

UNIVERSAL CORPORATION | FISCAL YEAR 2021

# Sustainability Report



# UNIVERSAL'S GOALS & TARGETS

Universal furthers our commitment to Agricultural Labor Practices

<p>BY CALENDAR YEAR 2025</p> <p><b>NO CHILD LABOR</b></p> <p>ON CONTRACTED FARMS</p>	<p>BY CALENDAR YEAR 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>BY CALENDAR YEAR 2022</p> <p><b>MINIMUM WAGE PAID</b></p> <p>TO FARM WORKERS ON CONTRACTED FARMS</p>	<p>BY CALENDAR YEAR 2022</p> <p><b>APPROPRIATE ACCOMMODATIONS</b></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><b>REDUCE 30%</b></p>	
<p><b>ABSOLUTE SCOPE 1 &amp; 2 GHG EMISSIONS</b></p>	<p><b>SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS &amp; SERVICES</b></p>
<p>BY CALENDAR YEAR 2025</p> <p><b>5 MILLION LITERS OF RAINWATER COLLECTED</b></p> <p>ANNUALLY FOR OPERATIONAL USE</p>	<p>BY CALENDAR YEAR 2025</p> <p><b>75% OF WASTE COMPOSTED OR RECYCLED</b></p> <p>ANNUALLY</p>

# CONTENTS

- Foreword** .....i
- Letter from the Chairman** .....ii
- Company Activities & Profile** .....1
- Supply Chain Integrity** .....7
  - Creating Value* .....9
  - Compliance & Ethics* .....11
  - Supply Chain Controls* .....15
- Environmental Impacts** .....17
  - Emissions* .....19
  - Water* .....21
  - Waste* .....23
- Social Impacts** .....25
  - Health & Safety* .....27
  - Employment Policies & Standards* .....29
  - Community Engagement* .....31
- Good Agricultural Practices** .....33
  - Agricultural Labor Practices (ALP)* .....35
  - Agriculture Environmental Impacts* .....37
  - Sustainable Crop Production* .....39
- Indexes** .....41
  - SASB Index* .....41
  - GRI Reporting Index* .....43

## 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 to disclose metrics, facts, and figures that represent our business throughout the world. Data disclosed in this report reflect activities from April 1, 2020, to March 31, 2021. All entities within the scope of this report are also included in Universal's Annual Report for the 2021 fiscal year. This report has been prepared in accordance with the GRI Standards: Core option, and SASB Agriculture Products Standard.



## LETTER FROM THE CHAIRMAN

We have a responsibility to our stakeholders to set high standards of social and environmental performance and to support a sustainable supply chain. This year highlighted the importance of supporting the communities in which Universal operates, given the toll the pandemic has taken globally. We adapted our approach and programs when needed to continue to evaluate our impact during these challenging times. We continue to build our ESG programs to support our strong supply chain and the processes and activities that elevate our social and environmental performance.

We started fiscal year 2021 at the height of the COVID-19 restrictions, which have had some impact on every aspect of Universal's operations. I would like to thank all of our devoted employees for their patience and prudence during the pandemic as well as our supply chain partners that have worked with us on a variety of programs. We are excited for what the future holds for our operations around the world and appreciate the commitment of our employees and other partners to the sustainability of our business.

In this report, we have reiterated our commitment to sustainability by committing to environmental, social, and supply chain goals. These goals will help us measure our performance and hold us accountable to the stakeholders involved in our operations and supply chain. As countries slowly begin to reopen and recover from the pandemic, I also want to share my optimism about how we have positioned Universal for the future.

This year we submitted greenhouse gas emissions targets to the Science Based Target initiative (SBTi) based on our emissions reduction initiatives and our history of monitoring environmental impacts. We are pleased SBTi approved our targets. We look forward to working with our operations around the world to continue to reduce our emissions and other environmental impacts. Our acquisitions to support a plant-based ingredients platform (as it is framed in the annual report) are expected to deliver financial value as well as address our sustainability goals. Our emissions are lower even with an increase in revenue, and our goal to compost or recycle more than 75% of our waste was met earlier than anticipated due to how our ingredient businesses are addressing sustainable practices.

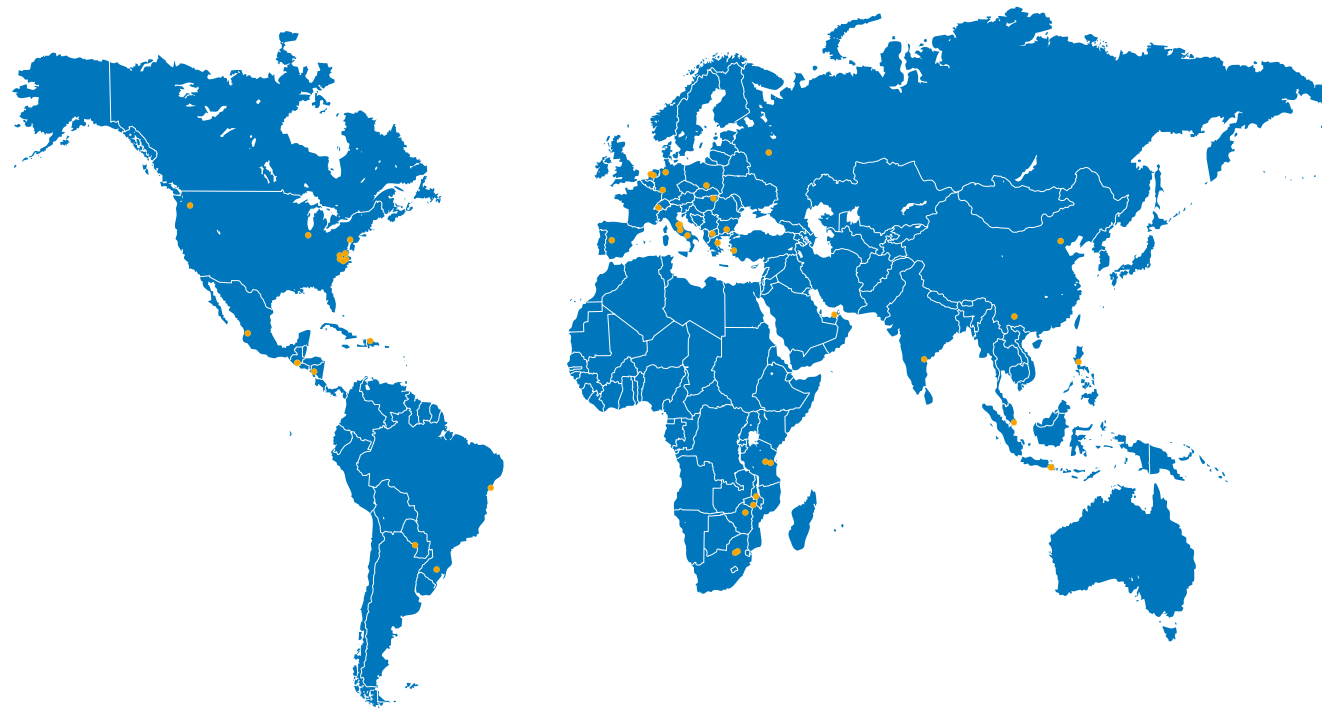
I have a deep sense of appreciation for the employees, farmers, customers and partners who helped Universal navigate these last 12 months. Despite work restrictions and supply chain challenges, we met our customers' needs, continued to invest in our businesses while providing returns to shareholders, and maintained our commitment to sustainability. I am confident we are a stronger company as a result. On behalf of our Board of Directors and the employees of Universal, thank you for your interest in our sustainability journey.

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



# INTRODUCTION

We are a global business-to-business agri-products supplier to consumer product manufacturers, operating in over 30 countries on five continents. 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. Our principal focus since our founding in 1918 has been tobacco, 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 flavorings and extracts for the food and beverage end markets. Rather, we support consumer product manufacturers by selling them processed raw products and performing related services for them.



*Universal has offices and facilities in more than 30 countries around the world: Bangladesh, Brazil, Bulgaria, Canada, the Dominican Republic, Ecuador, France, Germany, Greece, Guatemala, Hungary, India, Indonesia, Italy, Malawi, Mexico, Mozambique, the Netherlands, Paraguay, the People's Republic of China, the Philippines, Poland, the Republic of North Macedonia, Russia, Singapore, South Africa, Spain, Switzerland, Tanzania, Turkey, the United Arab Emirates, the United States, and Zimbabwe.*

## Universal Corporation, Sustainability in 2021—Goals, Challenges & Opportunities

For over 100 years, Universal Corporation has been finding innovative solutions to serve our customers and meet their agri-products needs. We built a global presence, solidified long term relationships with customers and suppliers, adapted to changing agricultural practices, embraced state of the art technology, and emerged as a recognized industry leader. We look to continue to successfully adapt as we move forward, including meeting new requirements from our various stakeholders. The European Union has recently proposed broad due diligence reporting requirements for all industries operating within Europe. The United States has contemplated additional public company disclosure obligations with respect to ESG and has called for a broader and more robust approach to labor compliance in foreign jurisdictions, which could include some of our strategic origins. Universal continues to monitor the changes in regulations and implement programs that meet expectations of government stakeholders.

This year, Universal has committed to goals that we extend throughout our supply chain. These goals address various social and environmental risks that we believe we have the opportunity to influence while upholding our strong belief in benefiting the communities where we operate. We established a greenhouse gas emissions reduction target which was approved by the Science Based Target initiative (SBTi), and look forward to continuing to implement projects and practices that address climate change. We have also taken steps to further align our communications with the United Nations Sustainable Development goals which are highlighted throughout the report.

## Setting High Ethical Standards with the Support of our Employees & Suppliers

The Universal Code of Conduct, the Universal Environmental Policy, and the Universal Human Rights Policy define the high ethical, social, and environmental standards we implement across our global operations. We strive to conduct business and handle information and assets with integrity. All employees, officers, and directors must read, understand and comply with these policies, rules and guidelines and report violations and occurrences that are inconsistent with them. Universal is governed by a Board of Directors and a group of senior executives. The Senior Management of Universal Corporation sets high standards and governance principles for the Company's employees, officers and directors. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and oversee the adherence of Universal's management teams, the Company's high ethical standards, and stated governance principles. To fulfill its responsibilities, 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. Through five committees the Board of Directors oversee important aspects of our business. One of those Committees is our Nominating and Corporate Governance Committee. This Committee oversees and reviews Environmental, Social, and Governance (ESG) programs associated with our businesses and supply chains. The Committee reviewed and approved this Sustainability Report for public disclosure.

Throughout the world, we work side-by-side with our contracted farmers to produce a sustainable tobacco crop that adheres to Good Agricultural Practices (GAP), including appropriate labor practices. Our global Agricultural Labor Practices (ALP) program code, or 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 ALP Code requirements, and we monitor their compliance through multiple in-person farm visits by our employees during the growing season.

