



DELTAFINA S.p.A.



SUSTAINABILITY
REPORT

2023



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SUSTAINABLE DEVELOPMENT

GOALS



LETTER FROM THE PRESIDENT



DEAR STAKEHOLDERS,

We, at Deltafina, present to you the seventh edition of our Sustainability Report, which reaffirms our concrete commitment to Society and the Environment, while recognizing the importance of ESG factors in defining our success. 2023 was filled with major challenges and important changes, which made us further strengthen our sustainability strategies. In particular, the preservation of biodiversity, the promotion of diversity, equity & inclusion (DEI), and the commitment to the development of infrastructure and services in our facilities have become indispensable pillars for our business strategy, both for the short and long term.

In addition, investment in new infrastructure has enabled us to optimize our productivity from a sustainability perspective, making processes more efficient while ensuring the well-being and health of our workers and the community. Innovation and development go hand in hand with sustainability, which is why we have long supported the environment through investments which encourage limiting consumption and use of water and energy. Concrete examples of our actions are the osmosis water treatment plant and photovoltaic solar panels.

Deltafina's vision is driven by the desire to bring about profound change by addressing environmental, social, and economic challenges in line with the United Nations Sustainable Development Goals (SDGs). As the new European Directives come into effect from 2025, the range of companies that will have to engage in sustainability reporting will increase. To us, this is an opportunity to demonstrate, once again, how our commitment and focus on ESG issues plays a key role for us today, allowing us to differentiate ourselves from our competitors, particularly in the last seven years. Moreover, Deltafina has long since embarked on a path aimed at defining formalized policies and improving internal processes through the preparation and implementation of a management system certified according to the standards: UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 14001:2015 (Environmental Management System) and UNI EN ISO 45001:2018 (Occupational health and safety management systems), covering the Bastia Umbra and Francolise facilities.

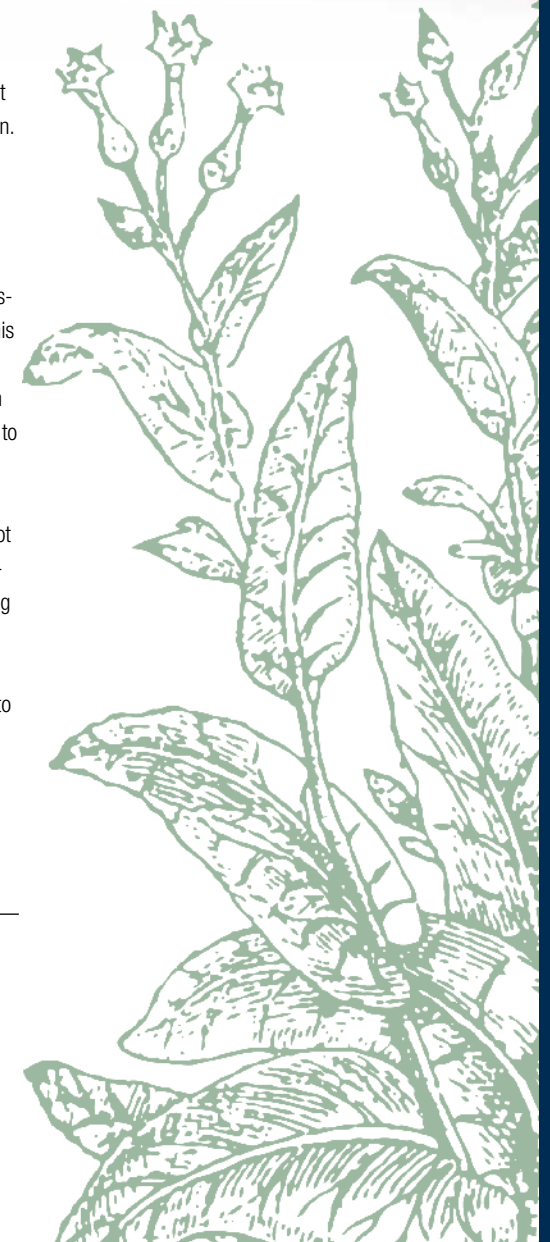
In 2023, we renewed our commitment to comply with the highest quality of agronomic practices. In this sense, our participation in the Sustainable Tobacco Program (STP), Good Agricultural Practices (GAP) and Agricultural Labor Practices (ALP) ensures that working conditions are decent and fair for the multiple players in our value chain.

This report is a snapshot of our current performance, contributing to a corporate culture that, aligned with the goals promoted by Universal Corporation, wishes to create an increasingly sustainable and inclusive impact. As we conclude this fiscal year, we recognize sustainability as a true shared challenge that requires collaboration with all our stakeholders, and with whom we will aim to strengthen partnerships and synergies.

We at Deltafina recognize that sustainability is not just a corporate responsibility, but a shared challenge in the value chain of our products. Pursuing a goal of such depth therefore requires the collaboration of all our stakeholders, with whom we will continue open dialogue and partnership to achieve common goals.

Enrique del Campo Ros

President



KEY FIGURES



€105
MILLION
TURNOVER



53%+
TOBACCO
OF ITALIAN ORIGIN



369
FARMERS



23,1
MILLION KGS
TOBACCO PURCHASED



40+
EXPORT COUNTRIES



439
PERMANENT & SEASONAL
EMPLOYEES



99.9%
RECYCLED WASTE



7,500
TREES SAVED



48,541
tCO₂e
GHG TOTAL EMISSIONS



ISO
CERTIFICATIONS
*ISO 9001:2015, ISO 14001:2015,
and ISO 45001:2018



25
NATIONALITIES
REPRESENTED

**ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Management Systems)*

1. THE COMPANY

1.1 COMPANY PROFILE

Deltafina is a company owned by the multinational Universal Corporation, the leading global leaf tobacco supplier that sources, processes, and supplies agri-products. Deltafina is located in Italy with a corporate office in Rome and two factories, one in Bastia Umbra (PG) and one in Francolise (CE).

Deltafina's primary business consists of purchasing high quality raw tobacco and processing it for sale to manufacturers of consumer tobacco products. The Bastia Umbra factory also houses the Blended Strip Operation, created to store, and blend tobacco. In addition to processing tobacco purchased directly, Deltafina also processes tobacco for third parties.

Two main tobacco varieties are processed by the organization: the Flue-cured or Virginia Bright

(FCV) and the Light air-cured or Burley (BLY). To a lesser extent, the Dark air-cured or Havana (DAC) and Dark fire-cured or Kentucky (DFC) varieties are also processed.

Deltafina exports tobacco to more than 40 countries, keeping a strategic position in the European tobacco market, to maintain both sales volumes and processing services despite challenges faced in the last few years.

Deltafina buys raw product materials mostly from farmers' associations in Italy, where it operates in Umbria, Toscana, Campania, and Veneto, where over 90% of the national production is grown.



DELTAFINA S.r.l.



The cultivation of tobacco in Italy, although not favored by climatic conditions, is possible thanks to Deltafina's training and engagement with farmers.

Deltafina's operations are committed to two fundamental values: the support to farmers through the sharing of experience, skills and technologies, and sustainable working conditions for those in the supply chain.

The Agronomy Department works in close collaboration with the field technicians of the farmers' associations, to train and support farmers along all production phases.

Regarding the commitment to provide sustainable working conditions, Deltafina then goes beyond Italian legal requirements, applying stricter rules and standards to respect labor conditions and protect all workers along the tobacco chain, from field to factory. Deltafina's personnel consistently engages with farmers to maintain the most efficient labor practices, by offering training courses and applying best practices to sustain good working conditions.



1.2 DELTAFINA'S BUSINESS MODEL & LEADERSHIP

Deltafina is officially recognized as a primary processor of tobacco by the Agenzia per le Erogazioni in Agricoltura (AGEA), which registers the producer group contracts in Italy.

Deltafina's business model revolves around a close interaction with key actors, such as tobacco farmer associations, tobacco producers' groups and product manufacturers. Each has a vital role to play along the value chain. Firstly, tobacco farmers are responsible for growing, harvesting, and curing tobacco. These farmers belong to Tobacco Producers Group, associations which support their agribusiness activities by monitoring, through appointed technicians, that specific criteria and production standards are observed, while also acting as intermediaries between farmers and Deltafina during the selling phase. Deltafina then purchases cured tobacco from farmers and takes care of the industrial processing phase, which includes threshing the dried leaves and converting them into strips and other tobacco products that will be sold to tobacco product manufacturers. Lastly, tobacco product manufacturers purchase and use Deltafina's tobacco to manufacture consumer tobacco products.

1.2.1 DELTAFINA'S PROCESSES

In Deltafina's factories, the main activity is the threshing of tobacco leaves, an industrial process that mechanically separates the stems from the leaves by sorting, threshing and re-drying raw, cured tobacco. This is an essential process that occurs with the addition of only water and steam, thus preparing the product for further industrial processing by manufacturers of consumer tobacco

products and long-term storage. Without these preliminary processes, raw tobacco would quickly degrade due to the moisture content of the leaves and stems.

Every year, tobacco plants have distinct color, quality, moisture, and dimensions depending on weather and soil conditions. Deltafina buys the tobacco leaves once cured by the farmers, and then combines and processes the tobacco to meet customers' requirements. Deltafina has highly specialized expertise to fulfill its customers' needs and to guarantee the product meets their expectations. This allows the tobacco manufacturers to ensure consistency in their consumer products year after year. The tobacco processed by Deltafina is sold and exported to more than 40 countries.

1.2.2 LEADERSHIP

Leadership at Deltafina is held by the Board of Directors that is comprised of up to five members, entrusted with the management of the Company, according to the Ordinary Assembly. Directors can be elected among non-members as well, and remain in place until revocation or resignation, or according to the term established by the Assembly.

Directors represent the company, while the President of the Board of Directors has the power of attorney to represent the shareholders. The current Board of Directors is composed as follows as of 31 March 2023:

The Board has registered the presence of 4 members, including 3 men and 1 woman, each over the age of 50.

President Domenico Cardinali

Vice President Enrique del Campo Ros

Board Member Giorgio Marchetti

Board Member Donatella Pontarollo

From August 1st, 2023, Enrique del Campo Ros has become the new President and Giorgio Marchetti the Vice President.

The Board of Directors has the responsibility of managing the identification, mitigation, and assessment of the impacts that Deltafina has on the environment, people, human rights, and society and has an in-depth knowledge of the organization and the environment in which Deltafina operates.

The Board of Directors of Deltafina is responsible for overseeing the drafting of the sustainability report, and its subsequent approval. In addition, the Board has oversight of ESG, sustainability strategies and their execution and is responsible for positive economic, environmental, and social outcomes.

The Ordinary Assembly has the power to determine the legal auditor as well as an independent Auditor that, according to law, oversees controlling activities and assistance to the Board of Directors in fulfilling its corporate governance and management role.

Following the Corporate Policy, the company has its own escalation protocol. Any problem must follow the escalation protocol allowing the Deltafina Board to receive information for any critical concerns, that, in turn, are escalated to the Universal Board.



1.3 COMPLIANCE & BUSINESS ETHICS

Within the Universal family, the commitment to integrity, ethics and transparency permeates all operations at every level, every day.

Deltafina purchases and processes tobacco in compliance with applicable local, national and EU regulations, as well as in compliance with the stringent company and Universal Corporation policies and practices. In fact, while it is true that everyone is required to comply with the law, the Board of Directors of Universal Corporation adopted a Code of Conduct and Anti-Corruption Compliance Manual, which go beyond the law, to:

- Promote ethical behavior;
- Encourage compliance with ethical standards;
- Facilitate the reporting of unethical and illegal behavior; and
- Address violations of ethical standards, universal policies, and applicable laws.

The Code and Manual apply directly to all employees, officers, and directors in the Universal family of companies, including Deltafina.

Moreover, the Universal's Global Compliance Program has defined three organizational levels with specific functions and responsibilities:

- The Corporate Compliance Committee (CCC), composed of Universal Corporation executive management members;
- The Regional Compliance Team (RCT), in the form of seven regional teams, which support

the Compliance Function by carrying out the activities assigned (the European regional compliance team is composed of four members from Deltafina's management); and the Local Compliance Team (LCT), composed of specialized local members at the company level.



The Universal Anti-Corruption Compliance Manual describes Universal's anticorruption compliance policies and practices and provides guidance on how to address corruption risks (Universal Corporation — Compliance). This document is distributed to all Universal employees along with guidelines on how to report illegal behavior.



ETHICS & INTEGRITY PRINCIPLES

Doing business with integrity, conducting business in an ethical way and in compliance with policies and laws, is a must for our company. We pursue this objective by following three main principles:

- 1 WORKING WITH INTEGRITY:** freedom from discrimination and harassment, following environmental, health and safety rules, and our social responsibility policies;
- 2 CONDUCTING BUSINESS WITH INTEGRITY:** competition and fair dealing, rejection of all forms of corruption, avoidance of bribes and improper payments, trade restrictions and boycotts;
- 3 HANDLING INFORMATION AND ASSETS WITH INTEGRITY:** no insider trading, no conflicts of interest, protecting corporate information and assets.



