



PYXUS™

UK MODERN SLAVERY TRANSPARENCY STATEMENT

**For the Financial Year
ending March 31, 2022**

This statement is published in accordance with the UK Modern Slavery Act 2015. It outlines the steps taken by Pyxus International, Inc. and its predecessor companies between April 1, 2021 and March 31, 2022 (fiscal year 2022) to prevent slavery and human trafficking from occurring within the business and supply chain, covering Pyxus, its subsidiaries and affiliates.

Introduction

Our Company has a long-standing commitment to respect fundamental human rights. We conduct business in ways that respect the human rights of employees, the people we work with and the communities in which we operate.

Slavery and human trafficking are direct violations of a person's most basic rights. We do not tolerate such abuses, or any other human rights abuses, in our direct operations, our indirect operations or our supply chain as a whole.

Our understanding of modern slavery is based on the definitions set out in the UK Modern Slavery Act 2015 and is guided by the United Nations Universal Declaration of Human Rights and the conventions of the International Labor Organization (ILO), particularly relating to forced or compulsory labor. We are aware of slavery and human trafficking in today's society, and we recognize the modern slavery risks that all businesses are exposed to, either within their own operations or in their supply chain.

The actions outlined in this statement reflect the actions taken by our Company and its subsidiaries and affiliates. By taking a global approach, this statement addresses the risks and priorities being addressed throughout our operations and supply chain.

This statement was approved by the Board of Directors of Pyxus International on June 15, 2022.



Pieter Sikkel
President and CEO

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BUSINESS & SUPPLY CHAIN

Pyxus is a global agricultural company that delivers value-added products and services to businesses and customers, and is a trusted provider of responsibly sourced, independently verified, sustainable and traceable products and ingredients. We believe everything we do is to transform people's lives so that together we can grow a better world.

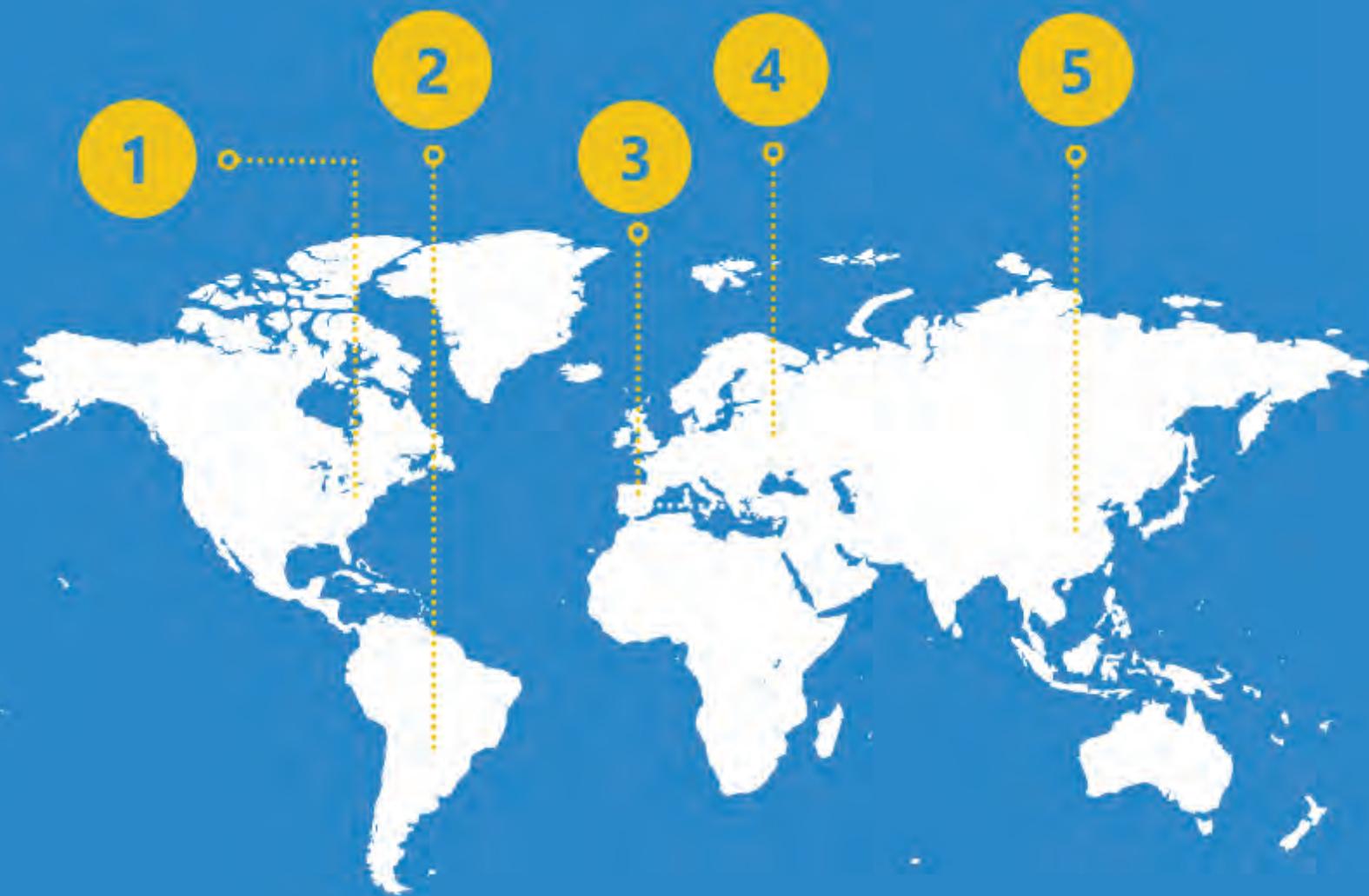
We provide. . .