## Reducing our Environmental Footprint

Universal recognizes three primary environmental risks throughout our global footprint: water usage, waste generation, and greenhouse gas emissions. Universal updated our commitments concerning the environment last year. We updated our Environmental Policy that outlines the significant environmental aspects that our company monitors and the responsibility we have to engage stakeholders and implement proper management practices throughout our supply chain. 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.

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 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.

## Active Participant in Industry Sustainability Initiatives

Universal is an active member of many organizations at local, national, and international levels. We are particularly proud to support a number of global industry organizations, including the Eliminating Child Labour in Tobacco Foundation (ECLT), the Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA), Sustainable Tobacco Program (STP), and Tobacco Manufacturer's Association's (TMA) Global Tobacco and Nicotine Forum (GTNF). These organizations represent an opportunity for us to engage and implement a number of our important commitments, including: (1) supporting our farmers and their communities; (2) eliminating child labor in agriculture; (3) supporting science and evidence-based regulation; and (4) engaging stakeholders in support of the tobacco and nicotine industry as a whole. Universal's participation expands beyond financial support to include organizational management, board membership and leadership, the sharing of best practices, and providing industry expertise.

## Committed to Preventing and Eliminating Child Labor

Universal is strongly committed to preventing and eliminating child labor in agriculture and to supporting our farmers and their communities. We commit significant resources and effort to addressing this issue through our global operations and involvement in organizations like ECLT. Universal joined ECLT at its inception in 2001 and has remained actively involved.

Over the past decade, ECLT has directly benefited 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 decent 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 more than 32,000 children to school; and financially empowered over 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. For example, ECLT has opened an office in Uganda to convene other agricultural sectors in the fight against child labor.

Universal's participation in ECLT is not merely financial, but includes larger commitments to management, leadership, and strategic vision. 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. Universal takes the implementation of this pledge and the success of ECLT's activities very seriously.

## Other 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. Universal remains committed to advancing the valuable scientific work carried out by CORESTA in providing leadership through our Vice President of Agronomy Services serving the roles of Vice-President of the Scientific Commission and President of the Agronomy and Leaf Integrity study group.

**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. Universal continues to lead in supporting the transparent engagement on tobacco and nicotine matters.

**Sustainable Tobacco Program (STP):** STP is an industry-wide initiative that focuses on several topics associated with tobacco production, including Environmental and Human Rights issues. The program was revised in 2020 to allow for a risk based approach for assessing sustainability engagement and monitoring at each of our operations.

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

STAKEHOLDER	STAKEHOLDER IMPORTANCE	KEY TOPICS
<b>FARMERS &amp; SUPPLIERS</b>	<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"> <li>• Training</li> <li>• Good Agricultural Practices</li> <li>• Agricultural Labor Practices</li> <li>• Income</li> </ul>
<b>EMPLOYEES</b>	<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"> <li>• Health and Safety</li> <li>• Human Rights</li> <li>• Employee Grievance Mechanisms</li> </ul>
<b>CUSTOMERS</b>	<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"> <li>• Product Standards and Requirements</li> <li>• Responsibly Sourced Products</li> <li>• Resource Efficiency</li> </ul>
<b>INVESTORS</b>	<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"> <li>• Business Performance</li> <li>• Corporate Governance</li> <li>• ESG Reporting</li> </ul>
<b>GOVERNMENTS &amp; REGULATORY ORGANIZATIONS</b>	<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"> <li>• Compliance with Local Laws</li> <li>• Anti-Corruption</li> </ul>
<b>LOCAL COMMUNITIES</b>	<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"> <li>• Socioeconomic Stability</li> <li>• Community Engagement</li> <li>• Business Integrity</li> </ul>

## Stakeholder Assessment

Universal also engages stakeholders on a regular basis. The six stakeholder groups in the previous 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 table on the previous page 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 which allows the list to be condensed into a few broad focus areas within each Environmental, Social, and Supply Chain Integrity 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.

### MATERIAL TOPICS FOR EACH PILLAR

SUPPLY CHAIN INTEGRITY	ENVIRONMENT	SOCIAL
<ul style="list-style-type: none"> <li>Compliance</li> <li>Economic Value</li> <li>Supply Chain Controls</li> <li>Crop</li> </ul>	<ul style="list-style-type: none"> <li>Water</li> <li>Fuel Efficiency</li> <li>Waste</li> <li>Agricultural Environment</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety</li> <li>Community Engagement</li> <li>Employment Practices</li> <li>Agricultural Labor Practices</li> </ul>

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 third Sustainability Report, we are proud to present goals and targets related to our environmental, social, and supply chain performance. We will continue to engage our stakeholders in designing and implementing our sustainability approach.

### United Nations, Sustainable Development Goals

Universal continuously evaluates how we can best align our operations with sustainable best practices. With the European Union and others considering the need for supply chain due diligence directives, we will enhance our communication to include references to the United Nations Sustainable Development Goals (UN SDGs). We have reviewed and evaluated the UN SDGs and identify contributory actions using SDG icons throughout this Sustainability Report. The UN SDGs identified in the 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 operations for impacts and risks throughout our supply chain.



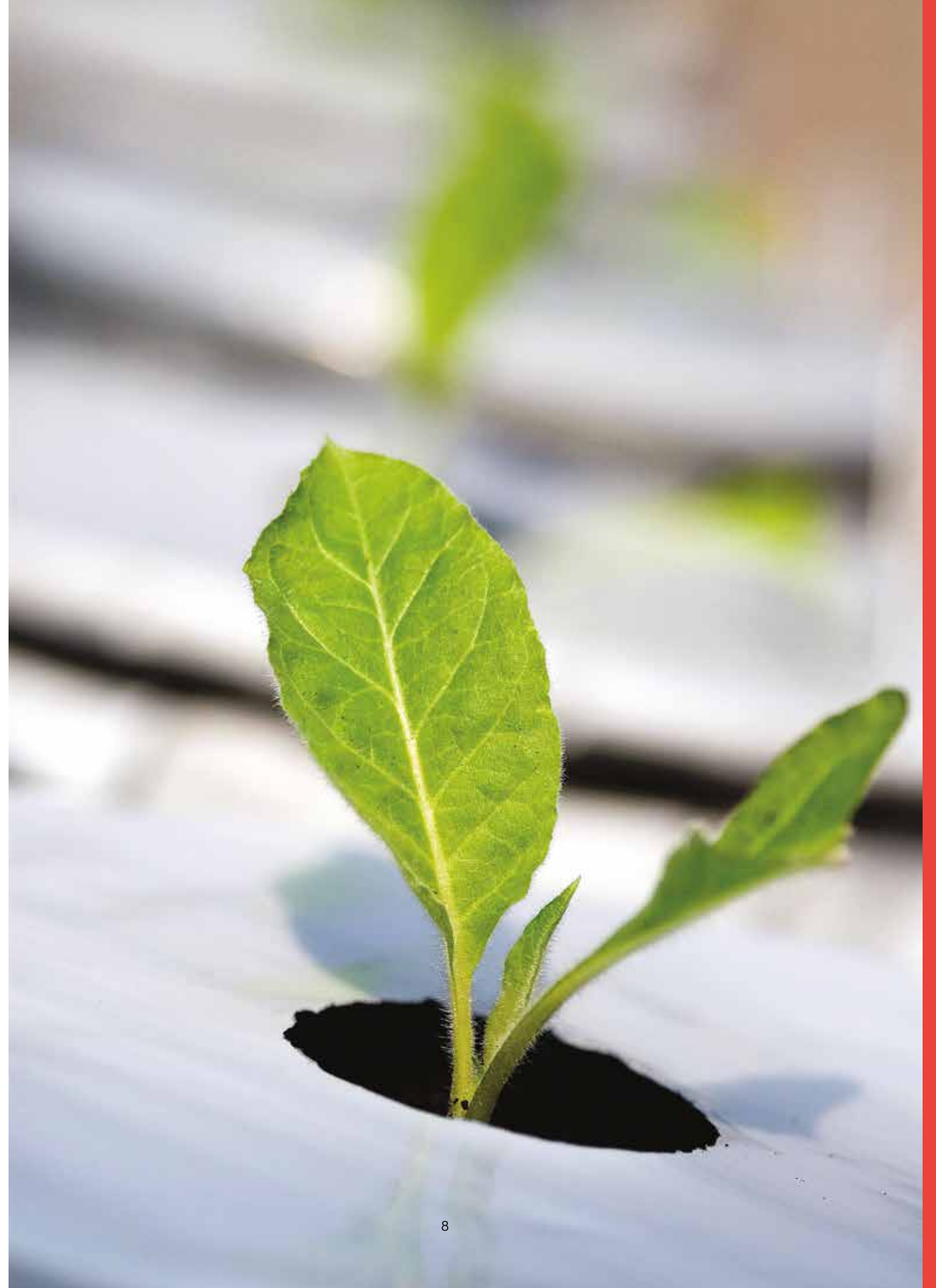
## SUPPLY CHAIN INTEGRITY

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, our company has a strategy to bring value to other agricultural products. We are doing this through strategic acquisitions and by purchasing other crops directly with our existing contracted farmers. Universal believes that agricultural products should be sourced in a responsible manner, and we work to standardize the policies and practices we apply to the products we source.

Universal has several global policies and practices that guide our subsidiaries. Global policies include Environmental; Health and Safety; Human Rights; Code of Conduct; Good Agricultural Practices; Agricultural Labor Practices; and Supply Chain Integrity. Our regional management teams determine how best to implement these policies in their regions, which can vary depending on the operating environments and constraints that each region faces. Universal supports our local operations and subsidiaries by establishing policies and monitoring implementation, reviewing regional operating plans, seeking alignment with stakeholders, and funding initiatives identified at the local level.

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.



# Creating Value

In fiscal year 2021, 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 strategy we previously laid out in 2018.

Our fiscal year 2021 net income, diluted earnings per share and operating income were all up over 15% compared to fiscal year 2020. Here are the highlights:

- Net income of \$87.4 million, or \$3.53 per diluted share, increased over 20% compared with fiscal year 2020's net income of \$71.7 million, or \$2.86 per diluted share. Net income and diluted earnings per share for fiscal year 2021 increased by \$15.7 million and \$0.67, respectively, compared to fiscal year 2020.
- Operating income of \$147.8 million, increased almost 17% compared to operating income of \$126.4 million for fiscal year 2020.
- Consolidated revenues of \$2.0 billion, increased \$73.4 million, for fiscal year 2021, primarily due to the addition of the plant-based ingredients business we acquired in calendar year 2020 and despite lower comparative leaf tobacco shipment volumes.

