



PHILIP MORRIS PRODUCTS S.A.

Ms. Beatriz Balbin
Chief Special Procedures Branch
OHCHR
Palais des Nations
1211 Geneva 10
Switzerland
ohchr-registry@un.org

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://spcommreports.ohchr.org/TmSearch/RelCom?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



have identified areas where we have an opportunity to make the greatest difference, deployed initiatives, and periodically report progress.

Agriculture is deeply seeded in PMI roots. PMI is a major global buyer of tobacco and, throughout our history, we have worked directly and indirectly with tobacco farmers around the world. We recognize our role in promoting, protecting, and respecting the human rights of the many people from whom we buy tobacco. We realize that our business might affect the human rights of workers, farmers, and families living and working on the farms in our tobacco supply chain, especially those working on small farms in low- and medium-income countries. Human rights issues such as child labor, low wages, and poor working conditions are identified risks in the sector.

More than ten years ago, PMI adopted the Agricultural Labor Practices (ALP) Program, which aims to eliminate child labor and to achieve safe and fair working conditions on the farms from which PMI sources tobacco.³ This program enables us to identify and monitor areas where we can proactively address the needs of these communities, particularly in the areas of human rights and other occupational risks.

Our ALP program seeks to ensure respect for the human rights of all people living and working on the tobacco farms in our supply chain, and to promote decent livelihoods for all farmers from whom we, or our third-party suppliers, buy tobacco. Since launching the ALP, we have implemented several programs, including putting in place a robust human rights due diligence system, bringing safe and decent accommodation to farm workers in contracted farms, and ensuring full availability of personal protective equipment (PPE) for the application of crop-protection agents and the prevention of green tobacco sickness. We have set ambitious targets related to these programs and report transparently on progress periodically.

Moreover, in 2021 – in honor of the UN’s declared International Year for the Elimination of Child Labor – building on our learnings and experience and to accelerate progress towards the achievement of SDG 8.7, PMI reconfirmed its objective of eliminating child labor by 2025 in its tobacco supply chain. To achieve this, among various other actions, PMI partnered with other companies and NGOs to launch a Farm Labor Due Diligence Toolkit (Toolkit).⁴

The Toolkit will comprise of practical, field-tested resources on topics such as: child- and forced-labor monitoring; farm- and community-level approaches to remediation of child labor and other labor issues; root-cause analysis of drivers of labor issues; third-party verification of labor-issue monitoring and remediation; grievance mechanisms for agricultural workforces; and labor-related data collection, impact tracking, and reporting. All tools will be aligned with the UNGPs and the Organization for Economic Co-operation and Development (OECD) Implementation Guidance on Due Diligence for Responsible Business Conduct and will be developed on a rolling basis throughout 2022 and 2023. The initiative will also advocate for the full adoption and implementation of the Toolkit by other companies, suppliers, and farmers across a range of agricultural sectors.

Further, and noting that poverty is the key driver for many human rights issues, alleviating poverty of the contracted farmers supplying tobacco to our company (and the communities in which they live) is a priority for PMI. We are aiming to improve the livelihoods of the contracted farmers supplying tobacco to PMI, thereby advancing the socioeconomic development and wellbeing of the communities in which they live. Our aim is for all the contracted farmers supplying tobacco to PMI to make a living income by 2025. We see this as essential towards addressing inequality, as well as other issues in our tobacco supply chain. The proportion of PMI’s contracted farmers making a living income increased significantly in

³ Further information on PMI’s ALP Code can be found in Annex 1

⁴ Further information on the Farm Labor Due Diligence Toolkit can be found in Annex 1



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.

* * *

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



with the principles of the ALP Code. Field technicians raise “prompt actions”⁵ to trigger an immediate response to any serious violation. They flag “nonconformities”⁶ where they identify a risk of violation, through engagement with farmers, their families, and workers, but do not themselves observe a violation of the ALP Code (essentially, identifying risks before they evolve into issues). In both cases, remediation plans are developed directly with farmers.

2. External assessments. PMI has contracted Control Union (CU), an independent third-party organization, to evaluate the management system in place for implementation of the ALP program, review prompt-action protocols, and related procedures to identify, record, and address issues, as well as examines internal capacity to implement the ALP program. CU also evaluates labor practices at the farm level, assessing compliance with the ALP’s measurable standards. In Malawi, such external assessments took place in 2016 and in 2019 and covered both suppliers. Both assessments can be found in **Annex 1**.
3. External verification. External verifications are also conducted by independent specialized third-parties, which verify our understanding of progress on the ground, challenge our monitoring process and data, evaluate the effectiveness and impact of our initiatives, and, ultimately, provide guidance which helps us to better assess our impact. In Malawi, Peterson, an independent specialized expert contracted by PMI, has conducted such external verification processes in 2020, focusing on the verification of the suppliers’ internal monitoring data.

