

PYXUS™

Fiscal Year 2022

SUSTAINABILITY
REPORT

ABOUT THIS REPORT

This report has been prepared in accordance with the GRI Standards: Core option. It outlines the Company's performance for the period between April 1, 2021 and March 31, 2022 (fiscal year 2022).

When used in this report, the terms "Pyxus," "we" "us" and "our" refer to Pyxus International, Inc. and its consolidated subsidiaries, unless otherwise noted.

In this report, the terms "materiality," "material," and other similar terms when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

COVID-19 IMPACT

During the reporting period, the world, our Company and employees included, continued to navigate the ongoing impacts of the COVID-19 pandemic. Protection of employee health and safety remained a high priority for us, and we continuously evaluated our COVID-19 protocols to address the spread of the virus and minimize potential impact. Shifts in operating protocols during the reporting period, as well as external factors resulting from the pandemic, may impact the Company's sustainability performance, particularly our baseline data. We will continue to evaluate the impact of COVID-19 on our business, and we reserve the right to reassess, redefine and/or reset our environmental, social and governance (ESG) targets accordingly.

FORWARD-LOOKING STATEMENTS

Readers are cautioned that the statements contained in this report regarding the expectation of achieving the Company's goals, the anticipated impact on the Company from the implementation of its strategy to achieve these goals and other statements with respect to the Company's plans, objectives, expectations and intentions are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Presentation of the Company's goals, plans, objectives, expectations and intentions, as well as the results of its strategy to achieve these goals, should not be viewed as a guarantee that the Company will be able to achieve these goals, expectations or objectives, or implement its plans or intentions, within the time periods anticipated or at all, particularly if underlying assumptions prove inaccurate, or if known or unknown risks or uncertainties prevent the achievement of these goals, objectives, plans, expectations and intentions. Many of these risks and uncertainties are beyond the Company's control, including without limitation, challenges relating to economic, competitive, governmental and technological factors affecting the Company's operations, markets and products. The Company does not undertake to update any forward-looking statements that it may make from time to time.

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CEO MESSAGE

I am proud of the progress made by the business during fiscal year 2022, particularly when it comes to sustainability. This progress was achieved against the backdrop of two consecutive years of La Niña, which significantly impacted global crop yields, and consequently, supply. We are currently navigating the third year of La Niña, which further validates the growing amount of evidence highlighting the magnitude of climate change.

At Pyxus, we recognize that corporations need to accelerate their actions and provide solutions to the environmental and social issues affecting today's world. While our Company has made significant strides through the years to drive sustainable efforts, we have now taken the necessary steps to link those efforts to our business strategy. This decision positions us to measure outcomes, share progress against long-term goals and accelerate our contributions to a net-zero future.

In just one year, we:

- Updated our sustainability strategy, aligning it with the United Nations Sustainability Goals (SDGs)
- Conducted a materiality assessment, receiving input from our valued stakeholders
- Publicly introduced our global environmental, social and governance (ESG) framework, which sets measurable, impactful goals that the Company is working toward achieving
- Created the foundation of our centrally governed ESG oversight structure to encourage internal alignment and acknowledge contributions made across the organization

As we laid the groundwork of our global strategy, our teams around the world continued to advance sustainability initiatives at the local level. For example, in Malawi, we scaled our commercial forestry

initiatives to more than 6,200 hectares, making Pyxus the second-largest forester in the country.

These trees serve as a carbon sink for greenhouse gases as well as a sustainable wood source for our contracted farmers, helping to prevent further deforestation.

In Indonesia, our Company's Child Labor Eradication in Tobacco Areas (CERIA) program has helped decrease instances of child labor by 93 percent since its launch in 2016. The CERIA program provides children in tobacco-growing areas with after-school activities and scholarships, promoting the importance of education while minimizing the risk of child labor on our contracted farms. Due to its success, we plan to expand this program and have a goal to enroll 5,000 children annually by 2030.

I am grateful for our global team's excitement and contributions, which are necessary to achieve great things while delivering stakeholder value. As Pyxus' sustainability journey continues, I look forward to collaborating with customers and community partners, identifying innovative solutions to address global issues and sharing our progress as we work to transform people's lives so that together we can grow a better world.



PIETER SIKKEL
President and CEO

PYXUS AT A GLANCE



150 years
of Agricultural
Experience



300,000+
Global Farmer
Relationships



20+
Countries in
Operation

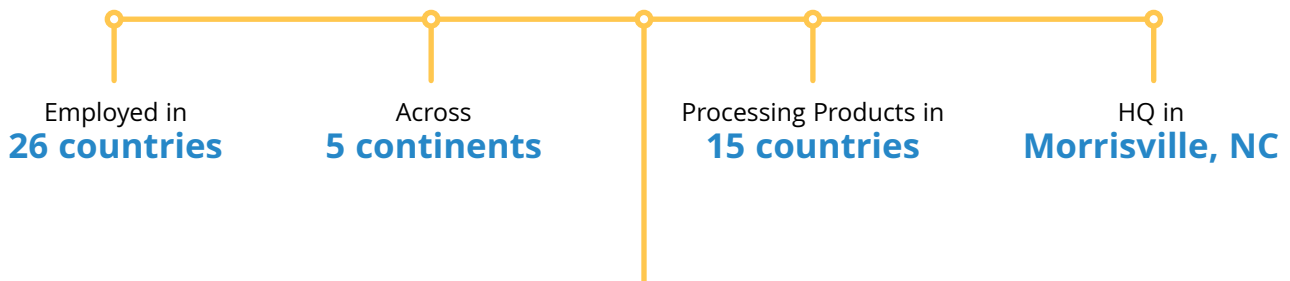


90+
Countries with a
Commercial Relationship



2,943

Full-time Employees



3 Product Categories

Leaf, Global Specialty Products & Value-Added Agricultural Products



Pyxus is a trusted provider of responsibly sourced, independently verified, sustainable and traceable products and ingredients. Headquartered in Morrisville, North Carolina, we contract with farmers across five continents to help them produce sustainable, compliant crops.

Historically, Pyxus' core business has been as a tobacco leaf supplier, purchasing, processing, packing, storing and shipping tobacco around the globe to manufacturers of consumer products. Through our predecessor companies, we have a long operating history in the leaf tobacco industry, with some customer relationships dating back to the early 1900s.

We are committed to responsible crop production that supports economic viability for the farmer, provides a safe working atmosphere for farmworkers and minimizes negative environmental impacts. Our agronomists maintain frequent contact with our contracted farmers prior to and during the growing and curing seasons to provide technical assistance to improve the quality and yield of the crop. Throughout the entire production process, from seed through processing and final shipment, our SENTRI® traceability platform can provide clear visibility into how products are produced, supporting product integrity.

Beginning in 2017, we undertook the diversification of the Company's products and services. In support of this strategy, the Company formed its wholly-owned e-liquids subsidiary, Twelfth State Brands LLC, which markets e-liquids under the Bantam® trademark.

In an increasing number of markets, we also provide agronomy expertise for alternative crops that are complementary to tobacco, such as groundnuts, maize and sunflowers. Our contracted tobacco farmers often produce non-tobacco crops, utilizing the agronomic assistance that our team provides. Pyxus is working to find markets for these crops as part of our ongoing efforts to improve farmer livelihoods and the communities in which they live.



OUR APPROACH TO SUSTAINABILITY

At Pyxus, we believe sustainability is about balance – finding the balance between what we do and how we do it. Balance between adding value in the communities where we operate and achieving long-term success for our Company and our stakeholders.

Given our diverse global footprint, our business is positioned to have a wide-reaching, positive impact on key issues. We are committed to conducting business in accordance with international standards and practices related to respecting human rights, protecting the environment and climate, and embracing ethical and responsible principles. Our sustainability strategy – updated during the reporting period – aligns with the United Nations Sustainable Development Goals (SDGs) and we are committed to doing our part to help make those goals a reality.





WHAT

We are in business to be a trusted provider of responsibly produced, independently verified, sustainable and traceable products, ingredients, and services to businesses and consumers



MINIMAL ENVIRONMENTAL IMPACT



SUPPORT FOR PEOPLE AND COMMUNITIES



ETHICAL AND RESPONSIBLE BUSINESS

12 MATERIALITY TOPICS

VALUE WE CREATE

- Reduction of negative impact on the climate
- Responsible water management in operations
- Responsible waste management in operations
- Consumer waste, recycling and circularity
- Sustainable agricultural methods and practices

- Support to farmers for improved livelihood and well-being
- Health and safety in operations
- Motivated, skilled and engaged employees
- Support to local communities
- Labor standards in the agricultural supply chain

- Strong business ethics and compliance
- Responsible marketing and consumer education

FARMERS:
Support and skills for better livelihood and decent life

EMPLOYEES:
Satisfying environment with opportunities for achieving individual goals

CUSTOMERS:
Reliable and compliant products that meet their needs

COMMUNITIES:
Active involvement in resolving environmental and societal issues

SHAREHOLDERS:
Fair return and long-term value

WHY

OUR PURPOSE

WE BELIEVE EVERYTHING WE DO IS TO TRANSFORM PEOPLE'S LIVES SO THAT TOGETHER WE CAN GROW A BETTER WORLD



OUR STRATEGY FOCUSES ON THREE PILLARS UNDERSCORED BY THE COMPANY'S PURPOSE.

1.

MINIMAL ENVIRONMENTAL IMPACT:

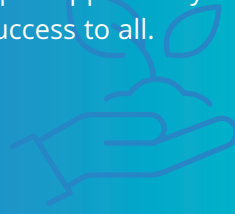
To implement sustainable solutions that further improve our environmental performance and reduce the environmental footprint of the Company and its supply chain.



2.

SUPPORT FOR PEOPLE AND COMMUNITIES:

To support our employees, contracted farmers and the communities where we operate, protecting human rights and providing an equal opportunity for success to all.



3.

ETHICAL AND RESPONSIBLE BUSINESS:

To operate responsibly and ethically in every action that we take.



In support of the strategy, we have identified 12 relevant focus areas to advance our three sustainability pillars. Our pillars and focus areas were identified during a third-party materiality assessment and serve as the foundation of our environmental, social and governance (ESG) framework.



MATERIALITY ASSESSMENT

We believe in regularly evaluating the sustainability impacts that matter most to our stakeholders, our Company, the environment and society. In 2019, we conducted a materiality assessment, which served as a guide for the enhancement of our sustainability strategy. In 2021, we commissioned a new assessment to confirm the direction of our new strategy.

The assessment process included research, stakeholder engagement interviews, an online stakeholder survey and prioritization of the identified focus areas. The assessment results reiterated the Company's sustainability direction and helped us group our preexisting focus areas in a materiality matrix, showing clear priorities for action. As a result, our ESG framework was finalized, identifying 18 ESG targets that we are now working to achieve.



Materiality Assessment: By the Numbers >>>>>>>



450+ Stakeholders Engaged



44% Response Rate

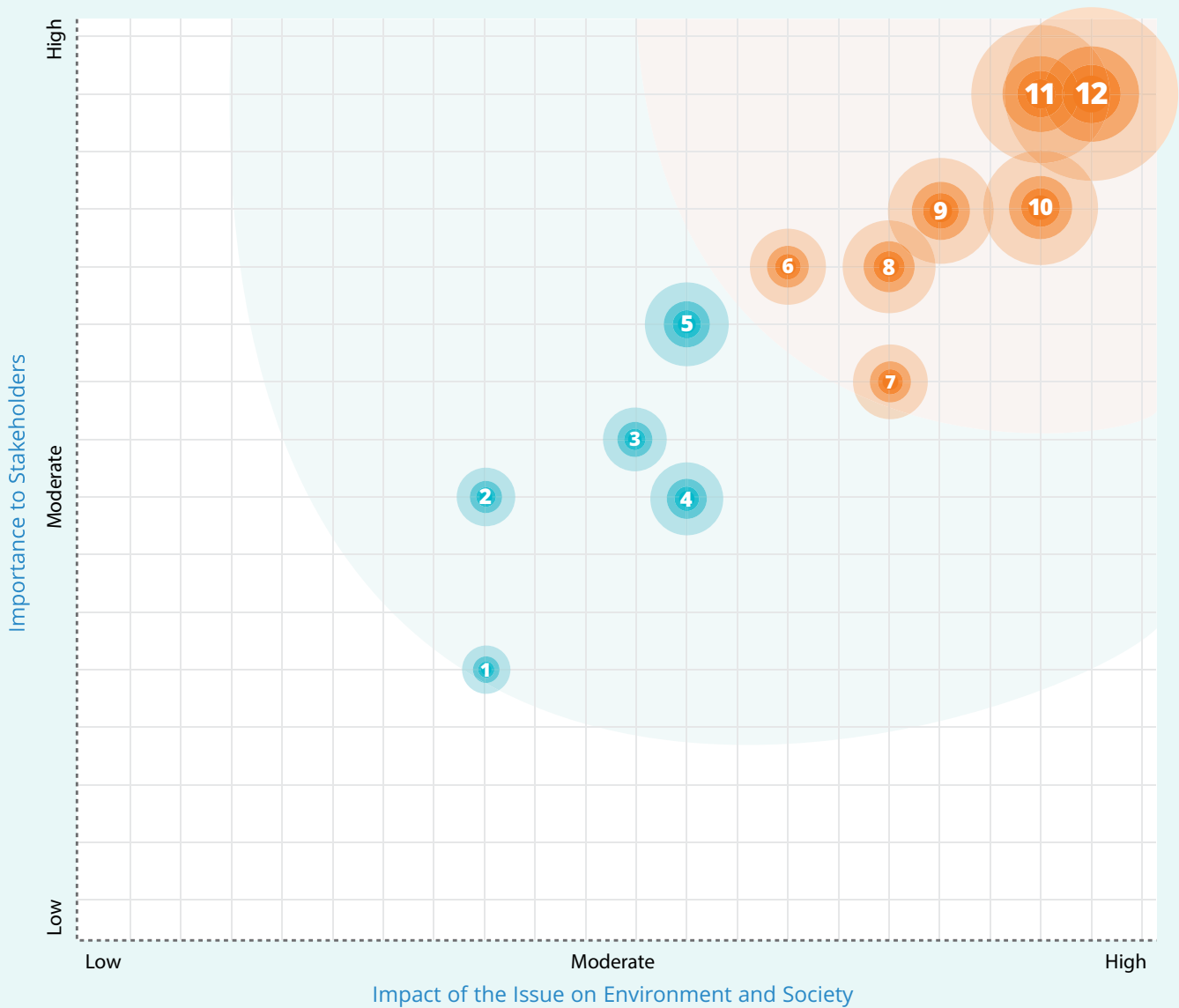


28% of Respondents Seek More Engagement



At least every three years, Pyxus intends to formally review our identified focus areas through the materiality assessment process. We are committed to providing stakeholders with regular updates on our progress. This includes the dissemination of an annual sustainability report.

Materiality Matrix



- | | | |
|--|--|---|
| <ul style="list-style-type: none"> 1. Consumer waste, recycling & circularity 2. Responsible marketing & consumer education 3. Responsible waste management 4. Motivated, skilled & engaged employees 5. Responsible water management in operations | <ul style="list-style-type: none"> 6. Reduction of negative impact on the climate 7. Support to local communities 8. Strong business ethics & compliance 9. Sustainable agricultural methods & practices | <ul style="list-style-type: none"> 10. Labor standards in the agricultural supply chain 11. Support to farmers for improved livelihoods & well-being 12. Health & safety in operations |
|--|--|---|

DEFINING OUR ESG FRAMEWORK ●●●●●●●●●●

In December 2021, we expanded upon our sustainability strategy, publicly introducing our ESG framework. This framework links the Company’s business priorities and our purpose and builds off our legacy of sustainable agricultural production. The framework sets measurable goals and timelines, helping us drive positive change and create long-lasting impacts. These goals were based off of our materiality assessment and are reviewed annually for continued relevance and adequacy.





ESG TARGETS




ENVIRONMENT

- REDUCTION OF NEGATIVE IMPACT ON THE CLIMATE** Net-zero value chain emissions by 2050
- RESPONSIBLE WATER MANAGEMENT IN OPERATIONS**  10% reduction of groundwater withdrawal per product unit in our direct operations by 2030 compared to 2020
- RESPONSIBLE WASTE MANAGEMENT IN OPERATIONS** 50% of waste from our direct operations to be recycled, reused or repurposed by 2030
20% reduction of waste sent to landfills from our direct operations by 2030 compared to 2020
- CONSUMER WASTE RECYCLING AND CIRCULARITY** 100% of all packaging to be reusable, recyclable or compostable by 2030 
- SUSTAINABLE AGRICULTURAL METHODS AND PRACTICES** Zero net global deforestation in our agricultural supply chain by 2030

SOCIAL

- HEALTH AND SAFETY IN OPERATIONS** LTI rate per 100 employees/200,000 hours worked to be <0.5
- SUPPORT TO LOCAL COMMUNITIES**  150,000 people globally per year to benefit from our community support programs by 2030
- MOTIVATED SKILLED AND ENGAGED EMPLOYEES** 20 hours of training per full-time employee per year by 2030
 10% increase or greater of women in leadership roles in each country by 2030 compared to 2020, and 30% or greater of global leadership positions held by women by 2030
- LABOR STANDARDS IN AGRICULTURAL SUPPLY CHAIN** Achieve gender pay equity within our operations by 2030 ensuring equal pay for work of equal value 
100% of contracted farmers covered by our human rights due diligence
Maintain zero tolerance for forced or child labor on contracted farms, and act to remediate 100% of identified instances
- SUPPORT TO FARMERS FOR IMPROVED LIVELIHOOD AND WELL-BEING** Maximize 100% of contracted farmers' income potential by 2030 through appropriate training in good agricultural practices and the opportunity for crop diversification 

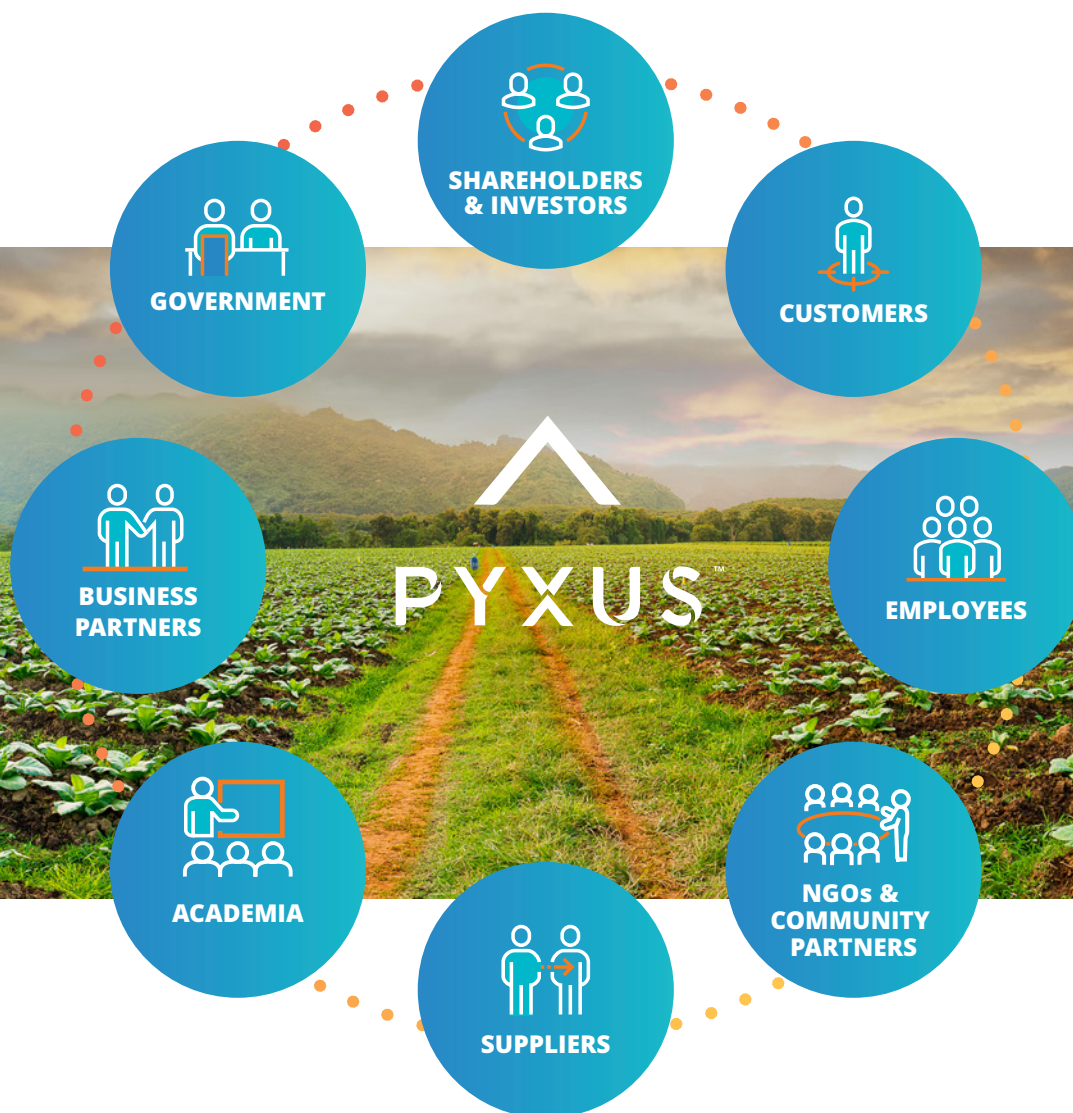
GOVERNANCE

- STRONG BUSINESS ETHICS AND COMPLIANCE**  100% of eligible employees to have completed assigned compliance courses within the assigned period
- RESPONSIBLE MARKETING AND CONSUMER EDUCATION** 100% of required employees and retailers to receive training in responsible marketing within the assigned period

STAKEHOLDER & INDUSTRY ENGAGEMENT

The development and execution of our sustainability strategy would not be possible without cooperation from and collaboration with our valued stakeholders. Stakeholder input is essential to the identification of key issues and priorities for action, which is why stakeholder input is part of our materiality process.

Additionally, we regularly engage in two-way communication with our stakeholders. This approach includes stakeholders in our Company's journey forward and helps us understand their evolving needs, expectations and priorities. We use varying communication methods and platforms to converse with our stakeholders and collect valued feedback, including face-to-face dialogue, digital, and social tools and surveys (including our materiality assessment).



We also engage in partnerships with numerous stakeholder groups, helping expedite the achievement of shared goals. We believe that we can have a more substantial and effective impact if we work together to grow a better world. This is especially true in the areas related to human rights and environmental issues. For these reasons, Pyxus is involved with many international, national and local industry organizations, including:

- » International Tobacco Growers Association (ITGA)
- » Eliminating Child Labour in Tobacco Growing Foundation (ECLT)
- » Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA)
- » Sustainable Tobacco Program (STP)
- » Tobacco Merchants Association (TMA)
- » Global Tobacco and Nicotine Forum (GTNF)
- » Farm Labor Practices Group (FLPG) (United States)
- » GAP Connections (GAPC) (United States)
- » SindiTabaco (Brazil)
- » Tobacco Processors Association (Malawi)

We look forward to continuing to collaborate with the industry to move the needle on key issues.



Power in Numbers – ECLT

Since 2011:



1,035,000

children, farmers and families supported by ECLT's efforts



204,000+

children removed or kept away from child labor



33,000+

children sent to school

We are proud to partner with ECLT as our Company maintains zero tolerance for child labor on our contracted farms with an ESG target to remediate 100 percent of identified instances. In FY22, we served on ECLT's Board of Director's as its Vice President and have collaborated with the Foundation in its pursuit to address the root causes of child labor. This includes alleviating poverty and providing children with access to education.

Source: Eliminating Child Labour in Tobacco Growing Foundation

CONTRIBUTION TO THE UN SDGs

Pyxus supports the United Nations' 2030 Agenda for Sustainable Development, which was adopted by all UN member states in 2015. We have aligned our sustainability strategy with the UN's 17 Sustainable Development Goals (SDGs) and are committed to doing our part to make the UN's goals a reality.

“*There is increasing evidence that businesses that operate sustainably and in support of the United Nations SDGs - while reporting transparently about their progress - can deliver stronger growth and returns for all stakeholders.*”

PIETER SIKKEL
President and CEO

SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABILITY GOVERNANCE

Corporate leadership is strongly committed to aligning the Company's sustainability objectives with our business strategy. The systems and structure we have in place allow us to better assess risks and work toward achieving our goals.

Board Level Oversight

The Environmental, Social, Governance and Nominating (ESGN) Committee is appointed by Pyxus' Board of Directors to, among other things, assist our Board in overseeing matters related to the Company's corporate responsibility, including environmental and social initiatives, and the Company's corporate governance policies. The ESGN Committee monitors the Company's strategy regarding, and management of, issues related to good corporate citizenship, environmental sustainability, human rights and labor practices, health and safety, and other emerging social issues, and regularly meets to review the Company's progress on our ESG targets.



Internal ESG Oversight

To complement the Company's ESG framework we developed an internal oversight structure specifically focused on the achievement of our ESG targets. The three-tier structure, which was finalized in FY22, is centrally managed and coordinated to increase global alignment and involves employees from around the globe as we work to achieve success.



The highest governing body of the structure is the Sponsors Committee, which is responsible for providing strategic guidance and prioritization of our resource allocation. This guidance is funneled through the second tier, the Steering Committee, which is responsible for tactical planning and ensuring a link between our ESG framework and operational activities. The third tier, our ESG teams, works with local-level management to implement target-specific plans, programs and projects. These committees meet regularly to review the progress toward our ESG targets and identify solutions for barriers presented, if applicable.



Policies and Procedures

Pyxus has instituted various sustainability-focused policies and procedures, as well as integrated sustainability topics into our applicable preexisting protocols. These policies are global in nature and include our:

- » Code of Business Conduct
- » Human Rights Policy
- » Anti-child Labor Policy
- » Sustainability Policy
- » Environmental and Climate Protection Policy
- » Policy on Sustainable Agriculture

Sustainability policies are reviewed and approved by the Company's president and CEO, and beginning in FY23, may also be reviewed by the Company's Sponsors Committee. For more information on our Company's sustainability policies, visit our website, www.pyxus.com.

PARTNERING FOR PROGRESS

Our interactions with various companies and organizations help Pyxus to develop sustainability strategies, mitigate risks, verify, validate and/or report data and continuously improve our sustainability program. For example, in 2016 we enlisted the assistance of Ecometrica, which helps us to determine the accuracy and efficiency of our sustainability data. Their platform assists in mapping potential risks related to water scarcity, deforestation and biodiversity, thus minimizing risk for our stakeholders.

In addition to our relationship with Ecometrica, we work with other companies and organizations, including:

- » **CDP:** Our Company began reporting GHG emissions with CDP in 2009, water data in 2014 and forestry data in 2020.
- » **Science Based Targets initiative (SBTi):** We have committed to SBTi's most ambitious pledge, aligning our emission reduction targets with a 1.5°C scenario.
- » **Control Union (CU) and Twenty Fifty:** We participate in Agricultural Labor Practices (ALP) program management and results audits conducted by CU and Twenty Fifty.
- » **SGS:** Conducts the Company's GHG data assurance and reforestation audits.
- » **Sustainable Tobacco Programme (STP):** Conducts an annual assessment of data across multiple segments of our business including governance, people, crop, environment and facilities.
- » **Alliance for Water Stewardship (AWS):** Since joining in 2018, we have contributed to the sustainability of local water resources through the adoption of AWS's standard on sustainable water use.

ETHICAL AND RESPONSIBLE BUSINESS

A REPUTABLE, RESPONSIBLE BUSINESS

At Pyxus, we are committed to conducting our business with complete integrity and are proud to be recognized as a reputable, responsible partner in the industries in which we operate. We adhere to the highest ethical standards, which are set forth in the Company's Code of Business Conduct and serve as our guide to ethical and lawful conduct.



CODE OF BUSINESS CONDUCT

The code clearly defines the Company's expectations for legal and ethical behavior on the part of every employee – an obligation that is a condition of employment – and is shared in 21 languages across our global employee base.

Company directors, officers, employees and agents are expected to conduct the Company's business according to the highest standards of professional ethics, financial integrity and legality. To ensure an understanding of our Code of Business Conduct and continuously educate our employees on identifying and managing potential compliance risks, we have an established training program for our employees. Training courses may include a number of topics covered in our Code of Business Conduct such as anti-competitive behavior, conflicts of interest and proper management of records.

Our employees have an affirmative obligation to acquire sufficient knowledge of the laws governing the countries where they are located and to report misconduct or situations that raise legal or ethical questions. We provide employees with an independent, third-party compliance helpline 24-hours a day, seven days a week. The helpline serves as a mechanism to pose questions about the Code of Business Conduct and anonymously raise potential issues.



IN FISCAL YEAR 2022, **99.7 PERCENT** OF ELIGIBLE EMPLOYEES WORLDWIDE COMPLETED CODE OF BUSINESS CONDUCT TRAINING. ADDITIONALLY, ALL NEW, FULL-TIME EMPLOYEES WERE REQUIRED TO READ THE CODE WHEN HIRED.

In addition to Pyxus' Code of Business Conduct and our compliance helpline we also have a formal compliance policy and a non-retaliation program. For additional information on Pyxus' policies, visit our website, www.pyxus.com.

CORPORATE GOVERNANCE

The business and affairs of the Company are managed under the direction of Pyxus' Board of Directors. The Board of Directors is responsible for fostering and encouraging a corporate environment of strong disclosure controls and procedures, including internal controls, fiscal accountability, high ethical standards and compliance with applicable policies, laws and regulations.

Pyxus' Board of Directors >>>>>



7 Board Members



3 Board Committees



29%
Female

SUPPLY CHAIN INTEGRITY

LONG-STANDING RELATIONSHIPS

Our long-standing relationships with approximately 300,000 growers across the globe are critical to the success of our business. These relationships, combined with our agronomic expertise, enable us to deliver sustainable, compliant agricultural products that meet individual customer requirements.



CONTRACTED FARMER RELATIONSHIPS

In our tobacco business, the vast majority of the crop purchased is through direct contracts with growers, under a direct contract buying system called the Integrated Production System (IPS). IPS is a method of tobacco production in which tobacco buyers directly contract with growers for a set volume. Contracting directly with the farmer enables us to monitor the crop production practices and the quality of the product we deliver to our customers.

IPS BENEFITS

- » Quality and volume improvements
- » Transparent labor practices
- » High quality and appropriate crop inputs
- » Grower training on Good Agricultural Practices (GAP) and ALP
- » Financial assistance (when needed)
- » Assurance of market for contracted volume

TRACK-AND-TRACE TECHNOLOGY

Pyxus uses a proprietary "track-and-trace" system, which we have branded as the SENTRI® platform, to help provide transparency into the lifecycle of our products. SENTRI® combines technology, people and processes to uphold the integrity of our products.

The platform helps us monitor and analyze more than 700 data points related to the contracted farmer, crop cycle, cultivation practices, harvest, processing, formulation, testing and release of individual batches of product. By obtaining data on products at each stage of the supply chain, SENTRI® promotes proactive decision-making for our Company, customers and contracted growers. Further, the platform enables us to better understand the challenges contracted farmers face as well as how to address them, to promote that our products are grown in a sustainable, compliant manner.

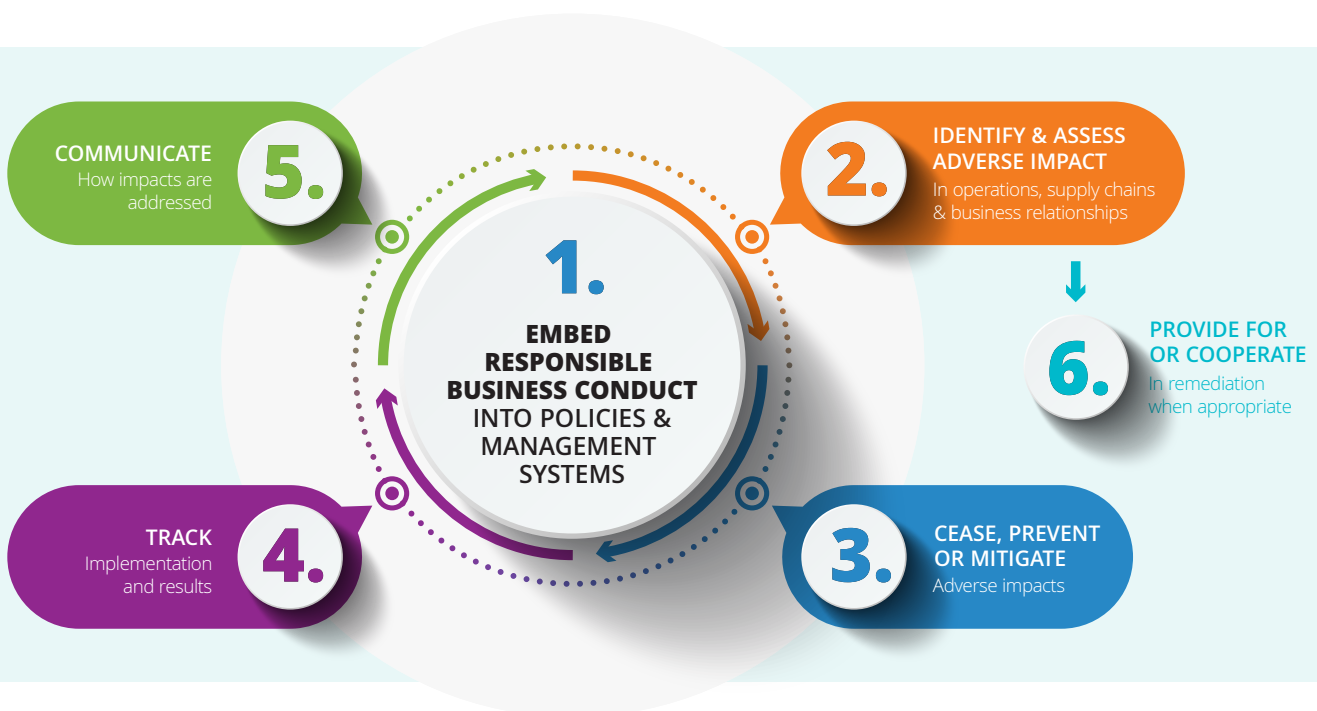


SUPPLY CHAIN DUE DILIGENCE

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

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

Our due diligence procedure is supported by grievance mechanism procedures where actual or potential negative impacts on human rights can be reported.



THIRD-PARTY SERVICES

Pyxus has third-party services provider compliance policies that require our service providers not to use any illegal, unethical or improper methods of doing business nor utilize any payments from the Company for any illegal, unethical or improper purpose. To minimize the risk associated with using third-party service providers, the Company requires that all new, high-risk service providers undergo a pre-engagement compliance review. We recognize that when a vendor is conducting business on our behalf, their actions reflect on our Company. The goal of our program is to proactively address any service provider compliance risk.

ENVIRONMENT

GROWING A BETTER WORLD

As a global agricultural company, Pyxus is uniquely positioned to create a positive impact on the environment throughout the numerous regions where we operate and our supply chain. We are aware of the impact of our business activities on the environment, and we understand that climate change will have a long-term impact on our business, our employees, suppliers and the communities in which they live. That is why we are committed to reducing our environmental footprint and have identified the following environmental priorities:

- » Reduction of negative impact on the environment by decreasing our carbon footprint and achieving net-zero emissions by 2050
- » Practice responsible water management in operations in order to reduce water withdrawal
- » Practice responsible waste management and promote circularity in our operations to minimize what is sent to landfills
- » Work with our contracted growers to apply sustainable agricultural methods and practices with the aim of promoting regenerative agriculture and eradicate the use of unsustainable wood in our value chain

The Company's approach to environmental management is aligned with the United Nations Global Compact and United Nations Sustainable Development Goals.



REDUCING OUR FOOTPRINT

Climate change is one of the most significant risks to humanity and we are aware of the potential risks of climate change to our operations and all stakeholders in our supply chain. We have been monitoring our greenhouse gas (GHG) footprint for years, and since 2009, we have disclosed Scopes 1, 2 and 3 data to CDP, the global gold standard of environmental reporting.

1 SCOPE

DIRECT EMISSIONS FROM GHG SOURCES OWNED OR CONTROLLED BY THE COMPANY

Examples include:

- Boilers
- On-site wastewater treatment plants
- Generators
- Fuel from Company-owned vehicles

2 SCOPE

INDIRECT EMISSIONS FROM GHG SOURCES PURCHASED BY THE COMPANY

Examples include:

- Electricity

3 SCOPE

OTHER INDIRECT EMISSIONS THAT ARE A CONSEQUENCE OF THE COMPANY'S ACTIVITIES, BUT WHICH ARISE FROM GHG SOURCES THAT ARE OWNED OR CONTROLLED BY OTHERS

Examples include:

- Farm level emissions
- Third-party transport of product
- Fuel from Company-leased vehicles

Our Ambition

Given that the agriculture industry is one of the top GHG emitters, monitoring our emissions is no longer enough. Our industry must take action, which is why Pyxus is working to achieve our goal of reaching net-zero value chain emissions by 2050. This target is aligned with the latest climate science to limit global warming to 1.5°C above pre-industrial levels.

Pyxus has committed to the Science Based Target initiative's (SBTi) most ambitious pledge, establishing emission reduction targets in line with a 1.5°C scenario and positioning us to reach our goal. Additionally, our near-term emission reduction targets, which include base year and target year, were submitted to SBTi in 2022 and are currently under review for validation.



ARGENTINA:

Reducing GHG through Curing Efficiencies

Energy efficiency is a key component to sustainable agriculture. Helping our contracted growers improve and maintain their curing infrastructure is one of the most effective ways to reduce energy consumption and costs, as well as decrease GHG emissions.

In Argentina, 97 percent of the Company’s contracted farmers producing Flue-Cured Virginia (FCV) use natural gas for curing. While the search for alternative energy sources is being evaluated locally, our team began to identify solutions to help decrease GHG emissions and the rising energy cost to the farmer.

Our team observed that many of our contracted farmers’ current curing barn models were using an increasing amount of natural gas due to either the barn’s model type or lack of proper maintenance. To address this issue, we executed two solutions:

1. The Company developed a pre-financing program, with the goal of helping contracted farmers improve their current curing barn models or replace them entirely.
2. The Company collaborated with community and industry partners and local academia to institute training programs and disseminate educational materials to tobacco farmers on proper maintenance.



This two-pronged approach began in 2016; however, in the past two fiscal years, we’ve helped increase curing barn purchases, allocating \$500,000 annually in pre-financing for curing barn improvements. During the same period, 100 percent of contracted FCV growers in Argentina received training and education materials on proper maintenance.

As a result, the farmers have decreased natural gas consumption – from 0.93 to 0.65 cubic meters of natural gas per kilogram of tobacco cured. Additionally, an approximate 30 percent emission reduction – 2.00 to 1.40 kilograms of CO2e per kilogram of tobacco cured – has been realized.



ZIMBABWE:
Starting Anew

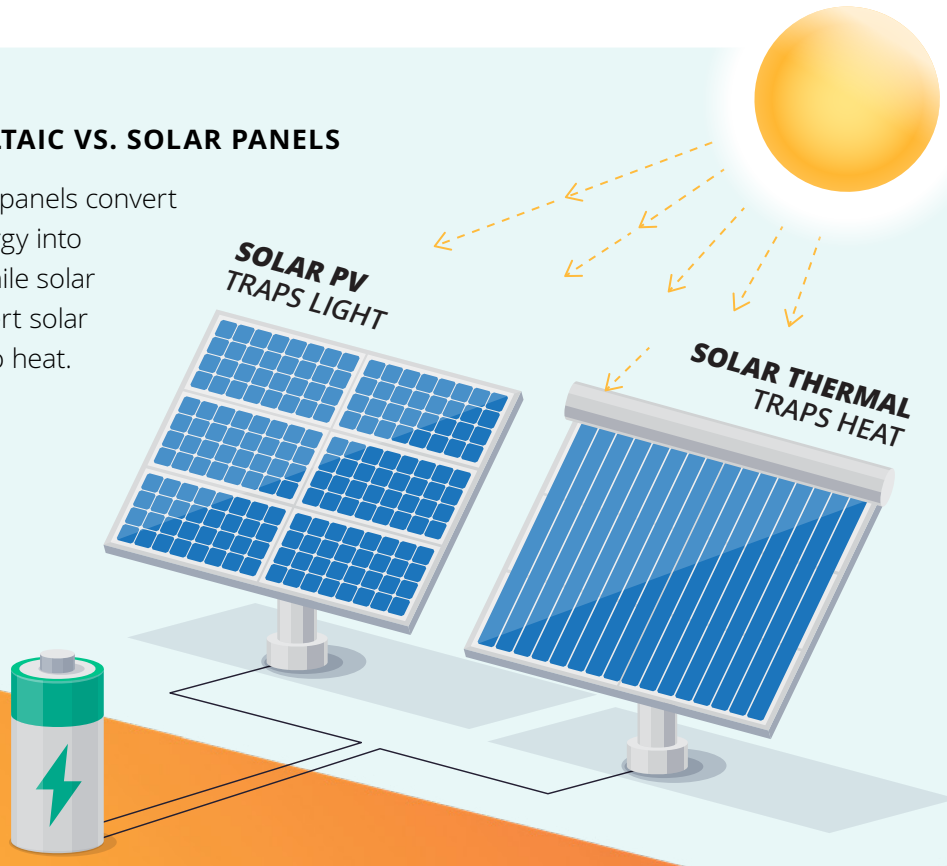
In 2015, a fire destroyed one of our Company’s warehouses in Zimbabwe. While this was an unfortunate event, the local team was able to use the setback as an opportunity to evaluate potential improvements during the rebuilding process.

Given that electricity supply in Zimbabwe is unreliable – particularly in Harare where the warehouse was being rebuilt – the team decided to put a more reliable energy reserve in place during the warehouse rebuild. Since the location has a high level of solar exposure, the team elected to install a photovoltaic system to help power both the warehouse and adjacent factory’s computers and lighting.

Construction of the building started in 2016 and was functional by 2018. The 99.200-kilowatt system generates an estimated 351.33 kilowatt-hours per day over the course of the year. As a result, a total of 667 LED lights and five computers can be powered by the system, helping prevent power outages.

PHOTOVOLTAIC VS. SOLAR PANELS

Photovoltaic panels convert thermal energy into electricity while solar panels convert solar radiation into heat.



Beyond our Direct Operations

It is also critical to support water improvements in our indirect operations, particularly in high stress origins, as water is an essential component of sustainable livelihoods, as well as social and economic development. Our global agronomy team works with our contracted farmers to improve water efficiencies where possible. Our Good Agricultural Practices program includes instructions and best practices for farmers on how to prevent spillage and contamination of freshwater from ongoing agricultural activities. We also promote irrigation best practices to reduce evaporation and protect water quality.

Many of our local teams have implemented water access, sanitation and hygiene (WASH) programs, which benefit the growers in our supply chain as well as their communities. WASH programs help to improve the health and well-being of community members, reduce poverty and improve socio-economic development. Examples of WASH initiatives that our Company has proudly supported include the construction of village dams to harvest rainwater and boreholes to provide a more sustainable, potable water supply for daily agricultural and domestic use.



BRAZIL:

Tapping into Rainwater Harvesting

Local water resources in certain origins where we operate are stretched to provide water for industrial and economic development; therefore, new water supply strategies and paradigms are necessary to meet the demand. In Brazil, the primary water source on the farm is from rainfall; however, rainwater was an untapped resource at the Company's Venâncio Aires facility.

RAINWATER HARVESTING IS THE PRACTICE OF COLLECTING AND STORING RAIN FOR REUSE

In 2019, the Venâncio Aires team incorporated rainwater harvesting into its sustainable water supply strategy. This facility was deemed suitable for rainwater collection due to the operation's large roof and the area's consistent rain throughout the processing season.

A 50,000-liter storage tank was installed, which now provides adequate water supply for three of the operation's employee restrooms. This one initiative benefits approximately 700 factory workers and is a contributing factor to our Brazil operations' 12.5 percent reduction of total industrial water consumption from 2020 to 2021.





INDONESIA: Addressing Water Scarcity in Crop Production Areas

Climate change has altered weather patterns around the world, causing more frequent extreme conditions such as drought or floods, which threaten the farmers' crops and overall livelihoods.

In the growing area of Madura, Indonesia, our team has focused on identifying solutions to combat water shortages. Madura experiences its lowest level of rainfall from May to October, which coincides with the tobacco crop's transplanting phase, a time period when water is critical to the crop's development. Without an adequate water source, the farmer risks partial or total crop failure.

In collaboration with our contracted farmers and KT&G's local subsidiary PT. Tri Sakti Purwosari Makmur, we installed four groundwater wells and reservoir units in four growing areas in Madura. Each unit has a storage capacity of 2,000 liters and can serve as a clean water source for crop irrigation and domestic needs during water scarce periods.

The project was finalized in February 2021 and the units now serve as an irrigation source across approximately 558 hectares of agricultural land and provide a clean water supply to 185 families.



WASTE MANAGEMENT

At Pyxus, we acknowledge that our generation of waste places a strain on the environment and we must do our part to reduce, reuse, recycle, recover and responsibly dispose of waste in our value chain. We break waste into two categories, hazardous and non-hazardous, and our origins are expected to comply with local environmental regulations related to waste categorization and management.

Our Ambition

In regard to waste management, our business has two focus areas: 1) responsible waste management in operations and 2) consumer waste recycling and circularity. Additionally, we work with our contracted farmers and various other stakeholders to minimize the impact of farm waste on the environment.

In our direct operations, we have set a goal to recycle, reuse or repurpose 50 percent of waste by 2030 and to achieve a 20 percent reduction of waste sent to landfills during the same time period. When it comes to consumer waste, we are striving for 100 percent of our packaging to be reusable, recyclable or compostable by 2030.

Moving the Needle

Our approach to responsible waste management includes activities related to the smart utilization of resources, the reuse and repurposing of materials and the overall reduction of waste sent to landfills. Our GAP program includes instructions for farmers on responsible disposal of farm waste, and we work with our contracted farmers and other stakeholders to minimize their impact on the environment through waste collection and responsible disposal programs.

How we Measure

Our waste management program includes guidelines on recycling, repurposing and reusing waste as well as the disposal of waste sent to landfills. In our origins of operation, waste disposal is managed by the municipal utility companies, and we calculate the disposed quantities in coordination with the utility companies. Additionally, we are in the process of standardizing a global calculation methodology that will help us better assess waste management data.

Our Results

Waste disposed of at landfill - FY22

~4,448.22 tonnes

*Waste total excludes the following locations: Alliance One Tobacco Argentina S.A., Pyxus Agriculture Malawi - Groundnut Factory, Alliance One Tobacco Bulgaria EOOD and Purilum, LLC.



CORPORATE:

Diverting Waste to Create Healthy Soil

In addition to supporting rural communities, our business has a presence in urban areas and has a responsibility to contribute to sustainable initiatives in these communities as well. That is why our global headquarters, located in Morrisville, North Carolina, embarked on a journey in 2019 to promote composting through participating in CompostNow.

CompostNow is a nonprofit aimed at empowering local businesses and community members to use compostable waste to build nutrient-rich soil. The organization shares Pyxus' commitment to waste management and reduction of negative impacts on the climate while creating an end product that is beneficial to the heart of our business – the farmer.

Since becoming a CompostNow member, our headquarters has added compost bins in all break areas and stopped supplying single-use plastics in common areas. These items were replaced with compostable utensils such as paper straws, biodegradable coffee cups and lids, and reusable bamboo silverware.

CompostNow collects our compostable waste and works with commercial partners to ensure the waste is properly composted. The compost is then shared with a number of local gardens and farms for use in growing sustainable, local, organic food.

Since beginning our composting efforts, Pyxus' global headquarters has diverted 2,609 pounds of waste from the landfill, which created 619 pounds of compost. That diverted waste is the equivalent of preventing the emissions of approximately 6,784 pounds of CO₂.



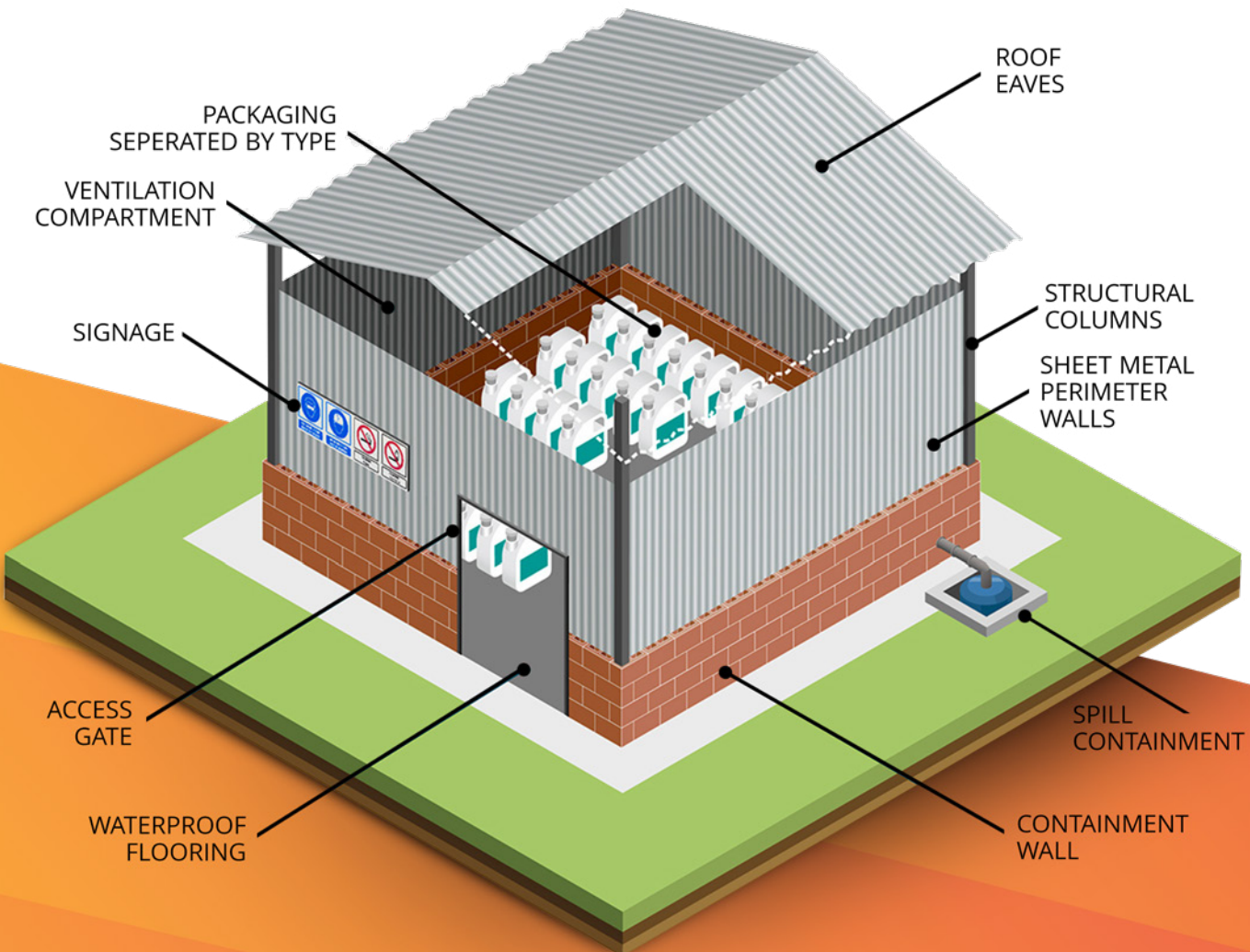
ARGENTINA:

Preventing Improper Disposal of CPAs

In the last decade, there has been a significant reduction in the use of crop protection agents (CPAs) for tobacco production in Argentina. Unfortunately, the problem of proper collection and disposal of empty CPA containers is still prevalent across all types of agriculture. Improper disposal can lead to preventable environmental contamination.

In 2014, our Company was the first in Argentina’s tobacco industry to construct a temporary storage center (CAT), a facility that is used to receive CPA containers from our contracted growers to encourage proper disposal or recycling. We also provide training and awareness programs for contracted growers and their farmworkers on the proper disposal of CPAs.

Today, our team works alongside other industry members, associations and the government to address the issue together. During the reporting period, we contributed to the collection nearly 2.5 million kilograms* of plastic containers from the agricultural industry across Argentina. Further, our Company, as part of the tobacco industry, has collaborated with the government to host 74 group trainings across the country during the reporting period. These trainings were attended by more than 60 percent of our contracted farmer base. This was in addition to providing 100 percent of our contracted tobacco growers in Argentina with training materials.



*Source: Verified figures compiled by CampoLimpio, a government supported organization focused on the collection of CPA containers from rural areas in Argentina.

SUSTAINABLE AGRICULTURAL METHODS AND PRACTICES

Pyxus is committed to implementing sustainable agricultural methods and practices across the industry, starting with our contracted farmer base. This commitment is described in our Policy on Sustainable Agriculture and realized through our Good Agricultural Practices program. We are aware of agriculture’s impact on the environment and climate, and we are working to mitigate the risks through the identification of high-risk areas and implementation of appropriate programs and projects.

Our Ambition

According to the Food and Agriculture Organization of the United Nations, the rate of deforestation between 2015 and 2020 was estimated at 10 million hectares per year. The agriculture industry is noted as a key driver of deforestation and forest degradation. Pyxus is committed to promoting sustainable agricultural methods and practices to prevent further loss of the world’s forests, and we have set an ESG target to reach zero net global deforestation in our agricultural supply chain by 2030.

Moving the Needle

Our Company instituted its first forestry initiative in Brazil in 1991. Since then, we have expanded our efforts across the globe, instituting afforestation and reforestation programs that are operated by our local agronomy teams. As part of our forestry programs, we provide tree seedlings to contracted smallholder farmers, sharing with them proper management methods and access to quality inputs to increase tree survival rates.

In select locations, we operate commercial forest plantations. These forests are planted and managed on leased government plantations, as well as on Pyxus-owned farms, and provide an opportunity to create carbon sinks, reducing the business’ overall carbon impact. Our experience has shown that there are higher tree survivability rates and biomass productivity when trees are grown on commercial plantations when compared to smallholder plantation management. Pyxus plants, manages and harvests forests using sustainable practices and delivers the biofuel directly to farmers for use. Additionally, we work with our customers, contracted growers and other stakeholders to eradicate the use of wood from unsustainable sources and are proud to offer contracted growers alternative fuel sources.

Our tobacco business supports the Sustainable Tobacco Program (STP 2.0), which assesses and monitors our performance in meeting industry-wide standards for tobacco production. All our contracted farmers are subject to our due diligence process with the aim of identifying any actual or potential negative impact on the environment. Additionally, our global agronomy team has instituted goals and programs that align with the topic of sustainable agriculture including the implementation of soil conservation efforts such as crop rotation and cover crops.



How We Measure

Our origins with commercial forestry operations have staff that are responsible for the location's forest management plan. These employees track various data points related to our forestry efforts and log the data in our track-and-trace platform, SENTRI. External consultants conduct independent audits of the quantity and quality of our direct commercial forest projects, and we disclose forestry data annually to CDP.

We use Verisk Maplecroft risk maps to identify country-level, forest-related risks and we employ over 1,000 field technicians who conduct visits to contracted farmers multiple times throughout the growing season. As one of their responsibilities, field technicians collect information on the contracted farmer's source of wood fuel and the quantity used to verify compliance with good agricultural practices.

Additionally, we use Ecometrica's risk mapping tool – inputting our contracted farmers' GPS coordinates – to generate a global deforestation risk analysis. Ecometrica estimates the location's risk of deforestation, which is aggregated using five factors: 1) the accessibility of an area; 2) the suitability of the area for cultivation; 3) the legal status of the land; 4) the proximity to the edge of the forest; and 5) the density of past deforestation in an area.

Our Results



250+ million

Trees planted since 1991



8,400+ Ha

Company managed forests



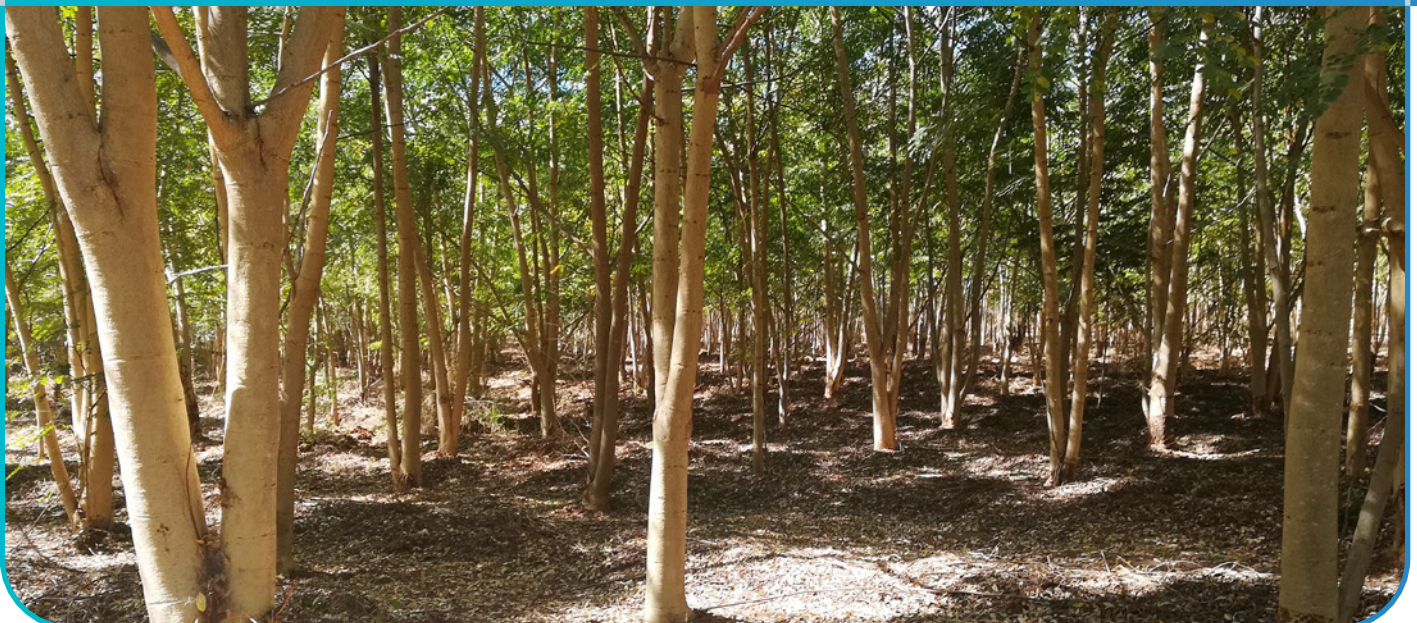
21,000+ Ha

Contracted farmer managed forests



3,200+ Ha

Third-party managed forests



INDONESIA: Fueling a Greener Tomorrow



We empower our contracted farmers by providing alternative fuel sources that contribute to the protection and enhancement of biodiversity and preservation of natural forests. Since 2010, our Indonesian subsidiary has promoted the use of alternative fuels such as palm oil kernel shells (POKS) and candlenut shells (CNS) for the curing of FCV tobacco. The shells are used in place of wood and coal and are more cost effective and sustainable. Additionally, neither POKS nor CNS negatively impact local forests, harm biodiversity or impact the quality of tobacco leaves.

As of 2016, 100 percent of our FCV contracted grower base in Indonesia uses POKS or CNS when curing tobacco. The transition away from unsustainable fuel sources has resulted in a reduction of deforestation by approximately 1,000 hectares per year. Contracted growers have also reported a reduction in labor hours and a cost reduction of approximately 35 percent compared to the costs associated with using coal or wood for fuel.



TANZANIA: Growing the Solution



According to Global Forest Watch, in 2010, Tanzania had 24.7 million hectares of natural forest extending over 26 percent of its land area. In 2021, it lost 165 kilohectares of natural forest, the equivalent of 59.9 megatonnes of CO₂ emissions. This includes deforestation linked to tobacco production. To address this issue, Tanzania's Tobacco Council, with input from our Company and other industry stakeholders, put in place a policy requiring growers to plant 500 trees per hectare of tobacco grown each year. The policy was enacted prior to the 2020-2021 growing season with the goal of creating a sustainable wood resource that meets the needs of Tanzania's tobacco industry, thus preventing further deforestation.

Acknowledging the new requirement would add to a smallholder farmer's preseason costs and resources, our Company instituted a bridge fund, selected and ordered native tree seeds and appropriate inputs, and identified tree nursery management companies to raise the seedlings. The trees were then planted on land provided by cooperatives and farmers.

During the program's first year, 4.959 million tree seedlings were distributed by our Company to contracted farmers. An independent survival assessment, which took place approximately 6 months after transplanting, revealed an 81 percent survival rate. It is anticipated that 65 percent of the trees planted in the program's first year will reach maturity in 2028. This would equate to 84 percent of the volume of wood used to cure the 2021 crop and has the potential to significantly reduce the amount of wood that is unsustainably sourced.

SOCIAL

TRANSFORMING PEOPLE'S LIVES

From the fields of Sukhothai, Thailand, to our processing operations in Kavadarci, North Macedonia, and from our peanut processing factory in Lilongwe, Malawi, to our research and development center in Passo do Sobrado, Brazil, we have a united purpose: We believe everything we do is to transform people's lives so that together we can grow a better world.

As a corporate citizen, it is our responsibility to engage, encourage and elevate our employees, contracted growers and the communities in which we operate. These actions create value for all our stakeholders. To achieve this, we have identified the following social priorities:

- » Provide a safe and healthy workplace for our employees, visitors and contractors
- » Create a satisfying and inclusive Company culture with opportunities for professional development
- » Support local communities in overcoming societal issues to improve the overall quality of life
- » Assist farmers in maximizing their income potential through crop diversification and implementation of good agricultural practices
- » Uphold human rights throughout our supply chain

While these are not new focus areas for our business, in 2021, we aligned measurable targets to our social priorities in order to provide added transparency and show progress throughout our social sustainability journey.



A HEALTHY WORKFORCE AND SAFE WORKING ENVIRONMENT

Pyxus is committed to providing a healthy and safe working environment to employees, visitors and contractors. While this has always been the case, the realities of COVID-19 heightened this commitment.

In order to protect our workforce and their families, we updated business continuity plans and implemented additional safety measures for employees to follow in our offices and facilities. These measures included social distancing protocols, face covering requirements, temperature checks, and additional cleaning and sanitation practices. These updated guidelines were in addition to our ongoing work and safety protocols in our operations, including comprehensive workplace risk assessments, health and safety training programs, safety management of the equipment and machinery, regular workplace inspections, and the continuous improvement of processes and procedures in order to reduce the risks.

For many of our office-based employees, we required or promote remote work depending on local government guidelines. Our global Information Services (IS) team enhanced remote work capabilities and we promoted digital collaboration tools, many of which continue to be used today. Our global and local Human Resources teams worked diligently to educate employees on our updated guidelines and promote vaccination options, and our Corporate Communications team increased internal communication to promote connectivity during a difficult time for many.

Our employees' dedication and commitment to safety during an unprecedented time allowed our business to operate continuously, enabling us to fulfill our customer commitments and confirm our contracted growers' compliance with our GAP and ALP programs.

Our Ambition

Pyxus requires that health and safety management systems be in place in all origins to prevent stakeholders in our operations from injuries or illness related to work activities. To further promote our commitment to health and safety in the workplace, we have an ESG target to maintain a lost time injury (LTI) rate of less than 0.5 per 100 employees over 200,000 hours worked.



Moving the Needle

In order to maintain an LTI rate of less than 0.5 per 100 employees over 200,000 hours worked, each origin implements a health and safety management system. At a minimum, our operations are required to comply with local health and safety regulations, and it is recommended each origin's system include:

- » A risk assessment
- » A health and safety training program
- » Incident and accident management
- » Site auditing
- » Management of non-conformities

We are proud of our operations that have obtained their health and safety management systems certificate in accordance with the ISO 45001:2018 standard, which confirms the operation's implementation of health and safety best practices.

How we Measure

Due to the wide range of regulations on a local level, each of our operations measures LTI rate in compliance with the established local laws and guidelines. As part of our continuous improvement process, we have identified the need to establish a global methodology. We are currently working to introduce this methodology around the globe, and it will be a requirement in addition to compliance with applicable laws and regulations.

Our Results



0.49

Consolidated LTI Rate



UNITED STATES:

Engaging Employees to Boost Workplace Safety

Incidents of recordable (LTI) negatively impact employees' health, wellness and overall perception of the Company that they work for and create added expenditure for the business. To prevent incidents from occurring, in 2018 our U.S.-based facilities launched a campaign to reinvigorate the emphasis placed on risk assessments, preventative measures and employee engagement.

Management at the operation took the initiative to elevate safety considerations by:

- » Enacting leadership position changes
- » Implementing a quality system methodology
- » Conducting external safety audits that replicated formal Occupational Safety and Health Administration audits
- » Creating a safety committee supported by subcommittee assignments that correlated with the external audits
- » Including safety considerations within daily operational decision-making

Beyond involvement on the safety committee and subcommittees, employees contributed suggestions for safety slogans as well as solutions to identified safety risks. Additionally, annual Key Performance Indicators (KPIs) were identified, and an incentive program was rolled out across union and non-unionized facilities.

As a result, our Alliance One Specialty Products facility, located in Wilson, North Carolina, recently surpassed 1,500 consecutive days of zero lost time due to injuries.



SUPPORTING OUR LOCAL COMMUNITIES

At Pyxus, we consider ourselves not only as corporate stewards, but also as members of the communities in which we operate. The communities' success is our success and vice versa, and we are honored to support initiatives that develop and strengthen the world and the people around us.

Our Ambition

Our efforts are focused on the identification of the most salient societal issues at the local level. We have set a goal to benefit 150,000 people per year through our community support programs by 2030 and are proud of the strides we have made to date.

Moving the Needle

The issues we work to solve may not be identical from origin to origin; however, our commitment is the same. We are focused on community support initiatives that will achieve the greatest impact. This includes the improvement of educational infrastructure, development and support of extracurricular activities for children and empowering rural women. Many of the initiatives that we support indirectly address deep-rooted issues such as child labor.

Additionally, we believe there is strength in numbers. We are proud to join forces with our customers, reputable organizations and community partners to develop, fund and execute community-focused projects.

How we Measure

In line with our goal to achieve the greatest impact, we measure success by the number of people that directly benefit from each project. If we support the construction of a community borehole, we are now able to assess potable water. If we provide after school programs to children within a growing area, we assess how many students benefit from additional social and cognitive opportunities.



Our Results



USA

Through collaboration with FPLG, over 5,500 farmworkers across approximately 200 farms received PPE kits to help prevent the spread of COVID-19



INDIA

Together with one of our customers and the local NGO Assist, we instituted after-school programs at 10 schools located in tobacco growing areas benefitting 462 students while preventing potential incidents of child labor



GUATEMALA

In conjunction with one of our customers, we improved the infrastructure of 6 schools within tobacco growing areas to provide 1,240 students with an appropriate learning environment



MALAWI

78 boreholes installed across our contracted tobacco growers' communities, providing nearly 23,000 people access to a potable water source within 1km from their homes



ZIMBABWE

More than 9,600 students in contracted tobacco growing areas trained on child rights, prevention of child labor and the local grievance helpline



BRAZIL

1,700 CT scans performed on cancer patients with the tomography equipment donated to a local hospital



TANZANIA

20 handwashing basins installed across 10 schools, helping 4,000 students prioritize proper sanitation during COVID-19



THAILAND

Provided approximately 2,700 contracted growers with safe work and first aid training as well as first aid kits to be used in the work environment





INDIA:

Empowering Women to Promote Economic Viability and Cultural Change

Across the Vinukonda growing area in India, most of our contracted growers and their families are solely or largely reliant on their farm-generated income to maintain their standard of living. Given the unpredictable nature of farming, a secondary income is encouraged to prevent poverty and unemployment, and provide appropriate resources for schooling their children.

Unfortunately, positioning women to provide a supplemental income source for their families has not been a cultural priority. Historically, Indian women, particularly those in rural areas, have been vulnerable due to lack of economic and social empowerment.

To address both issues, our Company has committed to empowering the woman of the household, providing them with training and resources to promote economic viability and professional growth. Beginning in November 2020, we collaborated with local organization ASSIST and our customer Philip Morris International to introduce the Women Empowerment Project in two villages that have a high concentration of contracted growers.

A total of 212 women were grouped into 22 self-help groups and received training on micro-entrepreneurship projects. They also received mentoring from women who have successfully improved their economic viability following participation in the Women Empowerment Project.

The groups each received funding to pursue microbusiness options, including dairy farming, sheep rearing, grocery retail, tailoring, vegetable and fruit sales, saree sales and more. The Women Empowerment Project is ongoing and, to date, 70 contracted farm families have benefited from its success.



MALAWI: Small Deeds Can Reap Big Impacts

It is our goal to support each community that we operate in and, when possible, link our efforts back to our ESG targets and our Company's purpose. In Malawi, citizens have access to government-funded healthcare services. Unfortunately, these facilities often lack adequate funding for supplies and equipment and have a shortage of medical providers.

In the past, the Company has worked with Kamuzu Central Hospital (KCH) to provide hospital renovations and equipment donations. KCH is located in the Central Region of Malawi and is the primary hospital for the entire central and northern region of the country, servicing between 12 million to 13 million people annually. These regions are where the majority of our contracted growers and employees live and work.

In February 2022, the Kamuzu University of Health Sciences Lilongwe Campus was in need of medical training equipment such as stethoscopes, which are required for each student's clinical practice. Knowing that many of the students from the university go on to work as medical providers at KCH, our team donated 16 stethoscopes, which were given to students lacking the funds to purchase equipment on their own.

This one donation, though small, has the power to be impactful. As those students move forward in their careers, they are likely to cross paths with and medically treat our contracted growers, employees and the community as a whole.



MOTIVATED, SKILLED AND ENGAGED EMPLOYEES

Our employees are central to the success of our business. We prioritize the attraction, development and retention of our talent, which enables us to make progress against our business strategy and our Company's purpose. As of March 31, 2022, we employed approximately 3,000 people, excluding seasonal employees, in our worldwide operations.

Our Ambition

Pyxus is committed to non-discrimination and equal employment opportunities. As a global Company, we believe hiring employees from diverse backgrounds enables us to resolve challenges faster, think differently than in the past and lead the Company into the future.

With a focus on motivated, skilled and engaged employees, we've set ESG targets to:

- » Provide 20 hours annually of training to each of our full-time employees by 2030
- » Increase the percentage of women in leadership both at the local level and globally by 2030
- » Achieve gender pay equity within our operations by 2030

While we recognize these goals cannot be achieved overnight, we are encouraged by our global team's enthusiasm to drive these goals forward.

Moving the Needle

Empowering our people to achieve great things is critical to the success of our customers and our Company. Employees are encouraged to follow their passions and to take a collaborative approach toward achieving our unified goals.

We work with our employees to help them achieve individual career objectives through a wide range of professional development opportunities. We offer continuing education benefits, including tuition reimbursement in select areas, and access to our virtual training platform, Percipio, which offers hundreds of courses in numerous languages and formats.

How we Measure

Measuring elements of human resource management situates Pyxus to achieve our goals and so much more. We have identified specific methodologies and are seeking out new tools to measure our ESG targets and to monitor overall employee satisfaction. Examples include employee demographics, annual surveying of employees, talent turnover and retention rates, tracking employee attendance metrics, and regular town hall meetings at the local and global levels to receive qualitative feedback.

Our Results



Delivering Stakeholder Value through Employee Training Opportunities



Our Company's leaf division recently partnered with the Federal University of Lavras ("UFLA") in Minas Gerais, Brazil, to provide third-party, specialized training to our agronomic employees around the world. The program was established to promote an enhanced employee skillset, which ultimately can benefit the Company's contracted farmers through improved efficiencies and maximized income potential.

The virtual training program, "From the Seeds to the Cured Leaves," was conducted by UFLA agronomy professors and took place over the course of six weeks, bringing together our global agronomists from 18 countries on five continents.

Our global agronomy team members have extensive agronomic knowledge about tobacco production, and most have been working with the crop for several years. This professional development program was organized to offer our employees a continuing education opportunity to deepen their knowledge on some of the most technical and scientific aspects of tobacco cultivation.

HELIO MOURA
Global Agronomy Director

Topics covered in the training ranged from methods to build soil fertility to tobacco ecophysiology—the connection between the plant and its environment—at varying stages of the crop production process.

Crop production methodologies and best practices are rapidly evolving due to new technologies and research, as well as the impacts stemming from climate change. Ensuring our agronomists continue to advance their knowledge base not only encourages employee motivation and engagement, it also aids our global agronomy team in transferring this knowledge to our grower base, helping to strengthen the farmers' crop quality and yield and delivering value to our stakeholders.

ALEX STROHSCHOEN
AOI President

The Company intends to expand the partnership to provide further training and education opportunities to employees. Additionally, the training sessions were recorded and are now available for employees to review.





USA:

Providing Employment Opportunities for Persons with Disabilities

During the pandemic, unemployment numbers increased across the United States. This affected our operations in Eastern North Carolina, particularly the ability to retain employees in certain entry-level factory positions. Our Company's Human Resources Department conducted an assessment and determined positions that are highly repetitive in nature had the greatest turnover.

After identifying these positions, our operations decided to partner with Diversified Opportunities, Inc. (DOI), a local organization that provides vocational evaluation, training and job placement services for individuals with disabilities or disadvantaged circumstances. At the onset of the partnership, DOI representatives visited our operations and learned about our work environment and the open positions' responsibilities. DOI then was able to pair our Company with compatible matches while keeping in mind the necessity to minimize exposure to safety hazards.

Additionally, to mitigate risks, each DOI candidate is accompanied by a placement representative who can advocate for the candidate, from the point of interview through the employee orientation. Though the representative does not accompany the candidate to the position full time, the partnership continues beyond the interview and orientation to ensure job modification is implemented when necessary.

Since the establishment of our partnership, our Company has become DOI's largest client in the Wilson, North Carolina area. As of March 31, 2022, we have successfully placed 17 individuals within two of our operations, addressing a staffing deficiency with an enlightened commitment to developing untraditional candidates. We have expanded the program to other operations in the Company and, as an added benefit, we have seen many of our non-DOI employees mature through this process, becoming a more considerate and conscious workforce. The program will continue in fiscal year 2023.



HUMAN RIGHTS AND THE AGRICULTURAL SUPPLY CHAIN

Our Company has a long-standing commitment to respecting fundamental human rights consistent with the obligations laid out in the United Nations Guiding Principles on Business and Human Rights.

When it comes to the growers that we contract with, our agronomy team is consistently on the ground providing instrumental support and education. These actions promote high yields, high quality and compliant crops, which help the grower to maximize their income potential. Simultaneously, we raise our contracted growers' awareness of appropriate labor practices and the importance of safeguarding rights for all rights holders in the supply chain.

Our Agricultural Labor Practices (ALP) program sets the human rights standards that those in our agricultural supply chain are expected to adhere to. These standards are based on the labor standards of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions and are supported by our Company's human rights-focused policies.

OUR ALP PROGRAM INVOLVES AN ALP CODE, WHICH DEFINES THE LABOR PRACTICES, PRINCIPLES AND STANDARDS THAT WE EXPECT ON ALL CONTRACTED FARMS, INCLUDING:

- » No Child Labor
- » Wages that Meet Farmworkers' Basic Needs and Compliant Work Hours
- » Fair Treatment of Workers
- » Safe Work Environment
- » No Forced Labor
- » Recognize and Respect Workers' Rights to Freedom of Association
- » Compliance with the Law

Our Ambition

While we recognize the risk of human rights violations at any point in our operations and supply chain, based on assessment and insight developed over the years, we believe the greatest risk is in our agricultural supply chain. We maintain zero tolerance for forced or child labor on contracted farms and are committed to remediating 100 percent of identified instances.

Moving the Needle

To mitigate the risk of human rights violations in our supply chain, we have implemented a strong grower education, training and monitoring program that involves both announced and unannounced farm visits. We include language in our grower contracts that stipulates they must abide by our standards, programs and policies regarding human rights, or the regulation set by the country in which they reside, whichever is more stringent. Our agronomists, leaf technicians and field technicians are specially trained to teach contracted growers about the ALP program. In addition to providing education through group trainings, they visit contracted farms multiple times per season to provide guidance to growers on how to address labor and human rights issues on their farms, as well as monitor for compliance with the ALP measurable standards.