FIGHTING CORRUPTION & UNFAIR COMPETITION UNDER THE UNIVERSAL ANTI-CORRUPTION COMPLIANCE MANUAL

The Manual defines a “bribe” as anything that has a value and is offered, promised, or given to influence a business decision. This includes obtaining new business, retaining existing business, or gaining any other improper advantage. At Deltafina, we do not allow the payment of bribes to anyone. Universal’s employees, officers, directors and any third parties acting on our behalf, are forbidden from providing anyone with anything that can be considered a bribe. Moreover, we do not conduct business by means of unfair competition, corruption or other unlawful or unethical acts. We proudly stand behind our products and services, and we offer them to our customers knowing that we compete fairly and honestly. We do not engage in agreements or arrangements with our competition that have not been pre-cleared by our Legal Department. In no case will we have any agreement or understanding with a competitor regarding pricing, customers, markets, or other competitive subjects.

All employees of Deltafina are encouraged to report any suspicion of a violation of the Manual or other activity that may be unlawful, lead to incorrect financial reporting, or raise questions about the integrity of management, without any fear of retaliation. Employees, officers, directors, and representatives are encouraged to report suspected or known violations by filing an anonymous report or requesting information from the Corporate Compliance Committee by:

- Calling the Compliance Hot Line, available in several languages 24 hours a day, 7 days a week;
- Using the web platform www.ethicspoint.com; or

- Sending an e-mail to the Chief Compliance Officer at compliance@universalleaf.com.

To prevent and mitigate conflicts of interest, there is a policy within all Universal Corporation companies whose primary principle is that each employee conducts the Company’s business with Integrity, professional skills, and loyalty with all applicable laws in a manner that excludes considerations of personal advantage or gain and with the highest moral and ethical standards. The policy is applied to all directors, officers, and salaried employees of the Company and all its subsidiaries and affiliated companies. At the time of hire, and annually thereafter, all employees are required to complete the Conflict-of-Interest Questionnaire.

Training and communication are key elements of the global Anti-Corruption Compliance program as they help drive company culture. Deltafina delivers tailored training programs on corporate compliance and ethical behavior that are mandatory every year for administrative, technical, senior, and selected authority positions. The trainings are

designed to help employees and third parties learn the principles of the program, comprehend the rules, and create a common corporate compliance culture. In FY 2023, Deltafina offered 210 courses on Business integrity and Compliance, summarized in the table below by type (online and face-to-face) and topics covered.

TRAINING ON BUSINESS INTEGRITY & COMPLIANCE TOPICS

FISCAL YEAR	FY21	FY22	FY23
TOTAL COURSES ²	153	262	210
ONLINE COURSES ¹	143	254	204
FACE-TO-FACE COURSES ¹	10	8	6
TOPICS	<ul style="list-style-type: none"> • Anti-Bribery: Making the Right Decisions • Blindspot: Bribery and Corruption Trivia • Preventing bribery and corruption 	<ul style="list-style-type: none"> • Preventing bribery and corruption • Reporting Concerns • Righting the Ship • Everyday Bravery • Reporting Concerns • The Observer’s Dilemma • Anti-Bribery: Making the Right Decisions • Conflicts of Interest: Know Where You Stand • The Crowd — Sexual Harassment 	<ul style="list-style-type: none"> • Anti-Bribery/ Anti-Corruption • Anti-Bribery: Subtle Bribes • Bribery: It Is not Always Obvious • Code of Conduct: A Journey of a Thousand Miles • Conflict of Interests: Know Where You Stand • Preventing Bribery and Corruption • The Crowd — Sexual Harassment

²The “total courses” section refers to the total number of compliance courses’ completions.



In addition to traditional training, Deltafina also communicates about the program during “town hall” meetings: compliance training events held every two years that require the attendance of all employees.

Training programs do not only involve employees, in fact training is also an essential component of Deltafina’s procedures aimed at informing third parties. Besides due diligence and research on legal compliance of all our suppliers, any third party that might represent the company before a government official or institution is duly trained on anti-corruption rules. Only after this training may the supplier be registered as a third party and authorized to conduct business with the company. Attendance in the training sessions is regularly checked and recorded in a system which is maintained throughout the entire Universal Corporation, while effectiveness of training is verified through final tests for all employees and selected third parties.

The Compliance Program requires that all third parties who must interact with government or public officials for the services they offer (i.e., legal services, commercial agents who interface with governments, waste disposal suppliers, transporters who must cross borders, etc.) are subject to a careful risk assessment process focused on mitigating the risks of bribery, corruption, possible co-involvement in criminal trials, and the presence of codes of ethics and conduct in suppliers’ business models.

The entire assessment process is managed through a Universal online system, the TPRA (Third Party Risk Assessment), which tracks all third-party information. Based on the required information, each third party is assigned a risk category, by the parent company, on a 1 to 3 scale. After proper due diligence, third parties belonging to category 1 must be assessed and approved by Universal, while the categories 2 and 3 must be approved through regional and local compliance processes.

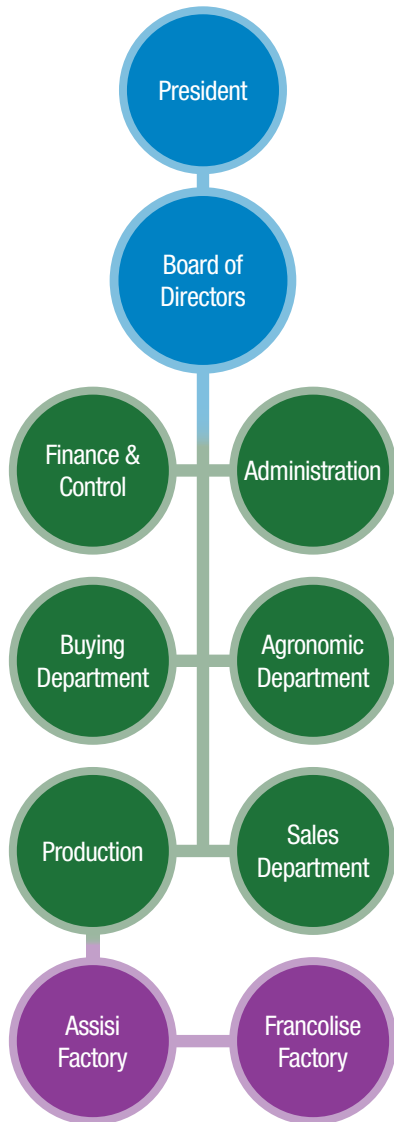
Each third party undergoes annual assessments aimed at verifying that all the information in the system is correct and up to date. Moreover, the entire due diligence process must be periodically

repeated: every two years for category 1 third parties, every three years for category 2, and every four years for category 3.



1.4 GOVERNANCE

Deltafina's organizational chart, as of March 31st, 2023, appears in the following figure:



Deltafina operates according to a governance system based on the values of responsibility, integrity, organizational efficiency, and transparency. The Company follows behavioral standards, abiding by responsibility principles towards its stakeholders and the Universal Corporation Global Compliance Program requirements, which provide a framework to keep the business moving forward with integrity, honesty, and impartiality.

ASSOCIATIONS OF WHICH DELTAFINA IS A MEMBER

Italian Association of Tobacco Producers (APTI), the national association that represents the primary tobacco processing companies and tobacco exporters operating in Italy.

Tobacco Italia (OIT), a professional network composed of national organizations growing and processing tobacco.

The European Federation of Tobacco Processors (FETRATAB), which represents the interests of European companies and workers operating in the primary processing of raw tobacco; and

The European Leaf Tobacco Organization (ELTI), an officially recognized transnational interbranch organization in the raw tobacco sector in the European Union, founded by FETRATAB and UNITAB.

1.5 VALUE CHAIN

Deltafina's value chain consists of:

- 1. Farmers:** Farmers engage in growing, harvesting, and curing tobacco. Deltafina purchases tobacco from farmers' associations, except for some varieties, such as Havana and Kentucky, which are purchased from other tobacco companies. Although most of the tobacco is purchased in Italy, Deltafina also buys tobacco from other European locations, mainly Hungary, France, Spain, Poland, and Germany. In Italy, tobacco is mainly grown on small or medium-sized farms, primarily in the Campania, Umbria, Veneto, and Tuscany regions.
- 2. Shipping & Logistics:** During this phase, farmers ship out tobacco leaves to Deltafina's processing plants. Then, refined products are shipped from Deltafina's processing plants to tobacco product manufacturers for the final product for consumer use.
- 3. Operations (Processing Plants of Francolise & Bastia Umbra):** In Italy, France, and Spain tobacco is purchased directly from local farmers' associations and then shipped to Italy for processing at Deltafina plants. A portion of Spanish tobacco is processed at origin by third parties. In Poland and Hungary, Deltafina purchases tobacco (packaged or green) from other Universal subsidiaries, which in turn purchase tobacco from local farmers' associations. In Deltafina plants, in addition to processing the volume purchased from the

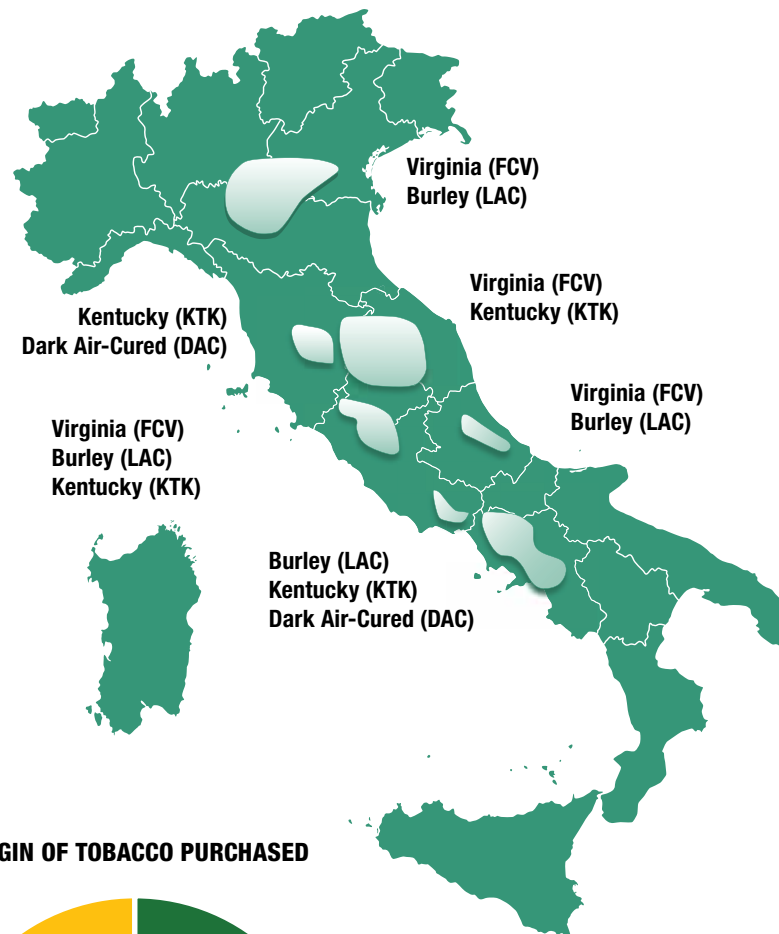
market, Deltafina also provides processing services to third parties. The main activity within the Deltafina plants is threshing tobacco leaves, an industrial process that mechanically separates the stems from the leaves. The processing line can be described as follows: once processed, the tobacco blends are delivered to manufacturers, who produce cigars, cigarettes, and other similar consumer products.

- 4. Manufacturers:** The ultimate step in Deltafina's production chain is the sale of the final product to manufacturers to produce goods such as cigarettes, to be sold to consumers.

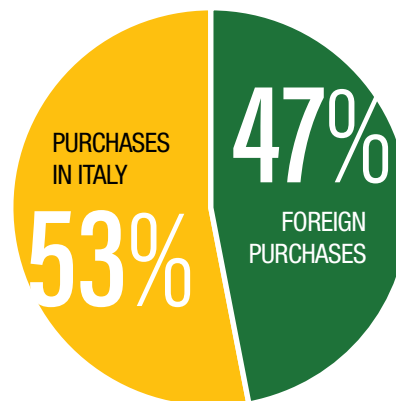
1.5.1 THE ORIGINS & TYPES OF DELTAFINA'S TOBACCO

Deltafina buys tobacco from farmer associations, except for some varieties, such as Havana and Kentucky, which are bought from other tobacco companies.

In Italy, France and Spain, tobacco is purchased directly from local farmer associations and then shipped to Italy for processing in Deltafina's factories. A portion of Spanish tobacco is processed in origin by a third party. In Poland and Hungary, Deltafina purchases tobacco (packed or green) from other companies of the Universal Group, which in turn buy tobacco from the local producer associations. In Deltafina's factories, besides processing the volume bought from the market, Deltafina also provides processing services to third parties.



