

Introduction

Our Company has a long-standing commitment to respect fundamental human rights. We conduct our business in ways that respect the human rights of our employees, the people we work with and the communities in which we operate. Slavery and human trafficking are direct violations of a person's most basic rights. We do not tolerate such abuses, or any other human rights abuses, in our direct operations, our indirect operations or our supply chain as a whole.

Our understanding of modern slavery is based on the definitions set out in the UK Modern Slavery Act 2015 and is guided by the UN Universal Declaration of Human Rights and the conventions of the International Labor Organization (ILO), particularly relating to forced or compulsory labor.

We are aware of slavery and human trafficking in today's society, and we recognize the modern slavery risks that all businesses are exposed to, either within their own operations or in their supply chain. The actions outlined in this statement reflect the actions taken by our Company and its subsidiaries. By taking a global approach, this statement addresses the risks and priorities we are addressing throughout our operations and supply chain.

This statement has been approved by the Board of Directors of Pyxus International, formally known as Alliance One International.



J. Pieter Sikkel President and CEO

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OUR BUSINESS & SUPPLY CHAIN

AOI is an agricultural company that delivers value-added products and services to businesses and customers, and is a trusted provider of responsibly sourced, independently verified, sustainable and traceable products and ingredients. We believe everything we do is to transform people's lives so that together we can grow a better world.

WE PROVIDE...

- responsibly sourced
- independently verified
- sustainable
- traceable
- ... PRODUCTS and INGREDIENTS

Learn more at aointl.com



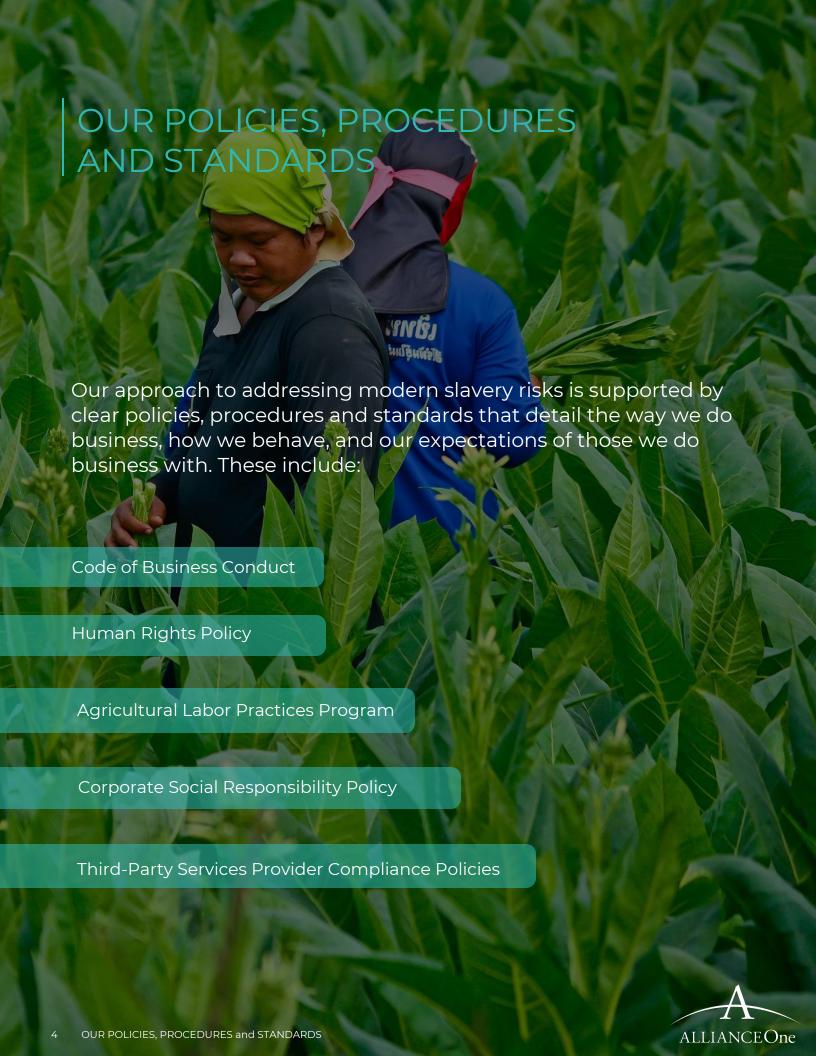
As of March 31, 2018, AOI's consolidated entities employed approximately 3,450 full-time people. Seasonal employees varied between 5,500 and 9,600 depending on the time of the year. Our people are employed in 35+ countries across five continents.