Over more than ten years, PMI has built a strong track record in the implementation of its ALP Program. We communicate progress regularly in our annual Integrated Report and complement this with periodic dedicated reporting.⁷

Remediation programs in Malawi

In addition to the layers of controls described above, and acknowledging the grave nature of forced labor, we have rolled-out guidelines on due diligence and consequence management. Suppliers are contractually required to consider issues related to forced labor principles, which we do not tolerate and lead to immediate escalation and potential contract termination.

Further, and to address and directly respond to potential violations or inconsistencies with PMI ALP Code, PMI develops and implements tailored actions that can help remediate these. In Malawi, PMI has implemented several remediation programs, which range from awareness-raising and training initiatives to school-feeding, after-school activities, and women empowerment programs. In addition, and recognizing the strong link between climate change and human rights, PMI also carries environmental-related interventions in Malawi.

For completion, please find below a list of some of PMI’s most relevant social and environmental initiatives carried out in Malawi:

- Child labor prevention:
 - School feeding and after-school recreational activities, promoting school attendance in tobacco-farming communities;

⁵ “Prompt Actions” need to be raised in situations where a person’s physical or mental integrity is at risk, children or a vulnerable group are working and in danger, or workers might not be free to leave their job on a tobacco farm. And situations where workers’ well-being is at risk because minimum wage standards are not being met or the accommodation provided is not safe or adequate as per legal legislation or our own standards.

⁶ “Non-Conformities” (NC) can either be: (i) NC self-declaration: declaration from the farmer, spouse or worker (for their own children) confirming the occurrence of an issue (equivalent to a PA), although not witnessed/observed by field technicians (e.g., a farmer declares his 14 years old child harvests tobacco), or (ii) NC Risk: observations or declarations that represent a risk which, if not addressed, could potentially evolve into a Prompt Action.

⁷ The link to PMI’s 2019, 2020 and 2021 Integrated Reports can be found in the Annex 1



- 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:



- Promoting the use of “live barns”⁸, instructing farmers to plant their tree seedlings in a specific layout, to use them as curing poles and remain in place forever, once they mature their trunks;
- Partnering with suppliers to ensure that all the fuelwood used for curing tobacco comes from sustainable and traceable sources.

In addition to these initiatives, a concrete example of remediation includes the link established between PMI’s suppliers and the Ministry of Labor, Skills, and Innovation of Malawi through a Memorandum of Understanding (MoU) signed in 2021. The MoU helps address social issues such as child labor, forced labor, safe work environment, fair treatment, income, and work hours on farms contracted with tobacco companies or suppliers. The aim of the MoU is to enforce legal provisions and remedies as per Malawi’s laws and ensure the support of district labor officers to follow up on grievances and issues raised by suppliers.

We believe the above overview largely clarifies PMI’s position and actions with respect to the important concerns raised in your Joint Communication. We deem important to hereby confirm that the allegations mentioned in your Joint Communication are contrary to our uncompromising commitment towards the protection and promotion of human rights. Also, and to avoid confusion or misunderstanding, please allow us to reinforce PMI’s approach in the following specific important areas:

- **Debt bondage, supply chain management, and due diligence.** In your Joint Communication, it is alleged that the “*tobacco industry in Malawi is structured and operates in an unusually opaque and anti-competitive manner*”⁹. As noted above, PMI (a) does not purchase tobacco from tenant farmers either directly or through its suppliers; and (b) sources tobacco from local leaf suppliers, who procure tobacco from farmers who are included in PMI’s IPS, allowing traceability back to the farm level.
- **Access to effective remedies.** Beyond PMI’s efforts to implement internal monitoring of its suppliers as part of the ALP Program, remediation in Malawi is achieved through (a) the country’s enforcement of legal remedies in case of violations, through the MoU entered into between PMI’s leaf suppliers and the Malawi authorities; (b) communal grievance support mechanisms put in place by our suppliers’ ALP Committees (composed of farmers and local government representatives); and (c) the implementation of grievance mechanism, an independent support hotline, available to farmers and workers.
- **Hazardous work related to the use of chemicals.** PMI refers specifically to the risk of exposure to CPA as part of its global integrated pest-management program to reduce the unnecessary use of pesticides, promoting less hazardous alternatives. In addition, all of PMI’s purchased tobacco is tested for off-label pesticide use, through our internal Quality Assurance program. Moreover, through the GAP and ALP programs, PMI also monitors suppliers’ and farmers’ use of pesticides in farming tobacco (in accordance with the Agricultural Research and Extension Trust) and the use of related PPE.