In connection with fiscal year 2021 earnings, we were pleased to announce our 51st consecutive annual dividend increase in our company's 100-plus year history. In addition to delivering strong year over year results, we continue to look in a prudent manner to strategically diversify our business mix going forward, including pursuing growth opportunities for our plant-based ingredients platform. We made significant progress by enhancing our plant-based ingredients platform when we acquired Silva International ("Silva") in October 2020, described further on the next page. We also recently acquired Shank's Extract's, Inc., a specialty ingredient, flavoring, and food company, with bottling and packaging capabilities. During the pandemic, we saw the resilience that our plant-based ingredients platform has to offer—its diversification, in particular, has served us well. While demand for ingredients used in products for restaurants and social venues declined, we saw demand increase for ingredients used in grocery items and pet foods.

Universal believes that all stakeholders should benefit from a relationship with our company. Operating costs are primarily related to local tobacco 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. In numerous countries, Universal supplies farmers with inputs and technology so that farmers can succeed.



Universal Corporation, Richmond, VA Headquarters.

DIRECT ECONOMIC VALUE DISTRIBUTED	
Operating costs	\$ 1,479,014,000
Employee Wages and Benefits	\$ 286,255,000
Payments to Providers of Capital	\$ 100,521,000
Payments to Governments	\$ 35,679,000
Community Investments <sup>1</sup>	\$ 4,936,000

<sup>1</sup> Community investments does not include contributions by Universal Leaf Foundation which totaled more than \$900,000.

## Silva Acquisition – United States



Silva International, located in Momence, Illinois, is a natural, specialty dehydrated vegetable, fruit and herb processing company. Through this acquisition, we welcomed more than 200 new employees to Universal and a shared commitment to upholding the critical relationships built with farmers and raw material suppliers around the world. Silva has the flexibility to find the best crop sources around the globe enabling them to provide the best in both cost and quality. Silva also sources ingredients from opposite hemispheres to take advantage of alternate crop cycles and to access the freshest ingredients year-round. The strategic partnerships with farmers and raw material suppliers gives Silva the ability to combat crop failures and take full advantage of lower costs, while always maintaining the best quality available. In adherence to the highest quality standards, Silva ingredients are produced at their U.S. production facilities, are certified Kosher and are HACCP, GMP, FDA, USDA compliant. Regular quality audits are conducted throughout the year and include FSSC 22000 audit inspections and a successful 4 Pillar SMEA Audit. These tight controls ensure food-safe ingredients that meet our high-quality standards.

## Roadway Improvements – Mozambique



In Tete, Mozambique, our operation faces unique challenges in transporting our tobacco from smallholder farmers to our processing facilities through to export. Because of the remote locations of our farmers, we fund and implement roadway improvement projects in the areas where we contract and transport tobacco. Our footprint in Mozambique covers 150,000 square kilometers in Tete, Niassa, and Zambezia Provinces and in 2020, we transported tobacco and crop inputs more than 4.8 million kilometers. Over the past five years we have provided approximately \$200,000 in funding for roadway and infrastructure improvements. These improvements in rural Mozambique provide infrastructure to support local communities.



# Compliance & Ethics

## The Right Way Is the Only Way

At Universal, our commitment to compliance and ethics guides our operations at every level from the Board of Directors to our local teams. The Board of Directors of Universal Corporation adopted our Code of Conduct and Anti-Corruption Compliance Manual in order 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. While it is true that everyone is required to comply with the law, the Code and Manual go beyond the law to set a higher standard to follow. The Code and Manual apply directly to all employees, officers, and directors in the Universal family of companies. In addition, joint venture partners, sales agents and certain third parties who represent our companies are contractually bound to follow the Code and Manual. From risk mitigation to scrupulous attention to laws and regulations, integrity is embedded in our DNA and visible in our risk mitigation efforts, ethical decision-making processes, and corporate governance policies. Universal's management fervently believes that doing the right thing the right way is the only way to conduct business. Universal's Global Compliance program is constantly evolving. The Corporate Compliance Committee, which is chaired by our Chief Executive Officer and includes other senior executives, strives to find new ways to improve the program to better mitigate risk and streamline administration to make the program more user friendly for employees and business. Internally, formal monitoring procedures are used to ensure the program is implemented and working as designed. We look externally for changes in law, our operating environments and best practices, and assess our risks annually to ensure our program is a living program tailored to our global operations.

## How Do We Do This?

Our Compliance Policies are supported by detailed Standard Operating Procedures that include both preventive and detective controls. These are closely monitored by both management and our Internal Audit Department. There is 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 reporting 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 he delivers reports on behalf of the committee at least quarterly to the Universal Corporation Board of Directors.



In addition to internal monitoring procedures, we engaged the services of a leading global law firm to conduct an independent benchmark assessment of our program. The law firm concluded that Universal designed and implemented a thoughtful and robust Anti-Corruption Compliance program. They reported that our program includes all required program elements and generally executes all elements per regulator expectations accounting for our company's risks, experiences, size, and resources, and they noted there were no significant or material gaps in our program.

Training and communication are key elements of our global Anti-Corruption Compliance program as they help drive company culture. 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. Our training is developed at our corporate headquarters for consistency, but is delivered by local trainers in local languages to ensure comprehension and the inclusion of local law and examples.

Face-to-face training is bolstered by online learning. Topics and frequency are driven by role and risk, but all employees in compliance-sensitive positions must complete at least one course annually.

In addition to training, we communicate frequently about our program, including our anonymous compliance hotline, in a variety of ways. For example, we use town hall meetings delivered by a local Managing Director, short reinforcement messages during a shift handover, and our quarterly newsletter articles. We believe that keeping our program top of mind will help us identify and manage risk.

## ONLINE COMPLIANCE COURSE COMPLETIONS FOR FY 2021

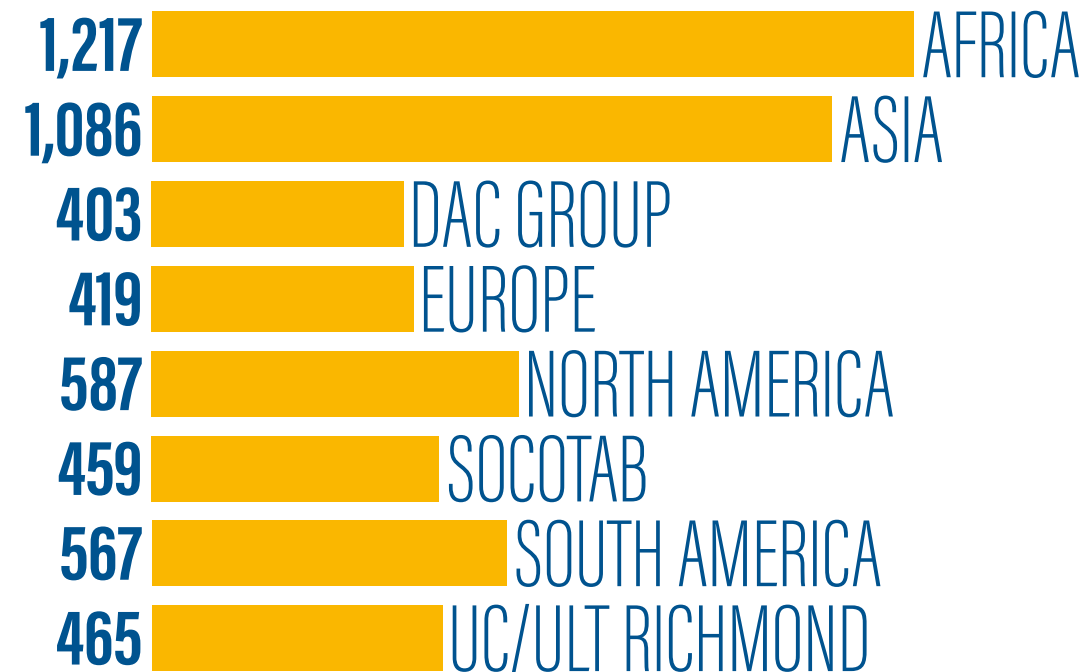


Chart shows the number of online compliance courses completed within the named regions.

In addition to regular compliance communications, we have communicated our Global Anti-Corruption Compliance Program to **100%** of our business partners. Of those business partners, we consider **25%** to represent higher corruption risk based on geography, nature of government interaction, and other compliance factors.

100% of those high-risk business partners received face-to-face and online compliance training, and all other business partners received online training or other forms of compliance communications that reinforce our program.



## [ 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.

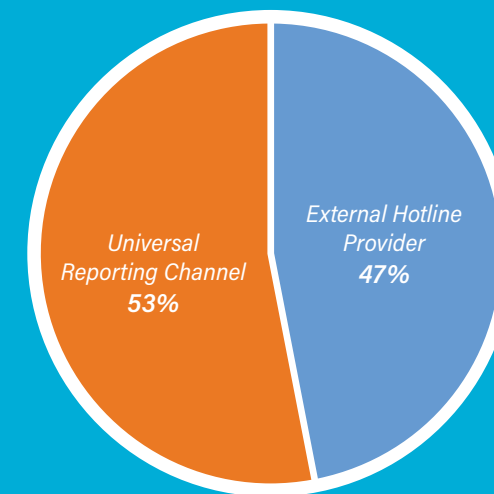
The Compliance Hot Line is available **24 hours a day 7 days a week** and in your **local language**. Phone calls and on-line reports are received by an independent organization: **EthicsPoint**. The goal is to ensure that you can communicate issues and concerns associated with unethical or illegal activities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



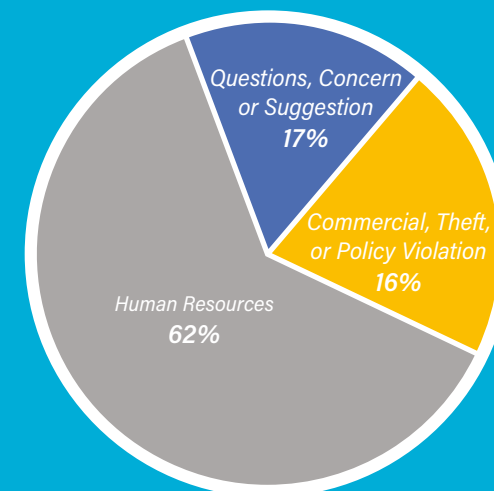
## Universal Global Compliance Program

### HOW WE REPORT CONCERNS:



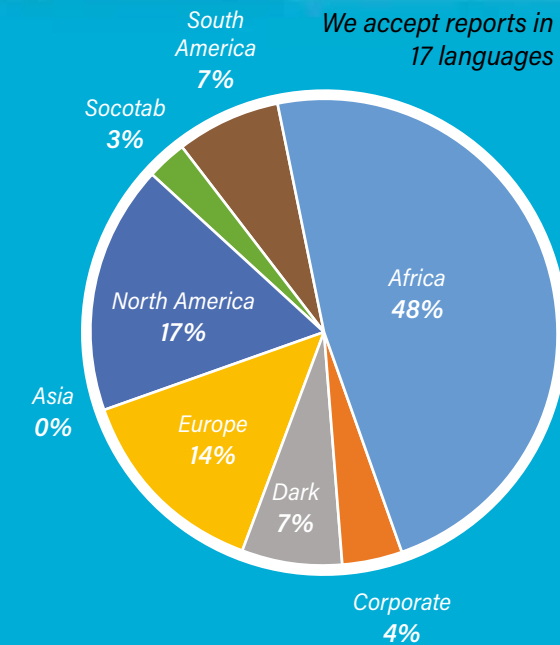
### WHAT OUR HOTLINE REPORTS ARE ABOUT:

(All reports: substantiated & unsubstantiated)



### WHERE OUR HOTLINE REPORTS ORIGINATE:

We accept reports in 17 languages



### WHAT HAPPENS TO OUR REPORTS:



# Supply Chain Controls

Our commitment to sustainability encompasses a wide array of programs and initiatives. As a global agri-products supplier operating in numerous countries around the world, we primarily focus our sustainability efforts on our own operations and the farmers from whom we purchase leaf tobacco and other agri-products. Sustainability efforts with respect to our facilities 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 also 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 farmers and farm workers, conduct supplier audits on farms, and provide agricultural extension services to our contracted grower base. All contracted farmers are monitored and audited against our Good Agricultural Practices and Agricultural Labor Practices programs. Our supply chain procedures and expectations can be found on page 35.

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 review 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 exacting specifications.

Our ingredients businesses operate in alignment with the Global Food Safety Initiative (GFSI). FruitSmart and Silva use BRC and FSSC certification programs, respectively, to audit the performance of their operations. In fiscal year 21, FruitSmart and Silva did not have any major non-conformances or recalls. Two (2) minor non-conformances were found at FruitSmart and one (1) at Silva. Both companies had a 100% corrective action rate.



When receiving tobacco bales from farmers the tobacco is graded and moisture content is assessed.

Universal also supports agricultural and industry interests through participation and leadership in key cooperative groups including the Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA), Eliminating Child Labour in Tobacco-Growing (ECLT), and numerous local and regional trade and manufacturing associations. Our work in these organizations is intended to stimulate the definition and adoption of sound practices and address key stakeholder concerns.

Universal's Board oversees the funding of significant capital expenditure initiatives requested by our local operations that support product quality and integrity. Our Board, management and designated committees consider and address the 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.



Universal processes tobacco and other agricultural products around the world and we have standards and procedures in place to consistently produce goods that our customers can rely on. Globally, eleven of our tobacco processing plants are ISO certified, covering approximately 70% of our total processed tobacco volumes. Our ISO certifications cover Quality and Environmental procedures with ISO 9001 and ISO 14001 respectively, with some operations having an additional certification for Health and Safety with ISO 45001.



Our ingredients operations maintain kosher and organic certifications for many of their product offerings and certifications associated with the supply chain of their raw ingredients.

## ENVIRONMENTAL IMPACTS

As stated in our global Environmental Policy, we are committed to cooperating with supply chain partners to implement strategies that reduce the environmental impact of agricultural activities and implementing best practices at our local operations to address environmental impacts. Universal recognizes three primary environmental risks throughout our global footprint: water usage, waste generation, and greenhouse gas emissions. In our 2021 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 they mitigate environmental impacts while we monitor results on a global basis.

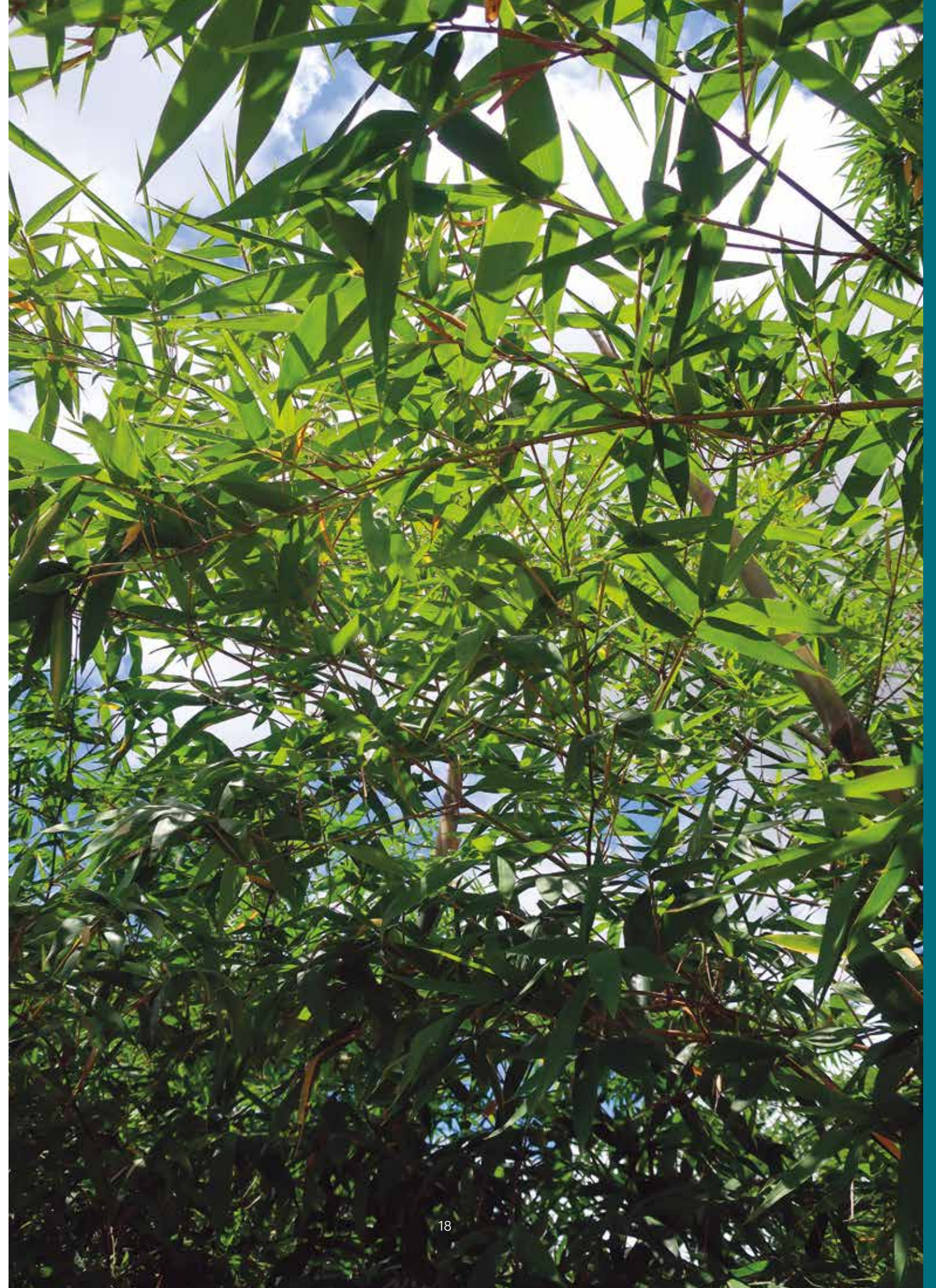
Within our factories, we monitor our environmental impact by focusing on fuel usage, water usage, and solid and liquid waste disposal. We monitor the efficiency of resource utilization along with factory emissions, and we continue to implement biomass fuel usage where practical to reduce fossil fuel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

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 with 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 submit Water Security and Forestry activities to CDP and as we enhance our disclosure, we intend to make these submissions public as well.

Our Nominating and Corporate Governance 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.



*In Africa, to reduce cutting wood for curing barns, Universal has encouraged farmers to plant trees to use as living barns for curing. The Live Barn initiative mitigates deforestation and encourages tree growth at smallholder farms.*



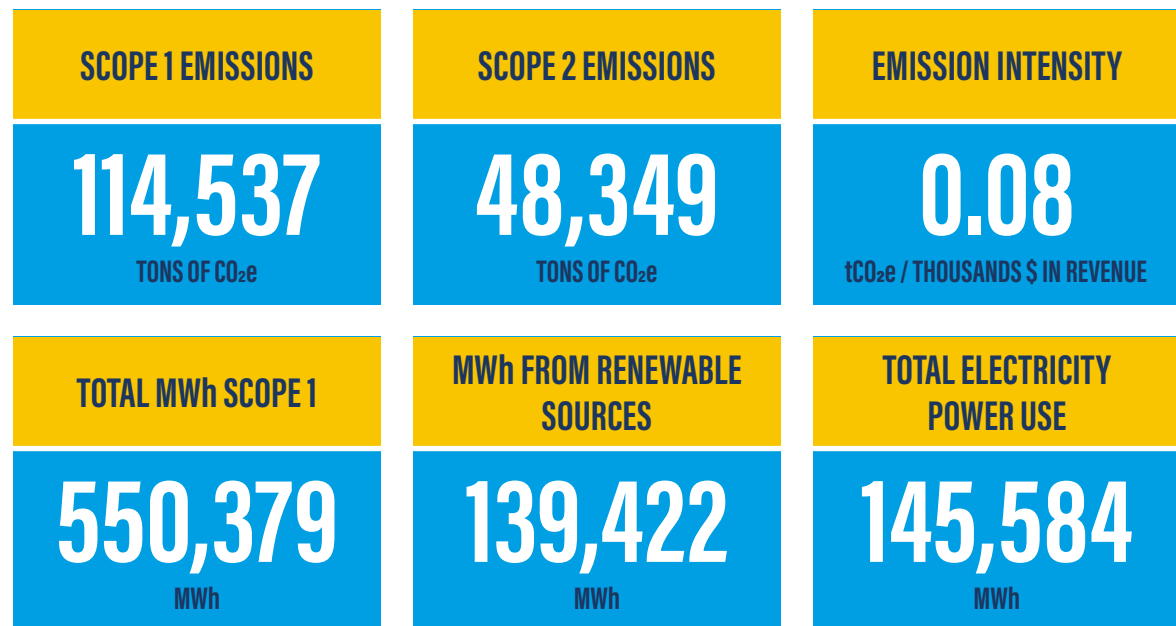


# Emissions

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. 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 35. 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 pre-industrial levels, we have committed to reduce absolute scope 1 and 2 GHG emissions 30% by 2030 from a 2020 base year, and to reduce absolute scope 3 GHG emissions from purchased goods and services 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 and converting to cleaner fuels according to 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 and emissions intensity throughout our global operations even though our electricity usage increased which can be attributed to using more renewable energy within our operations. Data collected from fiscal year 2021 are included below.



