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Human Rights Watch  
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December 14, 2015

Dear Ms. Buchanan and Mr. Harsono,

We are in receipt of your letter dated as of November 16, 2015. Thank you for your continued efforts to address hazardous child labor in connection with tobacco production. Alliance One International, Inc. (AOI or Alliance One) does not tolerate any labor abuses in our supply chain in Indonesia or anywhere else in the world.

The elimination of child labor in tobacco production is a top priority for Alliance One and all of our subsidiaries, including our Indonesian subsidiary, PT. Alliance One Indonesia (PT.AOI). Alliance One, through its predecessor companies and former partners, began directly contracting with growers in Indonesia more than 15 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, we have been able to help them produce a higher quality crop that is produced in compliance with Good Agricultural Practices (GAP) and Alliance One's Agricultural Labor Practices (ALP) program.

PT.AOI first introduced the ALP program to its contracted growers in 2011 and formally rolled it out to 100 percent of them in 2012. At this time, we made significant changes to our grower contracts, including the addition of provisions related to the prohibition of child labor. Over the course of the past four years, our monitoring has increased from approximately once per month to 20-24 times per year. Throughout these visits, our field technicians have placed a substantial emphasis on educating growers about all ALP principles as well as analyzing labor issues so that we can better understand the reasons why they are occurring. As a result of our increased oversight, our field technicians are reporting an increased number of labor concerns, which is positive because this demonstrates our team's commitment to accurate and honest reporting and provides PT.AOI with additional opportunities to improve working conditions in Indonesia.

Through ongoing collaboration with our growers, we have launched multiple programs aimed at mitigating child labor issues, including:

- Mechanization projects, such as cutting machines and our Metal Clips Adaptation project, to automate some hazardous activities, improve efficiency and minimize labor needs;
- Farmer GAP Day, a two-day event hosted in three locations aimed at improving growers' ALP and GAP understanding and financial literacy;
- Child Labor Eradication in Tobacco Areas (CERIA), an afterschool program available at eight schools in areas with a high density of tobacco farmers' children; and
- Financial literacy training, hosted in collaboration with a local community learning group, for our IPS growers and their families.

These projects and programs have had such a positive impact on farmer efficiency and reducing child labor risks that we plan to expand them in the 2015-2016 crop season. We look forward to sharing the impact of such expanded projects and programs with you in the future.

As requested, you will find answers to your questions regarding Alliance One's activities in Indonesia in Annex A. We would welcome the opportunity to meet with you in person to discuss your research findings and recommendations as well share additional information about our child labor prevention efforts in Indonesia. Please provide dates for your availability to meet at either our offices in Indonesia or your offices in New York City.

In the meantime, should you have any follow-up questions, please feel free to reach out to us. While we are moving in the right direction, much work remains to be done on the issue of child labor. We are committed to doing our part to eliminate child labor in the tobacco production supply chain, and we appreciate continued constructive dialogue with Human Rights Watch.

Sincerely yours,

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

## **Annex A**

### **Alliance One answers to the questions raised by Human Rights Watch**

## Tobacco Leaf Purchasing

**1. Does AOI purchase tobacco from Indonesia, either directly or through subsidiaries or suppliers? If so, we would be grateful to receive brief data on AOI's total tobacco purchases in Indonesia as well as its total tobacco purchases in each of the following provinces: West Java, Central Java, East Java, and West Nusa Tenggara in 2013, 2014, and 2015.**

Alliance One purchases Indonesian tobacco through PT.AOI. PT.AOI purchases tobacco in East Java, Central Java and West Nusa Tenggara.

As a U.S. publicly traded company, we have to comply with various regulations which prohibit the selective disclosure of the market-sensitive information you are requesting regarding our tobacco purchases. Therefore, we are unable to respond further to this question.

**2. How does the volume of AOI's tobacco purchasing in Indonesia compare to the volume of tobacco purchased from other countries?**

As a U.S. publicly traded company, we have to comply with various regulations which prohibit the selective disclosure of the market-sensitive information you are requesting regarding our tobacco purchases. Therefore, we are unable to respond further to this question.

**3. Does AOI or its subsidiaries or suppliers contract directly with tobacco farmers or groups of farmers in Indonesia?**

**a. If so, how many farmers were contracted with AOI in 2013, 2014, and 2015, and in which provinces?**

**b. What proportion of the total tobacco purchased by AOI in 2013, 2014, and 2015 was purchased from contracted growers?**

Alliance One has history in Indonesia dating back 15 years and, over the course of that time, our objective has always been to move away from purchasing tobacco through third-parties and toward directly contracting with growers through IPS. In 2001, Alliance One (through one of its predecessor companies) entered into an exclusive supply arrangement with a local tobacco company to purchase our requirements. The local company directly contracted with growers, while Alliance One's predecessor provided the agronomic advice. Following the formation of Alliance One in 2005, the Company continued its relationship with the local company and expanded its efforts to support sustainable and compliant tobacco production. Although the local company was still contracting the growers, Alliance One was providing the financing and the local company was contracting growers under our instruction.

While this arrangement provided Alliance One with more control over the way that the tobacco was grown, it was not yet at the level we desired and there were still several areas that needed improvement. As a result, in 2011, Alliance One severed ties with the local company and formed a wholly owned subsidiary PT.AOI. PT.AOI was the first wholly owned foreign subsidiary involved in tobacco production and trading to be granted a business license in Indonesia. All of PT.AOI's leaf technicians were trained on the principles of ALP by August 2011. Since making

that transition, PT.AOI has steadily increased the volume of tobacco produced under its IPS system. Between 2013 and 2015, our IPS grower base in West Nusa Tenggara, East Java and Central Java increased by 42 percent. Over the same three-year period our proportion of total purchases by volume from IPS growers increased from 79 percent to 92 percent.