We hope the above provides you with helpful and insightful clarifications regarding PMI’s commitment to human rights, and our related initiatives and programs in Malawi. We take the information you have brought to our attention very seriously and we will continue addressing the social and environmental impacts of our business, working towards eradicating human trafficking, child- and forced-labor related issues, and other human rights violations, both in Malawi and in any other countries within our operations.

⁸ “live barns” are sustainable curing barns for burley tobacco constructed from living trees planted in a particular layout

⁹ As stated in page 8 of the Joint Communication



PHILIP MORRIS PRODUCTS S.A.

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 Moties
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

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



ANNEX 1

For further information, and in the spirit of transparency, we link here all the documents and reports, used for support, or referenced throughout our response to your Joint Communication.

PMI Policies

- PMI Commitment to Human Rights:
https://www.pmi.com/resources/docs/default-source/pmi-sustainability/pmi-human-rights-commitment/280c4bd6c7468f696e2ff0400458fff.pdf?sfvrsn=ff4acb4_6
- PMI Agricultural Labor Practices (ALP) Code:
https://www.pmi.com/resources/docs/default-source/pmi-sustainability/alp-code.pdf?sfvrsn=908b0b5_2
- PMI Good Agricultural Practices (GAP):
<https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/sustainability-policies-commitments-and-positions/good-agricultural-practices-gap.pdf>
- PMI Responsible Sourcing Principles (RSP) and Implementation Guidance:
<https://www.pmi.com/resources/docs/default-source/sustainability-policies-commitments-and-positions/responsible-sourcing-principles.pdf>
- PMI's Code of Conduct (or "Guidebook for Success"):
https://www.pmi.com/resources/docs/default-source/our_company/code-of-conduct/english_code_of_conduct_external_online_180116.pdf?sfvrsn=f5c386b5_8

PMI Integrated Reports

- PMI's Integrated Report 2021:
https://www.pmi.com/resources/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4
- PMI's Integrated Report 2020:
<https://www.pmi.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2020.pdf>
- PMI's Integrated Report 2019:
<https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/sustainability-reports-and-policies/pmi-integrated-report-2019.pdf>

External Assessment reports

- External Assessment Malawi Control Union 2019:
https://www.pmi.com/resources/docs/default-source/pmi-sustainability/2019_cu_external-assessment_malawi_aotm.pdf?sfvrsn=86a558b4_2
- External Assessment Malawi Control Union 2016:
[https://www.pmi.com/resources/docs/default-source/pmi-sustainability/thrid-party-assenement--malawi-\(limbe-leaf-tobacco-company\).pdf?sfvrsn=870699b5_6](https://www.pmi.com/resources/docs/default-source/pmi-sustainability/thrid-party-assenement--malawi-(limbe-leaf-tobacco-company).pdf?sfvrsn=870699b5_6)

Case studies, reports, and initiatives on human rights

- ALP 10-years' anniversary report:



https://www.pmi.com/resources/docs/default-source/pmi-sustainability/pmi_alp_anniversary_report_december_2021.pdf?sfvrsn=313bf2b7_4

- Q1 2020 ALP Progress update focused on Women Empowerment:
<https://www.pmi.com/sustainability/social-sustainability-agricultural-labor-practices/empowering-women-in-agriculture>
- 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):
<https://www.yumpu.com/en/document/read/65831474/the-make-or-break-decade-for-the-sdgs-has-begun>
- “Empowering women in agriculture – Celebrating 10 years of PMI’s ALP Program”:
<https://www.pmi.com/sustainability/social-sustainability-agricultural-labor-practices/empowering-women-in-agriculture>
- Briefing paper by Article One on “Climate Justice In Global Supply Chains”:
https://www.pmi.com/resources/docs/default-source/pmi-sustainability/climate-justice-briefing-paper.pdf?sfvrsn=88501bb7_2
- “An ecosystem lens on environmental impacts in Malawi”, a case-study from PMI’s Integrated Report 2020:
<https://www.pmi.com/sustainability/case-studies/an-ecosystem-lens-on-environmental-impacts-in-malawi>