- responsibly sourced
- independently verified
- sustainable
- traceable

. . . products & ingredients

Learn more at pyxus.com

As of March 31, 2022, the consolidated entities of Pyxus' companies employed approximately 2,943 full-time people. These people are employed in 26 countries across five continents.



Through our subsidiaries, we process products in Company-owned and third-party facilities around the world, including in Argentina, Brazil, China, Guatemala, India, Indonesia, Jordan, Macedonia, Malawi, Tanzania, Thailand, Turkey, Uganda, United States and Zimbabwe. We work with growers to produce sustainable leaf tobacco, groundnuts, sunflowers and more.

While these farms vary in size and complexity, the majority are smallholder family farms of a hectare or less.

POLICIES, PROCEDURES & STANDARDS

The approach of Pyxus, our subsidiaries and affiliates is to address modern slavery risks supported by clear policies, procedure and standards that detail the way our companies do business, how we behave and our expectations of those we do business with. These include:

Anti-Child Labor Policy

Code of Business Conduct

Human Rights Policy

Agricultural Labor Practices (ALP) Program

Third-Party Services Provider Compliance Policies

Code of Business Conduct

Our Company's Code of Business Conduct is our guide to ethical and lawful conduct. It clearly defines the Company's expectations for legal and ethical behavior on the part of every employee - an obligation that is a condition of employment. The Code of Business Conduct is available in 21 languages.

Within our Code of Business Conduct, we explicitly state our commitment to eliminating human rights abuses, including forced labor, within our direct operations and throughout our supply chain. The expectations set forth in our Code of Business Conduct are echoed in our Human Rights Policy.

Agricultural Labor Practices Program

Pyxus' Agricultural Labor Practices program sets the human rights standards by which those in our agricultural supply chain are expected to abide. The standards in this program are based on labor standards of the ILO Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. National and local legislation supersedes when it is more restrictive than ILO guidance. The standards must be interpreted and implemented in line with local laws and ILO conventions. Included within this program is a standard to address forced labor, which states that all farm labor must be voluntary. The standards used to measure this include:

- Workers do not work under bond, debt or threat and must receive wages directly from the employer
- Workers are free to leave their employment at any time with reasonable notice
- Workers are not required to make financial deposits with employers
- Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions
- Growers do not retain the original identity documents of any worker
- The grower does not employ prison or compulsory labor

Human Rights & Anti-Child Labor Policies

The ALP program is supported by our Human Rights and Anti-Child Labor policies. Our Human Rights Policy defines our commitment to respecting human rights, as defined by the International Bill of Human Rights and the ILO's Declaration of Fundamental Principles and Rights at Work.

The International Bill of Human Rights collectively includes the two covenants: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. We also commit to the United Nations Guiding Principles on Business and Human Rights and United Nations Global Compact. We take meaningful steps to prevent the use of forced, bonded or indentured labor, involuntary prison labor, slavery or human trafficking in our workplaces and throughout our supply chain.