## Science Based Target initiative



Since 2009, Universal has collected fuel and electricity use information and has improved our processes over time. Using this data we assess the emissions associated with our operations and our supply chain. Our largest emissions sources are the operation of our industrial boilers and the fuel used to cure tobacco in our supply chain. Over the years we have implemented measures to reduce our emissions associated with our largest sources of emissions by converting to biomass fuel when possible and increasing efficiencies. In 2019,

Universal committed to setting a science based target to demonstrate progress towards reducing emissions. We worked with guidance from SBTi to set an absolute reduction target to reduce our largest sources of emissions. In 2021, our submitted target was approved by SBTi and covers our scope 1, 2 and scope 3 emissions associated with our purchased goods and services. Below are the metrics associated with our target that we will continuously evaluate over time.

	SCOPE 1 + 2	PERCENT REDUCTION	SCOPE 3 <i>(Purchased Goods &amp; Services)</i>
<b>2020 EMISSIONS</b>	183,363	30%	534,302
<b>2030 EMISSIONS</b>	128,354	30%	374,011

## Solar Power Pilot Project – Socotab



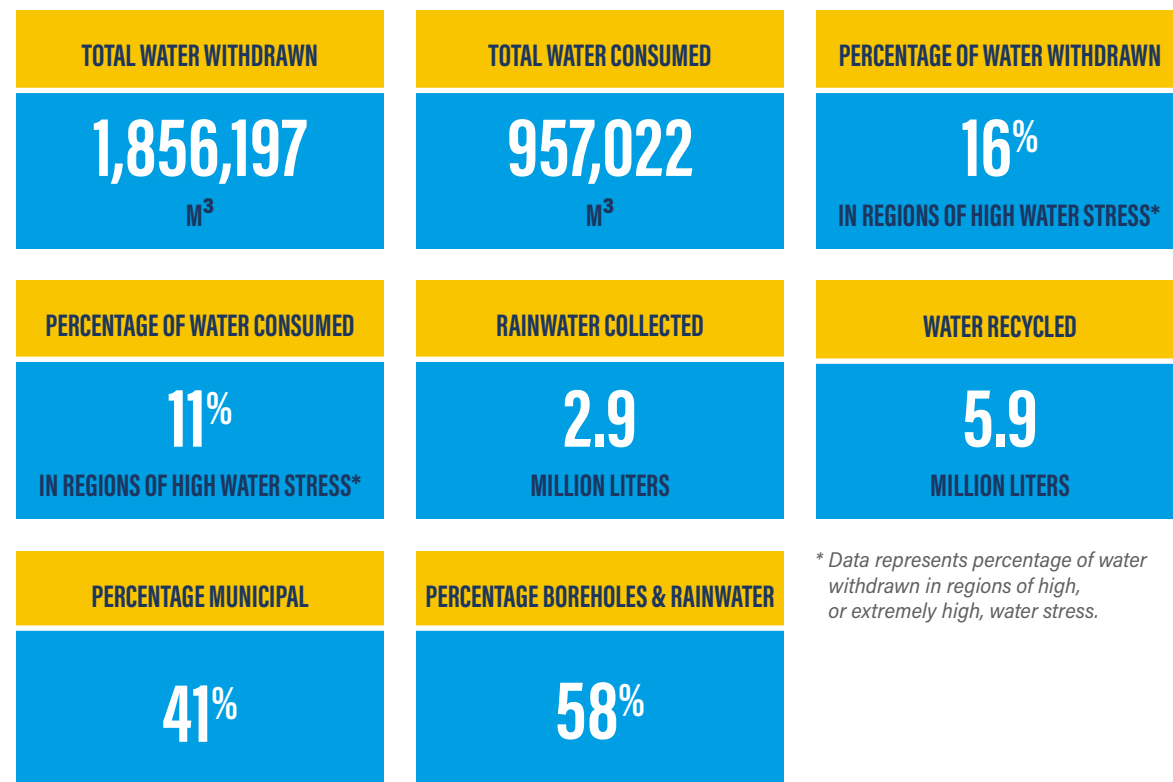
Universal is exploring technology that can reduce our emissions and reduce our use of grid electricity. Due to the seasonal nature of our operations, solar can be complex for us to implement in some locations around the world. Several potential projects have been identified, but before implementation, we decided to carry out pilot projects to get a better understanding of the benefits of solar for our operations. In one pilot project the Socotab Macedonia operation installed a solar array and are monitoring the efficacy of the panels and their impact on our grid electricity use.

# 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 storage and long-term use. We limit our use of public water sources to the greatest extent possible, 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. More information on our supply chain practices can be found on the Good Agricultural Practices section of this Sustainability Report.

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. The majority of our water consumption is in regions with low water stress according to World Research Institute (WRI) Risk Atlas Tool (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 other local and industry stakeholders to increase availability where we operate.

On an annual basis, Universal collects water data from our sites 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 we reduced our water withdrawal and the water intensity per kilogram of tobacco processed and decreased the overall water consumed. Each of our locations continuously works on decreasing our water footprint. Data collected from fiscal year 2021 is included below.

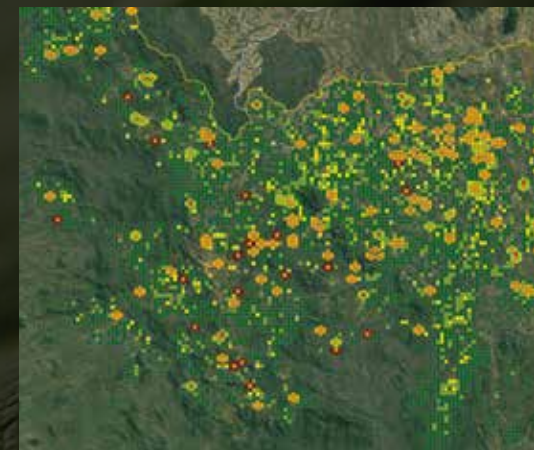


## Water Goal – Rainwater Collection



Universal takes water use seriously and around the world we measure and evaluate the water resources used in our operations. Our operations have large footprints that are primarily impervious cover, where stormwater runoff can be collected for our use. Universal began collecting rainwater in 2016 from roof runoff in Santa Cruz, Brazil. Our operation in Lilongwe, Malawi then began collecting rainwater during the rainy season from roof runoff. Both of these operations have reduced withdrawals from municipal sources of water by collecting rainwater. To encourage more operations to collect rainwater, we have implemented a rainwater collection target of 5 million liters of water globally by 2025.

## 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

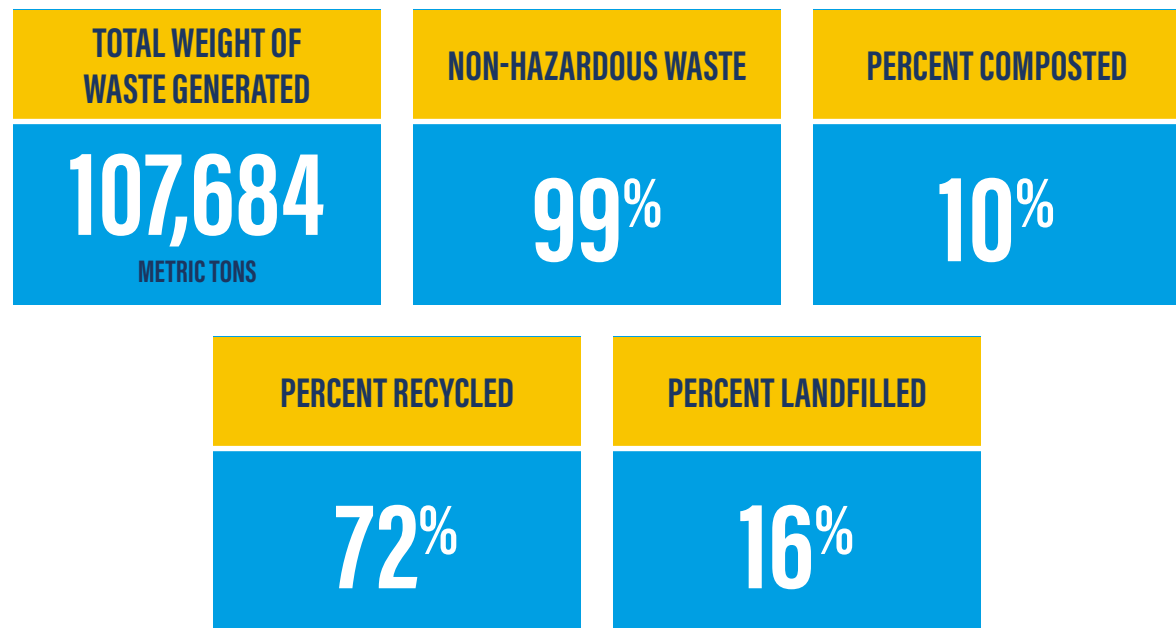
the tobacco growing areas. Our subsidiaries, Limbe Leaf and Mozambique Leaf Tobacco have engaged other stakeholders to drill boreholes, with a goal for 100% of our contracted farmer base in these countries to have access to potable water by 2025. The new boreholes will improve living conditions in these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

# Waste

Universal tracks waste associated with our processing operations, and we believe that lower waste generation is good for our business and promotes responsible business practices. Waste disposal is commonly dictated by local regulations, and we regularly monitor our compliance. Our subsidiaries are encouraged to exceed regulatory requirements by recycling and composting waste in order to reduce our impact on local disposal resources. Universal 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 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 is related to vehicle and equipment maintenance. We do not use chemicals to process our tobacco.

In regard to waste generation, Universal focuses on continuous improvement and reducing our overall waste generation globally while seeking opportunities to reuse byproducts. We seek to improve efficiencies throughout our processes, and this year we limited our hazardous waste to just 1% of all operational waste, increased recycling and significantly reduced waste going to landfills. Our total waste generated increased due to the acquisition of ingredients companies, FruitSmart and Silva to our operational footprint, but their existing disposal practices focus on reuse. Overall, a higher percentage of our waste was reused or recycled.



## Waste Goal – Increasing Composting & Reuse



Natural tobacco byproducts from processing are the largest portion of Universal's waste and as such our operations around the world have found ways to utilize this organic material without resorting to landfill disposal. Some of our operations have found that composting tobacco stem and dust is the most economical and environmentally safe way of addressing tobacco waste disposal. Others have found alternative methods for reuse and recycling. The methods differ depending on local resources, but the goal is the same—to reduce waste that is landfilled. In 2020, we set a target to have 75% of our total waste recycled or composted by 2025. We are happy to report that we succeeded in achieving that target early because our new acquisitions, Fruit Smart and Silva, already responsibly disposed of their processing byproducts through reuse.