Our core business is primarily focused on tobacco leaf produced by hundreds of thousands of growers around the world. We own and operate 11 processing factories in 7 countries.

We contract directly with growers to purchase the majority of our tobacco. While these farms vary in size and complexity, the majority worldwide are smallholder family farms of a hectare or less. We also contract with larger farms which employ hired labor to support crop production.





Our Code of Business Conduct

Our Code of Business Conduct is our guide to ethical and lawful conduct. It clearly defines AOI's expectations for legal and ethical behavior on the part of every employee – an obligation that is a condition of employment. The Code of Business Conduct is available in 21 languages.

Within our Code of Business Conduct, we explicitly state our commitment to eliminating human rights abuses, including forced labor, within our direct operations and throughout our Supply Chain. The expectations set forth in our Code of Business Conduct are echoed in our **Human Rights Policy**.

Our Agricultural Labor Practices Program

AOI's Agricultural Labor Practices (ALP) Program sets the human rights standards by which our contracted growers are expected to abide. The standards in this program are based on labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. National and local legislation supersedes when it is more restrictive than ILO guidance. The standards must be interpreted and implemented in line with local laws and ILO conventions.

Included within this program is a standard to address forced labor, which states that all farm labor must be voluntary. The standards by which we measure this include:

- Workers do not work under bond, debt or threat and must receive wages directly from the employer
- Workers are free to leave their employment at any time with reasonable notice
- Workers are not required to make financial deposits with employers
- Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions
- Growers do not retain the original identity documents of any worker
- The grower does not employ prison or compulsory labor



Our Corporate Social Responsibility Policy

The ALP program is supported by our Corporate Social Responsibility Policy, which confirms our commitment to protecting the human rights of individuals in our supply chain. The policy clearly states an objective to eliminate forced labor in our business and our supply chain.



Our Third-Party Services Provider Compliance Policies

Our Third-Party Services Provider Compliance Policies require that our service providers not use any illegal, unethical or improper methods of doing business, which would reasonably include human rights abuses, and that they may not utilize any payments from AOI for any illegal, unethical or improper purpose.



To minimize the risk associated with using thirdparty service providers, AOI requires that all new high-risk service providers undergo a preengagement 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.





HUMAN RIGHTS DUE DILIGENCE

Our due diligence processes enable us to monitor the effectiveness of, and compliance with, our policies and programs. In addition, these processes help us to identify, prevent and mitigate human rights risks.



Grower Monitoring and Training

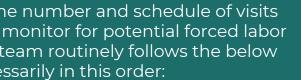
While we recognize the risk of modern slavery at any point in our operations and supply chain, based on assessment and insight developed over the years, we believe the greatest risk is in our agricultural supply chain. To mitigate this risk, we have implemented a strong grower education, training and monitoring program that involves both announced and unannounced farm visits.



Direct contracts are key to managing and mitigating human rights risks within our agricultural supply chain. With a direct contract, we are able to train growers and monitor them for continued compliance with our programs and policies.

Alliance One agronomists, leaf technicians and field technicians are specially trained to teach our contracted growers about our ALP program. They visit contracted farms multiple times per season to provide guidance to growers on how to address labor issues on their farms as well as monitor for compliance on the ALP measurable standards. including forced labor.

