



## Hail & Cotton Global Environmental Policy

In line with our Mission Statement to be the 'preferred, independent supplier of sustainable, quality leaf tobacco and services,' respecting the environment is essential to how we conduct business.

Hail & Cotton, Inc., & Subsidiaries (H&C) is committed to reducing the environmental impact of our activities and promoting the sustainability of the natural resources upon which we depend while providing quality products that meet the needs of our customers. This includes conducting our operations following all applicable laws and regulations, anticipating environmental issues, and taking voluntary initiatives to improve environmental performance when appropriate.

We recognize that many of our most significant environmental impacts occur in our supply chain, which is why we work hard with suppliers, especially with our tobacco growers, to enhance the integration of sustainable resource management practices into our agricultural programs. By supporting our suppliers in our value chain, in line with the principles set out in this policy, they can increase their productivity and competitiveness while also protecting the environment.

We are progressively working to ensure that the reduction of our environmental impact contributes to the following UN Sustainable Development Goals:



### Scope

This policy applies to Hail & Cotton, Inc., & Subsidiaries, and its supply chain. Consequently, all suppliers and service providers who work with Hail & Cotton are expected to follow the principles set out in this policy. Furthermore, we expect everyone who is working with us to cascade the policy's principles to their partners and supply chain.

### Our Standards and Commitments

#### **Biodiversity:**

We strive to encourage the conservation and preservation of the biodiversity and ecosystems in the areas in which we operate, through the endorsement of sustainable agricultural practices and engagement with growers, to promote good stewardship of available land. We also aim to maintain biodiversity on farms through actions including protecting conservation areas, conserving unfarmed areas, conserving soil health, and managing invasive species.

#### **Deforestation:**

We recognize that in areas where wood is used for curing, we could not run our business without it, so we appreciate the importance of reforestation initiatives and support them where possible. We also work continuously to evaluate ways to reduce wood use and replace it with alternative, more sustainable options.

#### **Energy:**

We will work towards minimizing and/or reducing the use of non-renewable energy in each segment of our business operation where possible.

**Greenhouse Gas (GHG) Emissions:**

We commit to assessing GHG emissions produced by our facilities, per kg of unprocessed, cured, green tobacco, and work towards implementing plans to manage and reduce GHG emissions. We also commit to finding collaborative ways to reduce GHG emissions in our value chain by working with contractors, suppliers, and service providers and working with growers to promote the use of Good Agricultural Practices (GAP).

**Packaging:**

We strive to continue to increase the use of recycled and reusable materials where possible.

**Waste:**

We will continue to improve procedures to control how materials are handled and ensure we maximize the quantity of waste to be recycled across our operations. At the farm level, we provide training and encourage growers to responsibly manage hazardous waste, such as agrochemicals and empty Crop Protection Agents (CPA) containers and any other hazardous waste.

**Water:**

We strive to minimize the quantity of water used in our operations. We also aim to ensure that any wastewater or pollutants that have the potential to reach water bodies, such as rivers or lakes, will not have any adverse impact.

**Monitoring and Reporting**

Hail & Cotton will continually monitor and assess our own operations and value chain and will employ a risk-based approach to ensure compliance with this policy and progression towards our commitments and efforts. Where risks and impacts are identified we will take steps to prevent and mitigate them. In the case of identified impacts, we will also implement remediation measures, monitor their effectiveness, and maintain open communication.

Progress on our environmental performance will be reported to our stakeholders on an ongoing basis from 2025.

**Training**

We will ensure that all employees working for or with Hail & Cotton are encouraged to act in line with this policy and are given appropriate education and training to do so.

**Building Partnerships**

To strengthen our efforts to reduce our environmental impact, we look to engage with external organizations that can offer additional expertise on how to address challenges and improve initiatives.

**Responsibility**

Responsibility for ensuring that the principles set out in this policy are upheld lies with the Executive Committee, but we rely on senior management to oversee our strategy on a day-to-day basis in the countries where we operate. We also believe that protecting the environment and reducing our impact is the responsibility of all employees, partners, suppliers, and individuals who work on behalf of Hail & Cotton, and we encourage them to consider their environmental impact at work, at home, and in their communities.

**Compliance**

We encourage a culture of speaking up amongst our employees and all participants in our value chain. All individuals within the scope of this policy must report any known or suspected violation of the



policy, including any violation of related laws, rules, regulations, or policies. Any person who knows of or suspects a violation of the policy shall immediately report the conduct to a supervisor or manager.

H&C will confidentially investigate any reported breach of this policy. Depending on the nature of the violation concerning this policy, the employee may face disciplinary action, and we may terminate our relationship with a supplier. In case of doubt, the employee should refer to the 'Corporate Code of Business Conduct, Integrity, and Ethics.'

### **Governance**

We will regularly review our environmental commitments and performance, and update this policy where necessary, in line with law and best practice.

Any update of this policy will be published and communicated to all employees and suppliers.

This policy has been approved by order of the Executive Committee and signed on their behalf by:

**Andy Spies** - President International Operations

**Chris Cooksey** - President North America Operations

**Eric van der Linden** - President Dark Air Cured Operations