



Sustainable Supply Chain Strategy

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Agenda

- Background & ESG Program
- Climate Change Focus
- Projects & Practices



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MEETING**
26th to 29th October 2022
Castelo Branco, Portugal

Global Footprint



Headquarter Location

Richmond, Virginia, U.S.A.

What We Do

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

Common Stock Symbol

"UVV" on the New York Stock Exchange

Founding

1918





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Stakeholders and Materiality Assessment

STAKEHOLDER	STAKEHOLDER IMPORTANCE	KEY TOPICS
FARMERS & SUPPLIERS	<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>	<ul style="list-style-type: none"> • Training • Good Agricultural Practices • Agricultural Labor Practices • Income
EMPLOYEES	<i>More than 20,000 Universal employees rely on our business for income and support for their families and livelihood. We rely on our employees to execute our business plan with integrity and efficiency.</i>	<ul style="list-style-type: none"> • Health and Safety • Human Rights • Employee Grievance Mechanisms
CUSTOMERS	<i>Our customers rely on us for a stable supply of agri-products, processing, and the performance of related services that meets their blend and quality needs. Customer relationships drive our business.</i>	<ul style="list-style-type: none"> • Product Standards and Requirements • Responsibly Sourced Products • Resource Efficiency
INVESTORS	<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>	<ul style="list-style-type: none"> • Business Performance • Corporate Governance • ESG Reporting
GOVERNMENTS & REGULATORY ORGANIZATIONS	<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 in regard to our business conduct.</i>	<ul style="list-style-type: none"> • Compliance with Local Laws • Anti-Corruption
LOCAL COMMUNITIES	<i>Our operations source agri-products from around the world and local communities benefit from the presence of our operations. The local people drive our supply chain and processing operations; and their success and support is vital for our operations.</i>	<ul style="list-style-type: none"> • Socioeconomic Stability • Community Engagement • Business Integrity



Sustainability Goals

- Developed from review of variety of stakeholders and data
- Targets set using best practices from global organizations
- Reviewed and approved by management
- Will be continuously evaluated for relevance and ambition

UNIVERSAL'S GOALS & TARGETS

Universal furthers our commitment to Agricultural Labor Practices

<p>BY CALENDAR YEAR 2025</p> <p>NO CHILD LABOR</p> <p>ON CONTRACTED FARMS</p>	<p>BY CALENDAR YEAR 2022</p> <p>ACCESS TO PPE FOR FARMERS & FARM WORKERS</p> <p>ON CONTRACTED FARMS WHERE WE SUPPLY CROP INPUTS</p>
<p>BY CALENDAR YEAR 2022</p> <p>MINIMUM WAGE PAID</p> <p>TO FARM WORKERS ON CONTRACTED FARMS</p>	<p>BY CALENDAR YEAR 2022</p> <p>APPROPRIATE ACCOMMODATIONS</p> <p>FOR FARM WORKERS ON CONTRACTED FARMS</p>

Universal furthers our commitment of Environmental Stewardship

<p>BY CALENDAR YEAR 2030 FROM A 2020 BASE YEAR</p> <p>REDUCE 30%</p> <p>ABSOLUTE SCOPE 1 & 2 GHG EMISSIONS</p>		<p>SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS & SERVICES</p>
<p>BY CALENDAR YEAR 2025</p> <p>5 MILLION LITERS OF RAINWATER COLLECTED</p> <p>ANNUALLY FOR OPERATIONAL USE</p>	<p>BY CALENDAR YEAR 2025</p> <p>75% OF WASTE COMPOSTED OR RECYCLED</p> <p>ANNUALLY</p>	



Emissions Targets



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

	Scope 1+2	Scope 3	Percent Reduced
2020 (Base Year)	183,363	534,302	-
2021 (Last Reported)	162,886	460,229	11%/14%
2030 (Target Year)	128,354	374,011	30%



Supply Chain Progress



	Total Number	Percent Resolved	Percent of Total
Child Labor	1,241 PAs	97%	0.7%
Access to PPE	~303,000 Kits	N/A	164%
Wage/Payment	280 PAs	83%	0.15%
Accommodations	461 PAs	74%	0.25%

* Recently collected and unaudited data that will be further scrutinized before used in our 2022 Sustainability Report.



Additional Social and Environmental Impacts on the Farms



~10,300,000
Trees Planted –
93% by the Grower and 7% by the Company



~165,000
Farmer with Potable Water
within 1km of Home – 89%



~6,500
Growers who Provide Accommodation –
4% of Farmer Base



Climate Change & Growers



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LIVING INCOME

All contracted farmers achieving a living income.

CHILD LABOR & LABOR RIGHTS

No Child labor on contracted farms. All workers paid at least the minimum wage.

HEALTH & SAFETY

All contracted farmers and their workers have access to use adequate PPE.

FINANCIAL LITERACY

Farmers understanding how to leverage and invest their income appropriately.



