



Philip Morris Operations a.d. Niš and Philip Morris Services d.o.o. Beograd are the two entities which constitute the Serbian affiliate of the world's leading tobacco company, Philip Morris International.

We are committed to respecting all internationally recognized human rights in accordance with the U.N. Guiding Principles on Business and Human Rights, the International Bill of Rights and the International Labor Organization's Declaration on Fundamental Rights and Principles at Work throughout our operations, including our entire chain – from supplier to consumer.

Our policies and programs in areas such as product development and marketing, workplace integrity, and supply chain, have long been addressing a wide range of labor rights and human rights.

While we are currently developing a more systematic and comprehensive human-rights risk-management system in accordance with the U.N. Guiding Principles on Business and Human Rights, our current efforts to respect human rights through policies, due diligence processes, and remediation measures, span several dimensions of our operations, and for the purpose of this questionnaire we will elaborate on some of them:

- **Employment Principles & Practices**

Workplace integrity means fostering and protecting a corporate environment that is inclusive, safe, and professional. We have adopted a suite of Principles and Practices set out in our Guidebook to Success that all our employees are required to follow. Our [Guidebook for Success](#) is our code of conduct. It defines who we are and how we do business. Through the Guidebook, employees learn the legal and ethical responsibilities that apply to their jobs, which include upholding their commitment to each other to do what is right and report and correct what is not.

- **Diversity & Inclusion**

Our Diversity and Inclusion program adopts a merit-based approach to all employment-related decisions. We do not limit people's opportunity to contribute or advance based on age, childcare responsibilities, disability, ethnicity, gender, gender expression, sexual orientation, religion, pregnancy, or other protected personal characteristics. As part of our efforts, we seek to increase the proportion of female employees in management positions, with a goal to reach 40 percent by 2022. In Serbia we are close to this goal as the number of women in leadership positions has already reached 38% (data on 31.12.2016).

In addition to these internal activities, in 2009 Philip Morris launched a contributions program entitled START UP FOR YOUR BUSINESS aimed at boosting employment through providing grants for start-up or upgrade of small and family businesses in Serbia. The program is aimed at socially vulnerable, marginalized and underprivileged groups, with special focus on supporting women entrepreneurship. In the 7 years of implementation, the program helped start up or upgrade of over 600 small and family businesses which employ over 1800 people, out of which over 40% are run by women.



- **Supply Chain**

ALP program for tobacco growers

Since 2002, we have adopted and continually developed a Good Agricultural Practices (GAP) program, which defines the principles and standards we expect to be met by all those who grow and supply tobacco for PMI. These principles and standards focus on various areas, among which is also how to improve working conditions on the farm. For this purpose, we have developed the [Agricultural Labor Practices Program](#) (ALP) in 2011, governed by the [ALP Code](#), to improve labor practices and progressively eliminate child labor on all farms from which we purchase tobacco. PMI's commitment is to eliminate child labor and other labor abuses where they are found, and to achieve safe and fair working conditions on all farms where we source tobacco.

PMI partners with the leading NGO in supply chain sustainability, Verité, to design, implement, monitor, and evaluate the effectiveness of the ALP program. In addition, we have Control Union Certifications to do third-party assessments of our ALP program. The assessments evaluate the current status of farm-labor practices and risk areas, and include comprehensive plans to improve conditions on farms in light of the findings.

In Serbia, we have been implementing ALP Program since 2012, in cooperation with the company Alliance One Tobacco. In addition, we have been developing and implementing programs Eco Environment, Edu Camp and Edu Caravan, aimed at improving living conditions as well as eradicating child labor in tobacco growing communities across Serbia, especially in underdeveloped Southern Serbian municipalities of Preševo and Bujanovac. Through improving school infrastructures, and providing educational workshops and study trips for children of tobacco growers, especially during the summer when intensive field activities take place, we have provided age-appropriate and educational alternatives which largely contributed to reduction of child work on family farms in this region.

Beyond Tobacco-Growing

When working with suppliers, we follow a risk-based approach. As an example, we continuously audit suppliers in our nontobacco supply chain using third-party experts.

We also contractually require all third parties who carry out tasks at our factories, or on behalf of PMI – including business partners and contractors – to comply with our Environmental, Health, Safety, and Security requirements.



- **Protecting Migrant Workers**

Migrants on tobacco farms are particularly vulnerable. They can also fall victim to forced labor and human trafficking. That's why we're contributing around the world to prevent the exploitation of migrant workers and their families in tobacco farming and help them integrate into society.

In addition to prioritizing specific interventions and the ongoing work under our Agricultural Labor Practices (ALP) Program, we are committed to understanding these risks and addressing the needs of migrant communities throughout our value chain. This is why we build partnerships with international organizations, such as the International Organization for Migration (IOM) to provide assistance to the most vulnerable migrants and reduce exploitation and other forms of human-rights abuses.

In Serbia, we provided emergency support to IOM in 2015 to build a transit camp with winter-proof facilities for migrants in Miratovac, at the border with FYR Macedonia.

- **The Fight Against Human Trafficking**

Taking a stand against modern-day slavery requires a joint effort by companies, nonprofits, and governments.

We believe that the eradication of modern-day slavery requires companies to proactively include prevention as an integral part of the way they do business, from hiring to sourcing to measuring success.

Since 2015 we have been partnering with the Mekong Club on global level to strengthen our expertise to identify risks in our supply chain and find sustainable solutions. The Mekong Club helps companies prevent and fight modern-day slavery by identifying and addressing potential vulnerabilities and gaps within their supply chains.

- **Giving Back to the Community where we live and work**

Since we started our operations in Serbia in 2003, Philip Morris contributed over USD 16.9 million to causes and programs to improve the livelihoods of the communities in Serbia.

We are strongly committed to the development and growth of local communities. We partner with nonprofit and public sector organizations and local stakeholders.

Our charitable giving and community investments are focused on access to education, empowering women, economic opportunity, as well as disaster preparedness and relief efforts.

Through these programs, we are contributing to realization of the United Nations Sustainable Development Goals.