

## **Sustainable Tobacco Production (STP) Policy**

### **Policy and Programme**

#### **1.0 Scope**

This policy is based on Sustainable policy of Pyxus International, Inc. and applies to all Alliance One International (AOI) & Thapawong Company Ltd (TW) Joint Venture operations within THAILAND and under the Joint Venture Company Siam Tobacco Export Corporation (STEC); including the STEC processing facility, the up-country Agronomy offices, all storage facilities, all STEC & TW operated buying stations and contracted farmers (as appropriate).

STEC confirms a commitment to conduct our business with integrity and in compliance with all relevant national and local regulatory requirements. STEC will comply with regulatory requirements and legislation, at a minimum, and will support international best practices and customer requirements where it is in the best interest of long term economic viability of our contracted growers and our business.

This policy defines sustainability, outlines the major sustainability issues in the Thai tobacco industry, our objectives, and implementation guidelines and sets out a process to review and update the policy.

#### **2.0 Definition**

Sustainability in Tobacco Production is a deliberate process of understanding and assessing the impacts of our business value chain, and minimizing any detrimental impacts on our employees, the environment, and the communities in which we operate within, while providing a reasonable financial return to shareholders. In general, this is accomplished by assessing risks, developing and implementing best practices that put in balance social and commercial priorities throughout our value chain and finally, monitoring progress for future improvements. The process entails a commitment to the managing programs for our value chain that:

- ☐ Provides a structure and practices for good governance of the program;
- ☐ Aims to achieve sustainable crop production through a balance of economically competitive agriculture production using Good Agricultural Practices (GAP) and compliance with AOI's Agricultural Labor Program (ALP) and The Management Policy of Thapawong Company Ltd, to protect farm workers and the environment, while protecting the farmers net income;
- ☐ Monitoring, minimizing within economic and regulatory restrictions and reporting the external environmental impacts of tobacco growing and processing activities in our value chain and on the communities in which we operate. This ultimately leads toward adopting international best

practices where economically feasible, while ensuring compliance with relevant local and national legislation;

- ☐ Providing a working environment that provides for the health and safety of all AOI & TW (STEC) employees and visitors, through risk assessments, implementation of best practices, inspections, and transparent internal and external reporting;
- ☐ Ensuring that company vehicles, equipment, tools and facilities are properly maintained, safe to operate and do not endanger health;
- ☐ Adopting fair labor standards throughout our value chain, including the protection of farm workers and elimination of exploitive child and forced labor, through compliance with local and national labor laws and AOI's Agricultural Labor Program (ALP) and The Management Policy of Thapawong Company Ltd. This will be implemented through training of applicable staff and contracted growers, on-farm monitoring and corrective actions, where required;
- ☐ Ensuring employment and advancement is unaffected by race, religion, gender, social class, political ideology or disability;
- ☐ Providing support for educational opportunities among adults, as well as children.
- ☐ To deliver responsibly produced sustainable and traceable agricultural products, ingredients and services to businesses and consumers.

### 3.0 Objectives:

STEC commits to focus on these objectives:

#### Sustainable water resources

- ☐ Encourage managing sustainable water resources in local communities and likewise, enhance water-use efficiency and water conservation.
- ☐ Ensure all farmers and farm workers able to access safe drinking water, basic sanitation, and hygiene.
- ☐ Avoid negative impacts on water quality.
- ☐ Adopt a water stewardship approach to dealing with water as a finite natural resource fundamental to sustainable agriculture.
- ☐ Determine managing sustainable water resource best practices.
- ☐ Promote investments in efficient irrigation technique.
- ☐ To manage water in operations responsibly and assist farmers with responsible water management.

#### Human and Labor rights

- ☐ Farmworkers in our supply chain will be protected through practices included in our Agricultural Labor Program (ALP). Risk levels will be identified through farm profiles, followed by training, monitoring, and corrections. Particularly focus will be given to the prevention of the worst forms of Extreme Breaches, Prompt Action issues, Non-conformity, Child labor, Fair treatment, Freedom of association, Income, working hours and benefits, Modern slavery, and safe working environment.

- ☐ Employees and visitors will be protected by allowing only authorized firearms and knives on company premises.
- ☐ Occupational environment in our processing plants meets national or international standards, at a minimum. Necessary measures will be taken to promote the health and safety of employees, contractors and visitors.
- ☐ Possession or consumption of alcoholic beverages is strictly controlled and only as authorized by management, on company property. Similarly, only drugs that are for medicinal purposes and authorized by management may be possessed or used on company property.
- ☐ To provide safe and healthy workplaces.
- ☐ To uphold human rights throughout our supply chain.
- ☐ Compliance with STEC's Safety, Occupational Health and Work Environment Policy.
- ☐ Compliance with STEC's Employment Rules and Regulations.
- ☐ Compliance with STEC's Anti-Child Labor Policy.
- ☐ Compliance with STEC's Human Rights Policy
- ☐ Accidents are prevented.