ORIGIN OF TOBACCO PURCHASED





As already anticipated on the value chain description, in Italy, tobacco is grown on small or medium-size farms, primarily in the Campania, Umbria, Veneto, and Tuscany regions. Deltafina processes four different varieties of tobacco leaves, which differ by curing process and, consequently, by the aroma and organoleptic characteristics that define their best final use:

Flue-cured or Virginia Bright (FCV)

This type is dried in special bulk-curing barns, using controlled heat and regulated air flow that allow farmers to carefully control temperature and humidity.

Light air-cured or Burley (BLY)

This type is cured by a natural process, hanging the leaves inside green houses. The drying process is determined by the changing environmental conditions and the curing activities carried out by farmers.

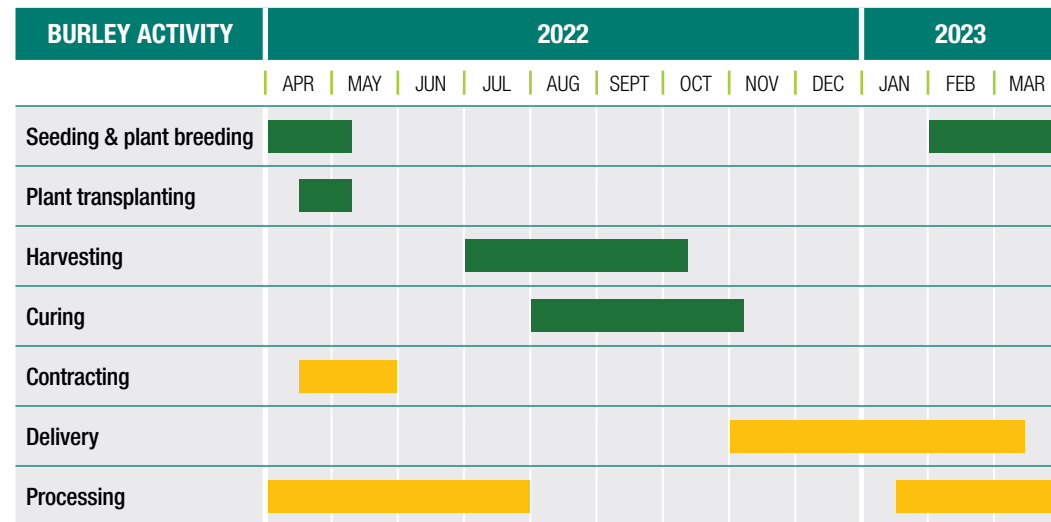
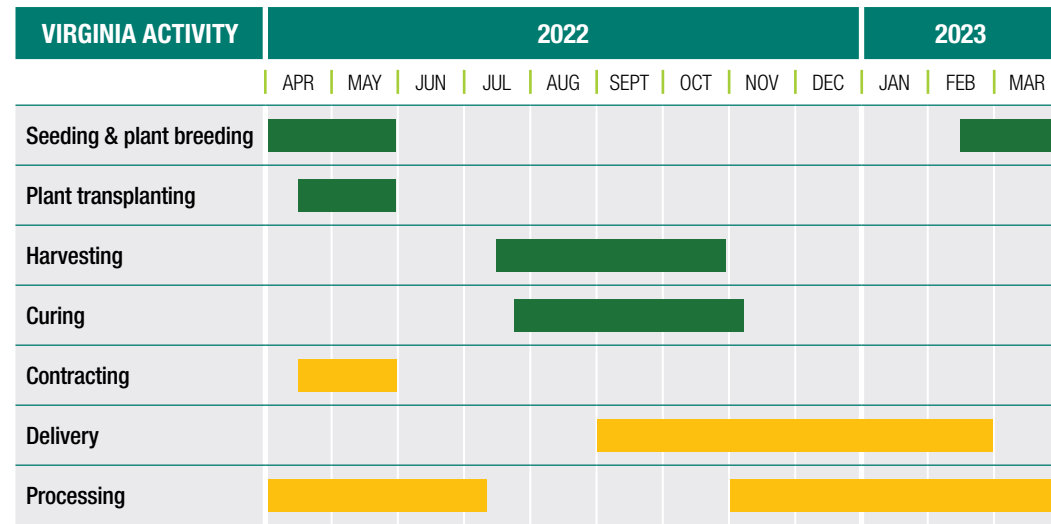
Dark air-cured or Havana (DAC)

This type is cured similarly to light air cured. Due to variety differences and cultural practices, these leaves are darker and stronger than Burley ones. Usually, the dark air-cured also requires a fermentation process to obtain products for cigars or fine-cut tobacco for pipes.

Dark fire-cured or Kentucky (DFC)

This variety is cured in spaces with controlled fire. Tobacco is therefore dried by the fire heat and its leaves acquire a specific aroma through the action of smoke. The dark fire-cured is typically a cigar tobacco.

The Burley and Flue-Cured varieties constitute most of the processed tobacco. Besides the curing process, they also differ in terms of the duration and periods in which the cultivation and processing stages take place:





1.5.2 QUALITY & TRACEABILITY OF DELTAFINA'S TOBACCO

1.5.2.1 TRACEABILITY

Deltafina has taken significant effort to establish and maintain a traceability system for the tobacco, to provide customers with detailed information about the composition of each tobacco product.

This rigorous tracking system traces purchased tobacco throughout the entire supply chain starting in the fields, where farmers are provided with unique labels to place on each lot of marketed tobacco. Using this system and related systems and operational controls, Deltafina can trace the product back to specific fields and farmers.

THE MOBILEAF™ PLATFORM



The MobiLeaf™ platform represents a fully integrated system that captures data related to agricultural and farmer activities and is therefore the foundation of Deltafina's traceability system. Within the MobiLeaf™ platform, both association technicians and Deltafina agronomists register all tobacco related information gathered during regular visits and audits.

The platform combines GPS technology with an operating system compatible with mobile and computer technology, allowing real-time data tracking, increasing data accuracy and efficiency.

The platform allows the tracking of Cultivation & Harvesting Data and Compliance Data (including information on plot sizes and dimensions; plot soil analyses; plant spacing; crop, irrigation, and rainfall; crop maturity; crop yields, ALP, etc.).

In addition to tracking cases of non-compliance with anti-corruption laws such as the Foreign Corrupt Practices Act (FCPA), local government regulations, and other social responsibility programs, the MobiLeaf™ platform was also improved in 2020 to track social and labor issues data related to Agricultural Labor Practices (ALP) and Good Agricultural Practices (GAP).

All data is collected, stored, and transferred in full compliance with GDPR (i.e., European General Data Protection Regulation).

SHARING OUR BEST KNOW-HOW WITH THE FARMERS

In Italy, the rising costs due to the current geo-political and economic situation, from an agronomic and environmental sustainability perspective, Deltafina is focusing on creating projects through its Research and Development (R&D) to help growers reduce costs of their operations.

For example, the most suitable CPAs are recommended to achieve the best crop from both qualitative and quantitative points of view: nematicide; insecticide; fungicide; lamachicide; herbicide; and Phyto regulators.

If the tobacco contracted during monitoring, has residues above the specified limit, it will be considered non-compliant product and consequently Deltafina will not proceed with the purchase.

Deltafina also prohibits the use of unregistered commercial CPAs. The grower is therefore urged diligently follow the suggested use of the agrochemicals in respect of both the relative timing and number of applications allowed, as expressly stated in the contract and the indications provided by the agronomists and technicians.

1.5.2.2 QUALITY CONTROLS

Deltafina considers the quality of its products of the utmost importance and selects tobacco for its blends to meet the elevated expectations of its customers. Quality controls represents an important part of the company culture: for this reason, Deltafina has implemented a Quality Management System certified according to the UNI ISO 9001:2015 standard, which covers all activities.

Thanks to the close collaboration with farmers, the company collects detailed information from each farm, monitoring tobacco quality at all stages, from the farms to the customer. The company collects specific data and information in various stages:

On the farms: samples of dry tobacco are sent to an external laboratory to evaluate CPA (i.e., Crop Protection Agents) residues and Nitrosamines.

On the buying line: the level of moisture, the presence of non-tobacco related materials (NTRM), CPAs and, according to the needs, Nitrosamines (TSNA) content, are tested.

During processing: tobacco blends are analyzed by testing for CPAs, Chemical Analysis, Heavy Metals and GMO.

Each stage of control is regulated by dedicated procedures which describe the process in detail.



1.6 ECONOMIC VALUE GENERATED & DISTRIBUTED

The core aim of Deltafina's corporate governance is to maximize economic profits while ensuring long-term economic sustainability for the company as well as the sector. Deltafina's corporate view of economic sustainability is to generate stable economic value for all stakeholders, including employees, unions, suppliers, and local communities.

During FY2023, company net sales were €105 million with a total capitalization of €122 million (€111 million of debt and €11 million of equity).

Deltafina understands there is more to business than profit, and believes it has a fundamental responsibility to share generated value with all stakeholders. Therefore, through investments and employment creation, Deltafina adds value to the local communities where the factories are located. Moreover, the company regularly contributes with donations to charities and to communities and organizations that hold local events.

VALUE DISTRIBUTED TO STAKEHOLDERS	FY21	FY22	FY23
Value distributed for salaries and benefits	13.8%	11.7%	12.3%
Value distributed for operational costs	82.3%	85.6%	85.7%
Value distributed for other payments (capital suppliers, PA, local communities...)	3.9%	2.7%	1.9%

During FY2023, the value distributed for operational costs did not significantly change.

DELTAFINA'S CHARITABLE CONTRIBUTIONS (FY2023)

- Deltafina donated €5,000 to the ONLUS **"Comitato per la vita Daniele Chianelli"** to support their multiple activities in favor of cancer patients and their families during their treatments. The construction of new apartments for hosting those who need it during treatment is going ahead and the progress is available for review on their website.
- Deltafina donated €4,270 to Associazione **"Musica per i Borghi"** from Marsciano. This donation will help finance and support the organization of the event that was held from July 18th till 23rd 2023. The aim of this association is enhancing popular music, so that tradition, history, and the link with the territory of this musical genre can be known and appreciated by the new generations.
- Deltafina donated €3,500 as a contribution to Associazione Culturale **"Antica Urbana"** that is organizing the Agriculture Fair, sponsored by the Municipality of Francolise.
- Deltafina donated €1,500 to the **Parish of San Michele Arcangelo at Bastia Umbra (PG)** for helping them to finance the restoration work on the floor and one of the altars of their church and to change their lighting system to make it more energy efficient using LED lights.





1.7 LOOKING AHEAD: TODAY & TOMORROW

Deltafina’s sustainability performance requires clear goals to be set in recognition of impacts and accountability, and in response to the expectations of both internal and external stakeholders. Sustainability challenges are often interrelated and must be considered with an integrated approach when defining appropriate strategies to address the company’s impacts.

Deltafina strongly believes in the importance of data transparency and accuracy. Measuring data correctly is the first step to improve its impacts on sustainability. Therefore, the company has been investing in the development of tools and data software aimed at supporting its low carbon transition plan.

Deltafina has been tracking its emissions data (Scope 1, 2 and 3) via the Ecometrica Platform, as it has been monitoring water and waste consumption along with Health and Safety data via the Flowy Platform, while employee and internal operations data via an internal Human Resources software called Zucchetti. Looking ahead, the company continues to improve its data tracking systems. These databases allow Deltafina to compute a real-time, accurate and transparent value for a given indicator in a seamless way. In addition, Ecometrica helps Deltafina stay aligned with compliance frameworks related to climate change.

Therefore, in the short and long-term the company will focus on:

- *Making data collection more frequent;*

accurate and widespread, through a more precise target setting activity;

- *Improving measurement of local and regional results;*
- *Creating linkages between forestry and emission targets according to Forest, Land, and Agriculture (FLAG) Target-Setting Guidance, from the Science Based Targets initiative. With the continuous improvement of data tracking in mind, there is a plan to foster a series of investments in the coming years.*

From FY22, Universal announced the formal establishment of important sustainability goals that the group is pursuing globally. The goals include significant social and environmental targets that will shape both our future operational practices and our monitoring of the integrity of our agricultural supply chains.

Specifically, Universal committed to the following goals, to which Deltafina aligns its activities:

ENVIRONMENTAL GOALS

In support of limiting global warming to well-below 2°C above pre-industrial levels, Universal has committed to reduce absolute scope 1 and 2 GHG emissions 30% by 2030 from a 2020 base year, and to reduce absolute scope 3 GHG emissions from purchased goods and services 30% within the same timeframe.

Moreover, Deltafina is implementing two new environmental projects: the installation of the photovoltaic system in the Bastia Umbra plant and the setting up of an osmosis water treatment plant.

In line with the standards set out by Universal, by 2025 Universal wants to increase the purchase of green power by 10–20%, by 2030 to reduce our fossil fuel use by 20–30%, internally we are working towards our long-term net zero goal.

These targets were reviewed and approved by the Science Based Target initiative.

With respect to water consumption and waste generation, Universal committed to collect 5 million liters of rainwater globally by 2025 and to compost or recycle 75% of its total waste by 2025. More information about water recycling can be found later in this report within section “3.5 Water Management”.