As a U.S. publicly traded company, we have to comply with various regulations which prohibit the selective disclosure of the market-sensitive information you are requesting regarding PT.AOI's contracted growers in Indonesia. Therefore, we are unable to respond further to this question.

**4. Does AOI or its subsidiaries or suppliers purchase tobacco through the traditional "middleman trader" system?**

**a. If so, what proportion of the total tobacco purchased by AOI in 2013, 2014, and 2015 was purchased through this system?**

**b. Does AOI require training or certification for individuals to be able to sell tobacco to AOI's warehouses or facilities? If so, what does the certification process entail? Who are the certifiers? What actions do they take to verify that the sellers meet the requirements under the company's labor policies? How often are sellers required to go through certification?**

As mentioned in our response to question 3, PT.AOI purchases the majority of its tobacco through IPS. We meet 100 percent of our Flue Cured Virginia, Dark Fire Cured, Rajangan and Burley tobacco requirements through IPS.

When considering Indonesian tobacco, it is important to understand that there are some native varieties of the plant which generate subtypes that require different ways of handling and curing. For example, the leaves at the middle and top of the Rajangan plant are harvested and cured in green form, while the bottom leaves, Jatim (sun-cured), are hung in the fields and harvested after they have dried in the sun. The proportion generated between these two subtypes is 80 percent and 20 percent, respectively.

Historically, Rajangan tobacco was purchased through the middleman trader system. Recognizing the risk associated with cutting green tobacco, PT.AOI was the first tobacco company in Indonesia to directly contract with Rajangan growers through IPS. We removed the middleman and provided the necessary inputs, education and financing so that growers could improve the quality of their crop. We also introduced cutting machines that automated the cutting process for the top portion of the plant, thus minimizing safety concerns associated with green tobacco and reducing labor needs. The support provided by the Company resulted in increased efficiency and profitability for our IPS Rajangan growers.

However, due to the economics of supply and demand and the biology of the Rajangan plant, we are currently unable to meet 100 percent of our requirements for Jatim through IPS and thus purchase a small volume of Jatim through third-party suppliers. As with Alliance One and all of its other subsidiaries, all of PT.AOI's suppliers are required to undergo a background check to ensure that the supplier does not have a record of illegal conduct. If a supplier passes this background check and we agree to purchase tobacco from the organization, we have general

policies in place that require the supplier abide by our global policies. Additionally, each time that representatives from PT.AOI visit the supplier, they look for risks with regard to child labor. If any potential risks are identified, PT.AOI will work with the supplier to address them.

PT.AOI is focused on reducing our use of third-party suppliers and, between 2013 and 2015, our proportion of total purchases by volume from third-party suppliers decreased from 21 percent to 8 percent.

PT.AOI is in the process of establishing a formal certification process that will ensure suppliers are aware of and understand the AOI's Child Labor Policy.

### **Child Labor**

**5. We are grateful for the information AOI has shared with us in previous correspondence and meetings on its policies and procedures regarding the use of child labor in tobacco farming. Based on your letter to Human Rights Watch of October 30, 2015, we understand that AOI has a global Agricultural Labor Practices (ALP) program that is "being implemented in all of the countries from which AOI sources tobacco." We understand AOI's ALP follows International Labour Organization standards, and prohibits work by children under 15, except for light work by children ages 13 to 15. We also understand that AOI bans children under 18 from performing hazardous work, and has a "non-exhaustive list of potentially hazardous tasks as examples to guide growers," as described in Annex A to your most recent letter to Human Rights Watch. Are growers supplying AOI prohibited from allowing children under 18 to perform these tasks? Is AOI implementing the child labor provisions of the ALP throughout Indonesia? If not, what is AOI's policy regarding child labor in tobacco farming in Indonesia? Are there exceptions for children working on farms owned or operated by family members? If so, could you please explain the nature of these exceptions? To which companies does AOI supply tobacco purchased in Indonesia?**

Alliance One's ALP program is being implemented in all of the origins from which AOI sources tobacco, including Indonesia. PT.AOI growers are required to abide by the requirements set forth in our ALP program as well as our Child Labor Policy. These provisions, listed below, are aligned with Indonesia regulation (Regulation No 20/1999 on ILO Convention No. 139 ratification concerning minimum age for admission to employment):

- The minimum age for admission to work is not less than the age for the completion of compulsory schooling and, in any case, is not less than 15 years or the minimum age provided by the country's laws, whichever affords greater protection.
- No person below 18 is involved in any type of hazardous work.
- In the case of family farms, a child may only help on his or her family's farm provided that the work is light work and the child is between 13 and 15 years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.

Alliance One's growers worldwide are required to abide by the principles of our ALP program, which prohibits them from employing youth under the age of 18 for hazardous tasks. As noted in

our Child Labor Policy and in our previous correspondence<sup>1</sup>, Alliance One uses the following list of potentially hazardous work examples to guide its growers:

- Participating in activity that may cause exposure to green tobacco leaves, which could cause Green Tobacco Sickness (such as harvesting, topping or suckering)
- Operating machinery with moving parts or moving vehicles, except when otherwise allowed by law
- Using sharp tools in movement (such as machetes, knives or implements used for planting, weeding, stalk cutting, etc.)
- Handling fertilizers or crop protection agents (CPAs)
- Working at heights, above which a fall is likely to cause injury
- Carrying heavy loads, where weight of load, repetition of lifting and person's physical stature are considered to determine risk of injury
- Working in poorly lit environments
- Working in extreme temperatures (such as very hot or cold conditions)
- Working long hours that interfere with health and well-being

PT.AOI grower contracts prohibit the employment of youth under 18 for hazardous activities.

As a U.S. publicly traded company, we have to comply with various regulations which prohibit the selective disclosure of the market-sensitive information you are requesting regarding our customers. Therefore, we are unable to respond further to this question.

**6. How does AOI communicate its standards and expectations regarding child labor to growers and suppliers, including growers who may be supplying tobacco leaf through "middleman traders," in its supply chain in Indonesia?**

Identification of and addressing child labor issues on our contracted growers' farms is a high priority for all of Alliance One, including PT.AOI. PT.AOI's field technicians have been undergoing training and education about ALP since 2011. This year, PT.AOI hosted three two-day training sessions for its 68 field technicians to re-emphasize some topics and provide additional guidance on how to monitor for risk and encourage compliance. Our field technicians are encouraged to focus on helping growers to continuously improve their labor practices, including issues related to child labor. Labor incidents are rarely black and white, and our trainings help the field technicians to better understand how to identify the root causes of labor issues. Topics covered at these trainings included the ALP principles of Child Labor, Safe Work Environment and Income and Work Hours as well as general first aid training.

PT.AOI communicates its standards and expectations regarding child labor by providing continuous guidance and assistance to growers through individual and group trainings. This guidance involves not only providing instruction but also transforming the existing farming culture.

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<sup>1</sup> Please refer to AOI's letters sent to Human Rights Watch dated April 22, 2015 and October 30, 2015.

As previously mentioned, PT.AOI introduced ALP to 100 percent of its contracted growers in 2012. Prior to the initial roll-out of the program, PT.AOI worked with several industry stakeholders, including the Indonesia Tobacco Farmer Association (APTI), BALITAS, the Ministry of Agriculture and Food Security and the Lombok Farmer Association, to learn more about the most critical issues and the most effective way of addressing them. We understood that support and buy-in from local leaders was essential if we were going to successfully affect change in the labor practices of our growers.

Today, PT.AOI visits each of its contracted growers 20-24 times per year to provide guidance on ALP principles. During these visits, our field technicians monitor for grower compliance and provide ALP awareness materials, such as posters and leaflets addressing issues such as child labor and Green Tobacco Sickness (GTS)<sup>2</sup>. Over the past few years, we have seen a significant increase in not only awareness of the ALP principles but also in accurate reporting of issues. Growers are receptive to information provided by PT.AOI and they trust that our field technicians are available to help them continuously improve their practices, both with regards to labor and their tobacco growing techniques. By working with PT.AOI to improve their agricultural practices, growers can improve their efficiency and the quality of their crop, thus increasing profitability.

While our year-round individual trainings are highly effective, we recognize that a break in routine is sometimes required in order to maintain interest in and a commitment to implementing change. To this end, Alliance One, in partnership with one of our customers, has hosted annual Farmer GAP Day events since 2006. The events have grown steadily over the past several years and, in 2014, Farmer GAP Day was comprised of three two-day events, which were held in Banyuwangi and Lumajang, East Java, and in Lombok, West Nusa Tenggara. Farmer GAP Day was designed to bring together social, education and health issues to improve growers' economic conditions and tobacco growing practices, and the 2014 events involved three main components:

1. GAP Celebration: Grower education on GAP and ALP
2. Financial Literacy: Training for growers' wives, who are often tasked with managing money earned from tobacco sales
3. Free Medical Service: Doctor consultation and individual check-ups

Throughout the events, growers were reminded about the principles of ALP and GAP through various forms of edutainment and then quizzed on the information as the day progressed. They received prizes for providing correct answers. During the Financial Literacy classes, growers' wives, who are often responsible for managing the family's finances, learned about the importance of budgeting and financial management, and a local financial consultant taught them how to create a simple income and budgeting sheet. Proper financial management is essential in helping growers avoid labor abuses on their farms, particularly with regards to children of the grower, as they can better plan for and understand labor costs.

More than 2,900 individuals, including PT.AOI IPS growers, growers' wives and local community residents, from West Nusa Tenggara and East Java attended our 2014 GAP Day

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<sup>2</sup> Please refer to Annex B.

events. Each individual left the events with calendars and t-shirts<sup>3</sup> highlighting the principles of GAP and ALP, which served as ongoing reminders throughout the rest of the year. PT.AOI is planning to host a second GAP Day in December 2015.

**7• What steps does AOI take to conduct due diligence concerning child labor in Indonesia? That is, how does AOI identify real or potential child labor problems in the supply chain, including with any contracted growers and with suppliers of all sizes? How does AOI ensure that risks are mitigated and that violations of the company's child labor policy are quickly discovered and addressed?**

PT.AOI field technicians visit each contracted grower 20-24 times per year to provide guidance to growers on how to address labor issues on their farms as well as monitor for compliance on the ALP measurable standards, including child labor. In addition to these regular visits, PT.AOI management conducts one random, unannounced visit to each grower during the peak season, which is when we have found child labor incidents are most likely to occur.

To monitor child labor on farms, field technicians follow the below steps:

1. Visual Observation
2. Grower Interview
3. Worker Interview
4. Written Documentation Review (*if incident indicated*)

Throughout these visits, we collect data on the farm and the grower so that we can assess the risk level of 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 labor issues. 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 PT.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>4</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 (by official ID review) 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

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<sup>3</sup> Please refer to Appendix B.

<sup>4</sup> Please refer to AOI's letters sent to Human Rights Watch dated April 22, 2015 and October 30, 2015 for detailed information about GMS.

from his or her superior on next steps and the incident will be taken into consideration for future grower contracts.

In the 2015-2016 crop season, PT.AOI has conveyed messages about all of the ALP principles to 100 percent of its contracted growers through individual and group trainings.

**8. Has AOI identified or received any reports of child labor on tobacco farms supplying tobacco to AOI in Indonesia in 2013, 2014, or 2015? If so, what actions has AOI taken?**

As previously mentioned, in 2011, PT.AOI introduced the ALP principles to its contracted growers. Our team began analyzing and studying ALP incidents on its contracted growers' farms to learn more about the root causes of the child labor incidents, as well as speaking to growers about why some of their historical practices needed to change. Grower education continued over the next year and PT.AOI began documenting incidents in East Java and West Nusa Tenggara in 2013. As indicated below, PT.AOI has identified incidents of child labor on our contracted farms in 2013, 2014 and 2015:

- **Child Labor Incidents in 2013**
  - Central Java: not monitored
  - East Java: 20 cases
  - West Nusa Tenggara: 10 cases
  
- **Child Labor Incidents in 2014**
  - Central Java: 0 cases
  - East Java: 68 cases
  - West Nusa Tenggara: 39 cases
  
- **Child Labor Incidents in 2015**
  - Central Java: 0 cases
  - East Java: 2 cases
  - West Nusa Tenggara: 91 cases

Relative to the child labor incidents reported in 2015, the majority of the tobacco-related tasks that youth were involved with included harvesting, tying and sorting leaves. The ages of youth involved in these tasks ranged from 12-17. For each incident reported, the field technician followed the steps listed in our response to question 7 and worked with the growers to collaboratively develop solutions that reduce risk for the youth. All reported incidents were addressed during the season and the cases have been resolved. Moving forward, our action plan is to continue monitoring the farms where we documented child labor incidents and, if we find that the issues arise again, we will take it into consideration for future contracts.

When reviewing this data, it is important to keep in mind the following factors:

1. PT.AOI is contracting with an increasing number of growers each year. A higher number of contracted farms increase the probability of labor incidents. As our number of

contracted growers has increased, PT.AOI has increased our staff accordingly so that we can maintain a grower to field technician ratio of 48-55 growers per field technician.

2. Growers are increasing the sizes of their farms and, as a result, they have an increased need for labor.
3. In 2014, we recorded any activity of children around a farm or curing barn as child labor. This included children playing on farm or near the barns, which resulted in a significant increase in the number of documented incidents.
4. Since introducing ALP to our field technicians in 2011, our field technicians' comfort level with honestly and accurately reporting child labor issues has improved, resulting in higher numbers of documented incidents. This is a positive development as it provides PT.AOI with additional opportunities to improve working conditions on contracted farms.

Through our ongoing monitoring and analysis, PT.AOI has learned a great deal about the reasons why youth are working in tobacco production and how this may vary from region to region.

In the East Java area, the farming culture is based around the family and child labor incidents usually involve children of the grower. There are strong family bonds which tie all family members to farming activities. The average size of a farm in East Java is approximately one hectare, thus it is small enough to be managed with a small group of workers and helping on the family farm is seen as a way to reduce labor costs. Additionally, the families view farm work as an opportunity for children to learn about the tobacco growing process which is a potential business for them in the future. Because the children are viewed as helpers, they are not paid by the growers.

One way that PT.AOI is addressing labor concerns in the Burley area of East Java is by providing hand-held rotivators (mini tractors) to growers. In partnership with one of our customers, we cover the majority of the cost of the machines for the growers. By supplying these machines, we are eliminating some of the need for labor during land preparation and, therefore, are decreasing child labor risks during this task. To date, the hand-held rotivator program covers 60 percent of our Burley areas and is planned to cover 75 percent in 2016.

In West Nusa Tenggara, most youth hired to work on tobacco farms are not the children of growers. Growers in this area prefer hiring adults and, in fact, growers' children are generally not interested in helping their parents on the farms. If youth are found working on these farms they are typically identified as temporary workers and are paid by piece work. Their motivation to work is for financial gain, not to meet the needs of their family.

Since our monitoring has begun, we have not identified any child labor incidents in Central Java. During the 2014-2015 season, we monitored 546 workers in this province and found that the youngest individual was 28 years old. Growers in this area are typically very receptive to the ALP principles as tobacco growing tends to be a side business to their primary occupation.

Regardless of location, child labor incidents among our growers are most likely to take place during the post-harvesting time, although tasks and risk for incidents vary by the type of tobacco.

In East Java, where Burley and Sun Cured are cultivated, and in Central Java, where Dark Fire Cured is cultivated, it does not take long to harvest the crop, so we see fewer incidents.

However, the Flue Cured Virginia tobacco of West Nusa Tenggara takes a substantial amount of time to harvest and there is a greater risk for child labor. Growers in this province also prefer to hire youth for the post-harvesting task of stringing/tying tobacco because youth perform the task more quickly than adults.

To mitigate the risk of children being involved with this task, PT.AOI is testing a trial Metal Clips Adaptation project. In this trial project, rather than stringing tobacco on a bamboo stick with cottons string, the sticks are replaced with wires and the workers clamp tobacco with metal clips. This approach not only minimizes safety risks, it also increases workers' efficiency. With the increased efficiency, fewer workers are required and the risk of child labor is reduced. The goal of this project is to reduce labor costs for the grower, thus improving his profitability and reducing the risk that children will be involved in this task. PT.AOI introduced the project to four growers in 2014 and increased it to 66 in 2015. The Company plans to review the impact of the project at the end of the 2015-2016 crop season and determine its effectiveness in minimizing child labor incidents.

By taking a gradual approach with the implementation of ALP and our expectations of growers, we have achieved a greater understanding of the root causes of child labor in East Java, Central Java and West Nusa Tenggara. This information has enabled PT.AOI to develop child labor elimination programs which will have a lasting impact. For example, PT.AOI, in collaboration with PT HM Sampoerna, Philip Morris International's affiliate in Indonesia, has developed a child labor elimination program which is aimed at providing opportunities to help youth reach their full potential. Launched in 2014, the program delivers a series of extracurricular after-school activities, such as marching band, agriculture class, creativity club and educational theatre. The activities, which were developed in partnership with Indonesian NGOs Kafilah Multikreasai and Putera Sampoerna Foundation, are focused on creating fun learning experiences for youth, conveying messages about safely working on farms as well as child labor issues. In 2014, PT.AOI rolled the program out to 507 children in two schools in West Nusa Tenggara and two schools in East Java.

Due to the extremely positive reception of the afterschool activities, PT.AOI expanded the program in 2015 and formally named it the Child Labor Eradication Initiative in Tobacco Area (CERIA) program. The goals of CERIA include:

1. Prevent growers and workers' children from working in tobacco and engaging in hazardous tasks.
2. Support and educate children under the age of 15 years old (the age at which compulsory schooling ends).
3. Develop social change and raise awareness to eradicate child labor in tobacco growing areas.
4. Improve education quality by contributing added value to school activities.
5. Strengthen livelihoods and improve economic situations in communities and households.

The program expansion also included the addition of four schools in East Java and West Nusa Tenggara. The schools were identified based on PT.AOI growing areas with the highest populations of youth at risk. Nearly 1,200 children under the age of 15 participated in these programs and, in partnership with one of our customers, PT.AOI awarded scholarships to 79 outstanding high school students in Central Java, East Java and West Nusa Tenggara. We plan to continue expansion of the program in the 2016-2017 crop season.

Another example of a child labor risk management program we have initiated is the development of a financial record book, Tobacco Operational Record, which PT.AOI provides to all contracted growers and their families. While distributing the book, PT.AOI field technicians educate the growers about how to record their expenses throughout the season, providing them with greater clarity on how much profit they can expect to make at the end of the season. On Oct. 21, 2015, we also collaborated with Social Transformation and Public Awareness (STAPA) Community Learning Group to host a financial literacy training in Lumajang, East Java, for our growers and their families. Growers who participate in financial literacy training are able to better plan for and document expenses during the season, thus improving their economic condition. With improved financial management, growers will have more capital to hire labor legally and send their children to school as opposed to requiring them to work on family farms.

**9• We would welcome any additional information AOI would like to provide to Human Rights Watch regarding its policies and practices toward eliminating child labor in tobacco farming in Indonesia.**

It will take a continued multi-stakeholder approach to fully address child labor in tobacco growing in Indonesia. As you are aware of from our previous correspondence, Alliance One actively participates in the Eliminating Child Labor in Tobacco (ECLT) Foundation and has signed the Pledge of Commitment and Minimum Requirements<sup>5</sup> on combatting child labor. Additionally, Alliance One supports the recent project ECLT has undertaken to better understand the prevalence of child labor and hazardous child labor in selected areas of Java and West Nusa Tenggara.

Please refer to our previous correspondence<sup>6</sup> for additional information on AOI's commitment to eliminating child labor in tobacco production.

### **Health and Safety**

**10. What steps does AOI take to ensure that tobacco farmers and workers in its supply chain in Indonesia are informed about nicotine poisoning/Green Tobacco Sickness, risks associated with pesticide exposure, risks associated with dangerous tools, heavy loads, and working at heights, and other health and safety concerns?**

Please refer to our response to our response to question 6.

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<sup>5</sup> <http://www.eclt.org/wp-content/uploads/2014/12/ECLT-Foundation-Members-Pledge.pdf>

<sup>6</sup> Please refer to AOI's letters sent to Human Rights Watch dated April 22, 2015 and October 30, 2015.

In addition to the safety information provided by our field technicians, at individual and group training sessions, and at PT.AOI's GAP Day, PT.AOI hosts additional health and safety trainings for growers and workers. CPA manufacturers lead the discussion on proper CPA application and provide information as to how growers and workers can stay safe on the farm. These trainings cover a wide variety of topics, including:

- Green Tobacco Sickness,
- CPA Application,
- Knapsack calibration<sup>7</sup>,
- Personal Protective Equipment (PPE) and
- Re-Entry Interval (REI) signs.

In 2012, PT.AOI distributed PPE free of charge to 100 percent of our contracted growers and their workers. This included a mask, hand gloves, aprons and caps. Since that time, we have continued to provide PPE to any newly contracted growers as well as replace the PPE as needed to ensure that it is still effective. We recognize that providing effective PPE in Indonesia is a challenge as much of the currently available PPE is made of heavy material which is very hot for workers and they may choose to stay cool rather than protect themselves from other risks. We would appreciate guidance from Human Rights Watch on any PPE recommendations.

