) 242 00 00, F: +41 (58) 242 01 01, W: www.pmi.com
2021, reaching 67 percent (up from 48 percent in 2020), as a result of important progress achieved in some focus markets, which includes Malawi.

More information about our sustainability strategy can be found in Annex 1 below, where additional resources are offered as complement to this letter, including links to key policy instruments, such as our Code of Conduct, Responsible Sourcing Principles, ALP Code and Good Agricultural Practices (GAP). We invite you to consult, review, and contact us with questions, should you require further clarification.

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Certain matters raised in the Joint Communication appear to be factually incorrect; the below provides clarification and offers additional information to correct those inaccuracies.

**Purchasing tobacco in Malawi**

In Malawi, PMI does not own tobacco farms and does not contract directly with farmers. PMI does not sell products in Malawi either.

PMI purchases tobacco in Malawi through two suppliers: Universal Leaf Tobacco Company, Inc. and Alliance One International, Inc. Both suppliers operate in Malawi through their local affiliates: Limbe Leaf Tobacco Company (LLTC) and Alliance One Malawi, respectively. LLTC and Alliance One Malawi procure tobacco from farmers who are included in PMI’s Integrated Tobacco Production System (IPS). IPS is a production model adopted by our suppliers and other tobacco-industry players. The IPS model centers on direct contracting and long-term relationship-building with farmers for the production and sale of tobacco in a sustainable manner. As a rule, PMI does not purchase tobacco from tenant farmers through its suppliers.

IPS is a model that connects leaf suppliers and farmers beyond the customary boundaries of a commercial relationship. It includes provision of trainings, best practices, and monitoring processes, in order to ensure that tobacco production by contracted farmers is conducted in a way that limits the impact on the environment and improves socioeconomic conditions of people and communities. This is achieved through strong engagement between suppliers and contracted farmers, who collaboratively define the purchase conditions of the tobacco (i.e., quality parameters and amount), extension services, crop inputs, financial support, and knowledge and technology transfer. IPS is also vital in providing traceability and visibility across our supply chain, as it enables the deployment of PMI’s ALP Program. IPS enhances the contracted farmers’ ability to achieve sustainability in tobacco production.

PMI began the roll-out of its ALP program in Malawi, since its inception, in 2011. LLTC and Alliance One Malawi are contractually bound and responsible for the implementation of the ALP Code in Malawi through regular trainings on the ALP Code, and by deploying a robust due diligence framework used to monitor the implementation of the ALP Code, identify issues or potential violations of the ALP Code, and take remediation measures, as required.

**Conducting due diligence in Malawi**

The due diligence framework included in the ALP Program consists of three elements, namely: (1) internal farm-by-farm monitoring, conducted by PMI suppliers’ field technicians, (2) external assessments conducted by an independent third-party organization, and (3) external verification of the data collected under (1) and (2) conducted by independent specialized third parties.

1. **Internal monitoring.** In Malawi (as in other countries from which we source tobacco), field technicians collect and update individual farm profile data at the start of each growing season. They visit the farms throughout the season to evaluate, among other things, how well labor practices align
- Scholarship programs, supporting learners from tobacco-farming communities in the central region of Malawi and furthering their post-primary school education.

- **Safe working environment:**
  - Distribution of PPE (meeting with minimum standards to ensure adequate protection when using crop protection agents (CPA) and handling green tobacco) by PMI leaf suppliers to every contracted farmer on an annual basis; this initiative was further reinforced during the early stages of Covid 19 when face masks were in short supply in Malawi and PMI distributed a high quantity of masks to tobacco farmers.
  - Testing of PMI’s purchased tobacco for off-label pesticide use, through PMI’s internal Quality Assurance program.

- **Adequate housing:**
  - Supporting tobacco farmers in Malawi to build suitable accommodation for farm workers and their families.

- **Living income:**
  - Financial literacy training for farmers and field technicians;
  - Targeted interventions to improve income levels and provide an opportunity for farmers to increase productivity, by expanding PMI’s mechanization program in Malawi, and offering small-holder farmers financial support to have access to mechanized land preparation services;
  - Working with suppliers to encourage crop diversification for contracted farmers, providing maize crop inputs or access to groundnut contracts (including input packages), or funding the introduction of bee-hives to smallholder farmers, enhancing the cultivation of complementary crops beyond tobacco, and allowing farmers to make an additional income. In 2022, more than 8,000 farmers supplying to PMI received maize input packages, and an additional 2,600 grew groundnuts under contract. These programs not only support farmers in terms of food security, but also create diversified income streams for these families.

- **Access to water & sanitation:**
  - Specific activities aiming to enhance access to water, sanitation, and hygiene among tobacco-farming communities, such as drilling new handpump boreholes, and rehabilitating existing nonfunctioning boreholes, in a joint effort with suppliers; during the 2021 season, 114 new hand-pump bore holes were drilled and an additional 50 rehabilitated. It is estimated that each borehole benefits over 500 people.
  - Further piloting interventions to provide small-holder farmers with basic access to water, including the protection of wells, distribution of water filters, installations of rainwater harvest systems, and other innovative solutions.

- **Gender empowerment:**
  - Supporting the Village Savings Loans Association, throughout Malawi, by providing women in the farming community, financial literacy trainings and access to capital to build meaningful businesses;
  - Supporting trial micro-enterprise initiatives targeted at women in local communities, for the production trial of soya-milk and quinoa.

- **Protect Nature, preserve biodiversity and prevent deforestation:**
We thank the Special Rapporteurs for their initiative to investigate human rights issues in Malawi in order to prevent, stop, and propose remedies. We look forward to continuing collaborating with the Special Procedures Branch of the Human Rights Council and its Special Rapporteurs, and raising public awareness that can help advance human rights in the country.

To conclude, we would welcome the opportunity to engage in further dialogue and meet with the Special Rapporteurs and the Chair-Rapporteurs of the Working Groups to help promote human rights in Malawi. To this end, we hereby extend a formal invitation to meet with us in Malawi, where we can facilitate further engagement and continue the discussions that can drive fruitful progress in the country.

Please accept the assurances of our highest consideration.

Yours sincerely,

Massimo Andolina
Senior Vice President Operations

Jennifer Motles
Chief Sustainability Officer

CC:  Mr. Pacharo Kayira
Deputy Permanent Representative of Malawi to the United Nations, Geneva  
Permanent Mission of Malawi  
1, rue de Pré-de-la-Bichette  
1202 Geneva  
Switzerland
- Q1 2020 ALP Progress update focused on Women Empowerment:

- ALP quarterly Progress Updates Reports (under “Publications”):
  https://www.pmi.com/sustainability/our-approach-to-sustainability/sustainability-resources

- Farm Labor Due Diligence Toolkit on Child Labor with Verité:
  https://verite.org/farm-labor-due-diligence-toolkit/

- 2020 SDG Global Goals Yearbook on PMI’s contributions to Women Empowerment (p. 114-117):

- “Empowering women in agriculture – Celebrating 10 years of PMI’s ALP Program”:

- Briefing paper by Article One on “Climate Justice In Global Supply Chains”:

- “An ecosystem lens on environmental impacts in Malawi”, a case-study from PMI’s Integrated Report 2020: