



UK TAX STRATEGY DISCLOSURE STATEMENT

Alliance One International, Inc. (hereinafter “AOI”, the “Company”), headquartered in the United States, has a long operating history in the leaf tobacco industry, where as a leading independent leaf tobacco merchant, AOI provides worldwide service to cigarette manufacturers. AOI proudly claims broad geographic processing capabilities, a diversified product offering and an established customer base, which includes all of the major consumer tobacco product manufacturers. AOI’s customers are the multinational manufacturers of cigarettes and other consumer tobacco products. As a part of its operations, the Company has several holding companies, as well as a service entity, operating in the United Kingdom. AOI is a publicly listed entity and its shares are traded on the New York Stock Exchange.

This document has been published in accordance with para 19 (2) Schedule 19 of the UK Finance Act 2016. This disclosure is considered to comply with the duty of AOI to publish, on behalf of its British subsidiaries, a tax strategy pursuant to the *Finance Act 2016, (c.24) Part 2 (United Kingdom)*.

Approach to Risk Management and Governance Arrangements in relation to UK Taxation

AOI’s UK tax strategy is consistent with its commitment to conduct business with complete integrity and the highest standards of professional ethics as set forth in its Code of Business Conduct. AOI’s tax department, comprised of qualified tax professionals, manages the tax function of the Company, which includes regular communications with corporate executives and the Board of Directors on various tax matters. This includes presenting on tax audits and controversies at the quarterly Global Disclosure meeting.

AOI is committed to complying with all applicable laws, rules, regulations and disclosure requirements in each jurisdiction in which it operates. To that end, the tax department closely monitors legislative developments in taxation in all relevant jurisdictions and adjusts its tax position and filings as circumstances warrant. Additionally, the Company’s internal operating guidelines provide requirements for business transactions to be reviewed and approved by specified parties, including, as an example, a dividend declaration must be reviewed by a Regional Director and a Regional Financial Director (from a financial and tax perspective) before it can be approved by the CFO. As part of these approvals, AOI also regularly engages independent, external tax professionals in many of the jurisdictions in which it operates in order to obtain expert, objective advice and opinions on various tax matters.

Attitude to tax planning in relation to UK Taxation

AOI engages in tax planning that is aligned with its commercial business activities or supply chain needs, in compliance with UK tax rules and regulations. AOI makes use of statutorily available tax relief based on the tax laws, rules and regulations of the jurisdictions in which it operates. However, AOI does not engage in superficial business transactions which lack economic substance, the sole purpose of which is to gain a tax or financial advantage. To this end, intercompany transactions are conducted at arms-length in accordance with appropriate transfer pricing rules. In support of transfer pricing and other related items, the Company also engages a third party firm to assist in the documentation and validation of arm’s length pricing, as well as assistance with any required BEPs related filings (e.g. Country-by-Country Reporting).



Acceptable Risk Levels in Relation to UK Taxation

AOI maintains a conservative risk tolerance with respect to all taxation risks. AOI complies with all relevant laws, rules and regulations and only carries out tax planning that supports the Company's business goals consistent with the law – as an example, when determining where to locate a new facilitate, AOI will consider incentives offered by Governments. In contrast, AOI would not consider aggressive tax structures which are inconsistent with local law, or the expectations of our stakeholders. In support of this, and as noted above, AOI's internal framework operates to ensure that any strategy – business or otherwise – is properly considered by our Executives for compliance with tax laws and regulations (including in the UK where relevant) in order to ensure tax risks are identified, assessed and mitigated.

Approach toward dealings with HMRC

AOI is committed to building transparent, honest and collaborative relationships with the taxing authorities (including HMRC). The Company proactively monitors changing tax laws, including the OECD transfer pricing guidelines, to ensure that tax procedures and policies can be updated to align with enacted laws. AOI communicates with tax authorities in an open, transparent manner and responds in a timely manner to queries and requests for information.