

UNIVERSAL CORPORATION

# SUSTAINABILITY REPORT



FISCAL YEAR 2023

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# FOREWORD

At Universal Corporation, our goal is to disclose our operational activities and sustainability performance consistently and in a transparent manner. This Sustainability Report builds on our 2018 Sustainability Review and continues our commitment identified in the 2019 Sustainability Report, and in our subsequent sustainability reports, to disclose metrics, facts, and figures that represent our businesses throughout the world regarding environmental matters, social issues, employee-related issues, respect for human rights, and combating corruption. Data disclosed in this report reflect activities from April 1, 2022 to March 31, 2023. All entities within the scope of this report are included in Universal's Annual Report for the fiscal year 2023 without exception. This report has been prepared with reference to GRI Standards and SASB Agriculture Products Standard while also considering the requirements associated with Europe's Supply Chain Due Diligence requirements.

While pursuing annual disclosure of our operational sustainability, we have become more aware of opportunities related to our business model and strategy through the enhanced engagement of

stakeholders in our supply chain. We will continue to review our operations to enhance our global resiliency and support global goals regarding the environment and human rights.

## / UNITED NATIONS, SUSTAINABLE DEVELOPMENT GOALS /

At Universal, we continuously evaluate how we can better align our operations with sustainable best practices. As such, with the European Union and others currently reviewing the need for supply chain due diligence directives, we have begun to enhance our communications to include references to the United Nations Sustainable Development Goals (UN SDGs). Accordingly, throughout this report, we have reviewed and evaluated the UN SDGs and have placed icons where our actions contribute towards meeting such goals. The UN SDGs identified in this report may not be inclusive of every SDG to which we contribute, but our goal is to assure our global stakeholders that we proactively operate in alignment with the UN SDGs and will continue to evaluate our supply chains for risks and opportunities to which we may be contributing.



# LETTER FROM THE CHAIRMAN

Universal continues to support our stakeholders in regards to opportunities and sustainability interests. In fiscal year 2023, Universal executed on some of our key strategic objectives, including continuing to maintain leadership in leaf tobacco and expanding and enhancing the scope of our plant-based ingredients platform. We have a responsibility to our stakeholders to set high standards of social and environmental performance and to support a sustainable supply chain. Universal will continue to evaluate the best practices and expectations of stakeholders and implement programs to continue our culture of promoting a responsible supply chain.

During fiscal year 2023, in addition to executing on our financial and operational objectives, we also continued to benefit from a supply chain focused on sustainability. For the second consecutive year, we were recognized for our work in engaging our suppliers on climate change. We continue our commitment to a sustainable supply chain to offer our customers a unique value proposition—high-quality, customized, traceable, value-added agri-products—that is essential to their needs.

With respect to capital allocation, we will continue to pursue opportunities for growth and enhancement in our tobacco and plant-based ingredients operations. For tobacco, we intend to strengthen and invest for growth in the segment, as we have for over a century. For plant-based ingredients, we are pleased with how our platform is developing and will continue to explore opportunities to enhance the capabilities of our platform.



Finally, I'd like to express my appreciation and gratitude for our incredible Universal team, without whom our recent successes would not have been possible. I would also like to thank our customers, growers and shareholders for their continued support of our business as we continue our commitment to a sustainable supply chain and to deliver innovative, high-quality, value-added tobacco and plant-based ingredients products. I look forward to Universal's future success as we maintain and advance our leadership position in tobacco and plant-based ingredients.

**George C. Freeman, III**  
 Chairman, President, and Chief Executive Officer,  
 Universal Corporation

## UNIVERSAL'S GOALS & TARGETS

UNIVERSAL FURTHERS OUR COMMITMENT TO  
**AGRICULTURAL LABOR PRACTICES**

BY CALENDAR YEAR 2025

**NO CHILD LABOR**

ON CONTRACTED FARMS

BY CALENDAR YEAR 2022

**ACCESS TO PPE FOR FARMERS & FARM WORKERS**

ON CONTRACTED FARMS  
 WHERE WE SUPPLY CROP INPUTS

BY CALENDAR YEAR 2022  
**MINIMUM WAGE PAID**

TO FARM WORKERS ON CONTRACTED FARMS

BY CALENDAR YEAR 2022

**APPROPRIATE ACCOMMODATIONS**

FOR FARM WORKERS ON CONTRACTED FARMS

UNIVERSAL FURTHERS OUR COMMITMENT TO  
**ENVIRONMENTAL STEWARDSHIP**

BY CALENDAR YEAR 2030 FROM A 2020 BASE YEAR

**REDUCE**  
**30%**

- ABSOLUTE SCOPE 1 & 2 GHG EMISSIONS
- SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS & SERVICES

BY CALENDAR YEAR 2025

**0**  
**DEFORESTATION**

# COMPANY ACTIVITIES & PROFILE

For over 100 years, Universal Corporation has found innovative solutions to serve our customers and meet their agri-products needs. Today, we are a global business-to-business agri-products supplier to consumer product manufacturers, operating in over 30 countries on five continents, that sources and processes leaf tobacco and plant-based ingredients. We strive to be the supplier of choice for our customers by leveraging our farmer base, our commitment to a sustainable supply chain, and our ability to provide high-quality, customized, traceable, value-added agri-products essential for our customers' requirements. Tobacco has been our principal focus since our founding in 1918, and we are the leading global leaf tobacco supplier. Through our plant-based ingredients platform, we provide a variety of value-added manufacturing processes to produce high-quality, specialty vegetable- and fruit-based ingredients as well as botanical extracts and

flavorings for the food and beverage end markets.

Universal Corporation has a long history of operating with integrity, honesty, and a focus on quality. We are a vital link in the leaf tobacco supply chain, providing expertise in working with large numbers of farmers, efficiently selling various qualities of leaf to a broad global customer base, adapting to meet evolving customer needs, and delivering products that meet stringent quality specifications and regulatory requirements. Going forward, we will build on our history by seeking opportunities in both tobacco and plant-based ingredients to leverage our assets and expertise. We will continue our commitment to leadership in setting industry standards, operating with transparency, providing products that are responsibly-sourced, and investing in and strengthening the communities where we operate.

## Headquarters Location

Richmond, Virginia, U.S.A.

## What We Do

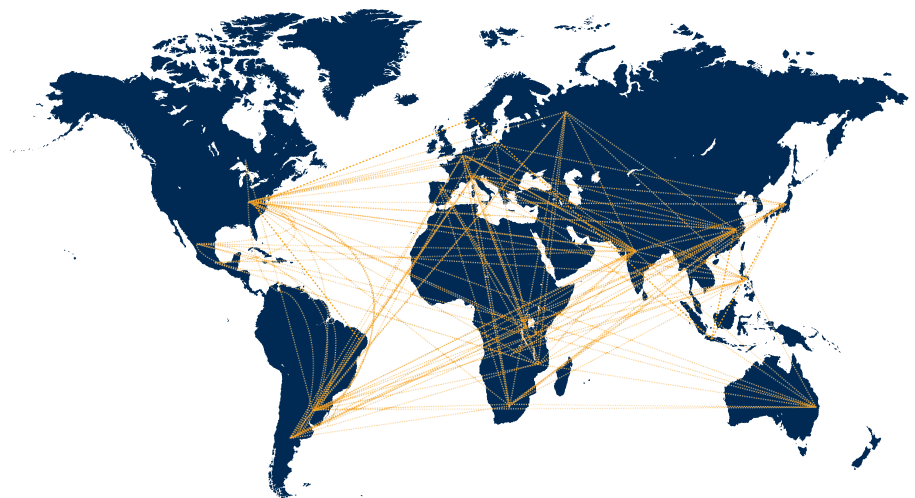
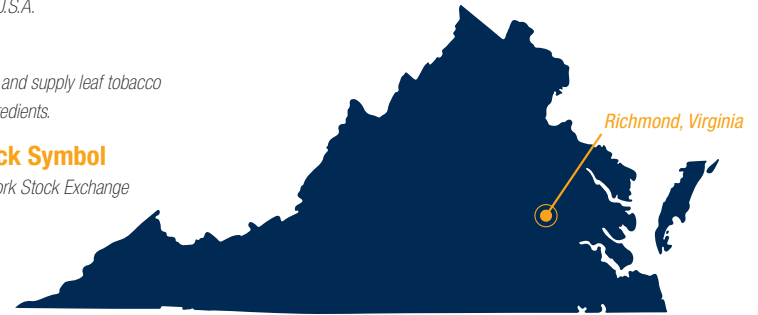
We source, process, and supply leaf tobacco and plant-based ingredients.

## Common Stock Symbol

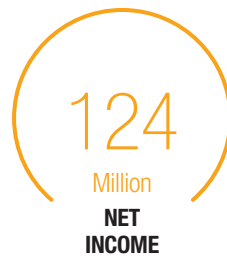
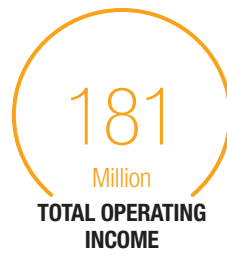
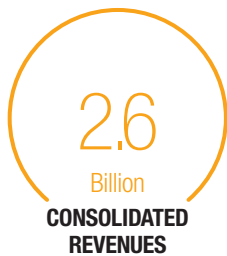
"UVV" on the New York Stock Exchange

## Founding

1918



Universal ships from more than 30 countries around the world.





## LEADERSHIP & GOVERNANCE

A company's leadership and governance structure plays a crucial role in how the company functions and what goals it prioritizes. At Universal, the Company's governance structure and leadership better position it to implement sustainability best practices and achieve defined sustainability goals. In particular, Universal is (1) governed by a Board of Directors who serve as a prudent fiduciary for shareholders and oversee the management of Universal's businesses and (2) led by executive members of corporate management who set high standards and governance principles for the Company's employees, officers, and directors from treatment of the environment to combating corruption. For its part, the Board of Directors follows the policies and standards that are set forth in Universal's governing documents, including our Corporate Governance Guidelines, which are available on our website. The Board of Directors is composed of five Committees that oversee important aspects of our business. One of those Committees is our Nominating and Corporate Governance (NCG) Committee which oversees and reviews Environmental, Social, and Governance (ESG) programs and practices.

The NCG Committee is also responsible for developing and recommending to the Board a set of corporate governance principles applicable to Universal, overseeing the evaluation of the Board and its acting committees, and overseeing the administration of the Company's enterprise risk management program. In addition, the NCG Committee reviews Company policies, and relevant statements of its proxy statement, and the Company's other quarterly and annual

public filings. The NCG Committee is composed of five independent Board members. The NCG Committee meets four times per year, each of which includes sustainability topics. The committee schedule is modified, however, as appropriate to address emerging needs.

The NCG Committee assesses sustainability activities, reviews the annual sustainability report, and provides guidance and feedback regarding management's sustainability strategy. Sustainability topics that the NCG Committee reviews include climate change, water, waste, forestry, and social responsibility within our operations and supply chain. In addition, the NCG Committee reviewed and approved this Sustainability Report for public disclosure.

All employees, officers, and directors must read, understand, and comply with our code of conduct, rules and guidelines and report violations and occurrences that are inconsistent with them. Our local management teams operate using the corporate policies and expectations and submit requests for support as needed. The local leadership teams also give feedback to our corporate management as to what impacts we are having on the ground and feedback into our global strategy. Our strategy is ever evolving and relies on consistent communication and commitment from all of Universal's employees.