## Cardboard Carton Reuse – Italy



Cardboard cartons are used throughout our supply chain. They are distributed to farmers for packing tobacco in some supply origins and are also used to pack tobacco once processed. Cardboard cartons are reused when possible to avoid disposal and reduce supply chain costs. In Italy, our subsidiary Deltafina distributes cardboard cartons to farmers for use to pack green tobacco. Each year approximately two thirds or 100,000 cartons are reused for packing tobacco by Deltafina.

# SOCIAL IMPACTS

Universal operates throughout the world and impacts thousands of people every day. We operate and maintain offices and facilities in more than 30 countries, employing a multicultural and multinational workforce. 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 people face throughout the world, and we engage our employees and communities, so we can work to improve conditions. 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 tobacco farmers efficient access to the global tobacco market and offering our employees and our contracted farmers training on 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 assesses social issues in the regions where we operate and monitors and evaluates them to shape our actions. We operate in a fair and responsible manner, strive to be an inclusive workplace and a supportive supply chain partner to our stakeholders. We address key aspects and concerns of the tobacco industry as well as the farming and industrial communities in which we operate.



## Innovative Solutions – Universal Leaf Tabacos Ltda.



“The search for innovative solutions and commitment to continuous improvement is part of our daily activities. We are always attentive to the opportunities new technologies provide, both for developing new projects and improving good practices at our processing factory in Brazil. These are initiatives that offer effective gains, and contribute to the achievement of our goal of having an adequate balance among productivity, reduction of the environmental impacts, and improvement of safety and well-being of the workers in our operations.”

**Pictured Left:** Pablo Antonio Braucks Soberon has been the Engineering and Maintenance Manager at Universal Leaf Tabacos Ltda. since 2011. He started his career at the company in 2001 as a maintenance supervisor. Pablo has coordinated or participated in numerous projects focusing on energy efficiency, operational improvements, and workplace safety.







# Health & Safety

Our aspiration is to work safely at all times wherever our employees perform their work. We prioritize health and safety, putting the protection of human life above all else.

Due to the pandemic, fiscal year 2021 was an atypical year. While there have been differences in the degree and timing of local government actions related to COVID-19, most of our operations have experienced limited impacts on business operations. Across the globe, our teams are taking action to prevent workplace exposure to acute respiratory illnesses, including COVID-19. We are working hard to maximize employee protections and safeguard our ability to operate.

Given the limited capacity of countries where we operate to develop and manufacture COVID-19 vaccines, Universal Leaf set up a Global Vaccine Accessibility Plan. The plan is intended to complement governmental distribution and administration programs in certain countries where availability and access are constrained during this early stage of pandemic recovery. In addition, this assistance targets the acceleration of employee access while national programs expand and adapt to address the pandemic and its long-term effects. We encouraged our operations to evaluate their local circumstances to determine need and request access to the plan when appropriate for their circumstances.

Workplaces that focused on prevention — characterized by a culture of learning, mutual trust, worker participation, and a disciplined approach — were better able to quickly develop safety practices and adjust them in response to evolving public health guidance. Our policies, procedures, training, and workplace inspections have played an essential role in mitigating COVID-19 impacts to our operations.

The ability to fairly, accurately, and meaningfully measure — and remeasure — the quality of health and safety is a challenging prerequisite to assessing and improving it. Bad data is, at best, inconsequential. In fiscal year 2021, we set targets, documented, and measured them. As a result, a significant improvement has been seen in the way that our factories are reporting and managing safety issues. Improved data quality leads to better decision-making across an organization. The more high-quality data we have, the more confidence we can have in our decisions. We continuously look for ways to improve.

Our Health and Safety Program is designed to prevent the loss of life or serious injuries. This is our most fundamental objective. However, during fiscal year 2021, we suffered a road traffic accident that resulted in a fatality in Mozambique. We conducted a thorough investigation and root cause analysis and used those outcomes to improve critical controls, systems, and tools to prevent future accidents.

Currently, we are managing safety performance based on two rates: Recordable cases (injuries/illnesses) and lost workday cases.

Based on the targets established during fiscal year 2021 by the company Environmental, Health and Safety Committee for fiscal year 2023 (Recordable Cases <0.50 and Lost Work Cases <0.40), our operations have already made remarkable progress with rates of recordable cases reaching 0.54 and rates of lost work cases dropping to 0.37.

## TOTAL RECORDABLE INCIDENT RATE (TRIR)

FISCAL YEAR	TOTAL RECORDABLE INCIDENTS RATE	LOST TIME CASE RATE	LOST WORKDAY RATE
2019	0.41	0.23	4.34
2020	0.60	0.46	10.83
2021	0.54	0.37	7.08

**Total Recordable Incidents Rate (TRIR):** Rate is calculated by multiplying the number of recordable incidents, multiplied by 200,000, then divided by the total number of hours worked in a year.

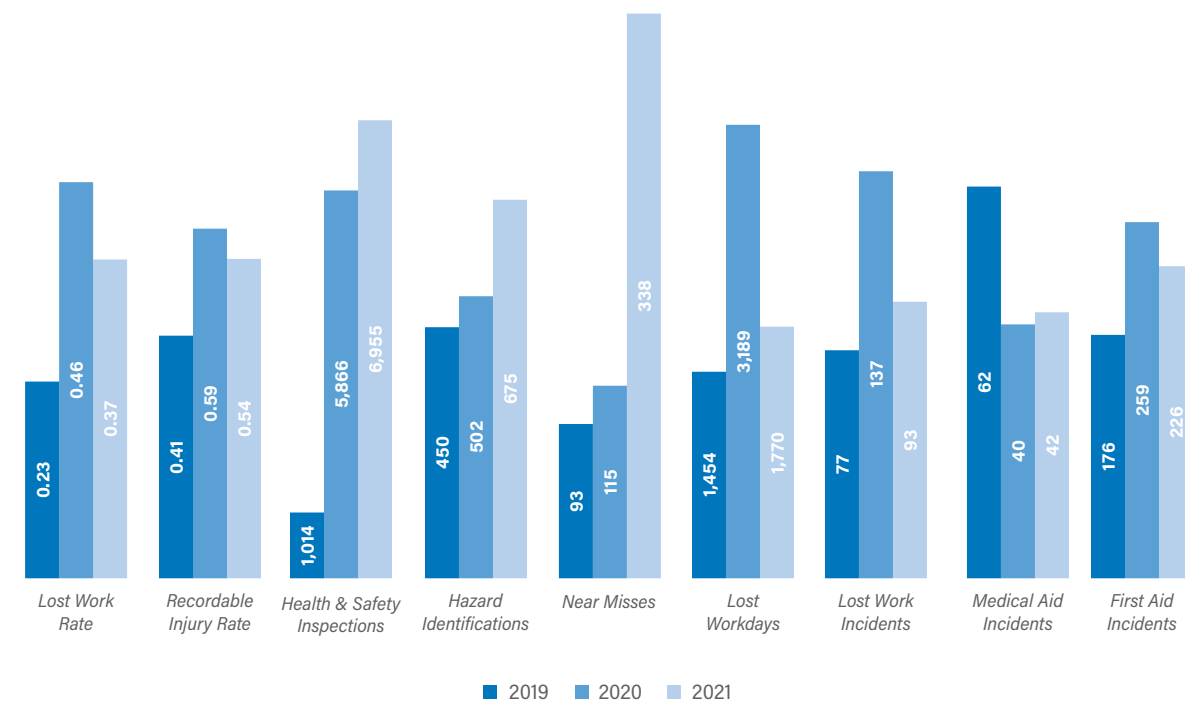
**Lost Time Case Rate (LTC):** Rate is calculated by multiplying the number of incidents that were lost time cases by 200,000 and then dividing that by the employee labor hours at the company.

**Lost Work Day Rate (LWD):** Rate is calculated by multiplying the total number of lost work days for the year by 200,000, then dividing that number by the number of employee labor hours at the company.

The chart below provides a detailed retrospective view of the evolution of the company's Health and Safety Program. It is evident that our Health and Safety Program has become more robust and has merged into our corporate culture. Important to note is that the number of inspections, near misses, and hazard identifications reported over the years has each risen demonstrating an increasingly detailed assessment of our operations and the continuous improvement of the management system.

For fiscal year 2022, our focus will be to review our internal processes, placing additional emphasis on systems and policies. Based on the experiences arising from the pandemic which were shared by our various operations, it was possible to identify important areas of improvement in the health and safety management program that will be part of our planning for the future.

## HEALTH & SAFETY BY NUMBERS



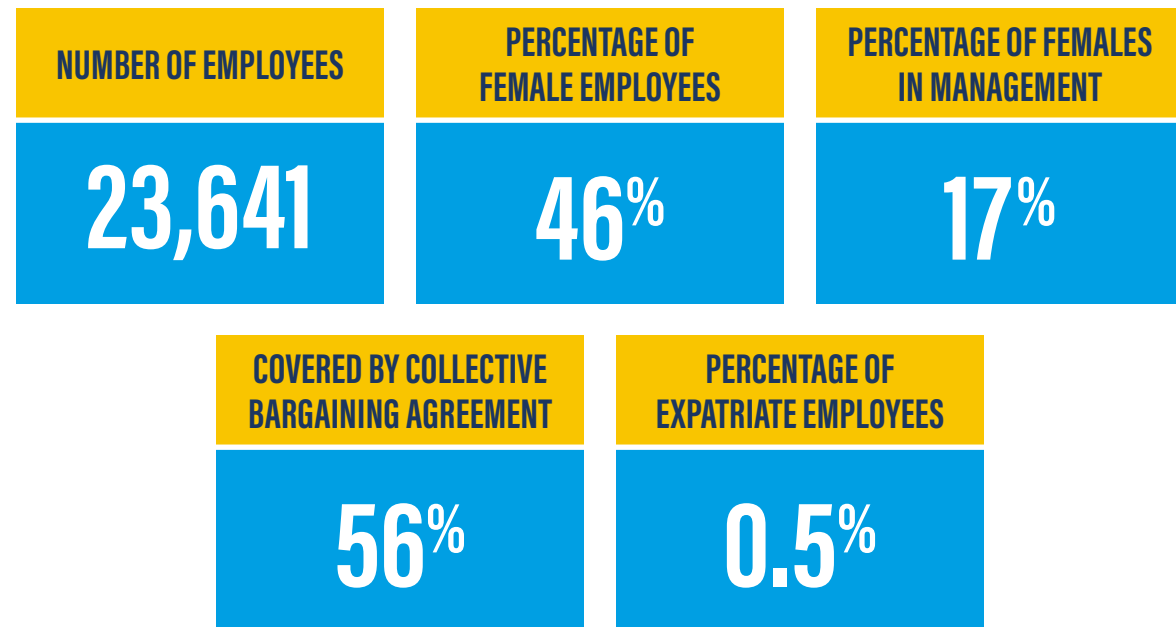


# Employment Policies & Standards

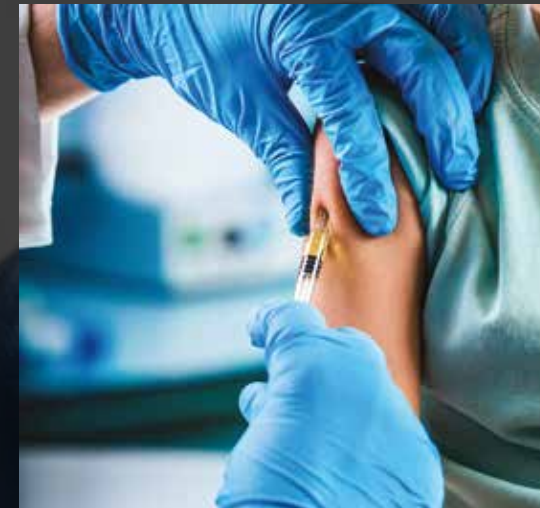
Universal is committed to providing an inclusive working environment for our diverse employee base in the more than 30 countries we operate. Each region and origin is responsible to comply with local laws and regulations regarding employees, and our Human Resources operations are primarily decentralized. All origins and subsidiaries 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 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 and our Human Rights Policy.