#### Crop

- ☐ Use of Crop Protection Agents (CPA's) is optimized through good agricultural practices to minimize risk of residues, protect workers and optimize efficacy.
- ☐ A curing barns variation is tested and results shared to improve quality and improve farmers' net margins.
- ☐ Annual Seed Variety Trials and results shared to improve quality and yields and improve farmers' net margins and only approved seeds are used.
- ☐ Annual fertilizer trials and results shared to improve quality and yields and improve farmers' net margins.
- ☐ Soil fertility is maintained or enhanced.
- ☐ Growing practices variations (high plant population – HPP) and results shared to improve quality and yields and improve farmers' net margins.
- ☐ Minimizing negative impacts from CPAs on the environment and the health of people by promoting returning empty CPAs containers and correct way disposal of empty CPAs containers management to farmers and farm workers.
- ☐ Encourage the appropriate use of CPAs to maximize yield and quality of the crop.
- ☐ Adequately trace the tobacco crop back to the source to address impacts on crop integrity.
- ☐ To work with farmers to cultivate high quality crops with minimal environmental impact.

#### Soil health

- ☐ Conduct soil sampling and analysis.
- ☐ Encourage protecting soil and assess soil health challenges.
- ☐ Determinate managing sustainable soil resource best practices.

- ☐ Promote the best practices in soil health to encourage soil productivity and reduce soil degradation.

#### Climate Change

- ☐ Factory boilers and electrical equipment are operated and maintained to provide maximum energy efficiency, in order to minimize release of pollutants and greenhouse gasses (GHG's).
- ☐ Measures to protect the environment, through minimizing consumption of natural resources, minimizing air, water and soil pollution. Consumption of boiler fuel, factory water, and electricity consumption, as well as quantity of solid waste taken to landfill and estimated tons of GHG's emitted will be measured and reported semi-annually, on a quantity per ton of green tobacco processed basis.
- ☐ Risk of fire or explosion is minimized.
- ☐ Compliance with STEC's Climate Change Policy.
- ☐ Encourage and determine maintenance standards barns to ensure barns are maintained as standards and best practices base on the local conditions, barn-type, and farmer capacity.
- ☐ Encourage farmers to reduce the negative impact of greenhouse gas (GHG) emission and increase adaptation of agricultural business practices and supply chain resilience to climate change impacts.
- ☐ To minimize waste disposal to landfills.
- ☐ To reduce the disposal of waste generated by consumer products.
- ☐ To reduce our carbon footprint.

#### Natural habitats

- ☐ Native forest is preserved.
- ☐ Biodiversity is maintained or enhanced.
- ☐ Compliance with STEC'S Environmental & Biodiversity Policy.
- ☐ Encourage using of sustainable wood and promote the sustainable use of ecosystems.
- ☐ Minimize the environmental impacts on the forests and included using fuels and releasing industrial or agricultural pollutants into the water, soil, and air.

#### Livelihoods

- ☐ Encourage diversification of production of alternative crops and income.
- ☐ Building farmer's knowledge and development of their capabilities in tobacco production by promote agricultural techniques.
- ☐ Encourage access to productive resources of finance and service and building farmers' knowledge related to household financial management.
- ☐ To support farmers in improving their livelihoods.
- ☐ To support local communities.

#### 4.0 Implementation:

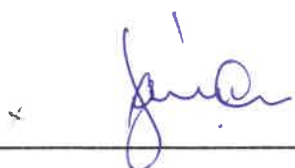
In support of this policy, Siam Tobacco Export Corporation has appointed a team with specific responsibility to monitor and review progress on the objectives. This team will, with support from senior management, ensure that:

- ☐ Programs supporting each of the key objectives above are actively promoted.
- ☐ This policy is communicated to all employees through public posting, training, workshops and other means. In particular, all affected staff are made aware of aspects of the STP that are relevant to their role within the company.
- ☐ In the factory environment, all employees, including seasonal labor, will be made aware of our commitment to this policy through orientations by appropriate personnel at the beginning of each season and through posters, signage and other media displayed in the facility.
- ☐ Annual reviews of this policy, company activities and performance against the above objectives are formally conducted, reported to senior management and remedial action taken if required.
- ☐ Adequate resources and qualified personnel are provided to ensure implementation of the STP program.
- ☐ This policy & program are in support of The Management Policy of Thapawong Company Ltd

This policy will be reviewed at least annually.

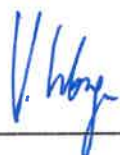
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