### BOARD OF DIRECTORS

Nominating and Corporate Governance Committee (NCGC)

Other Committees of the Board

### COMPANY MANAGEMENT

#### Executive Committee

- Members of management including the CEO
- Meets on a bi-weekly schedule
- Reviews and approves strategies, goals, and communications associated with ESG and Sustainability

Chief Operating Officer

#### Internal Operations

- Works to coordinate and implement practices associated with our corporate goals and targets
- Assess needs at the local level
- Works with corporate team to align proposed practices with global strategy

#### Director of Sustainability

Works with the VP of Quality, Director of Environment, Health, and Safety, and the Agronomy Team to coordinate operational and supply chain interests of various stakeholders and reporting on the performance of implemented initiatives

#### Agronomy

- Works to coordinate and implement practices associated with our corporate goals and targets
- Assess supply chain risks and opportunities from our contracted farmer base
- Trains and extends our supply chain expectations through training and programs

Implement programs in alignment with corporate policies and expectations. Report on progress of targets from a local level

#### Regional Operations Teams

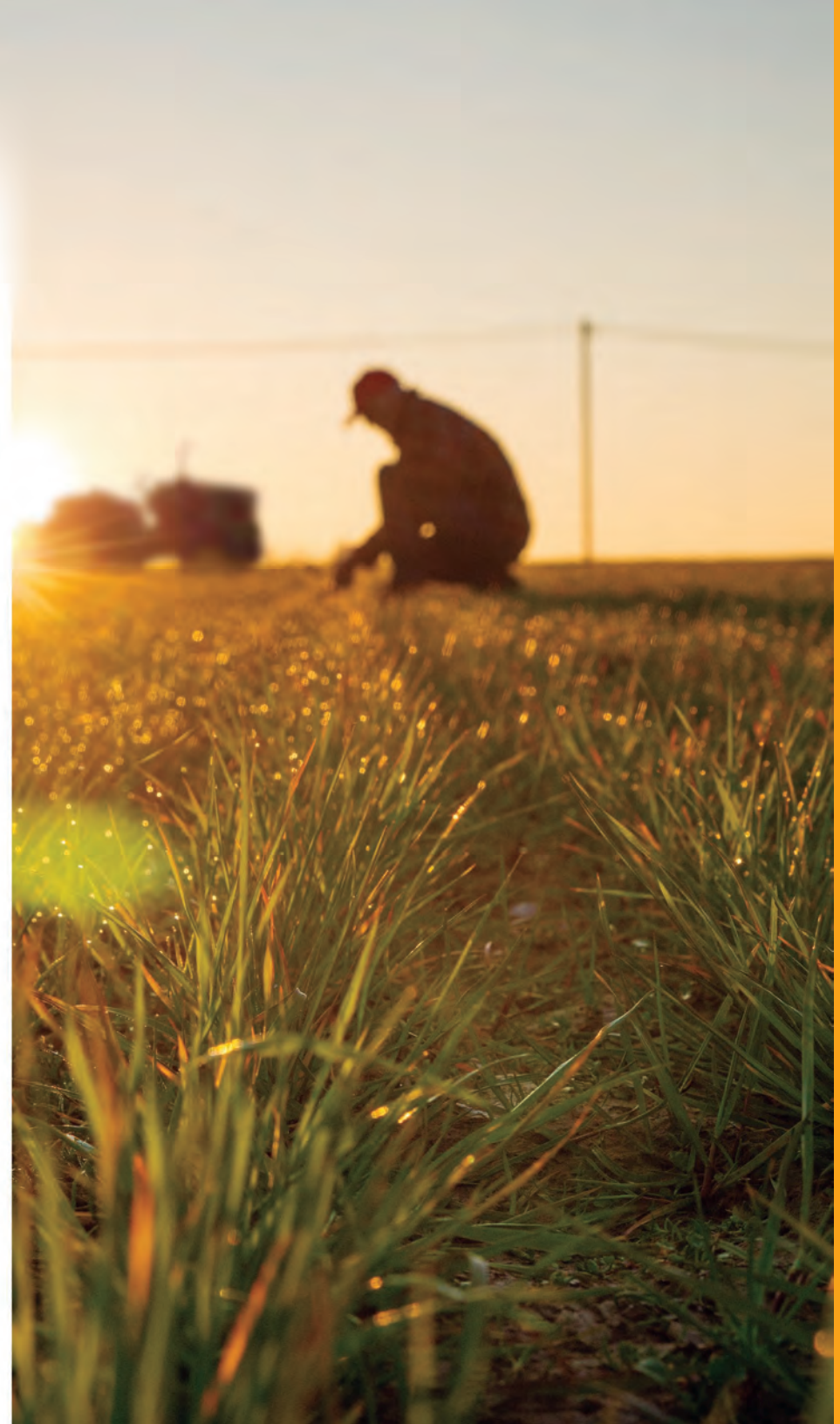
## VALUING RIGHTS TO FAIRNESS, DIGNITY, EQUALITY, & RESPECT

The Universal Code of Conduct and the Universal Human Rights policy define the high ethical and social standards we implement across our global operations. Universal is committed to business practices that respect the human rights of our employees, parties in our supply chain, and their communities. The UN Guiding Principles on Business and Human Rights (the “UN Guiding Principles”), ILO-IOE Child Labor Guidance Tool For Business, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work (the “ILO Fundamental Principles”) provide the framework for internationally recognized human rights. Universal’s policy is to operate in a manner consistent with these frameworks. Our commitment also includes human rights due diligence efforts that target the identification and evaluation of actual and potential human rights impacts in our operations and supply chain. Our intention is to adopt, adjust, and reinforce the programs and practices needed to prevent, mitigate, and remediate such human rights impacts. These programs and practices include without limitation our Code of Conduct, Anti-Corruption Compliance Manual, and Agricultural Labor Practices Code.

Universal has prioritized six human rights that are specifically addressed in our human rights policy, and highlighted on the next page of this sustainability report. These six are: Child Labor, Forced Labor, Safe Work Environment, Fair and Equal Treatment, Freedom of Association and Compliance and Protection of the Law. We strive to prevent any human rights impacts in our operations and supply chain through internal and supply chain due diligence activities. To the extent any such impacts are identified, we are committed to remediating

them. Any human rights concerns or grievances in our operations or supply chain can be reported to a grievance mechanism. We are committed to improving access to grievance mechanisms for all our operations and supply chains. We are also committed to building awareness among our officers, directors, employees, and the parties in our supply chain about identifying and reporting human rights concerns. Universal will not tolerate any retaliation against persons making good faith reports of human rights concerns or grievances.

Throughout the world, we work side-by-side with our contracted farmers to produce a sustainable tobacco crop that adheres to Good Agricultural Practices, including appropriate labor practices. We collect metrics during regular visits with our contracted farmer base to monitor our supply chain practices. Through collaboration with our stakeholders we regularly review the metrics collected and adjust as needed to collect meaningful data about our supply chain. Our global Agricultural Labor Practices (“ALP”) code consists of seven principles that set forth human rights requirements for our contracted farmers to meet. The ALP code requires progressive elimination of child labor; adherence to income and work hour requirements; fair treatment of workers so they are free from abuse; prohibition of forced labor; safe working environments; recognition and respect of workers’ rights to freedom of association and collective bargaining; and compliance with local employment laws. As part of our ALP program, we train contracted farmers on the ALP code requirements, and we monitor their adherence through multiple in-person farm visits during the growing season.



## PRIORITIZED HUMAN RIGHTS

### / CHILD LABOR /

Universal is committed to eliminating child labor. Children are vulnerable to exploitation and frequently are unable to defend themselves. Child labor also interferes with school attendance, which infringes upon a child's right to education. Universal prohibits the employment or use of child labor throughout our organization and expects the same from our farmers through conditions written into farmer contracts. We monitor our farmers for compliance and work with parties in our supply chain to counter child labor and its root causes.

### / FORCED LABOR /

Universal believes that everyone has the right to voluntary choice of employment, to decent working conditions, to move freely, and to enjoy leisure days. Universal does not tolerate any forced labor in its organization and expects the same from suppliers and others in our supply chain. Universal undertakes risk assessments and facilitates reporting mechanisms to identify the risk of forced labor, including involuntary or trafficked labor in its supply chain, and implements measures to detect, avoid, address, mitigate and eliminate any such risk and its root causes, which includes farm visits where worker documentation is audited and reviewed for compliance with our policies.

### / SAFE WORK ENVIRONMENT /

Health and safety is of paramount importance to Universal. The resources and investments needed for the protection of our employees are a critical part of our business, and we work continuously to improve our working environment and build upon our safety practices and our culture.

We also expect our suppliers to provide a safe working environment to their workers. Where suppliers require support, we work to facilitate access to protective equipment, clean water, medical help, and safe worker accommodation.

### / FAIR & EQUAL TREATMENT /

Universal believes in maintaining a diverse and inclusive workforce by promoting employment equality. Universal believes in making personnel decisions based upon the merits without regard to, or discrimination on the basis of, race, sex, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion, or any other status protected by applicable law. We hire locally within every region where we operate and contribute to employee well-being with appropriate programs. Universal also extends this policy to our suppliers and monitors suppliers considered high risk for treatment of their work force. We believe that all people are entitled to be treated with dignity and respect, and we do not discriminate or allow behavior that is abusive or demeaning. All employees have access to our corporate compliance hotline to report cases of unfair treatment or discrimination. If unfair treatment is found, the root cause must be identified and practices put in place to ensure it is addressed.

### / FREEDOM OF ASSOCIATION /

Universal recognizes the right of workers to organize and collectively bargain. Universal believes in constructive and transparent discussions between employers and workers, and welcomes associations that promote fair working conditions

and facilitate better communication without fear of retaliation.

### / COMPLIANCE WITH & PROTECTION OF THE LAW /

Universal believes in complying with and upholding the applicable laws of the locations in which we operate. Universal also extends this policy to suppliers and monitors their treatment of employees to ensure that local laws are followed in supplier

business practices. To the extent applicable law is more stringent than our policies, we must comply with applicable law. We believe in the due process of the law and follow local legislation in any employment or discipline process. Universal also believes in upholding data privacy laws regarding employees and suppliers by diligently applying requirements and data transfer agreements.



## REDUCING OUR ENVIRONMENTAL FOOTPRINT

Universal recognizes three primary environmental responsibilities throughout our global footprint: responsible consumption of water and resources, forestry, and minimizing greenhouse gas emissions. We determined these by a review of our stakeholder interests and the environmental factors that influence our business model and strategy. Finding opportunities to mitigate our impacts on these environmental factors will support our efforts towards achieving our internal and supply chain goals.

To uphold our business and stakeholder commitments, Universal complies with, or exceeds, all environmental laws and regulations in the locations in which we operate. Environmental compliance is a cornerstone of being and remaining a responsible corporate citizen. Numerous environmental laws and regulations have been enacted around the world aimed at reducing, eliminating, or restricting the discharge or release of contaminants or pollutants into the air, water, and soil, and to address climate change impacts. Universal's policy is to adhere to all applicable environmental laws and regulations. Universal believes in careful evaluation and execution when implementing new practices throughout our operations and supply chain to minimize unintended consequences while pursuing new opportunities.

Universal is committed to reducing our emissions across our entire value chain, including Scope 1, Scope 2, and Scope 3 greenhouse gas emissions. Universal has established science-based targets which have been approved by the Science Based Target Initiative (SBTI) in 2021. Our emissions

targets are aligned with the Paris Agreement to limit global warming to well-below two degrees Celsius from a preindustrial base level. In addition, we are actively evaluating an update to our targets within the next 2 years to include net zero and aligning with the newest guidance from SBTi. We will continue to evaluate our targets and continuously monitor our progress towards such targets. We are committed to aligning our current and future targets with industry best practices.

Universal has developed a transition plan with assistance from a third party consultant well-versed in corporate climate action. The plan includes measures we must implement in pursuit of near and long-term goals. This plan includes increasing efficiencies, investing in new technologies to phase out fossil fuel use, and working with suppliers to purchase electricity and goods and services that use renewable energy. We will also continue our forestation efforts to enhance biodiversity and offset emissions. Universal has challenged our operations to review these areas of improvement and implement plans to reduce local emissions.

Universal will continue to monitor and manage our identified environmental impacts in a sustainable and responsible way. We will continue to enhance water management at the operational level. We will continue to reduce waste and reuse or recycle when operationally feasible. We will continue to improve efficiencies and work towards using renewable fuels in our operations and supply chain. Finally, we will promote forestation and the use of sustainably sourced wood in our operations

and our supply chain. These actions are a part of our efforts to address climate change and manage our climate change risks.

We are committed to reducing our environmental impact by maintaining environmental management systems at our local operations, reducing

our environmental footprint and impacts, and providing our contracted farmers with guidance on good agricultural practices. We have also committed to emissions, water, and waste goals that we discuss in detail in their respective sections of this Sustainability Report.

### UNIVERSAL FURTHERS OUR COMMITMENT TO ENVIRONMENTAL STEWARDSHIP THROUGH ENVIRONMENTAL GOALS



Absolute Scope  
1 & 2 GHG Emissions

**BY CALENDAR YEAR 2030  
FROM A 2020 BASE YEAR**



Scope 3 GHG Emissions From  
Purchased Goods & Services

**BY CALENDAR YEAR 2030  
FROM A 2020 BASE YEAR**



Rainwater Collected  
Annually For Operational Use

**BY CALENDAR YEAR 2025**



Waste Composted Or  
Recycled Annually

**BY CALENDAR YEAR 2025**



## STAKEHOLDER ASSESSMENT

Universal also engages stakeholders on a regular basis. The six stakeholder groups in the adjacent table are the primary focus of the materiality assessment we performed in connection with this Sustainability Report. These stakeholders are important to the successful operation of our business throughout the world. Their varied interests and perspectives assist us to identify and address issues that are important to our business. Based on a review of stakeholder documentation and professional judgment derived from industry involvement, the included table is a compilation of important topics and indicators categorized by the three pillars of this Sustainability Report: Environmental, Social, and Supply Chain Integrity. All stakeholders have their own perspectives regarding the topics that they deem important within the tobacco supply chain and our







agri-products operations. While there are many topics, there is a level of convergence related to our business activities that allows the list to be condensed into a few broad focus areas within each pillar. The table below represents our current summary of material topics. These topics guided the content of this Sustainability Report, and each will be discussed in detail.