UNIVERSAL FURTHERS OUR COMMITMENT OF ENVIRONMENTAL STEWARDSHIP

BY CALENDAR YEAR 2030 FROM A 2020 BASE YEAR

REDUCE 30%

**ABSOLUTE SCOPE 1 & 2
GHG EMISSIONS**

**SCOPE 3 GHG EMISSIONS FROM
PURCHASED GOODS & SERVICES**

BY CALENDAR YEAR 2025

**5 MILLION LITERS
OF RAINWATER COLLECTED**

ANNUALLY FOR OPERATIONAL USE

BY CALENDAR YEAR 2025

**75% OF WASTE
COMPOSTED OR RECYCLED**

ANNUALLY





SOCIAL GOALS

From the social and labor practices point of view, Universal also defined commitments in the value chain, including the following:

- No child labor on contracted farms by 2025.
- Provision of access to PPE for farmers and farm workers on contracted farms where Universal supplies crop inputs by 2022.
- Minimum wage paid to all farm workers on contracted farms by 2022.
- Appropriate farm worker accommodations on contracted farms by 2022.

To meet these goals, Deltafina is implementing a social project, namely the use of automated machines for Burley harvesting.



SOLAR PANELS AT THE BASTIA UMBRA PLANT

Deltafina has started the process of installing a 1 MW solar installation at the Bastia Umbra plant. This installation will enable the generation of about 25% of the energy consumed by the production process. Aligned with Universal Sustainability Goals, the use of renewable, solar energy is expected to result in an emissions reduction of 8% during FY24.

FY23 has seen important steps ahead in the installation of solar panels on the rooftop of the Bastia Umbra factory. Once the complex phase of roof maintenance is over, the Bastia Umbra plant will start producing its own electric energy starting from January 2024.

UNIVERSAL FURTHERS OUR COMMITMENT TO AGRICULTURAL LABOR PRACTICES

BY CALENDAR YEAR 2025

NO CHILD LABOR

ON CONTRACTED FARMS

BY CALENDAR YEAR 2022

ACCESS TO PPE FOR FARMERS & FARM WORKERS

ON CONTRACTED FARMS WHERE WE SUPPLY CROP INPUTS

BY CALENDAR YEAR 2022

MINIMUM WAGE PAID

TO FARM WORKERS ON CONTRACTED FARMS

BY CALENDAR YEAR 2022

APPROPRIATE ACCOMMODATIONS

FOR FARM WORKERS ON CONTRACTED FARMS





OSMOSIS WATER TREATMENT PLANT RECYCLING PROJECT

Another project being implemented will save water used during processing, with a process that uses water in the form of steam to hydrate tobacco leaves and preserve their form. To properly carry out this procedure, it is necessary to purify the water using an osmosis process, and based on some evaluations carried out by Deltafina, the possibility of recovering the water used for cleaning the tanks, was evaluated.

Needing distilled water, the plant cannot use chemicals, so tests were initiated to assess the possibility of being able to use this water to irrigate the gardens around the Bastia Umbra building. Since the volume of water is estimated at 25,000 m³ per day, the forecast is to be able to irrigate about 14,000 m² of greenery bordering the farm, without causing problems for the surrounding vegetation and avoiding sending it back to the sewer.

INNOVATION:

AUTOMATED HARVESTING FOR BURLEY PRODUCTION

During FY23, Deltafina has been committed to innovation and research, investing in developing new harvesting machines (i.e., new autonomous tractors) that will foster the cultivation of Burley tobacco, making it more seamless and efficient. This innovation (whose process is still ongoing and whose completion is expected next year) will allow at least 80% of Burley growers to be able to harvest their tobacco mechanically, thereby increasing the overall productivity of their daily operations. The adoption of these new machines will minimize the number of accidents, increase safety in the workplace and, at the same time, ensure the continuation of harvesting even in areas suffering from farm labor shortages.

Hence, the deployment of such autonomous tractors is not to be understood as a replacement of the more traditional hand harvesting, but as a technological improvement aimed at solving the growing problem of workforce shortage after COVID-19. Starting from this need, a great partnership between the agronomy and engineering departments made it possible for this innovation to happen, thus allowing farmers to perform the same tasks using a quarter of their time.



2. OUR ATTENTION TO PEOPLE

2.1 DELTAFINA'S TEAM

People represent the heart of the company's growth and are the driver for the evolution of business development processes. Deltafina places its employees at the center of its strategy and strives to provide an inclusive working environment, in which collaboration, dialogue and respect are the main characteristics.

In addition to respecting the Universal Code of Conduct, which bans any form of discrimination and harassment, Deltafina has also adopted a specific Fair Labor Practices Policy to ensure a fair and equitable working environment for all employees that reaffirms its commitment to human rights, diversity, equity, and inclusion.

As of the end of fiscal year 2023, Deltafina has an organizational structure composed of 439 directly employed people: 75 permanent and 364 temporary employees. Employees are distributed between the fields (leaf technicians and agronomists), the factories (permanent and seasonal employees) and the corporate offices (administration and general services).

The company hires seasonal employees every year because the factories' activities are linked to the seasonality of the tobacco crop. The number of such employees depends on the volume of the tobacco to be processed, which in turn depends on the size of the harvest. This might be

influenced by several factors including manufacturer's demand and climate conditions.

Deltafina plays a crucial role in providing employment for the communities where it operates and, through seasonal employment, it gives workers the opportunity to develop skills and build careers in the tobacco industry. High employment standards are applied to both direct employees, farmers, and their employees.

Deltafina's workforce, both seasonal and permanent, is paid based on the national contractual wage. All employees (Permanent, Seasonal and Part-time) are contracted under the national collective bargaining agreement of dry tobacco leaf processing, discussed, and signed with the Italian primary processor association (APTI) and three national labor unions. As for Deltafina's ten executives, the national collective agreement of goods or services companies is applied.



DELTAFINA EMPLOYEES BY GENDER & TYPE OF CONTRACT

	FY21		FY22		FY23	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Employees with a Permanent contract	60	10	57	15	60	15
Employees with a Temporary contract (seasonal and fixed term contract)	141	222	140	223	145	219
Total	433		435		439	

DELTAFINA PERMANENT EMPLOYEES BY GENDER & TYPE OF CONTRACT

	FY21		FY22		FY23	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Full-time employees*	201	231	197	237	205	233
Part-time employees	0	1	0	1	0	1
Total	433		435		439	

*All seasonal employees have a full-time contract.

The **FAIR LABOR PRACTICES POLICY** reaffirms the following principles:

- Deltafina works to grant equal treatment and equal opportunities to all employees.
- Deltafina grants and respects the right to freedom of association for the formation of unions and bargaining collectively.
- Deltafina does not allow child labor or forced labor.

These principles are followed by all Deltafina direct personnel, and the Company also encourages its tobacco suppliers and other collaborators to adopt the same principles to promote a safe and respectful working environment for all.

2.2 OUR PRIORITIES: HEALTH & SAFETY



Occupational Health and Safety is one of the top priorities in Deltafina's business activities, as well as the cultivation of a common culture that respects health and safety in all aspects of business. The company constantly strives toward realizing zero-accidents, zero-illnesses, and vigorous workplace safety by optimizing the working environment and business processes and promoting the responsibilities of each employee for complying with Environment, Health, and Safety (EHS) policies, standards, and guidelines.

Deltafina, to meet its responsibility towards all its employees, has adopted an integrated

Quality, Environment and Safety Management System to manage the most significant areas of business effectively and efficiently. The system is certified according to the standards of UNI EN ISO 9001:2015 (Quality Management System), of UNI EN ISO 14001:2015 (Environmental Management System) and UNI EN ISO 45001:2018 (Occupational health and safety management systems).

Compliance with these certification requirements demonstrates the pursuit for continual improvement, which guarantees consistency with the commitments reported in the Universal Leaf

Code of Ethics and in the corporate policies. The Integrated system covers 100% of Deltafina's activities, both in factories and offices.

Deltafina's factories and offices are certified under the UNI EN ISO 45001:2018 Health and Safety at Work Management System, covering all employees and third-party workers operating in factories and offices. This integrated management allows Deltafina to systematically support the relevant aspects concerning occupational Health and Safety.

To promote and encourage sustainability practices across the entire organization, Deltafina maintains organizational objectives based on the following values:

- *Focus on interested parties: Deltafina is committed to guiding farmers through the changing market context; promoting good agricultural practices, processing tobacco according to the highest industry standard; providing our customers with a sustainably sourced product respecting standards and requirements; ensuring all processes have a positive socio-economic impact and supporting the sustainable growth of the sector and of the supply chain.*
- *Compliance to applicable laws and regulations and to the Universal Code of Conduct regarding business integrity, the environment, health and safety, and other related topics.*
- *Pollution prevention and environmental stewardship through the identification and*
- *monitoring of environmental impacts, the control of pollution sources and resource consumption, and investments in the research and development of new methods and technologies.*
- *Prevention of accidents and work-related illnesses through the optimization of the work environment and the continuous monitoring of risk factors that could influence health and safety.*
- *Employee personal and professional growth through training and knowledge transfer of individual roles to coordinate personal targets and the Company's global objectives.*
- *Cooperation with Tobacco Producer Groups for the responsible use of agrochemicals, control of nitrosamines, and establishment of Good Agricultural Practices, as well as to promote product traceability and mandatory use of non-genetically modified seeds.*
- *Social responsibility in the communities where Deltafina operates: the company actively promotes a positive relationship between its business and its stakeholders by respecting environmental laws, safety, and human resource regulations.*
- *Development of a culture of continuous improvement to satisfy customer requirements, reduce environmental impacts and ensure health and safety of workers using the best available technologies.*

Universal is strongly committed to Health and Safety standards and has established the Health



& Safety Regional Committee, which monitors the performance of all subsidiaries and shares best practices on a global level. Deltafina is a contributing member of this committee.

In alignment with the parent company, Deltafina established its own Health and Safety Committee, composed of the Factory Manager, a Third-Party Health and Safety Officer (HSO), the occupational medical doctor and a worker representative. The committee meets at least once a month and ad hoc to discuss Deltafina's Health and Safety topics. Once a year the committee analyzes the health and safety performance of the factories.

Deltafina EHS (Environmental Health and Safety) reporting system includes standardized processes for recording and analyzing the key occupational

safety indicators with a view to developing measures to improve performance. To maintain and further improve the high standard of EHS management at Universal, a dedicated cloud-based software application has been implemented worldwide by the Universal to collect and report Health and Safety data, including accidents, near misses and corrective actions.

The HSO at Deltafina sites are tasked with coordinating all the occupational health and safety measures and assisting local management in implementing them. Key aspects of their work include assessing the risk of injury and accident for employees and contract workers posed by production equipment, workplaces and working process while promoting safety awareness among the workforce through training and analyzing

accidents for the purpose of developing measures to avoid accidents in the future.

During training sessions, the HSO updates employees on the development of the most relevant concerns regarding health and safety at work.

An occupational doctor performs regular health checks of all employees and conducts drug and alcohol tests for workers in charge of specific tasks, such as drivers. Through these checks, the company can evaluate the workplace and protect the safety conditions of employees.

The company organizes health and safety training sessions for employees, and the doctor trains and prepares a first aid team. All workplaces are equipped with first aid supplies and automated

external defibrillators (AEDs), which personnel have been trained to use. In Italy, access to non-occupational medical and healthcare services is granted by the national welfare system. In addition to this, the current labor contract includes the possibility for Deltafina's employees (both permanent and temporary) to access additional medical services through a health fund. As a further measure to effectively prevent accidents and health hazards at work, in-house campaigns raise awareness regarding occupational safety, so that employees are better able to identify and avoid hazards. Workers are encouraged to actively participate and contribute to the development and improvement of the occupational health and safety management system and to share experiences, communicate their own mistakes, and report near misses and accidents.



The following data show work-related injuries in our factories. The percentage is calculated using a reference of 200,000 hours worked.

WORK-RELATED INJURIES (DATA REFERRED TO ALL EMPLOYEES)	UNIT OF MEASUREMENT	FY2021	FY2022	FY2023
Fatalities as a result of work-related injury	n.	0	0	0
	%	0%	0%	0%
Recordable work-related injuries	n.	3	2	3
	%	1.2%	0.9%	1.2%
Of which high consequence work-related injuries	n.	0	0	0
	%	0%	0%	0%
The number of hours worked	n.	506,510	468,343	484,553

Deltafina strongly believes that investing in the growth of workforce capabilities is the best investment for the Company's growth, competitiveness, and innovation. In this context, training plays a fundamental role in supporting management and the whole corporate population towards the development of managerial and technical expertise. To this end, Deltafina provides staff with training programs aimed at the acquisition of workplace skills and knowledge. Furthermore, via our training activities, the organization spreads knowledge of behavioral and leadership models consistent with the Company's vision and mission.

Most of the training concerned Health and Safety, Privacy, and IT.

During 2023, Deltafina organized on the topic "Prevention and fight against bullying and sexual harassment in the workplace", for a total of 210 of courses delivered. The main topic treated was the zero-tolerance approach shared by Universal and Deltafina.

HEALTH & SAFETY POLICY

The Health and Safety of every member of the Deltafina community is of utmost importance to the company. Therefore, Deltafina has developed a specific Health and Safety policy that states as follow:

- *All employees, officers and directors are responsible for creating a healthy and safe working environment.*
- *All employees, officers and directors must comply with applicable government health and safety laws and regulations.*
- *All members must report any condition that poses a risk to health or safety.*
- *No form of violence or intimidation will be tolerated.*

Moreover, Deltafina encourages farmers and other actors in the tobacco value chain to build healthy and safe working environments, in conformity with all laws and applicable health and safety norms.

2.3 BENEFITS & WELFARE

At Deltafina, permanent and seasonal workers receive the same treatment and have the same rights and benefits.

Deltafina guarantees to all its workers, permanent and seasonal, all the benefits provided by National Legislation and the National Collective Bargaining Agreement (CCNL). Among the most important benefits are:

- *The membership in the Supplementary Health Fund for Employees of Agricultural Cooperatives and Consortia and Cooperative Farms for the Processing of Agricultural Products; the contribution to the Fund is paid in full by the company;*
- *The option for workers to become members of the National Fund Supplementary Pension for workers in the food and related industries, subject to voluntary membership;*
- *Maternity protection as provided for in the law, with the additional possibility of contributing in the most effective way to the process of reconciling work and lifetime, through ad-hoc measures depending on the situation, to promote equal opportunities between women and men, to protect motherhood and to create the conditions for increasingly responsible fatherhood;*

- *During the Christmas period, a bonus of €200 was provided for permanent employees and €150 for seasonal employees, expendable through a shopping card in clothing, electronics, supermarkets, petrol, etc.*

Furthermore, the “**DELTAFINA finanzia i tuoi progetti**” initiative was implemented during FY2022.

Deltafina has made it possible for its employees to apply for short or medium-term loans with favorable terms (zero interest rate). The main advantage of this initiative for its employees, besides the interest-free loan, is the possibility to repay the loan in up to a maximum of 36 pay periods, and the possibility to apply for and obtain a loan several times during his or her working relationship. The funds allocated for this initiative amount to €300,000.

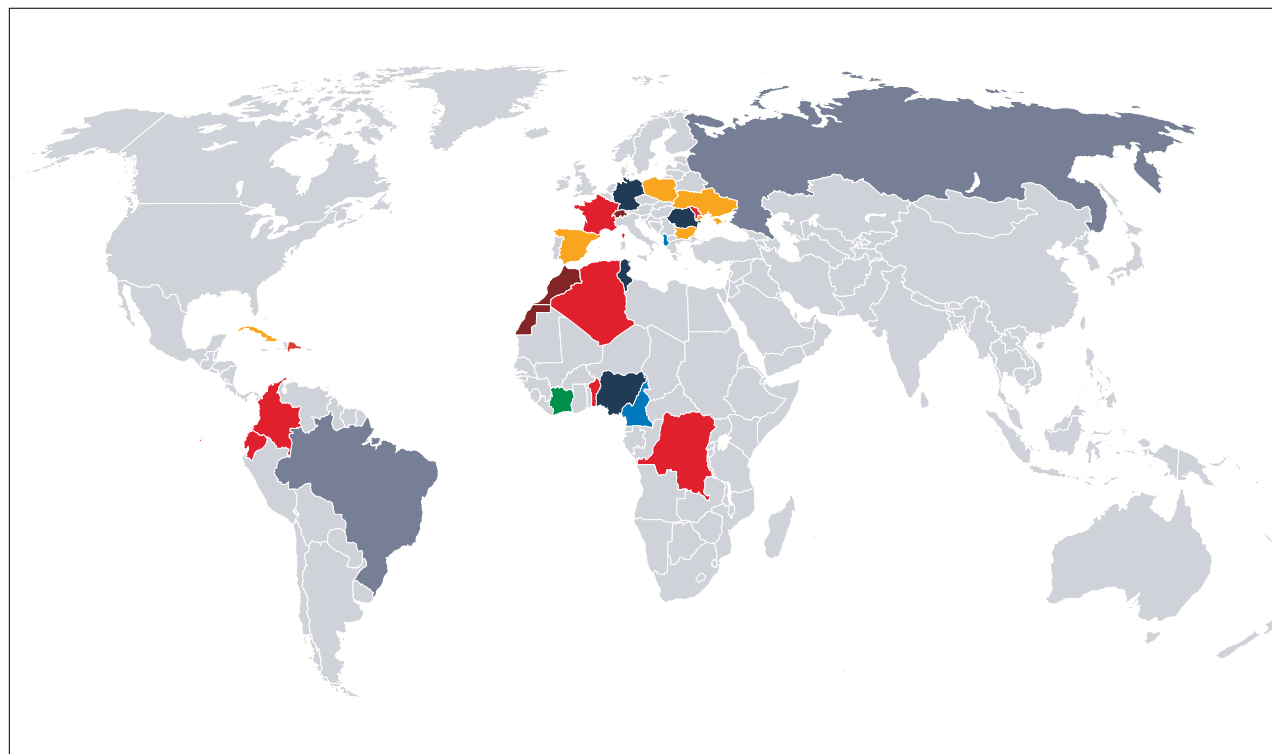




2.4 DIVERSITY, EQUITY, & INCLUSION

Employees are at the heart of Deltafina's business strategy: the company is committed to creating an inclusive work environment where collaboration, dialogue, inclusiveness, and mutual respect are foundational pillars. Deltafina encourages suppliers and stakeholders to adopt the same principles to foster a more inclusive and respectful work environment. Therefore, it is key to ensure that all employees are treated fairly and equitably regardless of distinctions of ethnicity, gender, sexual orientation, religion, and disability through the adoption of the Code of Conduct. By adopting the latter, Deltafina abides to the policy on fairness in employment and human rights, in line with the UN Guiding Principles and the Fundamental Principles of the ILO (International Labor Organization). Deltafina also prohibits all forms of discrimination and harassment to promote equal treatment and equal opportunity for women and men, right to freedom of association, prohibition of all forms to child labor and forced labor, protection of human rights, diversity, and inclusion, ensuring a fair and equitable working environment for everyone.

Diversity, Equity, and Inclusion (DEI) has long been one of the foundations of Deltafina. Fostering diversity within the workforce is a key pillar of the mission and strategy for the short and long-term future: last year, the company made an important deal with a competitor formerly based in Italy to hire most of their former employees who would have been left, otherwise, without a job. Hence, Deltafina welcomed and hired many new workers, coming from all over the world. This event represented a



Diverse Nationalities across Deltafina's Workforce:

Albania (7), Algeria (1), Benin (1), Brazil (3), Bulgaria (2), Cameroon (5), Colombia (1), Democratic Republic of Congo (DRC) (1), Ivory Coast (9), Cuba (2), Ecuador (1), Russian Federation (3), France (1), Germany (4), Morocco (68), Moldavia (1), Nigeria (12), Poland (2), Dominican Republic (1), Romania (12), Spain (2), Switzerland (8), Tunisia (12), Ukraine (2).

mutual opportunity (both for the company and the newcomers) to foster an already vibrant and multicultural company. Deltafina is now proud to have a truly international and diverse workforce made of 25 different nationalities.

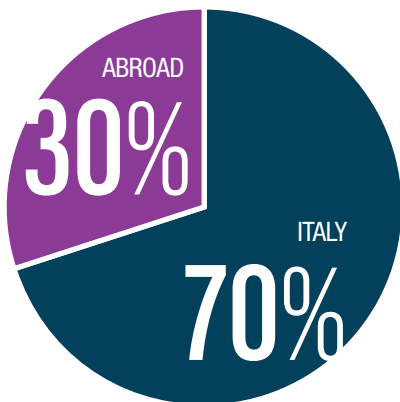
All employees have the same rights and enjoy

the same benefits. In fact, they are contracted under the national collective bargaining agreement for dry tobacco leaf processing, with the possibility of enrollment in the Supplementary Health Fund for employees of Agricultural Cooperatives and Consortia and Cooperative Agricultural Product Processing Companies. In

addition, Deltafina plays a crucial role in providing employment in the communities in which it operates by hiring workers of different nationalities, providing opportunities to develop skills and build careers in the tobacco industry. Likewise, Deltafina is committed to its suppliers



OUR NATIONALITIES



and business partners' commitment to diversity and to their employees. Agronomic policies with tobacco suppliers have been implemented, policies which address the issue of diversity in a concrete and timely manner. In fact, these policies have the function of urging the companies with whom Deltafina collaborates to protect the human and labor rights of the people involved in tobacco production, to respect human rights, diversity and inclusion in line with the guiding principles of the United Nations, providing, including through the adoption of good agricultural labor practices, fair treatment for all workers, of all genders and ethnicities, in which no form of harassment, abuse or discrimination, threats, or forced labor is allowed, and allowing wages of all workers to be regularly paid in accordance with applicable laws, without any form of discrimination. In addition, Deltafina provides, to some suppliers who interact on behalf of the company before public entities, a

Code of Business Ethics stating that it does not allow any form of discrimination. This code is intended to raise awareness and direct business partners toward a collaborative future that is increasingly sensitive to these issues.

Training is crucial for employees to be more aware and sensitive to diversity and inclusion issues. Therefore, Deltafina invests heavily in training on Diversity & Inclusion issues, with online courses that mainly deal with topics related to the prohibition of all forms of harassment, mutual respect, prohibition of all forms of retaliation and discrimination, regardless of ethnicity, gender and nationality, no fear in reporting or reporting any forms of bullying or inappropriate conduct in the company, through a dedicated phone number, available 24/7. In addition, the company has implemented policies set by the parent company, which include: the policy on equal opportunity and prohibition of harassment, the policy on good labor practices and the policy on health and safety, and the policy for the protection of human rights. All of this is crucial for the company, to give employees a comprehensive view on issues of inclusion and diversity, while encouraging each person's responsibility and awareness of these key topics.



2.5 HUMAN RIGHTS PROTECTION



Within Universal, the commitment to human rights protection does not only regard direct employees but is extended to the supply chain and its workers.

Specifically, Universal has a human rights policy that, in line with the UN Guiding Principles and the Core Principles of the International Labor Organization, regulates Deltafina's operations and human rights due diligence.

In accordance with this Policy, Universal is committed to identify, assess, prevent, and remedy any actual or potential human rights impact that occurs directly or indirectly through its operations and supply chain. In relation to this commitment, Universal prioritizes the following human rights issues:

1. The fight against child labor: Universal believes that everyone has the right to

employment choice, decent working conditions, free movement, and the right to enjoy leisure days. Universal does not tolerate any form of child labor exploitation in its organization and expects the same from suppliers and others in its supply chain.

2. The fight against forced labor: Universal does not tolerate any form of forced labor in its organization and expects the same from suppliers and others in its supply chain.

3. The implementation of a safe working environment: Health and Safety are of paramount importance to Universal, which continually works to improve the working environment and develop safety practices. The parent company also expects suppliers to provide a safe working environment for their workers.

4. Fair and equal treatment of employees: Universal believes in attaining a diverse and

inclusive workforce by promoting employment equality and hiring based on merit, regardless of, or without any discrimination based on race, sex, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identity or expression, political opinion, or any other status protected by applicable laws. Moreover, Universal hires locally within each region in which it operates.

5. Freedom of association: Universal believes in the right of workers to organize and bargain collectively. Universal believes in constructive and transparent discussions between employers and workers and

welcomes associations that promote fair working conditions and facilitate better communication without fear of retaliation.

6. Compliance with applicable law: Universal believes in respecting and complying with all laws applicable in the areas where it operates. Universal also believes in complying with data privacy laws regarding employees and suppliers by diligently enforcing data transfer requirements and agreements. Universal also extends this policy to suppliers and monitors their treatment of employees to ensure that all local laws are followed in suppliers' business practices.





2.6 OUR ENGAGEMENT WITH SUPPLIERS

2.6.1 FARMER LIVELIHOODS

The interaction between Deltafina and the farmers, and the continuous monitoring activities, are aimed at ensuring compliance with applicable laws and regulations and with GAP recommendations, thus playing a key role in environmental protection and on-farm health and safety.

The efficiency of Deltafina's supply chain is strongly based on the close relationship it has with its suppliers. Farmers, in fact, have a direct relationship with the tobacco associations with whom, in turn, Deltafina establishes commercial relations. Although the commercial relationships are formally established with the associations of tobacco growers, Deltafina has close contacts with each individual grower, as well.

Tobacco production is a strategic resource for many farmers and rural communities in the areas where Deltafina operates. Knowing that, as a part of its sustainability efforts, Deltafina provides support and stability to farmers in diverse ways:

- *Stabilizing the volumes bought year by year;*
- *Supporting growers through prepayments, continuous assistance, and technical training; and*
- *Offering contracts that define quantities, qualities, and prices at the beginning of every crop season.*

Deltafina also works in collaboration with farmer associations and manufacturers in all countries

to reach common long-term goals, and through the close cooperation with its suppliers, Deltafina constantly evaluates new business opportunities that may bring advantages and profits to all stakeholders in the value chain.