SUSTAINABLE FARMER

ULT can market their contracted farmers' compliant tobacco anywhere in the world.

Foundation: The ability to grow tobacco into the future while the climate changes and social expectations become more complex

Improving social aspects of our supply chain depend on managing long term environmental impacts in tobacco growing regions



Structuring Our Strategy

- Reviewing existing resilience of our origins in the face of global change
- Creating ambitious, but achievable goals
- Data driven action plans to efficiently & effectively meet goals
- Preparing to adjust our strategy as new information arises



Implications of Climate Change

- Climate Change may cause some crops to be more or less viable in different origins
- Origin resilience will be the key to sustainable tobacco production
- Continuing to implement practices that enhance crop adaptation



Projects & Practices



Project Types

- Reduce Emissions
- Enhance Resiliency
- Build Infrastructure



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Biomass Curing Barns – Spain



Our buying organization in Spain contracts with farmers that utilize sustainable biomass for tobacco curing. Starting in 2007, farmer cooperatives began investing in technologies that use biomass as an alternative to fossil fuels. The cooperatives maximize their efficiencies by curing in shared barns and reduce GHG emissions by using a sustainable source of fuel. The ability to use biomass in the curing barns introduces flexibility for the farmer cooperatives. While olive oil processing byproducts are the primary fuels, they are also able to utilize wood chips, almond shells, and pistachio shells, so 6.8 million kgs of biomass is used each year.



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Integrated Pest Management – Hungary



Integrated Pest Management (IPM) is a critical component of Good Agriculture Practice and is best practice for management of insects, diseases and weed pests in tobacco production. The Universal team in Hungary realized that farmers did not completely understand IPM concepts nor how to best utilize them. ULT collaborated with several organizations to develop an industry-wide IPM program and to educate tobacco farmers about how to use scouting information generated by the collaborators to reduce the frequency of CPA applications. The Nyidoter Producers' Group, National Food Chain Security Office (NÉBIH), Governmental Plant Protection Department, and Tobacco Research and Quality Development Institute (AGROPORT-D Ltd.) all work together to provide pest scouting, data analyses, and recommendations to farmers. Since this program first began in 1996, the amount of CPAs applied per hectare has decreased by approximately 20% and resulted in more effective pest management.



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Dzalanyama Watershed Reforestation – Malawi



Universal's Malawi subsidiary, Limbe Leaf Tobacco Company, launched the Dzalanyama tree-planting project in February 2019. The Malawi Parliamentary Caucus on Conservation (MPCC) engaged the Company to take part in the efforts of reforesting Dzalanyama Reserve, in order to mitigate the degradation of the Lilongwe water catchment. Dzalanyama Reserve is an important catchment area for Lilongwe City and in the past Lilongwe has experienced water quality issues, due to the deforestation and land degradation within and around the Dzalanyama Reserve. The Community has been driven to reforest the Reserve in recent years and Limbe Leaf is proud to play a part in this very important initiative. During the first year of the project, Limbe Leaf planted 18 hectares of trees and preserved 2 hectares intended for natural regeneration. For the second year of the project, Limbe Leaf is planning to

continue planting indigenous species but more importantly focusing on the management and preservation of biodiversity in the reserve. The managing director of Limbe Leaf stated "As a Company, we believe that planting trees is not enough, what is more critical is the management of the trees once planted. We will manage the trees and will continue to plant more trees in the next two years."



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Drip Irrigation – Mexico



Improving a farmer's productivity while also conserving water led Universal to implement the use of drip irrigation in Mexico. Drip irrigation reduces water use compared to traditional systems by up to 60% while maintaining farmers' yield and reducing cost of irrigation by up to 30%. Universal contracts local drip irrigation system specialists to help farmers design appropriate systems for their farm and provide financing to farmers to support the purchase of the proper equipment. Since the start of this program in 2019, 20% of our contracted farmers have adopted drip irrigation technology.



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Diversification

We recognize that our primary business, leaf tobacco, is changing as consumption continues its slow decline and new products enter the marketplace. Universal is proactively adapting to these changes, and we remain committed to our role as the leading global leaf tobacco supplier for our customers. As part of our previously -announced capital allocation strategy to invest in non-tobacco growth opportunities, Universal has invested in other agricultural supply chains. This includes a variety of fruit and vegetable processing, investing in corporate farming, and contracting crops other than tobacco. This extends Universal's skills of sustainable supply chain enhancement to supply chains beyond tobacco.