The topics presented in this Sustainability Report are the focus of our data collection, goal setting, and risk assessment, and will shape our efforts and reporting in the future. As this is our fifth sustainability report, we are proud to present our environmental, social, supply chain integrity, and supply chain performance with respect to the goals and targets we have set.

### MATERIAL TOPICS FOR EACH PILLAR

SUPPLY CHAIN INTEGRITY	ENVIRONMENTAL	SOCIAL
Compliance	Reducing GHG Emissions	Health and Safety
Economic Value	Managing Consumption	Community Engagement
Supply Chain Controls	Forestry	Employment Practices
Crop	Agricultural Environment	Agricultural Labor Practices

### TOPICS OF CONCERN TO EACH OF UNIVERSAL'S STAKEHOLDERS

	STAKEHOLDER IMPORTANCE	KEY TOPICS
 <b>FARMERS &amp; SUPPLIERS</b>	<p><i>At the beginning of the supply chain are farmers and suppliers of agricultural inputs including curing fuel, fertilizers, and CPAs. We provide various levels of support and agricultural inputs to facilitate farmer success.</i></p>	<ul style="list-style-type: none"> <li>Supply chain due diligence</li> <li>Good agricultural practices</li> <li>Agricultural labor practices</li> <li>Living income</li> </ul>
 <b>EMPLOYEES</b>	<p><i>More than 28,000 Universal employees rely on our business for income and support for their families and livelihoods. We rely on our employees to execute our business plan with integrity and efficiency.</i></p>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Human rights</li> <li>Employee grievance mechanisms</li> <li>Career growth and training</li> </ul>
 <b>CUSTOMERS</b>	<p><i>Our customers rely on us for a stable supply of agri-products and for the performance of related processing services that meet their blend and quality needs. Customer relationships drive our business.</i></p>	<ul style="list-style-type: none"> <li>Product standards and requirements</li> <li>Responsibly sourced products</li> <li>Resource efficiency</li> </ul>
 <b>INVESTORS</b>	<p><i>Investors are important to our business because, as owners of our company, they entrust us with capital to fund our business. We must demonstrate a stable and sustainable business to earn that trust through the generation of returns on their investments.</i></p>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>ESG reporting</li> <li>Business model and strategy</li> <li>GHG emissions</li> <li>Forestry</li> </ul>
 <b>REGULATORY ORGANIZATIONS</b>	<p><i>We conduct our business with integrity and within the law. Cooperation with regulatory organizations is important for us to maintain our operations and build trust with our business conduct.</i></p>	<ul style="list-style-type: none"> <li>Compliance with local laws</li> <li>Anti-corruption</li> <li>Supply chain due diligence</li> </ul>
 <b>LOCAL COMMUNITIES</b>	<p><i>Our operations source agri-products from around the world and local communities benefit from the presence of our operations. Local people drive our supply chain and processing operations, and their success and support is vital for our operations.</i></p>	<ul style="list-style-type: none"> <li>Socioeconomic stability</li> <li>Community engagement</li> <li>Business integrity</li> </ul>

# SUPPLY CHAIN INTEGRITY

Universal's Board has oversight of operational governance issues from anti-corruption measures to environmental and social issues that affect stakeholders in our supply chain. We recognize that good corporate governance is the key to our global supply chain integrity efforts. Universal's Board and strong corporate and local management teams work together to identify solutions to potential impacts within our supply chain.

Universal believes that our value lies in our ability to supply agricultural products to consumer product manufacturers. While tobacco is our primary agricultural product, the Company also derives value from other agricultural products as well. We are doing this through our strategic acquisitions and by contracting other crops directly with our existing farmers. Universal believes that agricultural products should be sourced in a responsible manner, and we work to integrate this belief into the products we source.

Universal has the following global policies and practices that guide our operating companies: Environmental; Health and Safety; Human Rights; Code of Conduct; Good Agricultural Practices; Agricultural Labor Practices; and Supply Chain Integrity. Our regional management teams implement these policies and practices in their regions, which have varying challenges depending upon the operating environments and constraints that each region faces. Universal supports our local operations and subsidiaries by establishing policies and monitoring their respective implementations, reviewing regional operating plans, seeking alignment with stakeholders, and funding

initiatives identified at the local level.

In addition, our business directly and indirectly supports the communities and regions in which we operate by providing farmers efficient access to global markets, offering our employees a fair and safe working environment, and promoting sustainability in our communities. We are firmly committed to supporting our customers, farmers, employees, communities, and business partners through ethical business practices as well as targeted programs and investments aligned with our organizational objectives.

## / ACTIVE PARTICIPANT IN SECTOR SUSTAINABILITY INITIATIVES /

Universal is an active member of many organizations at the local, national, and international levels. These organizations represent an opportunity for us to engage and implement a number of our important commitments. Universal's participation expands beyond financial support to include organizational management, board membership and leadership, the sharing of best practices, and the provision of industry expertise.



### INTERNATIONAL INITIATIVES IN WHICH UNIVERSAL PARTICIPATES

**Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA)**

*Founded in 1956, CORESTA's purpose is to promote international cooperation in scientific research related to tobacco and its derived products. The scientific work of CORESTA is carried out within four study groups: Agronomy & Leaf Integrity; Phytopathology & Genetics; Smoke Science; and Product Technology.*

**TMA's Global Tobacco & Nicotine Forum (GTNF)**

*TMA's GTNF is a global forum for the exchange of views and ideas among public health experts, government representatives, investors, and members of the tobacco/nicotine industries. Behind the success of the GTNF is a strong belief that deepening the conversation about tobacco, nicotine, and public health can lead to more informed views and decisions by all stakeholders.*

**Sustainable Tobacco Program (STP)**

*STP is an industry-wide initiative that focuses on several topics associated with tobacco production, from Environmental to Human Rights issues. The program is currently undergoing revisions with a stronger focus on impact, risk assessment, and continuous improvement in the tobacco supply chain.*



## CREATING VALUE

In fiscal year 2023, Universal continued our commitment to leadership in setting industry standards, operating with transparency, providing products that are responsibly-sourced, and investing in and strengthening the communities where we operate. Throughout the year, we continued to execute on the capital allocation priorities we previously laid out.

We continue to position ourselves for growth through diligently managing our businesses while investing in our future despite external challenges ranging from supply constraints to inflationary pressures. In fiscal 2023, we reported:

- *Net income of \$124.1 million, or \$4.97 per diluted share, compared with fiscal year 2022's net income of \$86.6 million, or \$3.47 per diluted share. Excluding certain non-GAAP adjustments, net income and diluted earnings per share decreased by \$0.2 million and \$0.02, respectively, for fiscal year 2023, compared to fiscal year 2022.*
- *Operating income of \$181.1 million, which increased by \$20.8 million, compared to an operating income of \$160.3 million for fiscal year 2022. Segment operating income of \$183.5 million, which increased by \$9.1 million, compared to the same period in fiscal year 2022.*
- *Consolidated revenues of \$2.6 billion, which increased by \$466.2*

*million, compared to the same period in fiscal year 2022, primarily driven by higher tobacco sales volumes and prices, as well as the addition of the business acquired in October 2021 in the Ingredients Operations segment.*

Lastly, in connection with fiscal year 2023 earnings, we were proud to announce our 53rd annual dividend increase to an annualized rate of \$3.20 per common share, reiterating our commitment to delivering value to our shareholders. In addition to delivering strong year over year results, we have been enhancing and increasing the scope of our plant-based ingredients platform by adding sales and research and development resources.

Our capital expenditures are generally limited to those that add value, replace or maintain equipment, increase efficiency, or position us for future growth. In deciding where to invest capital resources, we look for opportunities where we believe we can earn an adequate return, leverage our assets and capabilities, and support our farmer base. During fiscal years 2023 and 2022,

we invested \$54.7 million and \$53.2 million, respectively, in our property, plant, and equipment. Capital expenditures are also being planned for the future. We currently plan to spend approximately \$65 to \$75 million in fiscal year 2024 on capital projects for maintenance of our facilities and other investments to grow and improve our businesses, including significant investments in our plant-based ingredients platform.

Universal believes that all stakeholders should benefit from a relationship with our Company.

Operating costs that generate economic value are primarily related to local tobacco and agri-product sourcing efforts, which puts earnings into the hands of local farmers and service providers and supports local economies. Our sourcing efforts include smallholder farmers in many developing countries.

DIRECT ECONOMIC VALUE DISTRIBUTED	
Operating costs	\$ 1,953,632,000
Employee Wages and Benefits	\$ 350,905,000
Payments to Providers of Capital	\$ 130,865,000
Taxes and Regulatory Costs	\$ 22,083,000
Community Investments <sup>1</sup>	\$ 6,860,000

<sup>1</sup> Community investments does not include contributions by Universal Leaf Foundation which totaled more than \$1,000,000.





## THE RIGHT WAY IS THE ONLY WAY

### / COMMITMENT TO COMPLIANCE /

At Universal, our commitment to compliance and ethics guides our operations at every level from the Board of Directors to our local staff. The Board adopted our Code of Conduct and Anti-Corruption Compliance Manual to:

- Promote ethical behavior;
- Encourage compliance with ethical standards;
- Facilitate the reporting of unethical and illegal behavior; and
- Address violations of ethical standards, Universal policies, and applicable laws.

Universal's corporate management fervently believes that doing the right thing the right way is the only way to conduct business. The Corporate Compliance Committee, which consists of our Chief Executive Officer and other senior members of our corporate management team, strives to find new ways to improve the program to better mitigate risk and make the program more user friendly for our employees and the business.

Compliance processes are built into the way we work. Whether we are contributing financially to local community events or supplying materials to build local schools, our employees know when a transaction is considered compliance-sensitive and the steps to take to ensure any red flags are managed and appropriate reviews are in place.

### / CULTURE OF COMPLIANCE /

Training and communication are key elements of our global Anti-Corruption Compliance program.

We want to ensure that our employees and third parties regularly hear, see, and believe our message. We design and deliver tailored face-to-face training to all employees in compliance-sensitive roles. Each class is tailored to the specific risks faced by employees in each department. Our training is developed at corporate headquarters for consistent messaging and quality control but is delivered by local trainers in local languages to ensure comprehension and the inclusion of local law and local examples.

We have communicated our Global Anti-Corruption Compliance Program and policies to 100% of our business partners who interact with government officials on our behalf. Those considered higher risk also receive face-to-face and online compliance training.

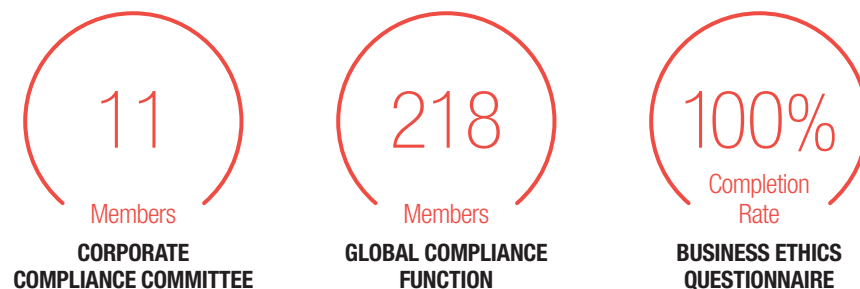
### / GOING BEYOND LEGAL COMPLIANCE /

From risk mitigation to scrupulous attention to laws and regulations, integrity is in our DNA. This is evident from our risk mitigation efforts, ethical decision-making processes, and corporate governance policies. We go beyond what the law requires, setting higher standards for both our employees and business partners to follow.

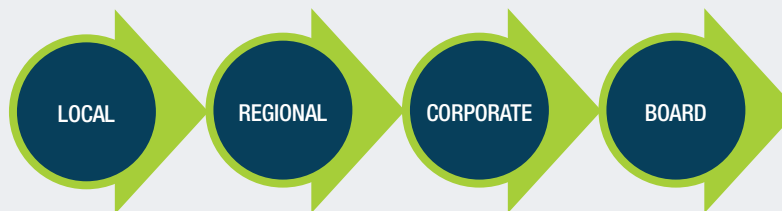
Our Compliance Policies are supported by detailed standard operating procedures that include closely monitored preventive and detective controls. We have a tiered monitoring and reporting system that starts with our local compliance teams reporting monthly to their regional compliance teams, and those regional compliance teams then report quarterly to the Corporate Compliance Committee

on all program elements. Our Chief Compliance Officer delivers a comprehensive report every quarter to the Corporate Compliance Committee, and the Committee reports at least quarterly to our Board.

In addition to internal monitoring procedures, a leading global law firm conducted an independent benchmark assessment of our program. The firm concluded that Universal designed and implemented a thoughtful and robust Anti-Corruption Compliance program.



### UNIVERSAL'S TIERED COMPLIANCE MONITORING & REPORTING PROGRAM



**Local** Monthly Compliance Activity Report ► **Regional** reviews all monthly reports and submits Quarterly Compliance Activity Report ► All regional reports reviewed and the global Compliance Program Report presented quarterly to the **Corporate** Compliance Committee ► Quarterly report to the Corporate **Board**.



Continued on next page ►►

## THE RIGHT WAY IS THE ONLY WAY (CONT.)



RECEIVED COMPLIANCE COMMUNICATIONS



FACE-TO-FACE TRAINING



ONLINE COMPLIANCE TRAINING



HOW WE REPORT CONCERNS

Universal Reporting Channel	59%
External Hotline Provider	41%

We accept reports in 16 languages



WHAT OUR HOTLINE REPORTS ARE ABOUT

Commercial, Theft, or Policy Violation	23%
Human Resources	50%
Question, Concern or Suggestion	27%



WHERE OUR HOTLINE REPORTS ORIGINATE

Africa	23%
Asia	5%
Corporate	14%
Dark Air Cured	31%
Europe	5%
North America	5%
Socotab	9%
Ingredients	4%
Region unspecified	4%

### UNIVERSAL'S TIERED MONITORING & REPORTING PROGRAM

- Reports shared with the Corporate Compliance Committee
- Reports investigated
- Action taken on substantiated reports

100%

**Universal Global Compliance Program**

We all have an obligation to report possible violations so the conduct can be considered and Universal can address the situation and take appropriate action.

No one in the Universal family will take any adverse action against anyone for providing truthful information relating to a violation of law or Universal policy. Universal will not tolerate any retaliation against persons asking questions or making good faith reports of possible violations. Anyone who retaliates or attempts to retaliate will be disciplined.

**[ ANONYMOUS HOTLINE ]**

**Report a Concern or Ask a Question**

**PHONE:** 1.866.292.5224 (toll-free)

**ONLINE:** [www.ethicspoint.com](http://www.ethicspoint.com)  
[www.universalcorp.com/compliance](http://www.universalcorp.com/compliance)

**E-MAIL:** [compliance@universalleaf.com](mailto:compliance@universalleaf.com)

**You can also Contact**

Your supervisor or manager, a member of the Local, Regional, or Corporate Compliance Committee, the Legal Department, Human Resources, or the Internal Audit Department.

The Compliance Hot Line is available **24 hours a day 7 days a week** and in your **local language**. Phone calls and on-line reports are received by an **independent organization: EthicsPoint**. The goal is to ensure that you can communicate issues and concerns associated with unethical or illegal activities safely and honestly while maintaining your anonymity and confidentiality.

Every report is listened to, followed up on and reported to the Corporate Compliance Committee. We take our Hot Line very seriously and hope you do to. If you see something please report it so that we can work together to stop it.

ETHICSPOINT | 05/2023

Sample of Universal's Compliance Hotline poster which is available in more than 16 languages and customized for the areas in which we operate.

## UNIVERSAL LEAF FOUNDATION

The Universal Leaf Foundation is a not-for profit 501(c)(3) organization founded in 1975. The Foundation is a philanthropic arm of Universal Corporation in the United States dedicated to fulfilling its social responsibility in our local communities. Over the past 45 years, the Foundation has fulfilled Universal's strong sense of responsibility to its communities by providing pragmatic support to a number of qualifying organizations across four focus area categories — listed below.

The Foundation is committed to goodwill as is evident in its investment in each of its business communities. In addition to financial support, the Foundation also promotes employee volunteerism. Universal currently has business operations in the following community locations in the United States:

- Momence, Illinois
- Oxford (Granville County), North Carolina
- Rocky Mount (Nash County), North Carolina
- Wilson, North Carolina
- Lancaster, Pennsylvania
- Kenbridge, Virginia
- Richmond, Virginia
- Grandview, Washington
- Prosser, Washington

This year, the Foundation contributed approximately \$740,000 to various community organizations. A significant portion of the Foundation's annual contributions is allocated to qualifying organizations located in our US communities listed above.

In addition to the community based contributions, employees are eligible to participate in the Foundation's Matching Gifts Program. Salaried and non-seasonal hourly employees from Universal's US business operations can participate. Employee directed qualified organizations are eligible to receive a one-to-one matching gift from the Foundation.

The Foundation's board meets on a regular basis to make decisions for the Foundation's fiscal year that runs from July 1 to June 30. The board typically meets in September to review grant proposals and finalize the contributions program for the fiscal year. There are seven board members all of whom work at the Richmond corporate office. A sub-group of the Foundation board administers the day-to-day work including meeting with community organizations throughout the year.

### FOCUS AREA CATEGORIES AS A PERCENT OF TOTAL GIVING



■ Education and Well-being of Children, At-risk Individuals, Families and Groups	45%
■ Higher Education	15%
■ Civic/Community/Arts	20%
■ Environment	20%



<b>Community Contributions as a Percent of Total Giving</b>	<b>40%</b>
<b>Matching Gifts Contributions Minimum to Maximum Per Employee</b>	<b>\$25 – \$5,000</b>
<b>Matching Gifts Contributions as a Percent of Total Giving</b>	<b>13%</b>
<b>Number of Organizations Receiving a Contribution from the Foundation in Fiscal Year Ending 2023</b>	<b>173</b>
<b>US Dollar Range for Non-Matching Gift Foundation Contributions</b>	<b>\$5,000 – \$25,000</b>





## SUPPLY CHAIN CONTROLS

Our commitment to sustainability encompasses a wide array of programs and initiatives. As an agri-products supplier operating in numerous countries around the world, we primarily focus our sustainability efforts on our operations and the farmers from whom we directly purchase leaf tobacco and food materials. Sustainability efforts with respect to our operations around the world involve the adoption and implementation of policies and procedures related to environmental impacts, workforce protections and programs, and other important considerations. Sustainability efforts with respect to our supply chain address environmental impacts, while also emphasizing important issues such as appropriate agricultural labor practices and other components of industry-recognized good agricultural practices (“GAP”).

Universal has implemented sound practices addressing supply chain integrity and traceability including protections against genetically modified organisms (GMOs), non-tobacco related materials, infestation, and spoilage. Our management systems include farm oversight, vendor approval, traceability, leaf assessment procedures, and

supply chain sanitation and hygiene practices. Our Field Technicians train and provide agricultural extension services to our contracted tobacco farmers and conduct supplier audits on the respective farms. All contracted farmers are monitored and audited against our Good Agricultural Practices and Agricultural Labor Practices programs. More details of farmer expectations can be found on pages 23 through 24 of this Sustainability report.

We also institute numerous safeguards at our processing facilities to assure quality and integrity including sanitation, moisture content, non-tobacco related material, and infestation management. Our responsibly-sourced leaf is supervised, purchased, and processed under controlled conditions created by our quality management systems, and remains traceable to the farm-level through our extensive traceability systems. We are able to trace issues such as Non-Tobacco Related Material (NTRM) and agrochemical use back to the farm and utilize findings in our supplier assessment system. The result is that our customers know they can rely on Universal to consistently deliver a product that is responsibly-sourced and meets their specifications.

Our ingredients businesses operate in alignment with the Global Food Safety Initiative (GFSI) and utilize GFSI-recognized certification programs to assess their business operations. FruitSmart (BRC), Shank’s (SQF) and Silva (FSSC 22000) have integrated these food safety certification programs into their operations and are routinely audited by their respective certification program owners. In fiscal year 2023, no major non-conformities and two minor non-conformities were found with a 100% corrective action rate. There were no recalls issued by our operations.

Universal’s Board oversees the funding of significant capital expenditure initiatives requested by our local operations that support product quality and integrity. Our Board, corporate management, and designated committees consider and address issues that may occur in the supply chain. Universal works with our customers to ensure that the tobacco that we source meets or exceeds our customers’ social, environmental, and quality standards.

- *Primary data capture at the farm level: Mobileleaf™, our agronomy software platform, and other software are deployed with our leaf technicians to capture live farm data. This allows for direct data input from our leaf technicians during a visit to be quickly visible to management to understand the situation on the farm. Mobileleaf™ and similar systems have been deployed in over 20 of our growing origins.*
- *Processing Traceability: Expansion of TOIS*

*(Tobacco Operations Information System) and Enhanced MobileLeaf™ Integration. TOIS is an internally developed “seed to sales” system with over 500 apps supporting factory processes from farmer financing to purchasing to processing to shipping. The system was developed to increase speed of analytics through real-time data capture. TOIS has been rolled out to 6 facilities with 3 more planned in the next two years.*

- *Maintenance of ISO management systems in key supply origins (14 processing operations with ISO). 70% of our processed volumes are handled through ISO certified facilities.*
- *Universal Supply Chain Security Program: The Universal Supply Chain Security Program is designed to be broad, sustainable, and effective at mitigating security threats in the supply chain. Universal’s decision to implement is based on two important goals; (1) to protect Universal employees, our business partners, and the general public from terrorist activity, (2) to improve the functioning of the tobacco supply chain for the benefit of the tobacco industry and our customers.*
- *Our ingredients operations maintain kosher and organic certifications for many of their product offerings as well as certifications associated with the raw ingredient supply chain.*



# ENVIRONMENTAL IMPACTS

As stated in our global Environmental Policy, we are committed to cooperating with our supply chain partners to implement strategies that reduce the environmental impact of agricultural activities and to implement best practices at our local operations to address environmental impacts. Universal recognizes three primary environmental risks throughout our global footprint: greenhouse gas emissions, consumption and disposal, and forestry. In our 2023 fiscal year, several environmental projects and programs were implemented with the goal of managing our environmental risks.

Numerous laws and regulations have been enacted around the world regarding the protection of the environment by eliminating, reducing, or restricting the discharge or release of contaminants or pollutants into the air, water, and soil. Local environmental regulations provide Universal with best practices to adopt at each operation. Our operations must adapt to the unique environmental challenges that each faces. Governmental requirements and environmental conditions vary amongst our areas of operation, so we depend on our local management teams to ensure that we mitigate environmental impacts while Universal's corporate management and supporting officers monitors results and sets expectations on a global basis.

Within our factories, we monitor our environmental impact by focusing on fuel usage, water usage, and solid and liquid waste disposal. We monitor the efficiency of resource utilization along with factory emissions, and we continue to implement biomass fuel usage where practical to reduce fossil fuel usage. Additionally, proper protections

are in place to minimize emissions regardless of energy source. We continue to consider ways in which we can reduce the environmental impact of the tobacco supply chain, through promoting energy efficiency, supporting biodiversity, and conserving forestry and other natural resources. Our forestry activities have continued to expand and are a focus of this report (see page 17).

We review the expectations of the Task Force for Climate Related Financial Disclosures (TCFD) and evaluate our risk mapping and adjust our disclosures accordingly. Annually, we disclose our greenhouse gas emissions to the Carbon Disclosure Project (CDP). Our climate change questionnaire is made public and we review our disclosure to improve the transparency of our environmental data. We also make our Water Security and Forestry CDP submissions public to benefit our disclosure and transparency.

Our NCG Committee is responsible for overseeing the environmental performance of the company, and each employee, officer, and director is expected to ensure that his or her activities and those of their fellow workers are environmentally sound.

TOPIC	RISK	OPPORTUNITY IN RESPONSE
<i>GHG Emissions</i>	<ul style="list-style-type: none"> <li>• <i>Changing weather patterns due to climate change</i></li> <li>• <i>Increasing climate change regulation</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Tobacco and other crop varieties that require fewer inputs—drought tolerant, etc.</i></li> <li>• <i>Incentives and decreased costs associated with purchasing renewable energy</i></li> </ul>
<i>Managing Consumption</i>	<ul style="list-style-type: none"> <li>• <i>Pressure on water infrastructure for availability and quality</i></li> <li>• <i>Increased pressures associated with responsible disposal</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Enhancing our operational infrastructure to be more resilient by recycling water and capturing rainwater</i></li> <li>• <i>Reusing and recycling materials to reduce operational and disposal costs</i></li> </ul>
<i>Forestry</i>	<ul style="list-style-type: none"> <li>• <i>Deforestation impact from curing fuel procurement</i></li> <li>• <i>Loss of biodiversity</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Control cost and distribution of wood supply</i></li> <li>• <i>Benefits to local biodiversity</i></li> </ul>



At Universal, environmental sustainability is more than just compliance with the law. It requires continuous assessment and mitigation of environmental risks, engagement with our relevant stakeholders, and creative and strategic actions to minimize environmental impacts and conduct our business responsibly.

**Preston D. Wigner**

*Vice President, General Counsel and Secretary*







# EMISSIONS

Climate change issues are important considerations directly related to the sustainability of tobacco production and our ability to supply tobacco to our customers. Universal monitors and tracks fuel and energy use throughout our supply chain—from the farm to the consumer product manufacturer. Our scope 1 activities include mobile, boiler, and generator combustion, while our scope 2 activities are primarily related to grid electricity use. Universal understands that impacts of climate change will vary by geographic region and the possible effects could include changes in rainfall patterns, water shortages, changing storm patterns and intensities, and changing temperature levels that could adversely impact our costs and business operations as well as the supply of agri-products. Universal has modeled our emissions and established long-term projections through our target year. The model extrapolates future utility emissions and costs, our future emissions, and inputs various project assumptions, so that we can leverage our resources to effectively meet our current and future climate targets.

Our long-term global strategy to mitigate climate impacts is through pursuit of economies of scale

and diversity of supply to address customer needs. In the short term, we also continue to develop new tobacco cultivars and diversify our role in various agricultural supply chains, such as the agri-products associated with our ingredients business. We teach our contracted farmers resilient farming techniques which are discussed further in the Good Agricultural Practices sections beginning on page 22 of this Sustainability report. In sum, we take our climate impacts seriously.

In order to align our operations with the Paris Agreement in support of limiting global warming to well-below 2°C above preindustrial levels, we have committed to reduce absolute scope 1 and 2 GHG emissions by 30% by 2030 from a 2020 base year, and to reduce absolute scope 3 GHG emissions from purchased goods and services by 30% within the same time-frame. These targets were reviewed and approved by the Science Based Target initiative (SBTi). We are pursuing these targets through a strategy of seeking operational efficiencies, converting to cleaner fuels, and purchasing renewable energy depending on availability in local markets. Universal has reported emissions through CDP to our supply chain

partners since 2009, and we are now publicly disclosing our CDP submissions to provide greater accountability to our customers and shareholders. Universal aids our local management teams to identify and fund opportunities for reducing energy use and emissions, so our operations can combat climate change. This year we reduced our absolute emissions throughout our global operations, which can be attributed to using more renewable energy within our operations. Data collected from fiscal year 2023 is presented herein.

## / CARBON EMISSIONS IN OUR VALUE CHAIN /

While Universal is working towards a net zero target, we are evaluating our carbon footprint throughout our value chain. Accurate measurement and transparent reporting of our carbon footprint help us to shape our strategy, set targets, and measure progress. We calculate our GHG footprint annually, following guidance from the Greenhouse Gas Protocol and accounting for all emissions generated across our value chain have

been continuously improving our process since first collecting data in 2009.

Our scope 1 and scope 2 emissions have been our primary focus, but as we work towards aligning with global best practices, we have evaluated our supply chain footprint as well. Scope 1 and scope 2 emissions account for less than 25%, or one quarter of our overall footprint. While we consider it vital to improve the environmental performance of our direct operations, most of our carbon footprint is generated in our value chain as scope 3 emissions. Working collectively with tobacco growers, suppliers, NGOs, local communities, and governments is crucial to attaining our environmental goals. Sources of these emissions include curing and fertilization in our tobacco supply chain, transport of materials used to grow tobacco, and business travel and employee commuting, among others. Downstream, emissions generated by the transport and distribution of our goods are included in our scope 3 boundary as well.

<b>SCOPE 1</b>  95,448 tCO <sub>2e</sub>	<b>SCOPE 2</b>  49,868 tCO <sub>2e</sub>	<b>EMISSIONS INTENSITY</b>  0.06 tCO <sub>2e</sub> /\$1,000 in revenue
<b>TOTAL MWH SCOPE 1</b>  521,073 MWh	<b>MWH FROM RENEWABLE SOURCES</b>  155,299 MWh	<b>TOTAL ELECTRICITY USE</b>  141,792 MWh

### EMISSIONS VALUE CHAIN





## MANAGING CONSUMPTION

At Universal, we believe in minimizing our impact on natural resources by reducing our consumption and supporting reuse to the greatest extent practicable in our operating regions. We encourage our operations to work with local resources to increase the reuse and recycling of water and other resources, through composting or recycling, and to minimize impacts on local infrastructure. Water use and waste disposal are two sets of metrics we use to monitor our impact and track progress towards our goals.

### / WATER /

Universal believes that conserving water is important to our business from both a cost and sustainability perspective. We primarily use water during tobacco processing by heating it in boilers in order to condition and dry the tobacco. This process balances the moisture level in processed tobacco to facilitate packaging, storage and long-term use. We limit our use of public water sources, while managing overall water usage and discharge. In our ingredients business, water use is minimized, and typically involves removing moisture from our raw products, with water usage mostly associated with cleaning and sanitation activities. In our supply chain, we work with our direct contracted farmers to implement efficient water use practices.

Our processing operations primarily rely on boreholes, municipal water systems, rainwater collection, and surface water withdrawals for industrial use. When necessary, water is filtered on-site for our own use. Around the world, we strive to increase our reuse of water, and we fund water projects to address regulatory requirements and long-term reductions in use. Water consumption in areas of water stress are reported according to the World Research Institute (WRI) Risk Atlas Tool ([aqueduct.wri.org](http://aqueduct.wri.org)). Where access to water for sanitation and hygiene (WASH) and safe drinking water is found to be a risk, we work with local and industry stakeholders to increase availability where we operate.

On a monthly basis, Universal collects data to monitor water use within our processing operations. This data is reviewed by the corporate operations team to monitor our water risk in our operations. Flow meters and control systems provide the data that drives our understanding of water use and discharge. This year, in several of our operations, we increased our reused water with infrastructure upgrades. Water withdrawal and consumption decreased in 2023. Each location continuously works on decreasing our water footprint. Data collected from fiscal year 2023 is presented herein.

### TOTAL WATER WITHDRAWN

1,648,120  
M<sup>3</sup>

### TOTAL WATER CONSUMED

620,160  
M<sup>3</sup>

### PERCENTAGE OF WATER WITHDRAWN

40%  
In areas of high water stress

### PERCENTAGE OF WATER CONSUMED

26.8%  
In areas of high water stress

### WATER RECYCLED

49,066,835  
Liters

### WATER REUSE

#### Italy

*In our operations, water is used to condition tobacco for long term storage using steam and heat. Most of the water is treated and discharged, but when possible our operations look for opportunities to reuse water. Our Italian subsidiary, Deltafina, was using water to regularly rinse and flush their water purification system and historically have discharged that water. After some testing determined the water was free of pollutants, the water was put in a holding tank to be used for irrigating the landscape around the facility and will reduce water withdrawn by 2,000 cubic meters.*





## MANAGING CONSUMPTION

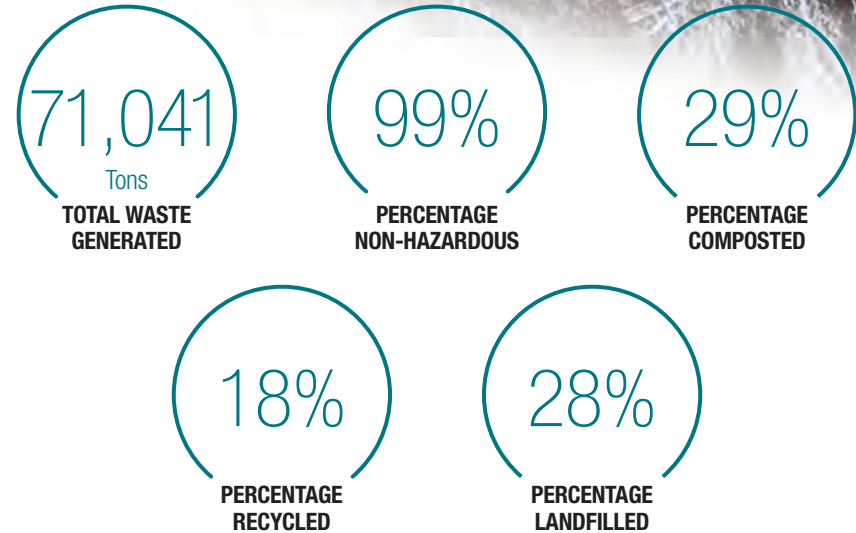
### / WASTE /

Universal tracks waste associated with our processing operations as we believe that lower waste generation promotes responsible business practices. Waste disposal is commonly dictated by local regulations, and we regularly monitor our compliance. Our disposal amount can be dependent on local infrastructure limitations and the agri-products our customers choose to purchase. Our subsidiaries are encouraged to exceed regulatory requirements by recycling and composting waste in order to reduce our impact on local disposal resources. Universal also encourages new technologies for waste reduction and provides the resources needed to implement solutions.

Each year, composting and recycling are expanded within our operations. The less we send to landfills, the less strain we put on local resources. We routinely review the waste data we collect in order to better identify the opportunities for recycling and reuse. We sell our tobacco

by-products to manufacturers when possible to reduce our total amount of waste generated. When we sell our by-products this affects the amount of waste we are able to compost. We work with our subsidiaries to understand their constraints, so that they have the resources they need to continue to reduce landfill disposal. As a company, we produce and handle minimal amounts of hazardous waste. The majority of hazardous waste we produce is related to vehicle and equipment maintenance. Furthermore, we do not use chemicals to process our tobacco.

With regard to waste generation, Universal focuses on continuous improvement to reduce our overall waste generation while seeking opportunities to reuse by-products. We seek to improve efficiencies throughout our processes, and this year we limited our hazardous waste to just 1% of all operational waste, and globally decreased the total amount of waste generated.





## FORESTRY

### / FORESTRY /

Universal believes that it is important to responsibly use forest resources and prevent deforestation. Forestry and timber resources are essential to our business because wood is used in our supply chain to cure tobacco, construct barns, and in some regions to fire our boilers. We track Company and contracted farm timber consumption, conversion of natural ecosystems, and area of trees planted during each crop cycle. Using timber, as opposed to fossil fuels, limits the emissions associated with curing tobacco. In fact, in some countries we maintain forestry resources as an essential part of our business strategy and plan.

Our contracted farmers may directly purchase wood themselves, but in countries with limited forestry resources, we provide wood to them. Universal tracks the sources of wood used in the supply chain and works with local suppliers to ensure the sources are sustainable. During contracting we also evaluate if a farmer has converted a natural forest to a land use type. In FY 2023, our contracted farmers did not convert natural forest to a different land use type. In cases where Universal is not supplying wood to farmers, we monitor the farmer wood lots and timber stores to ensure the wood used has been legally sourced. Universal promotes the use of timber that is sourced from forest areas that have been certified by local or international organizations. These organizations include the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), Programme for the Endorsement of Forest Certification (PEFC), and others.

Traceability is an important part of working to combat deforestation. Traceability means knowing where timber originates, which provides increased visibility of the timber supply chain. To meet our timber supply goal of zero deforestation, we need an auditable and traceable timber supply chain which is pursued on an origin by origin basis. We work with suppliers and review their practices to encourage recognition and pursuit of deforestation standards. Where farmers source wood inputs, they are required to submit receipts or other relevant traceability documentation. Our field technicians monitor the farmers' wood storage and use throughout the growing season in order to evaluate circumstances and record associated documentation. As of 2023, we achieved 79% traceability in our timber supply chain.

### TREES PLANTED DURING CY23

16,841,467



# SOCIAL IMPACTS

Universal operates throughout the world and impacts tens of thousands of people every day. We operate in more than 30 countries, employing a multicultural and multinational work force. We are committed to supporting our employees and work to meet their needs and those of their communities. Through our diverse workforce, Universal has a global view of the needs and challenges that face people throughout the world, and we engage our employees and communities to help improve local circumstances. Our operations strive to make a meaningful difference by communicating with stakeholders, so we can support the needs of those in our communities.

Our business directly and indirectly supports the communities and regions in which we operate by providing local farmers efficient access to global markets and offering our employees and those of our contracted farmers fair treatment and a safe work environment. Universal further supports its farmer and employee communities through specific financial investments, programs, projects, and volunteering opportunities aligned with local business activities and the overall needs of the community. See more about our farmer engagement in the Good Agriculture Practices section of this Sustainability report.

Universal reviews social issues in the regions where we operate in order to shape our actions. We operate in a fair and responsible manner and strive to be an inclusive workplace and a supportive supply chain partner. We also address key aspects and concerns of the tobacco and ingredients industries as well as the farming and

industrial communities in which we operate.

## / COMMITTED TO PREVENTING & ELIMINATING CHILD LABOR /

Universal is strongly committed to preventing and eliminating child labor in agriculture and to supporting our farmers and their communities. In addition to our own efforts to reduce child labor through supply chain monitoring and local programs, Universal joined the Eliminating Child Labour in Tobacco Foundation (ECLT) at its inception in 2001 and has remained actively involved.

Over the past decade, the ECLT has directly impacted over 920,000 children, farmers, and citizens through projects in Guatemala, Indonesia, Kyrgyzstan, Malawi, Mozambique, the Philippines, Tanzania, Uganda, and Zambia. These projects focus on: (1) working with communities to identify and alleviate child labor; (2) raising awareness about child labor and the dangers it poses to children; (3) building capacities within communities to improve family livelihoods; and (4) increasing access to quality education and training to prepare children and youth for future work. As a result, ECLT estimates that in the last ten years it removed or kept over 195,000 children away from child labor; sent over 32,000 children to school; and financially empowered more than 90,000 families in tobacco-growing communities.

In addition, ECLT brings together national governments, employers, worker representatives, farmer associations, and local leaders to secure concrete commitments in building capacity and closing public policy gaps. In 2014, thirteen organizations,

including Universal, adopted ECLT's "Pledge of Commitment and Minimum Requirements," a public agreement to uphold robust policies on

child labor, conduct due diligence, and provide for remediation consistent with the UN Guiding Principles on Business and Human Rights.





## A COMPREHENSIVE COMMITMENT TO HEALTH & SAFETY

### / PRIORITIZING HEALTH & SAFETY /

Universal maintains an unwavering commitment to the health and safety of our employees, contractors, visitors, and customers. This commitment serves as the cornerstone of our business practice, reflecting our deep respect for every individual involved in our operations. Anchored in global standards and guided by a proactive management strategy, our approach to safety prioritizes prevention, accountability, and continuous improvement.

In fiscal year 2023, Universal continued efforts to bring health and safety to the forefront, fostering a culture where safety is a priority and embedded in our work ethos. We firmly believe every incident can be prevented, and our dedication to creating a zero-harm environment has never been stronger. Leveraging the integration of our Ingredients Operations into Universal's Health and Safety Program, we have effectively aligned our safety, health, and organizational objectives across our global operations.

Throughout fiscal year 2023, we digitized our Environmental, Health, and Safety (EHS) systems and workflows. By doing so, we strengthened our risk management capabilities and fostered a culture of data-driven decision-making. Our transition to the in-house Health and Safety Management platform, Flowy, has streamlined our operations, allowing us to manage changes more effectively and derive actionable insights from our data. This digital transformation promotes efficiency, identifies areas for improvement, and fortifies our commitment to proactive safety measures.

Tragically, we suffered two fatalities in Mozambique, Africa in fiscal year 2023. In the wake of these unfortunate incidents, we have taken immediate action to share the lessons learned throughout our sites. By openly discussing the circumstances and identifying opportunities for improvement, we aim to mitigate the potential for similar incidents in the future. Our commitment to safety extends beyond words; it is about fostering a culture of continuous learning and implementing proactive measures to prevent unsafe situations.

At Universal, we recognize the vital role of employee engagement in fostering a strong safety culture. From an employee's first day of hire, we emphasize the importance of safety through our comprehensive new-hire orientation program, which details safety expectations and policies. We provide ongoing safety training, coaching, and engagement opportunities to improve workplace safety continuously.

We currently manage safety performance using the Total Recordable Incident Rate (TRIR) as a lagging indicator and the Near Miss Frequency Rate (NMFR) as a leading indicator. To provide a comprehensive organizational view, we are supplementing the TRIR operational dashboard with data from our Ingredients Operations, including historical performance data. This integration enhances our ability to analyze and monitor safety performance effectively. Additionally, Universal actively monitors ingredient business data to ensure realistic targets are set, considering the specific factors and challenges related to ingredients processing and their impact on safety performance.

Based on the targets set by the Universal EHS Committee in fiscal year 2020 for fiscal year 2023 (Total Recordable Incident Rate <0.50), our factories have shown positive performance in fiscal year 2023. There has been a remarkable 35% reduction in lost working days, indicating a significant decrease in the severity of injuries.

Despite the significant improvements that have been made, it is crucial to identify the root causes behind incidents when they occur. This will enable us to implement the necessary measures to address and mitigate the issues effectively. Through meticulous investigations, we can gain valuable insights that will inform the development

of targeted strategies to tackle the root causes and effectively reduce the frequency of incidents necessitating medical aid. By proactively addressing these issues, we can enhance our safety measures and foster a healthier and safer working environment for all.

Regarding preventive actions, the Near Miss Frequency Rate (NMFR) has increased by 35% compared with fiscal year 2022. The higher NMFR this year does not indicate that our working environment has become unsafe. Instead, it is a product of increased emphasis and training for NMFR reporting and suggests that our employees are becoming more vigilant in identifying and

### HEALTH & SAFETY BY NUMBERS

FISCAL YEAR	TRIR	NMFR
2020	0.60	2.17
2021	0.54	4.06
2022	0.52	2.45
2023	0.49	4.40
Target by FY 2023	0.50	—



Continued on next page ➡

## HEALTH & SAFETY (CONT.)

reporting near-miss incidents. This signifies a growing culture of safety consciousness and a willingness to address potential hazards before they escalate into more severe incidents. By embracing a proactive approach to safety, we can harness this increased reporting as a catalyst for positive change.

In fiscal year 2023, we significantly increased our workplace inspection efforts. A remarkable total of 15,000 inspections were conducted throughout

our operations in fiscal year 2023, representing a substantial increase compared to the 8,400 inspections performed in fiscal year 2022. The increased number of inspections resulted in a greater number of action plans being implemented. A total of 2,500 action plans were developed and executed in response to the findings from these inspections. This demonstrates our dedication to taking prompt and targeted actions to address identified issues and improve safety conditions across our operations.



**EHS Global Committee — The delegation (left-to-right):** Stanislav Petrov (Socotab), John Sabatini (ULNA), Derek Bizzell (ULT), Leonardo Flesch (ULT), Hamilton Dovorogwa (Africa), Leonardo Kipper (South America), Juan Guichardo (Dark Air Cured Group), Erick Nugraha (Asia), and Jocel Serrano (Asia). Not included in the photo are Dereck Gardner (Ingredients) and Giorgio Marchetti (Europe).

### / PLANNING FISCAL YEAR 2024 /

Looking ahead to fiscal year 2024, Universal is committed to further enhancing our safety initiatives. We will invest in programs that focus on implementing a Behavior-Based Safety (BBS) program. Recognizing the significant impact of individual behaviors on overall safety performance, the BBS program will promote safe practices, encourage employee ownership of safety, and foster a proactive safety culture throughout our organization.

Additionally, we will dedicate resources to improving our key performance indicator (KPI) tracking system. By enhancing our data collection, analysis, and reporting capabilities, we aim to gain

deeper insights into our safety performance and identify areas for targeted improvement.

Through our comprehensive commitment to health and safety, Universal strives to create a safe and secure environment for all individuals associated with our organization. By upholding high standards, embracing digital solutions, focusing on outcomes, engaging employees, and investing in Behavior-Based Safety and KPI tracking, we reinforce our dedication to the well-being of our workforce. Universal's commitment to safety is unwavering, and we will continue to drive progress, foster a strong safety culture, and pursue the highest levels of health and safety in all our operations.



Shank's is devoted to safety at all levels, which is why our employees work safely without risking their physical health and welfare. We have established a safe work environment where employees prioritize safety as a high priority.

**Nithya Sunder**

Production Team Leader,  
and Safety Committee Member





## EMPLOYMENT POLICIES & STANDARDS



Universal is committed to providing an inclusive working environment for our diverse employee base. All of our companies must comply with our Human Rights Policy, Code of Conduct, and Labor Policies and have access to our 24-hour compliance hot line. Universal is an equal opportunity employer throughout the world and selects the best job candidates on the basis of merit, regardless of characteristics such as race, sex, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion, or any other status protected by applicable law. We value our employees and understand that people are the backbone of our business. Without a reliable workforce, we cannot accomplish all that we do. Regionally, we

employ various methods to improve employee satisfaction and decrease turnover. We also support our employees outside of work by offering health and wellness services as well as by implementing projects that benefit their communities, such as, building schools and making technology more accessible. Furthermore, Universal does not engage in child labor or forced labor in any of our operations. Universal recognizes that employees have the freedom of association and the ability to individually or collectively communicate grievances and negotiate compensation without fear of retaliation, consistent with local, state, and federal laws. We want our employees to feel that the company they are working for is reputable and has their best interests at heart.



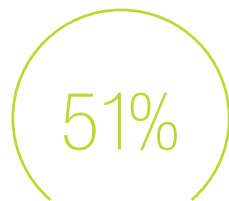
**NUMBER OF EMPLOYEES**



**FEMALE EMPLOYEES**



**FEMALES IN MANAGEMENT**



**COVERED BY COLLECTIVE BARGAINING AGREEMENT**



### MENTORSHIP PROGRAM

*Africa Region*

*In order to facilitate sharing of knowledge and skills while supporting succession planning across our Africa region, regional leadership challenged local managers to identify employees to participate in a mentorship program. When the program began in February 2022, 48 mentors and 68 mentees from our subsidiaries in South Africa, Mozambique, Zimbabwe, and Malawi were selected to participate. A third party was engaged to facilitate engagement for mentors and mentees. Mentors and mentees embarked on the same development journey that commenced with the program as a foundation to develop current and future leaders with an inside-out approach. The blended 7-module Self-Leadership Program consisted of self-directed Online content, peer group meetings, and virtual facilitated classroom sessions. Participants discovered their strengths, how their strengths can shift themselves and others to be at their best, and how to balance relationships and results. Mentees, mentors and the organization benefited in many ways. Mentors and mentees developed their self-leadership, confidence, relational skills that had a positive impact not only in their mentoring relationship but also in their own teams and their personal lives, and formed a connection with someone in another country and a different phase of their career, and had access to an independent soundboard.*





## COMMUNITY ENGAGEMENT

Universal has long recognized the importance of community success and prosperity as a key component of the sustainability of our business. Universal funds various initiatives annually to support local economies and cultures as shown on page 8. While many of our engagements aim to empower our employees, farmers, and their families directly, Universal is also committed to a number of projects intended to uplift communities as a whole. Across our global footprint, Universal supports countless local projects, government programs, and charitable events that, in turn, benefit not only our contracted farmers, but also the community at large.

We believe that we do not simply work in a community; rather, we are a part of it. Therefore, we have the duty to support society as a whole and help make it prosperous and vibrant. The stronger the community, the more efficient and effective it is in addressing the labor, environmental, and financial challenges found in the entire agricultural sector.

Universal and our employees are proud to engage as both active corporate citizens and leaders in our neighborhoods, communities, and countries. All our regional operations fund local initiatives at the request of those within the community.



# GOOD AGRICULTURAL PRACTICES

At the heart of Universal's business are farmers. Around the world, Universal directly contracts with over 202,000 farmers across more than 20 countries. Universal strives to produce quality, sustainable tobacco in all of these markets by employing over 2,700 trained agricultural professionals known as Field Technicians. Universal's Field Technicians work side by side with our contracted farmers to produce a tobacco crop that adheres to industry recognized Good Agricultural Practices (GAP), including Agricultural Labor Practices (ALP). ALP is the labor standard containing our human rights expectations for the tobacco supply chain. We share this standard and provide routine training to our contracted farmers and other supply chain participants. ALP is discussed in more detail on page 24.

GAP is a set of best practices extended to our suppliers that ensure farmers and workers are engaged in crop production that is environmentally responsible, economically profitable, and safe for both workers and the environment. GAP

is designed to align with international agricultural and worker safety standards. Around the world, Universal's agronomy teams, including Field Technicians, conduct formal and informal training sessions throughout the tobacco production cycle, ensuring that our contracted farmers are properly trained in numerous disciplines that support a safe, viable, and responsible tobacco production system. Farmer performance is routinely assessed according to our social, environmental, and quality standards.

In addition to our internal farm monitoring process, Universal participates in independent assessments of our tobacco-growing operations by independent third-party organizations. The results of these third-party evaluations provide valuable and transparent feedback on all areas of GAP: Agricultural Labor Practices, Crop Production, and Environmental Stewardship. Annual self-assessments and on-site reviews by third-parties better ensure that our operations identify and take corrective actions to address risks in our supply chain.