As part of this close collaboration with the growers, Deltafina ensures that the farmers are constantly supported during all stages of tobacco cultivation. In fact, both the Field Technicians of the Producer Groups and the Agronomic Department of Deltafina regularly visit the farms, according to different schedules and scope. Specifically, the visits of local association technicians are performed on a weekly basis. During each visit, the association technician, along with a Deltafina's agronomist, gathers specific information on the farm, the crop period and the observed agricultural and social practices and inputs it into the MobilLeaf™ platform. MobilLeaf™ is a Universal-developed mobile software application used to track farm data related to the life cycle of crops - from plant cultivation and curing to compliance with national and local laws, STP and customer requirements.

In FY2023, technicians performed 1,918 announced visits to the farmers. The decrease in the number of farmers' visits in FY2023 compared to FY2022 is mostly due to two reasons: on one hand, during FY2021 Covid restrictions were fully in place, so most of the visits were not allowed, while during FY2022, because of the progressive loosening of Covid-19 restrictive measures, visits registered

an important increase to balance out the gap with respect to FY2021; on the other hand, during FY2023 the number of the farmers contracted with Deltafina decreased with respect to FY2022.

VISITS TO FARMERS

CROP YEAR	FY21	FY22	FY23
Number of Visits FCV	416	887	945
Number of Visits BLY	1,108	1,574	973
Total Number of Visits	1,524	2,461	1,918
Average Number of Visits per Farmer	4	6.9	5.2

While farm visits are usually announced and planned with field technicians, the Deltafina Agronomic Department also carries out unannounced visits (e.g., audits) and worker interviews to determine the level of accuracy of the information collected as well as to accurately monitor compliance with GAP, ALP and STP principles, using an internal checklist. Each question of the interview checklist is part of one of the four macro areas: crop, environment, people, and training. All information gathered about farmer performance per macro area is tracked in the MobilLeaf™ platform.

Any anomaly found during the audit process is

communicated to the association and to the farmer for corrective action. If a Prompt Action Issue³ (PAI) is detected, it must be immediately addressed, and an Action Plan developed with the farmer to allow him to resolve the

non-conformity in a timely manner. By the end of the crop season, any detected anomaly must be resolved and communicated to the STP Committee.

In FY2023, Deltafina conducted 133 unannounced visits on the farms. Eight non-conformities were detected, which referred to Safe Working Environment. The crucial issues observed were related to the lack of PPE or incorrect PPE usage

and to the presence of oil close to a machine for green tobacco loading. Concerning the lack of PPE use, the field technician stops the activity and provides the PPE needed, while for oil non-conformities, the field technician stops the activity and recommends cleaning actions to the farmer before resuming. Moreover, Deltafina conducted 116 interviews with farms workers, to ensure compliance with the principles of the ALP program.

Any non-compliance was followed by an action plan aimed at achieving a timely resolution of the problem and communicated to the STP Committee.

³ A PAI is a specific nonconformity related to the STP Program and guidelines and which requires immediate action.











2.6.2 THE SUSTAINABLE TOBACCO PROGRAM (STP)

The Sustainable Tobacco Program (STP) is an industry-wide initiative, jointly developed by tobacco product manufacturers and experts, which outlines global standards aimed at creating positive, sustainable development in the global tobacco supply chain. STP helps drive standards in agricultural practices, environmental management, and key social and human rights areas, and was developed to align with the relevant United Nations Sustainable Development Goals (SDGs). STP embodies the industry's vision of being leaders in driving sustainable agriculture and aims to apply a risk-based approach to the due diligence process, as well as incorporating global standards, guidelines, and reporting frameworks. Through this approach, the STP Companies expect their suppliers to be aware of their sustainability related impacts and risks in the supply chain, and to demonstrate their actions to address identified risks and issues.

While participation in the STP Program is voluntary, conscious leaf suppliers want to be a part of this initiative.

The main macro steps for the leaf supplier in STP include:

1. **Self-assessment:** the leaf supplying company completes a self-assessment consisting of several questionnaires per multiple themes to gauge the supplier's commitment, procedures, reporting, measurements, and impact per theme. The

THEME	AIM	TOPICS MONITORED	
Climate Change	<i>To encourage companies to address greenhouse gas emissions in the agricultural supply chain and to increase the adaptation and resilience of agricultural business practices to climate change impacts.</i>	<i>Commitment, measures, targets, adaptation, resilience</i>	
Crop	<i>To enhance the understanding of the possible negative impacts of Crop Protection Agents to farmers, farm workers, product users and the environment.</i>	<i>Commitment, measures, IPM, CPA residues, HHPs, BaP levels, heavy metals, GMO, NTRM, seed certification, approval and registration, taints and contaminants, TSNA and traceability</i>	
Governance	<i>To encourage companies to create a management structure that supports new commitments to sustainability and govern sustainability challenges and efforts efficiently.</i>	<i>Commitment, farm monitoring, training and building awareness, stakeholder engagement and dialogue, validation, traceability</i>	
Human & Labor Rights	<i>To encourage companies to strive to respect the human and labor rights of people involved in the production of tobacco, and to facilitate the industry's corporate responsibility to respect human rights by aligning supply chain due diligence with the United Nations Guiding Principles on Business and Human Rights (UNGPs).</i>	<i>Commitment, measures, extreme breaches, prompt action issues, child labor, fair treatment, freedom of association, income, working hours and benefits, modern slavery, safe working environment, other impacts</i>	
Livelihoods	<i>To encourage companies to support farmers in the tobacco supply chain to achieve, or improve, a decent standard of living.</i>	<i>Commitment, living income</i>	
Natural Habitat	<i>To encourage companies and their farmers to promote the sustainable use of ecosystems by protecting, conserving and/or restoring biodiversity related to tobacco production and minimizing the impacts on forests caused by unsustainable wood use.</i>	<i>Commitment, biodiversity, forestry</i>	
Soil Health	<i>To encourage companies and their farmers to protect soils and to improve crop conditions to develop.</i>	<i>Commitment, protection, degradation</i>	
Water	<i>To encourage companies and their farmers to manage water as a shared resource in their communities by enhancing water-use efficiency and conservation, respect communities' rights to access safe drinking water, basic sanitation and hygiene and avoiding adverse impacts on water quality.</i>	<i>Commitment, measures, quantity, WASH, quality, other challenges, other measures</i>	



self-assessment results are validated by the STP Secretariat, and the leaf supplier develops action plans to address risks and measure impacts. The self-assessment results are used, along with other considerations, to prioritize actions and focus by the leaf supplier, as well as the STP team for in-depth assessments.

2. **In-depth assessment:** is performed by a third party with subject matter expertise. This assessment is guided by the self-assessment results and prioritization process, and goes deeper into the key identified risks and the supplier's procedures, reporting, and actions, to better identify improvements, positive impact, new action plans, and the overall risk across themes and the country.
3. **Continuous improvement:** is achieved through dialogue among stakeholders, impactful action plan, effective measurement of outcomes and KPIs. The due diligence cycle is subsequently repeated, and action plans are reviewed throughout the process, to constantly improve and drive meaningful change.

STP focuses on eight sustainability themes. Each theme has a specific aim and requires the completion of topic-specific questionnaires that investigate the company's commitments to these themes. The table summarizes the aims and main topics monitored for each theme.

Deltafina, as part of the Universal Group, has the

responsibility of collecting and consolidating the STP performance data of Italy, Hungary, Spain, and Poland.

Deltafina created an internal STP Steering Committee in 2017, composed of Deltafina's Board of Directors, two STP Coordinators (Agronomy and Processing Coordinators) and an STP Country Team, to better define the roles and responsibilities for the effective implementation

of the STP across our European tobacco supply chain.

2.6.3 ALP: AGRICULTURAL LABOR PRACTICES

Our commitment to workers goes beyond our direct employees. Since most workers in the tobacco supply chain are concentrated in the farms and fields, we use significant resources to ensure that safe, ethical, and sustainable labor

practices are applied throughout the entire supply chain.

Hence, Deltafina has implemented the Agricultural Labor Practices Program (ALP), which consists of seven principles and 32 measurable standards (illustrated in the table below) that must be observed and respected by all the members in the tobacco supply chain, including all farms where Deltafina buys tobacco.

All agreements established between Deltafina, and the Producer Groups include human rights clauses according to ALP principles. The implementation of ALP on the farms is a significant cultural challenge since the tobacco cultivation is a sector with long lasting traditions. Therefore, Deltafina has implemented a training program that includes meetings with technicians and growers, to explain rules and laws regarding labor practices according to the ALP standards. Field technicians, during their field visits, are responsible for monitoring, detecting, and reporting any non-conformities with the ALP principles.

Universal tobacco subsidiaries apply the ALP program, assuring purchased tobacco respects ALP principles.

THE RESPONSIBILITIES OF THE STP COMMITTEE

The STP Steering Committee is responsible for:

- Providing guidance;
- Allocating human resources;
- Verifying the right order of priorities; and
- Engaging with external stakeholders.

The STP Coordinators are responsible for:

- Coordinating with the STP Country Team; and
- Driving the implementation of the STP and continuous improvement.

The STP Country Team communicates regularly to plan, coordinate, and manage all activities relating to the STP, including:

- Reviewing and approving the STP online self-assessment;
- Ensuring that issues are correctly recorded and addressed;
- Monitoring the implementation of recommended actions; and
- Passing any issues that it cannot resolve to the STP Steering Committee.



AGRICULTURAL LABOR PRACTICES: 7 PRINCIPLES & 32 MEASURABLE STANDARDS

<p>Child Labor: There shall be no child labor</p>	<ol style="list-style-type: none"> 1. There is no employment or recruitment of child labor (under 16 years of age). 2. No person below 18 is involved in any type of hazardous work. 3. On family farms, minors between 14 and 16 years of age are only permitted to perform light work. 	<p>Safe Environment: Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks</p>	<ol style="list-style-type: none"> 1. The farmer provides a safe and sanitary working environment. 2. Worker are to be trained on avoidance of green tobacco sickness. 3. No worker is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances without adequate training and without required personal protection equipment. 4. Workers do not enter a field where CPA have been applied unless and until it is safe to do so. 5. Workers have access to clean drinking and washing water close to where they work and live. 6. Accommodation, where provided, is clean, safe, meets the basic needs of workers.
<p>Income & Work Hours: Workers shall not work excessive or illegal work hours</p>	<ol style="list-style-type: none"> 1. Wages of all workers meet minimum, national legal standards or agricultural benchmark standards. 2. Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws. 3. Work hours are in compliance with the country's laws. 4. Overtime work hours are voluntary. 5. Overtime wages are paid as required by the country's laws or by any applicable collective agreement. 6. Workers are provided with benefits, holidays and leave according to law. 	<p>Freedom of Association: Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively</p>	<ol style="list-style-type: none"> 1. The farmer does not interfere with the workers' right to freedom of association. 2. Workers are free to join or form organizations and unions of their own choosing and to bargain collectively. 3. Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.
<p>Fair Treatment: Farmers shall ensure fair treatment of workers</p>	<ol style="list-style-type: none"> 1. No physical abuse or threat of physical abuse. 2. No sexual abuse or harassment. 3. No verbal abuse or harassment. 4. No discrimination. 5. Workers have access to a fair, transparent and anonymous grievance mechanism. 	<p>Compliance with the Law: Farmers shall comply with all laws of their country relating to employment</p>	<ol style="list-style-type: none"> 1. All workers are informed of their legal rights and the conditions of their employment when they start to work. 2. Farmers and workers enter into written employment contracts when required by a country's laws, and workers receive a copy of the contract. 3. Terms and conditions of employment contracts do not contravene the country's laws.
<p>Forced Labor: There shall be no forced labor</p>	<ol style="list-style-type: none"> 1. Workers do not work under bond, debt or threat and must receive wages directly from the employer. 2. Workers are free to leave their employment at any time with reasonable notice. 3. Workers are not required to make financial deposits with employers. 4. Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions. 5. Farmers do not retain the original identity documents of any worker. 6. The farmer does not employ prison or compulsory labor. 		



2.6.4 GAP: GOOD AGRICULTURAL PRACTICES

Sustainable agriculture is based on best practices that allow for efficient and competitive production while limiting the impact on the environment, conserving soil and water, protecting natural resources, minimizing physical, chemical, and microbiological risks, and improving the well-being of those involved.

All these topics are considered in the establishment and use of Good Agricultural Practices (GAP). At the beginning of each season, each territory or region publishes the Disciplinary di produzione of the Mipaaf (specific guidelines and the relative methods of implementation). On the basis of these guidelines and of the requirements of the STP, Deltafina has developed a list of GAP that are reviewed and discussed with field technicians, grower associations and farmers to ensure their feasibility and measurability.

Examples of Good Agricultural Practices per agronomic phase are reported below and marked with the GAP symbol.



These practices are set every crop year and their implementation is continuously monitored and evaluated by Deltafina through key indicators.

Good practices related to tobacco cultivation have been identified for all agronomic stages, from seed production to harvesting and curing.



SEED PRODUCTION & VARIETY SELECTION

Tobacco seed production is the initial phase of the tobacco leaf cultivation cycle.

The selection of a quality seed variety, our traceability and our cultivation practices are very important. The selection of seed varieties is made with the technician who recommends the most appropriate variety to the grower based on a careful analysis of agronomic and business factors.



In accordance with GAP, producer associations provide a list of seed varieties to farmers which must include, in addition to the agronomic information, the characteristics of resistance, tolerance and sensitivity to the plant's main diseases. The list is also shared with Deltafina before being sent to farmers.

SOIL PREPARATION & TOBACCO TRANSPLANTING

Farmers prepare the soil and transplant tobacco plants for the growth of a uniform crop.



According to GAP, Deltafina encourages tobacco farmers to complete this phase before the end of June for FCV and before the end of May for BLY and DAC.



SOIL FERTILITY PROTECTION & MANAGEMENT

Soil cultivation should reduce environmental impacts, ensure adequate use of natural resources, and minimize the risks linked to soil degradation and low fertility. Deltafina's Agronomy Department encourages farmers and association technicians to undertake soil analyses and activities in the farms, including:

- 1 Soil analysis at least every three years, conducted according to official soil chemistry analysis methods published by the Italian Society of Soil Science (S.I.S.S.).
- 2 Soil nutrient management using appropriate types and amounts of manure and fertilizers, applied according to soil analysis results with attention to water pollution risk.
- 3 Use of rotation sequences: tobacco followed by two other non-solanaceous crops; tobacco followed by a 3-month no-till period plus one month of non-solanaceous crops (GAP).
- 4 Respect for current laws and regulations on soil and water management.



In accordance with GAP, Deltafina recommends periodic soil pH assessment to provide corrections in case of acidity. Moreover, Deltafina implements a soil and water preservation plan to minimize water pollution.

THE CORRECT USAGE OF PLANT PROTECTION PRODUCTS

Deltafina's efforts to minimize the use of agrochemicals while maximizing plant protection are guided by continual research by the Agronomy Department and constant communication with growers to ensure alignment with national guidelines related to biodiversity and to operator health. Deltafina rules are more stringent than regulations regarding maximum residue limits (MRLs) of plant protection products and residue levels. All growers are required to use only agrochemical products registered in Italy for tobacco and must strictly follow the product labels. All operators handling agrochemical products must have a license and utilize the proper personal protection equipment (PPE) provided by Deltafina. The products must be stored in a suitable space with an appropriate container and correct labeling, to which only authorized trained personnel have access. Waste products from usage are designated as special waste and must be disposed according to regulation.



When agrochemicals are necessary, growers are encouraged, in line with GAP, to adopt the use of those with the lowest toxicological class and declared not harmful for beneficial insects such as bees or ladybugs.

3. OUR RESPONSIBILITY TOWARDS THE ENVIRONMENT



Deltafina has a strong responsibility towards the environment where it operates. For this reason, the company tracks the environmental impacts of its two processing plants, Bastia Umbra and Francolise, by monitoring the effects of the company's operations in terms of greenhouse gas emissions, waste management and water consumption.

Close to the factory is the Blended Strips Operation processing line, where different flavorings may be added to the blends according to client request.

3.1 BASTIA UMBRA & FRANCOLISE PROCESSING PLANTS

Deltafina's history dates to the construction, between 1936 and 1939, of the Bastia Umbra plant, where a cigar tobacco variety (Kentucky) was produced. After suffering considerable damage during the Second World War, the factory was rebuilt and enlarged. In the early 1960s, the plant was first sold to the Dutch company Deli Maatschappij and then sold again, in 1964, to the American Universal Leaf Tobacco Company with the name of Deltafina.

In 1982, after years of investments in research and new tobacco-processing systems, production was moved to the new factory in Bastia Umbra, which has since been one of the biggest and most innovative in Europe.



BASTIA UMBRA FACTORY

- *Main tobacco type processed: Virginia.*
- *32,000 square meters.*
- *About 11,000 kilograms of tobacco processed per hour.*
- *Technologically advanced NTRM removal devices on the processing line.*

At the end of the 1960s, Deltafina opened a factory in Presenzano (Caserta). Following the increase of tobacco cultivation in the area and the consequent need to increase processing activities, Deltafina invested in a new plant in Francolise (Caserta) in 1971.

Since 1974, the factory has performed basic tobacco processing, consisting of blending, drying, and packing. In the same years, a threshing line was incorporated to provide complete processing services.



FRANCOLISE FACTORY

- *Main tobacco type processed: Burley.*
- *24,000 square meters.*
- *About 8,500 kilograms of tobacco processed per hour.*
- *First tobacco factory in Europe to use innovative technological systems.*
- *Strategic positioning with respect to burley production area and main ports.*
- *NTRM removal devices and customized projects to eliminate NTRM.*

The main activity in Deltafina's factories is the threshing of tobacco leaves, an industrial process that mechanically separates the stems from the leaves. The processing line can be described as follows:

1. *Feeding line*
2. *Direct conditioning cylinder (DCC)*
3. *Blending silos*
4. *Picking: Visual evaluation and control of the tobacco leaves*
5. *Ordering cylinder prior to threshing*
6. *Threshing line*
7. *Re-dryer*
8. *Packing*
9. *Quality control*
10. *Storage and shipping*

Once processed, tobacco blends are delivered to manufacturers, which produce cigars, cigarettes, and other similar consumer tobacco products.

3.2 CLIMATE CHANGE: GHG EMISSIONS

Deltafina's production activities are constantly monitored to minimize risks and impacts on the environment. To facilitate the management of the most relevant environmental aspects

— including GHG emissions, soil and subsoil safeguards and waste management and disposal — the Company implemented and validated an environmental management system at its two factories and at the Rome office, certified under the ISO 14001 international standard. Moreover, to ensure respect for the environment in all

company operations, Deltafina has adopted two policies: an Environmental Policy and a Climate Change Policy.

Deltafina constantly monitors its environmental impacts through the collection of data regarding energy consumption, greenhouse gases (GHG) emissions and waste production, disposal, and water consumption. All data are collected, stored, and internally shared through the Ecometrica and Flowy global platforms.



MONITORING OF ENVIRONMENTAL DATA: ECOMETRICA

Deltafina uses the Ecometrica software to collect, store and internally share its global environmental data. The Ecometrica software is an end-to-end environmental accounting and sustainability management solution that is used by Universal and its subsidiaries to collect several data points related to energy consumption and GHG emissions.

FLOWY: UNIVERSAL'S COMPLETE PATH TO SUSTAINABILITY IN ONE APP

The parent company Universal uses an application called FLOWY to record, monitor, and analyze figures in all those elements crucial to ensuring sustainable business within the entire group – including Deltafina's.

Within this application, data are collected as follows:

- 1** Waste management
- 2** Water management
- 3** Health and Safety

Especially for Health and Safety, all inspections and audits, incidents, and activities carried out to implement workplace safety management services are recorded.

The application is a key tool for data reprocessing and analysis, this allows corrective actions to be implemented and awareness of Deltafina's strengths and weaknesses.

Deltafina monitors greenhouse gas emissions associated with its activities according to ISO 14001. During FY2023, CO₂ equivalent (CO₂e) emissions (direct and indirect) amounted to 48,541 tons, reflecting an increase of 65% with respect to the previous year. The increase in Scope 3 emissions during FY2023 is mostly due to a higher volume of tobacco processed compared to the FY2022 and to a more accurate definition of the calculation methodology.

CO ₂ E EMISSIONS (TONS)	2021			2022			2023		
	SCOPE 1	SCOPE 2	SCOPE 3	SCOPE 1	SCOPE 2	SCOPE 3	SCOPE 1	SCOPE 2	SCOPE 3
Bastia Umbra	2,438	1,411	16,671	2,018	1,237	20,123	2,239	1,398	38,167
Francolise	1,170	734	4,048	885	591	4,552	742	527	5,468
Total	3,608	2,145	20,719	2,903	1,828	24,675	2,981	1,925	43,635

The following table shows the list of emission sources considered by scope. Scope 3 emissions collected are related to the activities conducted by the farmers and supply chain transportation from farmers to Deltafina to tobacco product manufacturers.

SCOPE 1	SCOPE 2	SCOPE 3
ALL DIRECT EMISSIONS	ENERGY INDIRECT EMISSIONS	INDIRECT EMISSIONS RELATED TO THE PRODUCTION OF TOBACCO
<ul style="list-style-type: none"> • Diesel and gasoline for company cars. • Diesel for forklifts. • Natural gas and electricity for Industrial/Commercial equipment. 	<ul style="list-style-type: none"> • Emissions created during the production of the energy used by the organization. • Electricity for electric forklifts. 	<ul style="list-style-type: none"> • Electricity used by farmers to cure tobacco ^{(*)4}; • Fuels used by farmers to cure tobacco (Natural gas, diesel, biomasses and others) ^(*); • Diesel for irrigation ^(**)5.
		INDIRECT EMISSIONS RELATED TO DELTAFINA OPERATIONS
		<ul style="list-style-type: none"> • Diesel for road freight, whole vehicle (km factors) ^(**); • Fuels for ship transportation ^(**); • Travel flights; • Diesel and petrol for upstream transportation.

⁴ (*) Data subject to source estimation: emissions related to electricity and fuels used for tobacco curing are estimated based on consumption per dry tobacco.

⁵ (**) Data subject to source estimation: the estimate of emissions from transport is based on liters of diesel per km and is outsourced because Deltafina relies on a transport company.



THE ENVIRONMENTAL & CLIMATE CHANGE POLICIES

Universal is committed to achieve ambitious standards of environmental performance to support sustainable operations. Understanding global environmental risks and opportunities is critical to maintain commitments to the communities in which Deltafina operates.

Universal recognizes three main environmental risks throughout their global presence:

- *Forestry;*
- *Managing consumption;*
- *Greenhouse gas emissions.*

Deltafina's local team has developed policies and programs suited to the local operating environment, committing resources, and instructing employees to adhere to applicable laws, Universal's Code of Ethics, and Universal's compliance policies and Environmental Policy. This policy is regularly reviewed by Universal Corporation's Nominating and Corporate Governance Committee.

Deltafina's Environmental Policy:

- *States the commitment to adhere to environmental laws regulations;*
- *Considers ways to reduce the environment impact of all its processes;*

- *Promotes energy efficiency, protects biodiversity, and preserves natural resources and forests;*
- *Encourages all actors to reduce the environmental impact of all processes.*

Deltafina's Climate Change Policy reaffirms the importance of climate change mitigation and recommends the following behaviors:

- *Complying with environmental laws;*
- *Limiting the potential impact of climate change;*
- *Developing and applying cultivation methods in favor of biodiversity and the conservation of resources;*
- *Periodically assessing opportunities and risks related to climate change;*
- *Monitoring greenhouse gas emissions; and*
- *Improving the energy efficiency of plants and processes through collaboration.*

3.2.1 BIOMASS CURING FACILITIES: THE SPANISH MODEL

Deltafina has been purchasing tobacco from Spain for decades from the regions of Extremadura, located between the Tietar River Valley and County of Vera. Here, farmers grow the tobacco for the cooperative “Ibertabaco,” whose tobacco is renowned in Europe due to their innovative, modern, and sustainable cultivation techniques combined with experience and tradition.

Together, Deltafina and Ibertabaco have created a management model which delivers an excellent and high-quality product while, at the same time, promoting responsible environmental management throughout the tobacco growing and production process. Only an integrated system that respects the environment can support well-being and a stable and sustainable life for farmers and their families. The aim of the model is to increase the competitiveness and sustainability of tobacco production by teaching suitable practices to tobacco growers to improve the quality of the soil, air, water, and biodiversity. The project reduces the environmental impact and improves the economy of the production of over 4,000,000 KG of tobacco, directly purchased by Deltafina and grown in an area of over 1,000 hectares.

Attention to the environment goes beyond the fields. After the harvest, growers bring the green leaf to the cooperative’s curing centers for the curing phase. This step is fundamental to obtain a homogeneous product and is conducted under

the supervision of the cooperative’s technicians, obtaining high quality and traceable tobacco.

The concentration of the drying activity in collective curing facilities produces an important cost reduction, resulting from saving on labor, water, and energy use. A centralized curing center makes the process more efficient, serves to unify the criteria and technical parameters, and obtains a tobacco with more uniform characteristics. Unlike traditional curing barns, which use fossil fuel, the collective facilities used to cure the tobacco that Deltafina buys in Spain are powered exclusively by biomass.

During Fiscal Year 2023, Deltafina purchased 3,559,847 KG of tobacco using 6,580,521 KG of biomass.

The opening of collective curing centers has also brought additional benefits due to the reduction of nitrosamines because direct fire is not used in the curing process. Finally, Deltafina and Ibertabaco decided to create a tobacco purchasing center inside the cooperatives, where the quality and the price of the product are determined transparently. Purchasing in this center avoids transport to traditional purchasing centers and produces efficiency in both warehousing and logistics prior to processing. Projects like this are an example of how Deltafina’s collaborations along the supply chain make a real contribution to creating more efficient and sustainable solutions for all tobacco stakeholders.