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 strategies to improve employee satisfaction and decrease turnover. We also support our employees outside of work by offering health and wellness services as well as implementing projects that benefit their communities, such as, building schools and making technology more accessible.

Furthermore, Universal strictly prohibits child 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 the fear of retaliation, consistent with local, state, and national laws. We want our employees to feel that the company they are working for is reputable and has their best interests at heart.

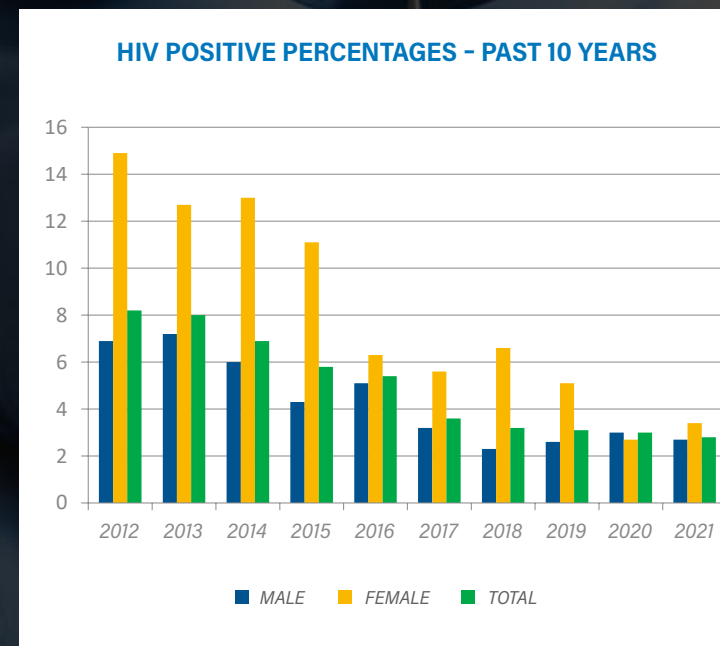


## Addressing COVID-19



Universal believes the actions that we have taken and the commitment displayed by our employees have enabled us to successfully navigate these dynamic times. Like many other companies, we have worked diligently to address this crisis and have implemented a number of measures to safeguard the health and wellbeing of our people. Our number one priority is the health and safety of our employees. We created a Vaccine Accessibility Plan to support locations at higher risk for limited vaccine distribution. In Mozambique we purchased 1,500 vaccines and distributed those to our employees. Around the world we also partnered with health authorities to establish vaccination sites to increase accessibility for our employees and communities.

## HIV Program - Mozambique



In 2006, our subsidiary Mozambique Leaf Tobacco, started an HIV support and awareness program for their factory employees. The program originally included voluntary testing and counseling as well as condom distribution. The program has evolved over the years to include our agronomy staff working in tobacco growing regions and now provides antiretroviral (ARV) treatment to infected employees. We also have aligned our program and have met the government goals of 90% of all employees know their HIV status, 90% of HIV positive employees are on ARVs, and 90% of employees on ARVs are well controlled (viral load of < 1000c/ml).

# 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 in Creating Value on page 9. While many of our engagements aim to empower our employees, farmers, and their families directly, Universal also engages in projects intended to uplift communities as a whole. Across our global footprint, Universal supports countless local projects, government programs, and charitable events that 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 agricultural sector.

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

## United States: Universal Leaf Foundation

The Universal Leaf Foundation is a not-for-profit, 501(c)(3) organization founded in 1975. The Foundation is the 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 for a number of qualifying 501(c)(3) organizations across four categories: higher education; civic/community/arts; environment; and the health and education of children, at-risk individuals, and families. The Foundation is committed to good corporate citizenship as is evidenced by its investments in a diverse array of community programs, its financial support for community events, and its promotion of employee volunteerism.



The Universal Leaf Citizen Program provides after school care to children in Rio Pardini, Brazil. This program provides activities and further learning opportunities to children in the community.

## Universal Leaf Citizen & the Generations Integrated Center Programs – Brazil

In response to the COVID-19 pandemic and consequent closure of schools in 2020, the Universal Leaf Citizen Program and the Generations Integrated Center made significant adjustments in the format of their social and cultural programs in Rio Pardini, Brazil. To maintain the benefits of these programs during these trying times, face-to-face activities were replaced by tasks to be performed at home. Every month, participating children received a Study Plan that included content related to the workshops of Digital Arts, Folk Dance, Performing Arts, and Music. These plans were prepared by teachers and adapted to the age and level of development of each participant.

The pandemic also prompted the creation of new ways to interact which were motivated by special occasions, such as Easter and Christmas. Youth participants were invited to produce individual artwork that was ultimately integrated into a larger collection. Additionally, food baskets were provided to families as a means to mitigate the loss of meals due to the closing of schools and the interruption to the in-person program. Ultimately, 60 participants aged between 5 and 17 years old were directly assisted and approximately 300 people indirectly benefited.

## Children Playground – Indonesia



In coordination with one of our valued customers, the Indonesian subsidiaries of Universal, Tempu Rejo and Pandu Sata Utama, carried out a pilot project, named Children Playground, to engage youth in a number of afterschool activities. The project covered 215 children between the ages of 5 and 17 years in the regencies of Situbondo, Kuningan, Jember, and Bondowoso. The objective of the project was to mitigate the risk of child labor in agriculture by providing engagement and educational activities as public alternatives are often lacking in rural communities.

A variety of educational games and activities were offered by third parties, and mobile Agricultural Labor Practices (ALP) Trucks incorporated playful ALP exercises. The activities included interactive games, mini-gardening, a small library, art, eco-literation, information technology, traditional sports, sanitation and hygiene training, worship training, and school homework completion.

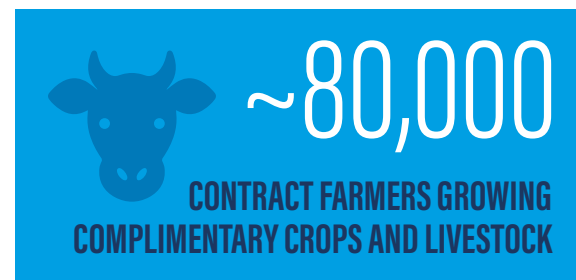
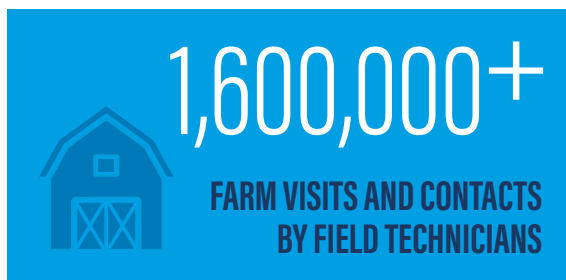
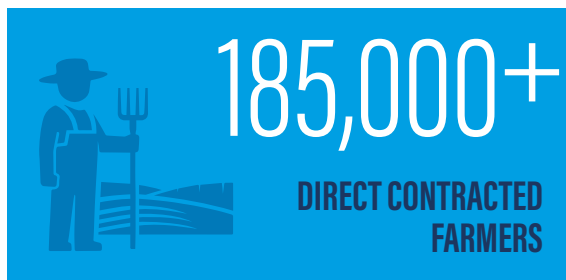
At the end of the project, we found participant understanding of child labour, hazardous tasks, and safe working environment had significantly improved, and audits of the program discovered a real impact on reported labor incidences. Due to the program's success, Universal will continue our efforts to engage with different stakeholders to promote Children Playground as a cost-effective means to mitigate child labour in agriculture.

# GOOD AGRICULTURAL PRACTICES

At the heart of Universal's business are farmers. Around the world, Universal directly contracts with over 185,000 farmers across more than 20 countries. Universal strives to produce quality, sustainable tobacco in all of these markets by employing over 2,300 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 we train our contracted tobacco farmers on to extend our human rights expectations to our supply chain and discussed in more detail on page 37.

Good Agricultural Practices are a set of best practices extended to our suppliers that ensure farmers and workers produce their crops in a manner that is environmentally responsible, economically profitable, and assures a safe work environment and fair treatment. Good Agricultural Practices are 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 assure a safe, profitable, and responsible tobacco production system, while also auditing their performance against our social, environmental, and quality standards. We use our MobiLeaf platform in many of our operating origins to track the interactions we have during our farmer visits.

In addition to our internal farm monitoring process, Universal participates in independent, third-party assessments of our tobacco-growing operations by international 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 assist our operations in identifying and taking corrective actions to address identified risks in our supply chain.



## Agricultural Labor Practice Goals

To further demonstrate our commitment to sustainably sourced agri-products, we have committed to the following goals related to our contracted farmer base. We will continue to monitor and train our farmers while also implementing best practices at the local level to achieve these goals. Through our farm monitoring we are collecting metrics to track our goals. Examples of violations included below are a 17 year old driving a farm truck in the United States, improper documentation of worker payment, and lack of screens on windows in worker housing.

### UNIVERSAL COMMITS TO:



### IN CROP 2021:



Violations of our ALP code were handle using a consequence matrix defined by each operation. The consequences of an ALP code violation range from further training to contract termination. We are working diligently to correct inconsistencies in our supply chain.