**DIRECT CONTRACTED FARMERS**  
**202,197**

**FIELD TECHNICIANS & AGRONOMY SUPPORT STAFF**  
**2,772**

**FARM VISITS & CONTACTS BY FIELD TECHNICIANS (FY 2023)**  
**1,917,023**

## PROGRESS AGAINST ALP CORPORATE AIMS

<p>BY 2025</p> <p><b>NO CHILD LABOR</b></p> <p>ON CONTRACTED FARMS</p>	<p><i>During the past season, Universal operations reported 1,247 Prompt Actions for Child Labor. A Prompt Action involves a situation where Field Technicians must intervene when they observe a child's physical or mental well-being at risk, such as operating farm machinery or working during school hours. All Prompt Actions are recorded and require one or more follow-up visits to ensure that the situation has been fully resolved. The majority of these Prompt Actions involved situations where children were assisting their parents with farm activities. Of the 1,247 Prompt Actions for Child Labor, 1,233 were resolved during the season. In addition, 31 farmers had their contracts with Universal canceled due to Child Labor Prompt Actions.</i></p>
<p>*BY 2022</p> <p><b>ACCESS TO PPE FOR FARMERS &amp; FARM WORKERS</b></p> <p>ON CONTRACTED FARMS WHERE WE SUPPLY CROP INPUTS</p>	<p><i>Universal operations achieved 100% of this target and will continue to monitor and assess PPE access.</i></p>
<p>*BY 2022</p> <p><b>MINIMUM WAGE PAID</b></p> <p>TO FARM WORKERS ON CONTRACTED FARMS</p>	<p><i>During the past season, Universal operations reported 2,052 Prompt Actions related to wage issues, such as, not meeting the local agricultural benchmark standard. The Prompt Action process requires a follow-up of one or more visits to ensure that the situation has been corrected. 2,046 of the reported workers' wages Prompt Actions were resolved during the season. In addition, 2 farmers had their contracts canceled due to Workers' Wages Prompt Actions. Universal operations have been actively promoting the use of written contracts between farmers and their workers as a mechanism to further reduce disputes between parties.</i></p>
<p>*BY 2022</p> <p><b>APPROPRIATE ACCOMMODATIONS</b></p> <p>FOR FARM WORKERS ON CONTRACTED FARMS</p>	<p><i>During the past season, Universal operations reported 639 Prompt Actions related to workers' accommodations, such as unsecured doors or improper cooking facilities. The Prompt Action process requires a follow-up of one or more visits to ensure that the situation has been corrected. 355 of the reported workers' accommodations Prompt Actions were resolved during the season. In addition, 74 farmers had their contracts canceled due to such Prompt Actions.</i></p>

\* Due to the low number of incidents found we have substantially met our aims for 2023. Work in our supply chain will be ongoing.



## AGRICULTURAL LABOR PRACTICES (ALP)

Universal believes in extending our human rights standards to our suppliers, so we monitor each contracted farmer for safe and fair working conditions on the farm. The Universal ALP Code consists of seven principles that embody Universal's human rights requirements for our contracted tobacco growers. The ALP Code requires that workers are treated fairly, child labor is eliminated on the farm, and workers have a safe work environment. In most cases the ALP Code is part of the farmer contract. During the farm monitoring process, if a Field Technician finds an incident or issue, they work with the farmer to correct the issue. Each issue warrants a different level of intervention, and depending on the findings, the solutions range from additional farmer training to the development of corrective action plans. Each level of intervention is monitored until the issue is closed. If a violation cannot be resolved during the season,

the respective farmer is placed on a watch list for the next season. In situations where farmers incur repeat violations or where farmers refuse to comply with our robust requirements, they face the possibility of contract termination and loss of the ability to seek contracts with us in the future.

Universal actively works in our agricultural communities so workers are trained on how to safely perform their job tasks. As part of the Universal ALP Code, contracted farmers are trained and often provided with personal protective equipment that is used for handling of green tobacco in order to prevent green tobacco sickness (GTS), and for applying crop protection agents (CPA). The ALP Code is discussed regularly with our contracted farmers. The methods of communication and training vary among regions, but the seven principles are the same throughout our global footprint.

**FARMERS & FARM WORKERS RECEIVING CPA TRAINING**

224,384

**FARMERS & FARM WORKERS RECEIVING GTS TRAINING**

258,494

**FARMERS & FARM WORKERS RECEIVING ALP TRAINING**

272,500

More information about Agriculture Labor Practices (ALP) Code can be found on the Universal Web page at: [http://www.universalcorp.com/Resources/Practices/HIS\\_LP\\_Shared/UJT\\_ALP\\_Code.pdf](http://www.universalcorp.com/Resources/Practices/HIS_LP_Shared/UJT_ALP_Code.pdf)

### THE SEVEN ALP PRINCIPLES

 <p><b>CHILD LABOR</b></p>	<p><i>There is no employment or recruitment of child labor. 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.</i></p>
 <p><b>INCOME &amp; WORK HOURS</b></p>	<p><i>Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal working hours.</i></p>
 <p><b>FAIR TREATMENT</b></p>	<p><i>Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse. Workers have access to a fair, transparent and anonymous grievance mechanism.</i></p>
 <p><b>FORCED LABOR</b></p>	<p><i>All farm labor must be voluntary. There shall be no forced labor. 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.</i></p>
 <p><b>SAFE ENVIRONMENT</b></p>	<p><i>Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers. Workers have access to clean drinking and washing water close to where they work and live.</i></p>
 <p><b>FREEDOM OF ASSOCIATION</b></p>	<p><i>Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively. The farmer does not interfere with workers' right to freedom of association.</i></p>
 <p><b>COMPLIANCE WITH THE LAW</b></p>	<p><i>Farmers shall comply with all laws of their country relating to employment. All workers are informed of their legal rights and the conditions of their employment when they start to work. Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.</i></p>



## CHILDCARE CENTERS IN MEXICO

Universal's efforts to address agricultural labor risks in our tobacco supply chain are not limited to farmer monitoring and on-farm engagement. We recognize the need to identify root causes and other factors that raise risks in farming communities. One such effort involved the support of child care centers in Mexico. In Mexico, over 85% of the tobacco production is located in the state of Nayarit. Given its relevance, in 2001 an analysis of this situation was carried out by the tobacco companies operating in Mexico at that time, in cooperation with the University of Nayarit. The most relevant findings were:

- Seventy-five percent of the workers come from indigenous ethnic groups who migrate from the highlands of Mexico and settle in the tobacco growing areas during the harvest season.
- Sixty-five percent are accompanied by their families.
- In cases where children were found working, the predominant activities were tobacco harvesting and stringing.

With this analysis, the tobacco companies joined together to remove children from the fields. This program was formed with the cooperation of the Tobacco sector, local government, and the University of Nayarit.

The objective of the program was to discourage child labor and recognize the universal rights of minors and offer them an alternative that

contributes to their development and education.

The strategy was to offer a center in the communities, where the migrant minors had access to basic services such as food, health care, education, and recreation. These centers were fully funded by the tobacco companies.

### / SERVICES OF THE CENTERS /

- The educational program is carried out with the support of the State Education Department. Teachers are provided that speak both indigenous languages (Cora and Huichole) as well as Spanish. The program is divided into three categories by age, 1.5 to 3 years, 4 to 5 and then 6 through 15 years.
- The children receive health and dental care in the centers.
- Breakfast, lunch, and a snack are provided each day, as well as transportation to and from their homes to the centers.
- Recreational activities, with equipment and sports facilities, are provided.

### / CHILDCARE CENTERS STRUCTURE /

- The buildings all belong to the local government or local communities.
- Local NGOs operate these centers with the financial support of the tobacco companies.
- Government agencies help with education and medical care.

- The centers operate for five months during the tobacco growing season.
- There are two main indigenous groups, the Cora and the Huichole, which account for 87 percent of the children.
- The tobacco field technicians provide the required details where the children are located, so the transportation routes can be defined to pick up the minors.
- The programs serve 1,200 worker children. Since the establishment of the programs in 2001 there have been over 27,000 children that have attended the childcare centers.





## AGRICULTURAL ENVIRONMENTAL IMPACTS

Universal is dedicated to managing our environmental impact in the areas where we purchase and process tobacco. We routinely gather data to review the environmental implications of tobacco production and we implement projects to reduce negative environmental impacts accordingly. We work with key industry stakeholders to implement locally appropriate, standardized practices that are beneficial to all of our farmers, not only our contracted farmers. We believe a consistent industry approach to environmental issues is the key for continued success in implementing these initiatives. Through GAP, responsible sourcing and recycling programs, and innovative technologies, Universal strives to reduce carbon emissions and protect the environment.

### / CURING EMISSIONS /

Certain types of tobacco, such as flue-cured Virginia (FCV), require additional direct energy inputs in the curing process. Through our review of our emissions in our supply chain, we have found that Scope 3 emissions associated with farmers curing tobacco through the use of heat are the largest source of emissions in the supply chain. Universal is working diligently to ensure that these energy inputs come from traceable and sustainable sources, including managed agroforestry projects and biomass operations.

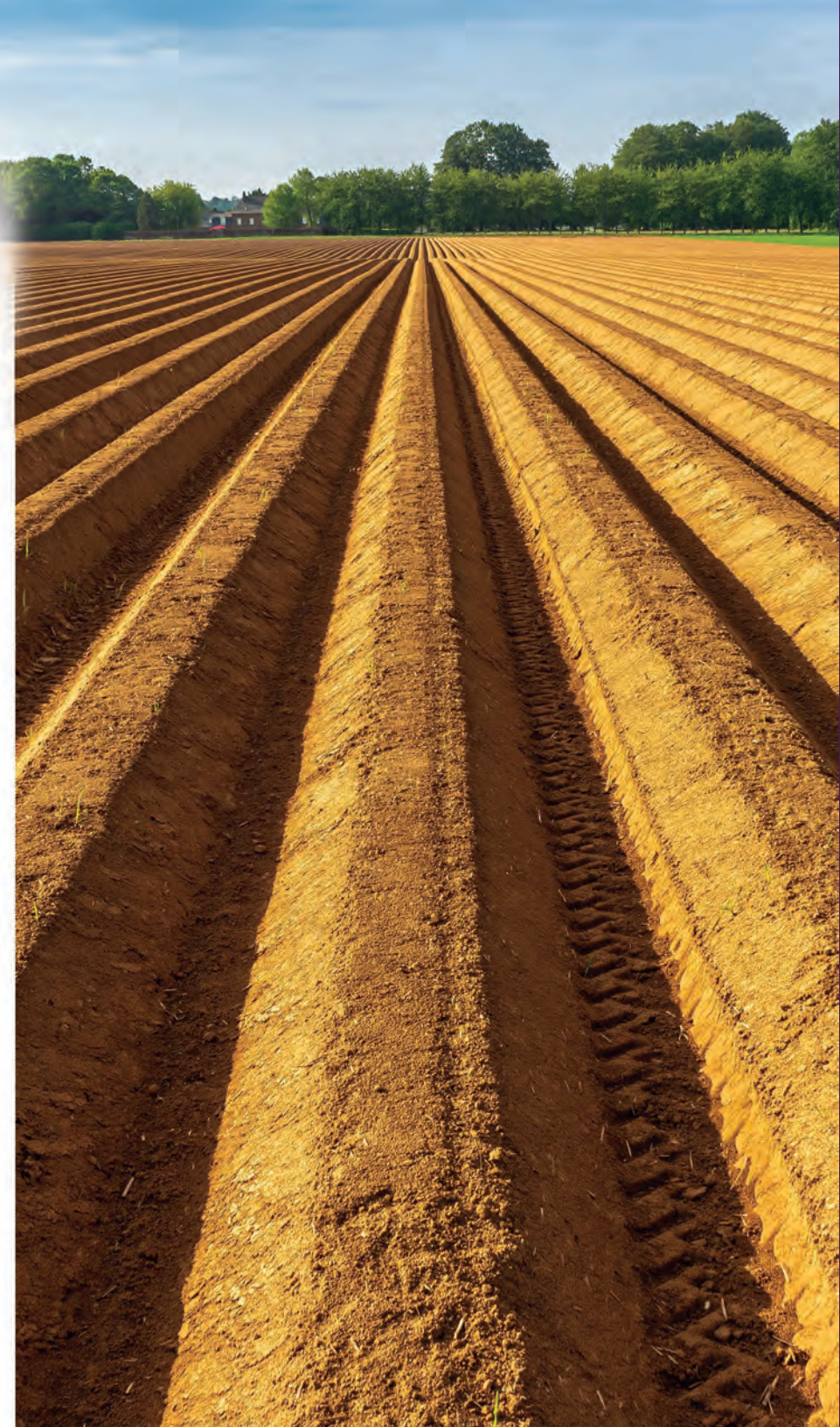
Additionally, Universal is working with our farmers to replace and/or upgrade their curing infrastructure to increase efficiency, thereby reducing their total fuel consumption.