**11. What policies does AOI have in place regarding handling and applying pesticides, as well as the proximity of workers on tobacco farms in its supply chain in Indonesia to active spraying of pesticides or other hazardous chemicals? How does AOI monitor the implementation of these policies?**

Pursuant to ALP, PT.AOI growers are contractually required to store, apply and dispose of all CPAs in accordance with the applicable CPA manufacturer's label recommendations, requirements and application rates, and in full compliance with applicable law, as well as secure and store all CPAs in a location inaccessible to youth. These requirements include the use of PPE.

Similar to our monitoring practices for child labor and health and safety concerns, PT.AOI monitors for compliance with pesticide requirements through individual farm visits by field technicians and random visits by management. During each visit, field technicians observe if growers/workers follow safe working procedures or meet the measurable standards associated with the Safe Work Environment principle. If a grower is identified as not meeting the standards (e.g., not wearing gloves during fresh leaves sortation), our field technicians make a note in GMS and remind the growers and workers their contractual obligations to comply with all aspects of ALP, including with respect to fostering a safe work environment. Additionally, the field technicians discuss the importance of conforming to the safety protocols provided by the CPA manufacturers during CPA application and provide recommendations on what PPE may be needed during CPA application and provide recommendations on what PPE is needed to provide

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<sup>7</sup> Knapsacks are the tools which growers use to spray CPAs on their tobacco crop. They must be gauged in order to ensure proper application.

protection from GTS/CPA exposure. Field technicians will continue following up with the farm until the issue is closed.

In 2013, PT.AOI distributed CPA lockbox storage boxes to 100 percent of our contracted growers. Since that time, we have continued to provide these boxes to any newly contracted growers. Our field technicians monitor the boxes during their visits, both for placement of the box and for condition. We recommend that the box be placed out of children's reach at a height of at least 1.8 meters, but it may be lower for some growers considering that the average Indonesian height is 1.6-1.7 meters. It should also be placed far away from food. If the box is in poor condition, we will provide a replacement.

In addition to the safety training provided by CPA manufacturers, PT.AOI collaborates with the manufacturers to collect empty agrochemical containers and fertilizer bags. Contracted growers provide PT.AOI leaf technicians with their empty containers, which are then held at one of our warehouses until the CPA company comes to collect them. Field technicians monitor for grower participation in this program during the individual farm visits and document how many containers the growers are giving to PT.AOI. In addition to minimizing health concerns, this program minimizes the risk of containers being buried or left in the fields.

### **Conclusion**

Alliance One takes the findings in your report very seriously. As evidenced by our multiple programs aimed at mitigating child labor issues, ongoing awareness initiatives and education for contracted growers, and continued focus on reducing the volume of tobacco purchased from third-party suppliers, we are actively working to eliminate child labor and other labor abuses within our supply chain. While we are making progress on this issue, there are still many challenges that remain and we look forward to future discussion with Human Rights Watch as we work together to achieve our shared objective.

We are committed to doing our part to eliminate child labor from tobacco production.

**Annex B**  
**PT.AOI Grower Awareness Materials**

# ALP Principles Leaflet



## KODE PRAKTEK-PRAKTEK PEKERJA PERTANIAN (ALP)

PT. Alliance One Indonesia (AOI) berkomitmen untuk menghapuskan pekerja anak dan pelanggaran kerja lainnya dimanapun ditemukan dan untuk mencapai kondisi kerja yang aman dan adil di semua lahan pertanian yang tembakau tembakau kepada AOI.

Kode ALP ini mendukung tujuan tersebut dengan menetapkan praktik-praktek pekerja, prinsip-prinsip dan standar yang AOI harapkan untuk dipenuhi pada semua lahan pertanian yang AOI kontrol untuk membeli tembakau. Kode ALP ini didasarkan pada Undang-Undang Ketenagakerjaan Nasional dan standar ketenagakerjaan dari Deklarasi Organisasi Buruh Internasional (ILO) tentang Prinsip-prinsip dan Hak Dasar di Tempat Kerja serta konvensi ILO terkait lainnya. Prinsip-prinsip dan standar Kode ALP ini harus dijabarkan dan dilaksanakan sejalan dengan semua Undang-Undang tersebut di atas dan konvensi ILO.

Dukungan bagi petani mitra untuk tetap mematuhi Kode ALP serta prinsip-prinsip dasarnya tercermin pada Nilai Inti dari AOI, Inc. Kami akan bekerjasama dengan seluruh mata rantai pasokan, baik dengan klien maupun petani mitra dalam memahami permasalahan yang ada dan memberikan solusi untuk memastikan kepatuhan. AOI memahami bahwa pada beberapa permasalahan mengenai pekerja yang mana membutuhkan solusi jangka panjang, akan lebih baik apabila didukung melalui intervensi dari badan pemerintahan. Sektor industri menginspirasi pihak-pihak lain untuk turut terlibat. AOI berkomitmen untuk bekerjasama dengan seluruh pihak terkait untuk meningkatkan praktik-praktek pekerja di pertanian dan kepatuhan pada Kode ALP.

Petani mitra akan mendapatkan dukungan penuh dari AOI untuk dapat mematuhi Kode ALP melalui pelatihan dan dukungan teknis. Bagi petani, adalah diharapkan untuk mengevaluasi praktik-praktek yang dilakukan di pertanian mereka berdasarkan pada persyaratan yang diminta oleh Kode ALP dan melakukan perubahan-perubahan yang diperlukan untuk memastikan kepatuhan dapat dibuktikan melalui audit independen.