How we Measure

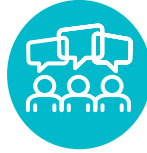
To monitor for potential human rights violations on our contracted farms, our field teams routinely follow the below steps, but not necessarily in this order:



**Visual
Observation**



**Grower
Interview**



**Worker
Interview**



**Written
Documentation
Review**

During our announced and unannounced visits, our field teams document hundreds of data points at various points of the season in order to assess the risk level of each farm and identify trends. The data helps us to focus our training and monitoring on higher-risk growers. In addition to our internal risk assessments, we participate in industry assessments in order to incorporate additional stakeholder feedback.



Our Results

During fiscal year

2022



100%

of contracted growers were trained on ALP



100%

of Company staff responsible for grower relationships participated in human rights training

MALAWI:

Combatting Child Labor Through Fostering Lifelong Hobbies

The elimination of child labor within the supply chain is critical to the viability of the farmer and the sectors in which we operate. Across the globe, we mitigate instances of child labor through consistent farm monitoring and prompt actions, grower and community education, and opportunities to increase yields that help generate additional revenue.

One of the mitigation methods used by our local team in Malawi is the introduction and ongoing support of after-school activities. These programs encourage children to stay away from agricultural labor after school and promote education as well as physical, mental and social development through the provision of sporting equipment/infrastructure and indoor games.

In two growing areas, Chigonthi and Dowa, our local team, in conjunction with one of our customers, partnered with the Chess Association of Malawi (CHESSAM) in 2020 to form chess clubs at two local schools. The clubs offered students access to equipment – chess boards, pieces and clocks – and training in the game of chess, creating a hobby and lifelong strategic thinking skills.

During the reporting period, a total of 57 students between the two schools enrolled in the program and four students represented their school in the African Schools Chess Championship Qualifiers. Two of the four students went on to play in the national championship games. Additionally, five teachers were trained to teach chess basics and provide future tournament support to the children.

The program was a likely contributor to the 100 percent reduction of child labor incidents in Dowa and the 80 percent reduction in Chigonthi, when compared to the number of incidents prior to the onset of the program.



The program was a likely contributor to

100%

reduction of child labor incidents in Dowa

80%

reduction of child labor incidents in Chigonthi

SUPPORTING FARMER LIVELIHOOD AND WELL-BEING

Many of our Company's contracted farmers are smallholder growers from low- and medium-income countries. They operate their farms on up to 10 hectares, or 24 acres, of land, with the average smallholder farmer cultivating less than two hectares, or five acres, annually¹. Helping our contracted farmers, particularly smallholder farmers, achieve higher quality crops and yields is critical to economically positioning the grower, their family and community for a more successful future.

Our Ambition

For Pyxus, improving farmers' livelihoods is a top priority. We are committed to maximizing all farmers' income potential by 2030 through appropriate training in good agricultural practices and the opportunity for crop diversification.

Moving the Needle

We believe helping contracted growers achieve a living wage is instrumental to eliminating child labor, improving environmental issues and addressing rural health challenges. A key aspect to improving growers' yields, quality and efficiency, and therefore their livelihoods, is education.

Through model farms, process enhancements and improved growing techniques, our global team of more than 1,000 agronomists and field technicians educate our contracted growers around the world on new ways they can improve their productivity and efficiency, reduce their impact on the environment and generate a better income for their families. The core of our grower education and training is our GAP program, which was introduced in 2007, and our ALP program, introduced in 2012. Additionally, our team helps our contracted growers understand best practices for running a small business. Addressing financial literacy can help our contracted growers be self-sustaining for the long term.

In addition to education, our Company develops farmer input packages to help contracted growers secure high-quality seeds and fertilizers and appropriate CPAs. In certain origins, we provide cash advances at the beginning of the season to promote paying farmworkers adequate wages while helping eliminate pressure to use illegal or child labor. Most recently, we have begun assisting farmers in diversifying their crop portfolios, using our agronomic knowledge to transfer applicable best practices to grow complementary crops to tobacco.

Our Results

During fiscal year
2022 >>>>



100%

of contracted growers received GAP training from our agronomy team



¹ Source information: Heifer International
<https://www.heifer.org/blog/what-is-a-smallholder-farmer.html>



BRAZIL: Increasing Grower Profitability through Crop Diversification

We are committed to enhancing the lives of our contracted farmers by providing tools and opportunities for income diversification with the potential for an increase in profitability, crop quality and yield improvements. In Brazil, approximately 75 percent of the Company’s contracted farmers produce maize along with tobacco; however, many lacked access to high-quality crop inputs such as seed, fertilizer and agronomic support. This prevented them from scaling up their production and limited their financial return.

The Company sought to remedy this issue and in June 2021 publicly announced its partnership with Bayer Crop Science to provide quality maize seeds and agronomic support to smallholder tobacco farmers in Brazil. Through the partnership, contracted growers were given access to Bayer’s maize seed varieties as well as fertilizer and hands-on guidance from the business’ agronomists and field technicians, helping improve crop quality and yield, in turn, increasing the farmer’s bottom line.

During the 2020 growing season, Alliance One Brazil (AOB) implemented a pilot project in which approximately 2,300 of its contracted smallholder tobacco farmers received a high-quality agronomic package for maize. Prior to the project’s implementation, our Brazilian tobacco farmers that also cultivate maize produced on average less than 5,500 kilograms per hectare. The agronomic package that we provide gives growers access to some of the most advanced technology available on the market, potentially increasing yields to over 10,000 kilograms per hectare.

As a result of the positive feedback, AOB offered the opportunity to participate in the program across its grower base during the 2021 growing season. Following the season’s completion, participating farmers reported a 15 percent increase in maize yield compared to the 2020 growing season, increasing the farmer’s income by \$270 per hectare on average. This additional income supplements the livelihood of our contracted growers and is an important piece in addressing other systemic issues such as child labor, deforestation and more.

Over the next three years, we intend to expand the project to include other crops—and other countries.

AOB implemented a pilot project

15%

increase in maize
yield compared to the
previous growing season

\$270

more per
hectare of
maize





THAILAND:

Improved Irrigation Practices Increase Farmer's Bottom Line

The amount of water needed for a tobacco crop depends upon several factors such as the variety, the growing area's climate and the crop cycle. In parts of Asia, drought is becoming increasingly more common due to climate change. Many growers have been using water pipes to irrigate their crops in the first 20 days following transplanting and then flood irrigation until crop harvest. These methods are labor intensive, costly and wasteful of water resources.

Our Company sought to remedy the labor stresses of these irrigation practices by introducing farmers to drip irrigation. In Thailand, beginning in September 2021, the Company selected 10 contracted farmers who had volunteered to participate in a drip irrigation trial. We provided them with training and best practices on irrigation, the necessary equipment, a template of the required measurements to monitor and good recordkeeping techniques. Participating farmers saw an average cost reduction of an approximate 63.3 percent in labor hours and an overall savings of \$0.13 per kilogram, which includes the savings realized from appropriate water management.

Project overview

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contracted farmers
volunteered

63.3%

average cost reduction in
labor hours

\$0.13/kg

total farmer savings



GRI INDEX

Disclosure	Topic	Location/Comment
102-1	Name of the organization	Pyxus International, Inc.
102-2	Activities, brands, products, and services	See page 5. For additional information, please see Pyxus' FY22 Annual Report.
102-3	Location of headquarters	See page 5
102-4	Location of operations	See page 5
102-5	Ownership and legal form	Please see Pyxus' FY22 Annual Report.
102-6	Markets served	See page 5
102-7	Scale of the organization	See page 5. For additional information, please see Pyxus' FY22 Annual Report.
102-8	Information on employees and other workers	See page 5
102-9	Supply chain	See page 20
102-10	Significant changes to the organization and its supply chain	No changes as this is the our first report.
102-11	Precautionary Principle or approach	Pyxus has developed and implemented appropriate procedures, policies and programs to mitigate the negative impact on the environment. For more information please visit pyxus.com .
102-12	External initiatives	See page 17
102-13	Membership of associations	See page 14
102-14	Statement from senior decision-maker	See page 4
102-16	Values, principles, standards, and norms of behavior	See pages 7 and 8
102-18	Governance structure	See page 15
102-40	List of stakeholder groups	See page 13
102-41	Collective bargaining agreements	See our Human Rights Policy, available on pyxus.com
102-42	Identifying and selecting stakeholders	See pages 10 and 13
102-43	Approach to stakeholder engagement	See pages 10 and 13
102-44	Key topics and concerns raised	See pages 9 to 11
102-45	Entities included in the consolidated financial statements	Please visit pyxus.com
102-46	Defining report content and topic Boundaries	See pages 9 to 11

Disclosure	Topic	Location/Comment
102-47	List of material topics	See page 8
102-48	Restatements of information	Not applicable. This is our first report.
102-49	Changes in reporting	Not applicable. This is our first report.
102-50	Reporting period	See page 2
102-51	Date of most recent report	Not applicable. This is our first report.
102-52	Reporting cycle	See page 2
102-53	Contact point for questions regarding the report	sustainability@pyxus.com
102-54	Claims of reporting in accordance with the GRI standards	See page 2
102-55	GRI content index	See page 55 to 57
102-56	External assurance	We are evaluating the external assurance of all our sustainability data for the future. Currently, only GHG emission data has been assured externally.

GRI 103 MANAGEMENT APPROACH

103-01	Explanation of the material topic and its boundary	See page 17. Components of the materiality approach include the Company's policies, procedures and codes relevant to materiality topics.
103-02	The management approach and its components	See page 17. The management approach is also described in each scope and material topic.
103-03	Evaluation of the management approach	See page 17. The Company has developed a robust sustainability governance framework with specific bodies responsible for the evaluation of the management approach to materiality topics.

GRI 206 ANTI-COMPETITIVE BEHAVIOR

206-01	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There were zero legal actions pending or completed during the reporting period. Ethical and responsible business is one of our materiality topics and our Code of Business Conduct is our key policy. It includes guiding principles related to anti-competitive behavior. Our Code of Business Conduct is available at pyxus.com .
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Disclosure	Topic	Location/Comment
GRI 305	EMISSIONS	
305-01	Direct (Scope 1) GHG emissions	See pages 24 to 25. Our near-term emission reduction targets, which include base year and target year, are under evaluation by SBTi.
305-02	Energy indirect (Scope 2) GHG emissions	See pages 24 to 25. Our near-term emission reduction targets, which include base year and target year, are under evaluation by SBTi.
305-03	Other indirect (Scope 3) GHG emissions	See pages 24 to 25. Our near-term emission reduction targets, which include base year and target year, are under evaluation by SBTi.
305-04	GHG emissions intensity	1.18 TCO ₂ e per tonnes of raw material for Scopes 1,2 and 3.
305-05	Reduction of GHG emissions	See page 25. We will report the reduction of GHG emissions once we have our base year and target year validated by SBTi.
305-06	Emissions of ozone-depleting substances (ODS)	Not applicable
305-07	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable

GRI 413	LOCAL COMMUNITIES	
413-01	Operations with local community engagement, impact assessments, and development programs	See pages 41 to 42
413-02	Operations with significant actual and potential negative impacts on local communities	See pages 41 to 42