Third-Party Services Provider Compliance Policies

We have Third-Party Services Provider Compliance Policies that require our service providers not use any illegal, unethical or improper methods of doing business, which would reasonably include human rights abuses, and that they may not utilize any payments from the Company for any illegal, unethical or improper purpose.

To minimize the risk associated with using third-party service providers, the Company requires that all new, high-risk service providers undergo a pre-engagement compliance review. We recognize that when a vendor is conducting business on our behalf, their actions reflect on our Company. The goal of our program is to proactively address any service provider compliance risk.



HUMAN RIGHTS DUE DILIGENCE

Through our risk-based due diligence procedure we identify, prioritize, respond and measure actual and potential negative impacts on human rights in the agricultural supply chain.

Our due diligence process includes engagement with stakeholders and identification of potential extreme breaches related to modern slavery and human rights. Employees are trained to identify activities that may cause actual or potential negative impact, activities that may contribute to actual or potential negative impact, and activities where we are directly linked to actual or potential negative human rights impacts in the supply chain. Our procedure also involves preventing and mitigating adverse human rights impacts.

Our due diligence procedure is supported by grievance mechanism procedures where stakeholders can report any actual or potential negative impact on human rights.

Grower Training & Monitoring

While we recognize the risk of modern slavery at any point in our operations and supply chain, based on assessment and insight developed over the years, we believe the greatest risk is in our agricultural supply chain. To mitigate this risk, subsidiaries that are directly involved with agronomic production have implemented a strong grower education, training and monitoring program that involves both announced and unannounced farm visits.

While we do not require a certification from our suppliers regarding compliance with human trafficking laws, Pyxus and its subsidiaries include language in our contracts with growers that stipulates they must abide by our standards, programs and policies regarding human rights and forced labor or the regulation set by the country in which they reside, whichever is more stringent. Although the specifics of this language varies by country, growers who sign the contracts are agreeing that they will comply with the slavery and human trafficking laws of the country or countries in which they do business and indicate that they understand there are commercial consequences for failure to do so.

Throughout our group of companies, our agronomists, leaf technicians and field technicians are specially trained to teach contracted growers about the ALP program. In addition to providing education through group trainings, they visit contracted farms multiple times per season to provide guidance to growers on how to address labor issues on their farms, as well as monitor for compliance with the ALP measurable standards, including forced labor. Pyxus subsidiaries that contract with growers are required to document how those farmers source their labor, including whether or not a labor broker is involved.

In addition to these regular visits, local field management often conducts unannounced farm visits to growers. The number and schedule of visits annually varies by origin. To monitor for potential forced labor on farms, our companies' field team routinely follows the below steps, but not necessarily in this order:

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



Assessing & Managing Risk

We take a multi-pronged approach to addressing human rights risks in our agricultural supply chain. Our initial assessment is based on Verisk Maplecroft® risk indices related to human and labor rights for countries where we operate. Our risk assessment methodology includes the identification of risk factors and probability and severity of actual or potential risks. Our goal is to drive change and implement long-lasting solutions that can help secure the sustainability of agricultural communities.



Throughout our farm monitoring visits, we collect data on the farm and from 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. In respect of mitigation of risk and addressing any potential violations of ALP, if it is determined that there is a violation of the ALP policy and/or applicable regulations, the field technician will record the violation in SENTRI®, our track-and-trace platform. SENTRI has the capability to track more than 700 data points throughout the supply chain, including ALP violations.

The field staff will begin communication with the grower and worker(s) to obtain additional information about the relationship. The field staff will then remind the grower about their contractual obligations and develop an action plan to resolve the situation. On a follow-up visit, the field staff will check on the situation and determine whether the individual(s) is still at risk. If the situation has been resolved, the case will be closed. If not, the field staff will seek guidance from their superior on next steps. While our primary goal is to drive continuous improvement, if a grower does not demonstrate a willingness to address and permanently resolve the issue, we reserve the right to terminate or not renew a contract.



In addition to our internal risk assessments, we participate in industry assessments in order to incorporate additional stakeholder feedback. For example, in Turkey during FY22, we participated in a third-party risk assessment of the agricultural supply chain, the goal of which was to help identify sensitive or hidden issues that may not have been obvious from standard due diligence monitoring.

Grower Collaboration

Through farm monitoring, we focus on identification of the root cause of a human rights abuse. Utilizing the data collected within SENTRI, our agronomists and field teams can actively work to identify trends within select geographical areas or types of farms.