Para petani dan para pemasok tembakau diharapkan dapat mengaplikasikan Kode ALP ini dengan tekun dan transparan serta bekerja bersama AOI dalam meningkatkan praktik-praktek pekerja pertanian yang berkesinambungan.

## PERLAKUAN ADIL

Petani harus memastikan perlakuan adil terhadap pekerja. Pekerja harus dihormati, hak-hak mereka dilindungi, dan mereka bekerja dengan aman dan adil.

**▶ Standar Pengukuran**

- Tidak ada kekerasan fisik, ancaman kekerasan fisik atau psikis, atau intimidasi atau pengintimidasi.
- Tidak ada kekerasan atau pelecehan verbal.
- Tidak ada kekerasan atau pelecehan seksual.
- Tidak ada diskriminasi terhadap ras, warna kulit, kasta, jenis kelamin, agama, afiliasi politik, kebangsaan, etnis, status sebagai pemohon suaka, suku, bahasa, usia, disabilitas, kecacatan, orientasi seksual, kewarganegaraan atau kebangsaan.
- Pekerja memiliki akses terhadap mekanisme pengaduan keluhan yang adil, transparan dan terproteksi yang menggaransi identitasnya.



## KODE PRAKTEK-PRAKTEK PEKERJA PERTANIAN (ALP)

### PEKERJA ANAK

Pekerja anak tidak diperkenankan.



**▶ Standar Pengukuran**

- Tidak memperkerjakan atau merekrut pekerja anak. Usia minimum untuk bekerja tidak boleh kurang dari usia penyelesaian wajib belajar dan dalam keadaan apapun tidak boleh kurang dari 15 tahun atau usia minimum yang ditetapkan Undang-Undang Negara, mana saja yang memberikan perlindungan lebih besar.
- Tidak ada pekerja berusia dibawah 18 tahun yang terlibat dalam segala jenis pekerjaan berbahaya.
- Dalam hal usaha lain keluarga, orang-orang anak harus boleh membantu usaha lain keluarganya tersebut apabila tugaskannya merupakan pekerjaan ringan dan usia anak antara 11 dan 13 tahun atau diatas usia minimal untuk pekerjaan ringan sebagaimana ditetapkan oleh Undang-Undang Negara, mana saja yang memberikan perlindungan yang lebih besar.

## PENGHASILAN & JAM KERJA

Penghasilan yang diperoleh selama periode pembayaran atau musim panen harus dapat memenuhi kebutuhan dasar pekerja serta memadai untuk memberikan atau menyetor jama kerja legal.



**▶ Standar Pengukuran**

- Upah untuk semua pekerja termasuk pekerja harian, borongan, musiman dan insigasi minimum, setidaknya standar hukum Nasional atau standar paritikan pertanian yang berlaku.
- Upah semua pekerja dibayarkan secara rutin, setidaknya sesuai dengan paritikan insigasi.
- Jam kerja mematuhi Undang-Undang Negara. Diluar lembur, jam kerja normal tidak lebih dari 40 jam per minggu.
- Jam kerja lembur berfaat sukarela.
- Upah lembur dibayarkan lebih tinggi sebagaimana ditentukan sebagaimana ditetapkan dalam Undang-Undang Negara atau kesepakatan bersama yang berlaku.
- Semua pekerja diberikan jaminan, baik lisan dan tulis sesuai hak mereka sebagaimana ditetapkan dalam Undang-Undang Negara.

## LINGKUNGAN KERJA YANG AMAN

Petani harus menyediakan lingkungan kerja yang aman untuk mencegah kecelakaan dan cedera serta untuk memastikan resiko kesehatan, Asamotisi, apabila dibutuhkan, harus bersih, aman dan memenuhi kebutuhan dasar para pekerja.



**▶ Standar Pengukuran**

- Petani menyediakan lingkungan kerja yang aman dan bersih serta mengambil langkah-langkah yang semestinya untuk mencegah kecelakaan, cedera dan mengorganisasi insigasi.
- Pekerja tidak diperbolehkan melakukan penggal atau memutar tembakau maupun menggudang, kecuali telah diarah, untuk menghindari penggal tembakau (GPO).
- Pekerja tidak diperbolehkan menggunakan, menanganai atau mengaplikasikan pestisida atau zat-bahan berbahaya lainnya seperti pupuk tanpa mendapatkan pelatihan yang memadai terlebih dulu dan tanpa menggunakan Alat Pelindung Diri (APD). Pekerja dibawah usia 18 tahun, wanita hamil dan ibu menyusui tidak diperbolehkan menggunakan dan mengaplikasikan pestisida.
- Pekerja tidak diperbolehkan memasuki lahan yang telah terakumulasi pestisida, kecuali jika mereka telah memakai pakaian pelindung diri yang memadai.
- Pekerja memiliki akses air minum dan toilet yang bersih dan dekat tempat mereka bekerja dan tinggal.
- Akomodasi, apabila disediakan, harus bersih, aman dan memenuhi kebutuhan dasar para pekerja serta mematuhi Undang-Undang Negara.

## PEKERJA PAKSA

Semua pekerja pertanian harus berhadapan sukarela. Pekerja paksa tidak diperkenankan.