# Agricultural Labor Practices (ALP)

Universal believes in extending our human rights standards to our suppliers, so we review each contracted farmer for fair and safe working conditions on the farm. The Universal Agricultural Labor Practices (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 progressively eliminated, and workers have a safe work environment. In many cases the ALP Code is part of the farmer contract. If a Field Technician identifies a situation where suppliers do not meet these standards, he or she works 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 that are subsequently monitored by Field Technicians. When farmers refuse to comply with our robust requirements, they face the possibility of contract termination and the inability to contract 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 (PPE) to be used for handling green tobacco, to prevent green tobacco sickness (GTS), and when applying crop protection agents (CPAs). 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.

## THE SEVEN ALP PRINCIPLES

 <b>CHILD LABOR</b>	 <b>INCOME AND WORK HOURS</b>	 <b>FAIR TREATMENT</b>
 <b>FORCED LABOR</b>	 <b>SAFE ENVIRONMENT</b>	 <b>FREEDOM OF ASSOCIATION</b>
 <b>COMPLIANCE WITH LAW</b>		

**116,000+**  
FARM WORKERS RECEIVING CPA OR GTS TRAINING

**350,000+**  
PPE KITS FOR CPA OR GTS DISTRIBUTED TO CONTRACT FARMERS AND THEIR WORKERS

## Let's Play at Home – Philippines



The Let's Play Program in the Philippines was launched in 2014 and was designed to offer activities for children of farmers as an alternative to field work when not engaged in school. After an initial trial, the program was replicated in additional growing areas and improved to become the Let's Play After School program, which is conducted after school hours.

In 2020, the COVID pandemic challenged the ability to operate social programs across the country. The educational landscape in the Philippines switched to remote learning and classes were moved away from the classroom to the Internet, radio, television, and printed modules. In the tobacco growing areas, modular learning is the most widely used format in teaching, wherein teachers print the learning materials or modules that are then distributed to students. This approach has

naturally limited interaction among students and teachers. Since children are at home and are not attending school during this time, they become more likely to engage in tobacco labor activities especially after they have completed their modules and have limited alternative activities available.

Universal Philippines' Let's Play at Home Program was adapted to address these risks. Universal and its program partners provide materials for children that involve activities such as play, sports, arts, and music. These materials are now available in remote learning modules and serve as important supplements with alternative activities for children. In Let's Play at Home, materials and supplies are packed in boxes and delivered directly to the doorstep of each beneficiary family.

Over 4,000 children of tobacco farmers in the 32 municipalities from the provinces of Isabela, Cagayan, Ifugao, Nueva Vizcaya and Ilocos Sur received the Let's Play at Home kits.

Impact assessments for the Let's Play at Home Program were conducted with children, parents, and community leaders in the areas of implementation. Ninety-eight percent (98%) of the beneficiaries responded that they developed skills in activities such as drawing, coloring, reading, and playing musical instruments which were included with the kit. One hundred percent (100%) of the children agreed that the skills and talents they learned and developed by using the learning materials are essential and beneficial for their future. Parents and community leaders gave positive remarks about the project. Ninety-seven percent (97%) of parents strongly agreed that the program achieved its objective, and one hundred percent (100%) of community leaders strongly agreed that the program achieved its objective.

Universal Philippine's Internal Audit-Risk Management Group performed assessment audits and found that the incidences of child labor significantly decreased during the program session as compared to the number of incidences before the program. The Let's Play at Home Program has been an effective tool in minimizing child labor incidences in the identified areas of implementation.



# Agriculture Environmental Impacts

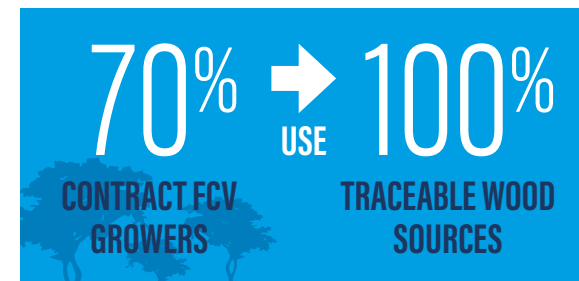
Universal is dedicated to managing environmental impacts in the areas where we purchase and process tobacco. We routinely gather data and review the environmental implications of tobacco production and implement projects to reduce negative impacts. We work with key industry stakeholders to implement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

## Curing Emissions

Certain types of tobacco require additional direct energy inputs in the curing process. Through our review of supply chain greenhouse gas emissions, we have found that Scope 3 emissions associated with curing tobacco through the use of heat is 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. Where we grow large volumes of flue-cured tobacco our operations have action plans in place to work towards zero net deforestation. Additionally, Universal is working with our farmers to replace or upgrade their curing infrastructure to increase efficiency to reduce 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 local biodiversity.



## Soil & Water Conservation

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

## 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.

## 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.



# Sustainable Crop Production

In order to produce 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 plants must be properly managed. Part of this process is selecting crop varieties that are suitable for the field conditions and 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 benefit from the practices that support sustainability.

## Responsible Crop Protection Agent Application

Our Field Technicians and other agronomy staff work closely with our contracted farmers to manage insect pests and plant disease. Universal works with our tobacco operations to transition away from a sole reliance upon traditional CPAs, 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 (IPM) 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 routinely test tobacco for genetic identifiers as another means of keeping genetically modified tobacco out of our supply chain.

## Farmer Livelihood

Ultimately, for the crop to be sustainable, the farmer must be profitable. Living income plays an important role in enhancing the socio-economic wellbeing of our farmers and their families. Universal works in our growing regions to enhance the profitability of our contracted farmers and tracks this progress towards living income goals. Universal continues to assess the living income levels in our contracted markets around the world using globally accepted methodologies with the intention of further elevating our contracted farmer base income level over time. Universal finances crop inputs in several regions, monitors the cost of production while introducing efficiencies whenever possible, 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. The crop cannot be grown without farmers, so we work with farmers to support their evolving needs now and in the future.

## 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.

## 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.

SASB INDEX

DISCLOSURE TITLE	ACCOUNTING METRIC	LOCATION OF DISCLOSURE	NOTE
<b>Greenhouse Gas Emissions</b>			
Gross Scope 1 Emissions	FB-AG-110a.1	19	
Discussion of Strategy, Targets, and Performance	FB-AG-110a.2	19	
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	19	
Percentage Electricity	FB-AG-130a.1	19	
Percentage Renewable	FB-AG-130a.1	19	
<b>Water Management</b>			
Total Water Withdrawn	FB-AG-140a.1	21	
Total Water Consumed	FB-AG-140a.1	21	
High Baseline Water Stress	FB-AG-140a.1	21	
Description of water management	FB-AG-140a.2	21	
Water non-compliance incidents	FB-AG-140a.3	See Note	Universal did not have any water non-compliance water incidents in FY 2021
<b>Food Safety</b>			
GFSI audits and non-conformance	FB-AG-250a.1	15	
Recalls	FB-AG-250a.1	15	
<b>Workforce Health and Safety</b>			
(1) Total recordable incident rate (TRIR),	FB-AG-320a.1	28	
(2) Fatality Rate	FB-AG-320a.1	28	
(3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	FB-AG-320a.1	28	
<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	15, 33-40	
<b>GMO Management</b>			
Discussion of strategies to manage the use of genetically modified organisms (GMOs)	FB-AG-430b.1	39	
<b>Ingredient Sourcing</b>			
Identification of principal crops and description of risks and opportunities presented by climate change	FB-AG-440a.1	19, 37	
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**

GRI STANDARD	STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE
102	General Disclosure	102-1	Name of Organization
102		102-2	Activities, brands, products, and services
102		102-3	Location of headquarters
102		102-4	Location of operations
102		102-5	Ownership and legal form
102		102-6	Markets served
102		102-7	Scale of the organization
102		102-8	Information on employees and other workers
102		102-9	Supply chain
102		102-10	Significant changes to the organization and its supply chain
102		102-11	Precautionary Principle or approach
102		102-12	External initiatives
102		102-13	Membership of associations
102		102-14	Statement from senior decision-maker
102		102-16	Values, principles, standards, and norms of behavior
102		102-18	Governance structure
102		102-40	List of stakeholder groups
102		102-41	Collective bargaining agreements
102		102-42	Identifying and selecting stakeholders
102		102-43	Approach to stakeholder engagement
102		102-44	Key topics and concerns raised
102		102-45	Entities included in the consolidated financial statements
102		102-46	Defining report content and topic Boundaries
102		102-47	List of material topics
102		102-48	Restatements of information
102	102-49	Changes in reporting	
102	102-50	Reporting period	
102	102-51	Date of most recent report	
102	102-52	Reporting cycle	
102	102-53	Contact point for questions regarding the report	
102	102-54	Claims of reporting in accordance with the GRI Standards	
102	102-55	GRI content index	
103	Economic Performance	103-1,2,3	Management Approach
201		201-1	Direct economic value generated and distributed
103	Anti-Corruption	103-1,2,3	Management Approach
205		205-1	Operations assessed for risks related to corruption
205	205-2	Communication and training about anti-corruption policies and procedures	
103	Water	103-1,2,3	Management Approach
303		305-1	Water withdrawal by source
303	303-3	Water recycled and reused	
103	Emissions	103-1,2,3	Management Approach
305		305-1	Direct (Scope 1) GHG emissions
305		305-2	Energy indirect (Scope 2) GHG emissions
305		305-4	GHG emissions intensity
103	Effluents and Waste	103-1,2,3	Management Approach
306		306-2	Waste by type and disposal method
103	Occupational Health and Safety	103-1,2,3	Management Approach
403		403-1	Workers representation in formal joint management-worker health and safety committees
403		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
103	Local Communities	103-1,2,3	Management Approach
413		413-1	Operations with local community engagement, impact assessments, and development programs

LOCATION OF DISCLOSURE	NOTE
1	
1	
1	
2	Available also in Universal's Annual Financial Report 2021 (pg. 5)
1	
2	
1	
29	
1	Available also in Universal's Annual Financial Report 2021 (Pg. 3-4)
See Note	The purchase of Silva is discussed on page 10
See Note	Universal is conservative and cautious when implementing new practices throughout our supply chain
2 to 3	
2 to 3	
ii	
1	
1	
4	
31	
4 to 5	
2 to 5	
4 to 5	
See Note	See exhibit 21 "Subsidiaries of the Registrant" in Universal's Annual Financial Report 2021
i	
5	
N/A	No restatements of information are contained within this report
N/A	No material changes in reporting in FY 2021
i	
See Note	December 2020
ii	
See Note	sustainability@universalleaf.com
i	
43 to 44	
7,9	
9	
7,11 to 14	
12	
12 to 13	
21 to 22	
21	
21	
19 to 20	
19	
19	
19	
23 to 24	
23	
25 to 28	
27	
27 to 28	
31	
31 to 32	



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