### / BIODIVERSITY /

Maintenance of biodiversity in our growing regions is also an important issue for Universal. Different operating regions experience varying biodiversity risks, and our farmers are trained on practices to mitigate these risks. Universal also supports biodiversity in our operating regions with forestation and conservation projects that increase the success of biodiversity. Universal evaluates our impact to biodiversity by reviewing the location of contracted farms in relation to species or habitats that are at potential risks due to farming.

### / SOIL & WATER CONSERVATION /

As part of Universal's GAP, our operations look for ways to improve the sustainability of contracted farms. In addition to ensuring the responsible use and disposal of CPAs and CPA containers, Universal also monitors cultivation practices. To protect the water and soil resources, our operations promote locally appropriate conservation techniques such as: cover crops, crop rotation, contour farming, drip irrigation, and reduced tillage.



**NUMBER OF TREES PLANTED DURING SEASON**  
**16,841,467**

**FCV FARMERS USING 100% TRACEABLE WOOD SOURCES**  
**73%**

**NUMBER OF IMPROVED FCV BARNs**  
**9,432**



## SUSTAINABLE CROP PRODUCTION

In order to produce our agri-products in a responsible way, Universal takes great care in selecting and training the contracted farmers from whom we source our tobacco. The contracted farmers within the Universal supply chain are expected to adhere to a strict set of production practices that promote the sustainability of agricultural lands. For crop production to be sustainable, the fields and the crop must be properly managed. Part of this process is selecting crop varieties that are suitable for the various farm conditions and by encouraging farmers to properly rotate crops to reduce soil stress and disease. Universal also encourages practices that are reasonable for the farmers to implement. Practices that encourage farmer welfare have a better chance of success because the farmers are benefiting from the practices.

### / RESPONSIBLE CROP PROTECTION AGENT (CPA) APPLICATION /

Our Field Technicians and other agronomy staff work closely with our contracted farmers to manage insects and disease. Universal works with our tobacco operations to reduce reliance on traditional pesticides, by utilizing effective biological controls, organic products, and alternative control methods. Our efforts include working with partners in the industry to identify, test, and embrace new pest control products and methods that offer farmers safer tools to produce their crops. Utilizing Integrated Pest Management practices, our Field Technicians advise our farmers on proper utilization of CPAs and other control strategies to produce a tobacco crop that meets the quality demands of our customers.

### / GENETICALLY MODIFIED TOBACCO /

Universal does not supply or endorse the use of genetically modified tobacco seed for commercial tobacco production and we work hard to ensure that we do not purchase genetically modified tobacco. We work with growers to use tobacco seed from approved sources and bred with traditional plant breeding practices. We regularly test tobacco for genetic identifiers and will reject tobacco if we find evidence of genetically modified tobacco.

### / FARMER LIVELIHOOD /

Ultimately, for the crop to be sustainable, the farmer must be profitable. Universal works in our growing regions to enhance the profitability of tobacco growing which aids farmers in achieving a living income. Universal finances crop inputs in several regions, monitors the cost of production, and provides technical support to farmers to promote improved yields and quality. In some countries we also employ programs to help farmers better understand financial management, so that they are better able to pay workers on time and plan for future expenses. In summary, as the crop cannot be grown without farmers, we work with farmers to support their evolving needs.

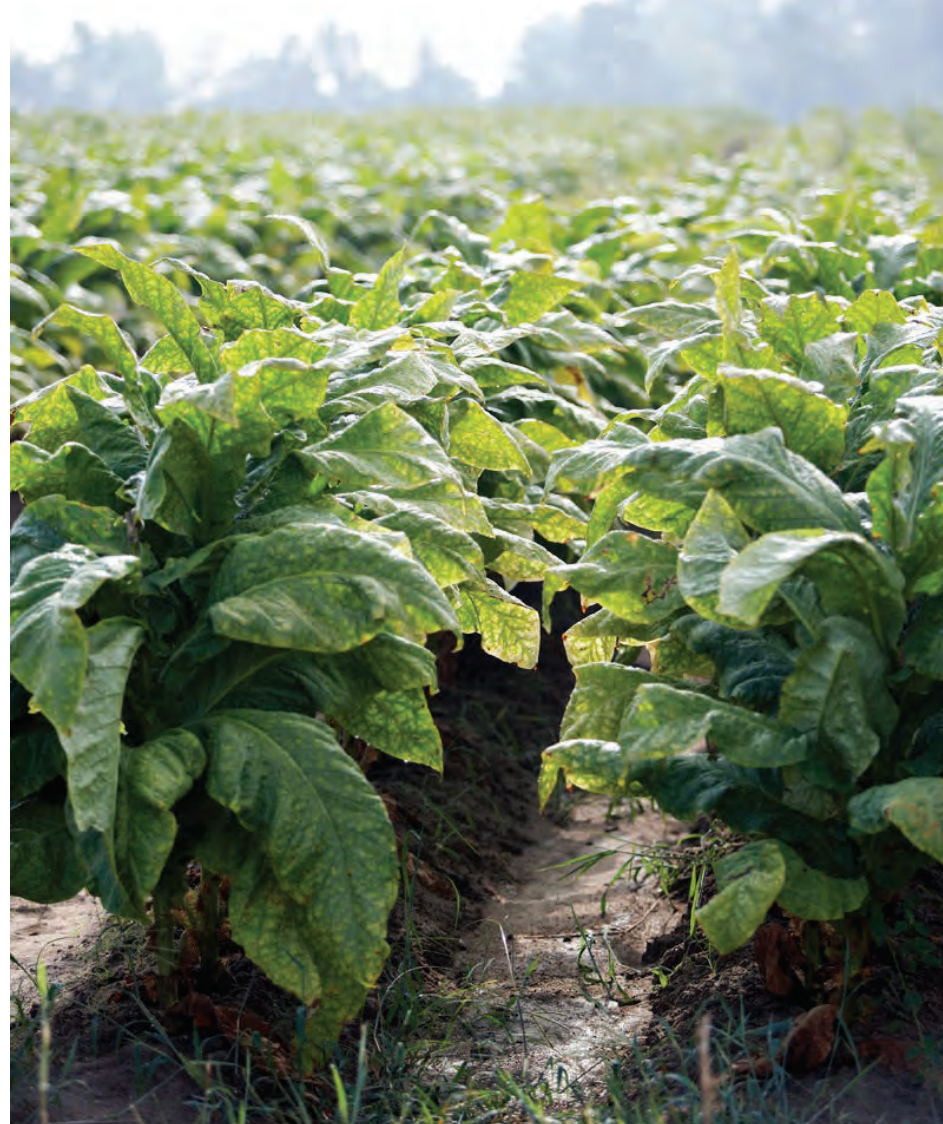
In addition to the actions related to tobacco, in many countries, efforts are underway to promote complimentary crop diversification. Activities such as providing improved food crop seed, financing and supplying fertilizer for food crops, providing technical assistance on production of food crops, and in limited locations, providing markets for food crops are all part of the efforts to improve farmer livelihoods.

NUMBER OF CONTRACTED FARMERS GROWING COMPLIMENTARY CROPS

158,811

PPE KITS (FOR CPA & GTS) PROVIDED TO FARMERS & FARMWORKERS

655,791



## SASB INDEX

DISCLOSURE TITLE	ACCOUNTING METRIC	LOCATION OF DISCLOSURE	NOTE
<b>Greenhouse Gas Emissions</b>			
Gross Scope 1 Emissions	FB-AG-110a.1	14	
Discussion of Strategy, Targets, and Performance	FB-AG-110a.2	14	
Fleet Fuel	FB-AG-110a.3	See Note	Universal is reviewing the data collection process and will be disclosing this information in future reports
<b>Energy Management</b>			
Operational Energy Consumed	FB-AG-130a.1	14	
Percentage Electricity	FB-AG-130a.1	14	
Percentage Renewable	FB-AG-130a.1	14	
<b>Water Management</b>			
Total Water Withdrawn	FB-AG-140a.1	15	
Total Water Consumed	FB-AG-140a.1	15	
High Baseline Water Stress	FB-AG-140a.1	15	
Description of water management	FB-AG-140a.2	15	
Water non-compliance incidents	FB-AG-140a.3	See Note	Universal did not have any water non-compliance water incidents in FY 2023
<b>Food Safety</b>			
GFSI audits and non-conformance	FB-AG-250a.1	12	
Recalls	FB-AG-250a.1	12	
<b>Workforce Health and Safety</b>			
(1) Total recordable incident rate (TRIR),	FB-AG-320a.1	19	
(2) Fatality Rate	FB-AG-320a.1	19	
(3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	FB-AG-320a.1	19	
<b>Environmental and Social Impacts of Ingredients Supply Chain</b>			
Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	FB-AG-430a.3	12, 23–27	
<b>GMO Management</b>			
Discussion of strategies to manage the use of genetically modified organisms (GMOs)	FB-AG-430b.1	27	
<b>Ingredient Sourcing</b>			
Identification of principal crops and description of risks and opportunities presented by climate change	FB-AG-440a.1	14, 26	
Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	FB-AG-440a.2	See Note	Based on an analysis of our global sourcing footprint, Universal sources less than 20% of its tobacco from regions of High or Extremely High water stress

**NOTE:** Universal Corporation has been placed in the tobacco sector according to the SASB reporting standards. However, we feel the metrics for that sector are better aligned with tobacco product manufacturers and do not adequately capture information relevant for our position in the tobacco supply chain. For this reason, we have decided to report on metrics and topics contained within the Agricultural Products standard.

# GRI REPORTING INDEX

**STATEMENT OF USE:** Universal Corporation has reported the information cited in this GRI content index for the period April 1, 2022 through March 31, 2023 with reference to the GRI Standards. **GRI 1 USED:** GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Sustainability Report page 1
	2-2 Entities included in the organization's sustainability reporting	See exhibit 21 "Subsidiaries of the Registrant" in Universal's Annual Financial Report 2023
	2-3 Reporting period, frequency and contact point	April 1, 2022 to March 31, 2023, sustainability@universalleaf.com
	2-4 Restatements of information	N/A
	2-5 External assurance	N/A
	2-6 Activities, value chain and other business relationships	Sustainability Report page 1
	2-7 Employees	Sustainability Report page 1
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	Sustainability Report page 2, Proxy Statement, Corporate Governance Guidelines
	2-10 Nomination and selection of the highest governance body	Proxy Statement, Corporate Governance Guidelines
	2-11 Chair of the highest governance body	Proxy Statement, Corporate Governance Guidelines
	2-12 Role of the highest governance body in overseeing the management of impacts	Proxy Statement, Corporate Governance Guidelines
	2-13 Delegation of responsibility for managing impacts	Sustainability Report page 2, Proxy Statement
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report page 2
	2-15 Conflicts of interest	Proxy Statement
	2-16 Communication of critical concerns	Sustainability Report page 9, Audit Committee Charter, Nominating and Corporate Governance Charter
	2-17 Collective knowledge of the highest governance body	Proxy Statement
	2-18 Evaluation of the performance of the highest governance body	Proxy Statement, Nominating and Corporate Governance Charter, Corporate Governance Guidelines
	2-19 Remuneration policies	Proxy Statement
	2-20 Process to determine remuneration	Proxy Statement
	2-21 Annual total compensation ratio	Proxy Statement
	2-22 Statement on sustainable development strategy	Sustainability Report page 7
	2-23 Policy commitments	Sustainability Report page 9, 12, 13, 18
	2-24 Embedding policy commitments	Sustainability Report page 2, 9, 12, 13, 18
	2-25 Processes to remediate negative impacts	Sustainability Report page 10
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report page 10
	2-27 Compliance with laws and regulations	2023 Annual Report
	2-28 Membership associations	Sustainability Report page 7
	2-29 Approach to stakeholder engagement	Sustainability Report page 6
	2-30 Collective bargaining agreements	Sustainability Report page 21
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Sustainability Report page 6
	3-2 List of material topics	Sustainability Report page 6
	3-3 Management of material topics	Sustainability Report page 6
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Sustainability Report page 8
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report page 14
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Sustainability Report page 9
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report page 10



## GRI REPORTING INDEX (CONT.)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Sustainability Report page 15
	303-5 Water consumption	Sustainability Report page 15
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report page 14
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report page 14
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability Report page 16
	306-3 Waste generated	Sustainability Report page 16
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report page 19
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Report page 19
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainability Report page 24
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report page 22









Universal

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[www.universalcorp.com](http://www.universalcorp.com)