**▶ Standar Pengukuran**

- Pekerja tidak bekerja dibawah paksa atau ancaman dari paksa, termasuk upah-bayar yang rendah dari pemberi kerja.
- Pekerja bebas menggunakan pekerjaan mereka kapanpun dengan waktu, pembatasan yang wajar.
- Pekerja tidak diharuskan membayar uang jaminan kepada pemberi kerja.
- Upah atau penghasilan dari hasil panen dan pekerjaan yang dilakukan tidak ditahan melalui penempatan penanaman yang tidak dapat diprediksi.
- Petani tidak menahan dokumen identitas asli pekerja.
- Petani tidak memperkerjakan pekerja dari penjara atau pekerja wajib.



## KEBEBASAN BERSERIKAT

Petani harus menghormati dan menghargai hak pekerja atas kebebasan berserikat dan berorganisasi secara kolektif.



**▶ Standar Pengukuran**

- Petani tidak diperbolehkan menghalangi hak pekerja atas kebebasan berserikat.
- Petani bebas bergabung atau membentuk organisasi dan serikat pilihan mereka dan untuk berunding secara kolektif.
- Penawaran pekerja tidak didiskriminasi dan harus memiliki akses untuk menjalankan fungsi pemakluman mereka di tempat kerjanya.

## KEPATUHAN TERHADAP HUKUM

Petani harus mematuhi semua Undang-Undang Ketenagakerjaan di negaranya.



**▶ Standar Pengukuran**

- Semua pekerja mendapatkan informasi mengenai hak-hak mereka atas hukum dan persyaratan pekerjaan mereka ketika mereka mulai bekerja.
- Bila diwajibkan oleh Undang-Undang Negara, petani dan pekerja membuat kontrak kerja tertulis dan pekerja memenuhinya salinan kontrak kerja tersebut.
- Syarat dan ketentuan kontrak kerja tidak bertentangan dengan Undang-Undang Negara.

# Child Labor Posters



# Safe Work Environment Poster



# Green Tobacco Sickness Leaflet

**GREEN TOBACCO SICKNESS GTS**

**CARA AMAN DALAM MEMETIK TEMBAKAU**

**Pada Saat Pemetikan SELALU GUNAKAN**

**A. SARUNG TANGAN yang tidak mudah tembus**

**B. Pakaian LEMANG PANJANG**

**C. Pakaian yang TIDAK MUDAH TEMBUS**

Catatan: Perhatikan hal-hal di atas agar kulit anda tidak bersentuhan langsung dengan daun tembakau. Namun perhatikan agar anda tidak merasa kepanasan.

**Petani yang budiman, Anda telah memelihara tembakau sejak awal penanaman.**

**Kini ketika tiba saat petik, LINDUNGI KESEHATAN DIRI DAN KELUARGA ANDA.**

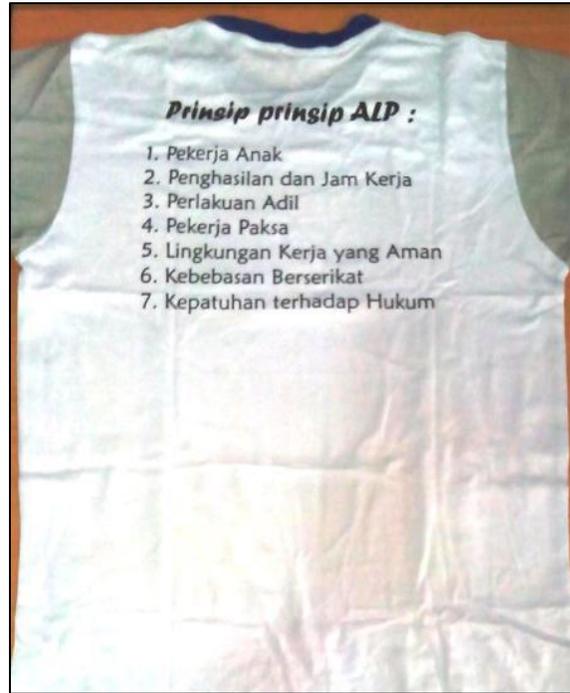
**ANJURAN SAAT MEMETIK TEMBAKAU**  
Penting untuk keselamatan anda

- 01 USAHAKAN KONDISI KERING**  
Hindari pakaian basah saat menangani daun basah. Ganti pakaian secara rutin ketika baju basah atau terkena getah tembakau.
- 02 USAHAKAN KONDISI SEJUK**  
Hindari GTS (Green Tobacco Sickness) dengan menjaga suhu tubuh anda. Usahakan bekerja pada saat lingkungan masih sejuk. Bila suhu lingkungan menjadi lebih panas, istirahatlah dan tarik nafas dalam-dalam. Bila perlu, minta bantuan medis.

**PETANI BUAKSANA BEKERJA DENGAN HATI-HATI**

Lindungi diri anda dari Green Tobacco Sickness

# 2014 Farmer GAP Day Gifts





Selamat Tahun Baru  
**2015**

**ALP CODE**  
Agricultural Labor Practices Code  
Kode Praktik Ketenagakerjaan  
di Pertanian



1. Pekerja Anak Tidak Diperkenankan
2. Penghasilan dan Jam Kerja
3. Perlakuan Adil
4. Pekerja Paksa
5. Lingkungan Kerja Yang Aman
6. Kebebasan Berserikat
7. Kepatuhan Terhadap Hukum

**2015**

**JANUARI**

28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**FEBRUARI**

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
1	2	3	4	5	6	7

**MARET**

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4