In addition to these regular visits, local field management often conducts random, unannounced visits to growers. The number and schedule of visits varies by origin. To monitor for potential forced labor on farms, our field team routinely follows the below steps, but not necessarily in this order:



- 1. Visual Observation
- 3. Worker Interview
- 2. Grower Interview
- 4. Written Documentation Review





Risk Assessment

Throughout these visits, we collect data on the farm and the grower so that we can assess the risk level of each farm. These risk assessments allow us to focus our training and monitoring on higher risk growers.



Addressing Incidents

In respect of mitigation of risk and addressing any potential violations of ALP, if it is determined that there is a violation of the ALP policy and/or applicable regulations, the field technician will record it in our Growers Management System™ (GMS), our awardwinning, in-house mobile grower data management tool. The field staff will begin communication with the grower and worker to obtain additional information about the relationship. The field staff will then remind the grower about their contractual obligations regarding forced labor and develop an action plan to resolve the situation. On a follow-up visit, the field staff will check on the situation and determine whether the individual(s) is still at risk. If the situation has been resolved, the case will be closed. If not, the field staff will seek guidance from his or her superior on next steps. While our primary goal is to drive continuous improvement, if a grower does not demonstrate a willingness to address and permanently resolve the issue, we reserve the right to terminate or not renew a contract.





Identifying Trends

Throughout farm monitoring, we focus on identification of the root cause of a human rights abuse. Through data collected within GMS, our agronomists and field teams can actively work to identify trends within select geographical areas.



The human rights violation that is observed is often a symptom of a larger, more hidden cause. While we work to immediately address the symptom by reducing the risk of physical or psychological harm, we also attempt to work with the grower to identify the root cause and address that issue.



In many instances, this work involves partnering with community or other industry organizations to address larger, systemic issues in the agricultural community.







100%

Participants completed Code of Business training

Staff Training

All staff responsible for training and monitoring our contracted growers for compliance with our ALP program, including the forced labor principle and measurable standards, participate in annual trainings to clarify and provide up-to-date information about human rights. These trainings provide clarity on how they should address human rights violations within our supply chain. Individuals from Verité, an internationally renowned labor rights NGO, regularly participate in staff trainings to answer questions from staff and provide insight on how to address human rights violations. In fiscal year 2018, 100% of staff responsible for grower relationships participated in these trainings. Following the trainings, participants are tested for comprehension of material. Remedial training is provided if required.



100%

Grower ALP Trainings

With regard to our supply chain for that same period, 100% of contracted growers were trained on the forced labor ALP principle and measurable standards to help them understand its meaning and how to remain in compliance. The type of training and education provided to growers was tailored to meet the needs and risks of the location where the growers were located, but it generally includes a combination of individual and group trainings and workshops.



MEASURING the EFFECTIVENESS of OUR PROGRAM

Each origin where our company sources tobacco has a local ALP team, which is responsible for ALP program implementation. These teams, which include diverse staff and management, regularly review agricultural labor incidents that occur on contracted farms. They develop action plans to create or revise grower and farmworker training, as applicable, and also will decide if a contract needs to be reduced or terminated based on grower compliance with the ALP program.



Staff Sustainable Tobacco Program

Independent, external monitoring is critically important to our ALP program. Alliance One participates in the Sustainable Tobacco Program (STP), which assesses and monitors AOI's performance in meeting industry-wide standards. This program evaluates whether we have the proper systems, governance and processes in place to meet environmental, crop and human rights standards. This program is aligned to international standards, including those of the ILO. It is managed by AB Sustain, an independent supply chain management company, which is responsible for managing the annual self-assessments from suppliers across the industry and for conducting on-site reviews, which each of our subsidiaries undergoes on a rolling three-year basis.

Evaluations and Results

We are evaluated on 178 criteria, including a number specifically relating to forced labor, covering prevention of bond, debt and threat, freedom to leave employment, withholding of payments, retention of identity documents and valuables, and prison and compulsory labor.

In addition, implementation of our ALP program is regularly audited by third-party organizations (e.g., Control Union) that assess the effectiveness of our ALP program and identify areas of improvement.

Sustainability program results are assessed by the Social Responsibility and Corporate Affairs Committee of the Board of Directors.