Below are some examples of agricultural products that Universal now purchases, processes, and/or sells to the global market:

- Peanuts
- Corn
- Vanilla
- Sweet Potatoes
- Blueberries
- Cotton
- Hazelnuts
- Apples
- Cucumbers
- and more





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International Tobacco Growers' Association

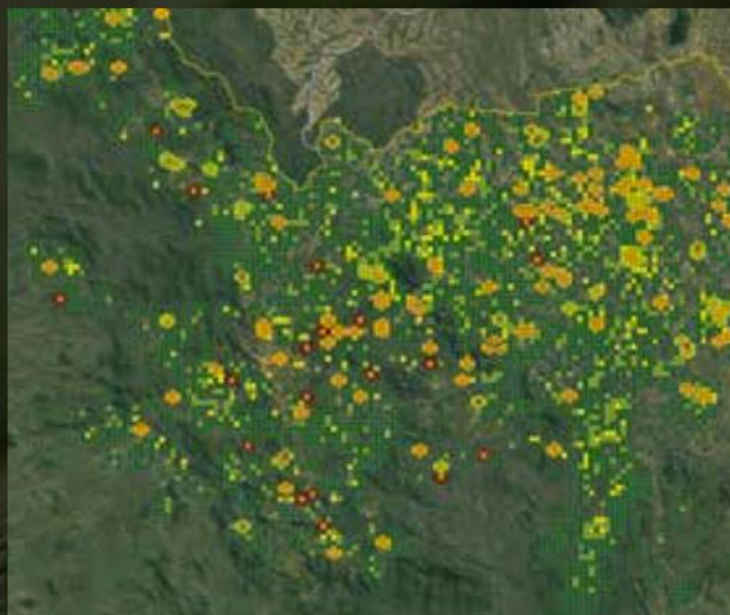
Honeybees – Bulgaria



The Socotab team in Bulgaria implemented a new project to improve sustainability and biodiversity as well as provide a potential new source of income to tobacco farmers. In cooperation with a local organization, demonstration bee-hives were established in the Sinite Kamani Nature Park as a way to help preserve plant diversity within the park (including some rare species of orchids) as well as serving as a training center for tobacco farmers that wish to learn and develop bee-keeping as an additional business. Farmers participating in the training program learn proper bee-keeping methods as well as how to certify their honey through a national program.



WASH Analysis – Malawi and Mozambique



Access to potable and safe drinking water remains a major challenge in many parts of Malawi and Mozambique, especially amongst rural farming communities. Approximately 30% of contracted farms in these countries do not have basic access to potable water year round according to a third-party water assessment conducted in 2020. In order to improve water access, we cooperated with stakeholders to build new boreholes in areas with significant access constraints, including those areas with no fresh water boreholes or non-functioning boreholes. Functioning boreholes were mapped in each country to identify areas with reduced access to potable water. Then, new drilling sites were selected to maximize coverage for

the tobacco growing areas. Our subsidiaries, Limbe Leaf and Mozambique Leaf Tobacco have engaged other stakeholders to drill boreholes, with a goal for 100% of our contracted farmer base in these countries to have access to potable water by 2025. The new boreholes will improve living conditions in these areas benefiting health, sanitation and hygiene and reducing water transport, a key contributor to child labor.



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Water Availability Improvements – Mozambique



In Mozambique, nearly half of the population does not have access to an improved water source, which negatively influences economic development, productivity and prevalence of illness. Our subsidiary, Mozambique Leaf Tobacco (MLT), has taken active steps in conjunction with the government and important tobacco industry stakeholders to address water availability in tobacco growing regions. The largest water availability improvements come through the establishment of community boreholes. Through this multi-stakeholder approach, boreholes are installed in communities sensitive to water availability. In the past 15 years, more than 90 boreholes were established. In the past year, 40 additional communities were identified to receive a borehole, and the multi-stakeholder group worked to procure project funding. MLT funded 10 boreholes for the project. The project will impact approximately 35,000 people in the rural communities where we contract tobacco.



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Water Availability – South Africa



The sustainable use of water for crop production is often associated with improved irrigation technologies. However, even with technologies like drip irrigation already in place, another key factor in sustainable water use is the amount of available water in the soil. The Universal team in South Africa is exploring practices to improve soil water availability and increase crop yield and crop quality by optimizing soil management practices. Our agronomists are currently working with 40% of farmers using a combination of sub-soiling and minimum-tillage to improve water availability under a drip irrigation system. In the past two seasons, these practices have helped to improve crop yield by 12% and more than doubled the amount of top quality grades while avoiding the use of additional irrigation water.



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Live Barns – Malawi & Mozambique



Climate change is a result of increased greenhouse gas emissions and global deforestation, and in southern Africa land conversion and increased populations have led to greater pressure on forestry resources. In response to the increased pressure our operations in Malawi and Mozambique have developed a creative solution to promote forestry on contracted farms. To cure burley tobacco, barns are constructed each year from locally sourced wood. In the past 8 years, our operations have distributed saplings to farms specifically for use as the primary barn structure. This practice reduces the need for sourced wood and promotes tree growth on farm. Since the program began in 2012, more than 40 million trees have been distributed for planting.



Final Thoughts

- Universal has a large farmer footprint and engagement
- Climate Change will impact the supply chain
- Universal is working on farmer resilience



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Thank You!



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