The human rights violation that is observed is often a symptom of a larger, more hidden cause. While we work to immediately address the symptom by reducing the risk of physical or psychological harm, we also attempt to work with the grower to identify the root cause and address that issue.



In many instances, this work involves partnering with community or other industry organizations to address larger, systemic issues in the agricultural community.



MODERN SLAVERY PREVENTION TRAINING

In fiscal year 2022, 99.7% of compliance program participants of Pxyus' predecessor companies worldwide completed training on the Code of Business Conduct. In addition, all new, full-time employees were required to read the Code of Business Conduct when hired.

99.7%

Participants completed Code of Business Conduct training

Staff Training

All staff responsible for training and monitoring our companies' contracted growers for compliance with the ALP program, including the forced labor principle and measurable standards, participate in annual trainings to provide clarity and up-to-date information about human rights. These trainings provide detail on how they should address human rights violations within the supply chain. In FY2022, 100% of staff responsible for grower relationships participated in these trainings. Following the trainings, participants are tested for comprehension of material. Remedial training is provided if required.

Grower ALP Trainings

With regard to our companies' supply chain for that same period, 100% of contracted growers were trained on the forced labor ALP principle and measurable standards to help them understand its meaning and how to remain in compliance. The type of training and education provided to growers was tailored to meet the needs and risks of the location where the growers were located, but it generally includes a combination of on-farm individual and group trainings and workshops.

100%

MEASURING EFFECTIVENESS

Each origin where our Company, subsidiaries and affiliates source a crop has a local ALP team, which is responsible for ALP program implementation. These teams, which include diverse staff and management, regularly review agricultural labor incidents that occur on contracted farms. They develop action plans to create or revise grower and farmworker training, as applicable, and also will decide if a contract needs to be reduced or terminated based on grower compliance with the ALP program.

External Monitoring & Risk Assessments

We are committed to fair labor practices within our supply chain, and independent, third-party monitoring is critical to identification and evaluation of potential risks for human trafficking and slavery in our supply chain. Independent, external monitoring is critically important to our ALP program. For example, our tobacco leaf subsidiary, Alliance One International, LLC (AOI) participates in the Sustainable Tobacco Production (STP) program, which assesses and monitors AOI's performance in meeting industry-wide standards for tobacco.

This program evaluates whether the proper systems, governance and processes are in place to meet environmental, crop and human rights standards. This program is aligned to international standards, including those of the ILO.

Due to the evolving nature of the STP program and the impact of COVID-19, no on-site STP audits were conducted in FY21. However, in FY22, STP resumed on-site audits in Argentina, using the country as a pilot area to role out its updated program. The improved STP aligns with the UN Sustainable Development Goals and features a stronger focus on impact, risk and continuous improvement.

We have not used third-party verification to monitor for risks in our non-agricultural supply chain. We are unable to verify whether subcontractors used by our e-liquid affiliates use labor brokers.

Through the STP program, several criteria are evaluated including a number specifically relating to forced labor, our environmental, social and governance (ESG) targets including forced labor, climate change and farmer livelihoods.

External human rights assessments have been done regularly by various organizations in our origins around the world since 2014 in order to assess the effectiveness of the ALP program, reduce the number and severity of labor rights violations on our contracted farms and to improve the overall experience of farmworkers on contracted farms.

Stakeholder Engagement

We understand the importance of capturing the voice of rights holders, and we are committed to engaging with potentially and actually affected stakeholders. We regularly engage a wide range of external stakeholders on our approach and specific concerns, both at a global level and locally within in the countries where we operate.

For example, in the United States, AOI participates in the Farm Labor Practices Group (FLPG). The FLPG is a group of stakeholders who engage in dialogue on farm labor practices in the U.S. agricultural supply chain, including the use of farm labor contractors. In Malawi, where there are forced labor risks associated with the practice of tenancy, Alliance One actively worked with industry stakeholders to implement new minimum standards in tobacco growing, which received approval from the Malawi Ministry of Labor in 2018 and have since been incorporated into contracts signed with farmers.

The background of the entire page is a silhouette of two men shaking hands. They are positioned on the left and right sides of the frame, facing each other. The background is a warm, golden sunset or sunrise, with the sun low on the horizon, creating a bright glow behind the figures. The men are wearing caps and work shirts. The overall mood is professional and collaborative.

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