3.3 OUR PROGRAM FOR CIRCULAR WASTE MANAGEMENT

The commitment of Deltafina waste management is expressed through initiatives aimed to move to a circular economy throughout the whole production cycle. As a part of this effort, Deltafina strives to control and manage waste resulting from production and related activities. The program's targets include:

- Ensuring legal compliance;
- Controlling environmental impacts;
- Verifying authorization of transport and waste disposal providers; and
- Governing the operational and administrative aspects of the environmental policy.

Deltafina produces a minimum amount of hazardous waste and does not use chemicals to process tobacco. Specific attention is paid to reduce the production of hazardous waste.

Deltafina collects and reviews the waste data to minimize its production and look for opportunities to maximize recycling and reuse.

Waste is categorized according to the European Waste Catalogue (E.W.C.) and is stored in temporary deposit locations to await certified transporters.

In 2023, 2,400 tons of total waste were produced, including both hazardous and non-hazardous waste, 99.9% of which were destined for recycle or reuse. Most of the waste produced by Deltafina, is composed of recyclable materials like tobacco residues and paper. Moreover, only 3.2 tons of such waste constitute hazardous waste (0.13% of total waste).

RESULTS OF DELTAFINA'S WASTE DISPOSAL PRACTICES

The portion of tobacco-related waste (1,237 tons) from the **Bastia Umbra** plant that was destined for reuse has been used to produce⁵:

- 1,138 tons of the "ecopower" product sent to biodigesters plants;
- 356,446 m3 of methane;
- 1,425,783 kWh of electric power;
- 80 hectares of land that have been saved and can be rededicated to traditional agriculture for human and/or livestock use.

Moreover, the 500 tons of paper and cardboard waste from Bastia Umbra that were recycled saved the felling of 7,500 trees and the usage of 15,890,000 liters of water⁶.

⁵ The estimate is made by the company that reuses Deltafina's tobacco-related waste.

⁶ The estimate is made by the company that takes care of Deltafina's recovery of recyclable materials, according to which recycling 1,000 KG of paper saves 15 trees and 31,780 liters of water.

Waste by Type	Unit	2021			2022			2023		
		Destined for Recovery, Recycling, & Reuse	Destined for Landfill	Total	Destined for Recovery, Recycling, & Reuse	Destined for Landfill	Total	Destined for Recovery, Recycling, & Reuse	Destined for Landfill	Total
Hazardous waste	ton	1.29	3	4.30	1.52	6.06	7.58	2.50	0.68	3.18
Non-hazardous waste	ton	2,587.39	50.98	2,638.37	1,274.40	678.76	1,953.16	2,395.13	1.91	2,397.04
Total waste	ton	2,588.68	53.99	2,642.67	1,275.92	684.82	1,960.74	2,397.63	2.58	2,400.22

The disposal of recyclable waste involves both composting and reuse of organic materials. Most of the tobacco dust is destined for reuse through the collaboration with a company that transforms agri-food industry waste into renewable energy through biodigesters, while paper boxes usually have a life cycle of two to three seasons and are then destined for recycling.

3.3.1 REUSE OF CARDBOARD BOXES

Deltafina's objective is to have a positive impact on the environment. Therefore, the company has been focusing, for some years now, on reusing cardboard packaging to transport tobacco leaves from the farmers to the processing plants. To promote a sustainable and durable culture of material use, Deltafina does its best to recover cardboard boxes, by trying to reuse the same boxes for up to 2 or maximum 3 seasons.

The reuse of cardboard boxes across multiple seasons is beneficial for several reasons, such as:

1. **Waste generation reduction:** reusing cardboard boxes makes it possible to reduce the amount of waste generated, and therefore to be disposed of, helping to reduce the number of materials that must be recycled or disposed of in landfills.
2. **Resource savings:** reusing cardboard boxes avoids the need to produce new ones, providing savings in both material and energy terms. In addition, again in material and energy terms, reuse would require less expenditure than recycling.
3. **Reduction of CO₂ emissions:** reusing boxes would avoid the production of new cardboard containers, thus indirectly contributing to a reduction in GHG emissions.
4. **Saving money:** the purchase of new cardboard boxes would turn into an additional cost for Deltafina, especially since it is a frequently used container for this kind

of activity. Therefore, box reuse provides significant savings to the company by reducing the costs associated with the production of brand-new items.

This reuse approach represents an environmentally sustainable and cost-effective practice for Deltafina, resulting in both waste reduction and energy and emission savings. During the logistics phase, farmers are the first to reuse these boxes, as they fill them up with dried tobacco leaves which are then sent and shipped to Deltafina's production facilities. Once they arrive at the Francolise and Bastia Umbra plants, boxes are placed on trolleys and emptied of their contents. Then, packages are quickly cleaned with the aim of removing any tobacco residue inside the boxes. Before being folded and then stored, should it be necessary, those packages that are slightly damaged get repaired for reuse, thus extending their service life. After that, boxes are labeled and cataloged, before being stored within the warehouses of the farm buildings.

This procedure becomes critical from the perspective of recycling and reuse of packaging, especially since it makes the boxes even easier to store and identify. To date, based on careful analysis conducted by Deltafina, it has been realized that on average, cardboard packaging guarantees a shelf life of at least 3 seasons before it begins to degrade due to its use, weather, humidity, and other external factors.



3.4 THE PROTECTION OF ECOSYSTEMS (BIODIVERSITY)

Deltafina strongly believes that agriculture relies on biodiversity and that the production of tobacco depends upon a variety of biodiverse genetic resources that are also essential for mitigating and adapting to climate change and environmental pressures.

Therefore, Deltafina strives to support its farmers in all countries in protecting biodiversity during their harvests. In Spain and Poland, for example, the Company pursued specific programs and initiatives aimed at equipping the farmers with the proper knowledge and means to protect biodiversity.

COLLABORATION ACROSS THE VALUE CHAIN TO PRESERVE BIODIVERSITY

SPAIN

Deltafina, through its collaboration with Ibertabacco (a Spanish farmers cooperative), Fundación Global Nature and as a member of C-Taex (Centro Tecnológico Nacional Agroalimentario "Extremadura" TAEX), contributes to the development of environmental projects and actively participates in several initiatives regarding the study of new environmental practices related to sustainability and biodiversity in tobacco cultivation.

Objectives:

- *Implementation of Good Agri-environmental practices and biodiversity on tobacco farms.*
- *Monitoring and evaluation of environmental improvements in farm soil, air, and water conservation.*
- *Monitoring and evaluation of environmental improvements in farm biodiversity.*
- *Diffusion and transference of the Good Agri-environmental practices.*

Expected results:

- *High participation on farms that implement environmental practices.*
- *Better environmentally qualified farms.*
- *Recognition, by processing and manufacturing entities of tobacco, of the added value of this type of tobacco production, through quality standards.*

The three main projects implemented through the result of this collaboration are the following:

1. Biodiversity:

- *Establishment of bushes of different heights around crops for the development of populations of beneficial insects and the repulsion of harmful insects.*
- *"Scouting" activities, also named field exploration, to understand what types of insects there are, with the goal of determining whether to use CPAs (Crop Protection Agents) in crops.*

2. Measuring instruments for excessive nitrogen use:

Nitrogen is a key element in agriculture, being essential for plant growth and competitive yields. However, excess nitrogen can easily cause negative effects, such as, increased vulnerability to pests and diseases, higher production costs, and environmental impacts. Nitrogen measurements represent an attempt to ensure the optimum amount of nitrogen is applied to the soil.

3. The measurement of micro and macro elements in soil:

The goal is to provide field measurements that are fast and reliable by meters regarding nitrate, calcium, sodium, potassium, and salt. The purpose is to match fertilization and irrigation to agricultural needs, to assess the nutritional status of the soil, leaf sap, and water used for irrigation.

FROM TRAINING TO PRACTICE: BIODIVERSITY PROTECTION AS A PRIORITY

POLAND

Universal Leaf Tobacco Poland, a subsidiary of Universal from which Deltafina purchases tobacco, developed a range of brochures containing best agricultural practices that allow for competitive production while limiting environmental impacts and protecting natural resources and habitats. The brochures are an integral part of the contract with the farmers. 100% of ULTP's contracted farmers are supplied with training materials and are trained in all aspects of sustainable tobacco farming:

- **Programs:** Training program materials for the contracted farmers and for Leaf Technicians (LT) have been updated based on collected data, Risk Assessment, Country Team discussion and ALP (Agricultural Labor Practices) issues.
- **Leaf Technicians:** All Universal Leaf Tobacco Poland's technicians have received internal STP (Sustainable Tobacco Programme)/ALP training before each new crop season.
- **Farmers:** All contracted farmers are provided with periodic training updates and new growers are fully trained through individual orientation sessions. The ALP training is distributed to 100% of growers on an annual basis.
- **Training materials:** 100% of contracted farmers are provided with written comprehensive training materials as an integral part of the contract.

The actions put in place through the collaboration between farmers and ULTP are the following:

- Most contracted farmers maintain mid-field trees and bushes and have them present in a distance no more than 300 meters from the field. Such mid-field bushes constitute a natural environment for predators and animals.
- Most farmers maintain field boundaries on at least two sides of each field. ULTP encourages farmers to keep field boundaries without any interference as they prevent wind and water erosion. Boundaries are often comprised of grasses, flowers, and other native plants, which promote biodiversity and provide a perfect habitat for insects, birds, small mammals, and predators.

- Most farmers use CPA based on Integrated Pest Management (IPM). ULTP monitors all plantations and use IPM to recommend CPA treatments only when needed. Pheromone and sticky traps are used to monitor insect populations such as thrips, aphids, and cutworms. Blue mold risk is monitored through the EU Blue Mold warning system. When the thresholds are exceeded, all ULTP growers receive a warning and CPA treatment recommendations via SMS/email to allow timely reaction. The treatment is performed only when the monitoring and scouting team confirms that the threshold level is exceeded and after consultation with a ULTP agronomy advisor.



3.5 WATER MANAGEMENT

Water is a limited renewable resource shared by all. Deltafina can help fight water scarcity and improve global health and tobacco security by responsibly managing its impact on water, especially in areas and periods of water stress. For this reason, the company takes care that water is carefully managed at every stage of its cycle: from freshwater extraction, through use, post-treatment and to its final return to the environment.

Although direct operations are not particularly water intensive, Deltafina products do require water use. Specifically, water is used during the processing season, to ensure that tobacco leaves maintain the proper level of moisture during the entire processing phase. Smaller amounts of water are also used for irrigation of lawns next to the plants and for civilian uses in our offices. The company withdraws water directly from groundwater wells for production processes and sources drinking and sanitation water from municipal sources.

As far as water discharges are concerned, Deltafina conducts regular monitoring of wastewater to ensure that the levels, albeit minimal, of chemical constituents are always well below what is required by environmental regulations⁶. Regarding the two tables, they instead refer to processing water, namely water used within Bastia Umbra and Francolise plants during the cleaning processes of tobacco leaves.

000/lt	FY21		FY22		FY23	
Water Withdrawal by Source ¹	Bastia Umbra	Francolise	Bastia Umbra	Francolise	Bastia Umbra	Francolise
Groundwater Withdrawal	48,262	12,188	44,682	12,555	30,375	8,734
Withdrawal from Municipal Waterworks	2,007	1,257	1,712	1,671	2,056	1,415
Total Withdrawal	50,269	13,445	46,394	14,226	32,431	10,149
Water Discharge	Discharge to Surface ² Water	Discharge to Groundwater	Discharge to Surface ² Water	Discharge to Groundwater	Discharge to Surface ² Water	Discharge to Groundwater
Bastia Umbra	–	22,000	–	20,000	–	12,414
Francolise	5,548	–	5,562	–	6,845	–
Total Discharge	5,548	22,000	5,562	20,000	6,845	12,414

⁶ (1) Both plants are in water stress areas, therefore all water is withdrawn from water stress areas and (2) Water discharged from the Francolise plant goes to a surface canal which, in turn, leads to a purification plant owned by the local authority.

4. READING GUIDELINE

4.1 METHOD- OLOGICAL NOTE

The seventh annual edition of Deltafina's Sustainability Report is intended to transparently communicate the company's performance from an economic, social, and environmental point of view, as well as to disclose the main activities and annual results. As per the scope of this report, data in this document refer to fiscal year 2023 (1 April 2022 – 31 March 2023), according to the financial cycle of the company.

This document has been created with the collaboration of Deltafina's personnel, who provided the information and data disclosed. To assure the quality of the content, the principles of balance, comparability, accuracy, timeliness, clarity, and reliability have been applied.

The Sustainability Report was drafted "with reference" with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) as of 2021. Published data from previous years were not changed and data limitations are clearly indicated in the document where applicable. The document was not subject to external review. The Sustainability Report was approved by the Deltafina Board of Directors before external publication.

The 2023 Sustainability Report is structured according to material topics identified by Deltafina. The identified topics reflect Deltafina's most substantial value chain topics.

Deltafina voluntarily publishes this Sustainability Report with the goal of showcasing the organization's dedication to sustainable development and to a mode of operation that respects the social, environmental, and economic context where the Company operates.





4.2 CRITERIA FOR DEFINING THE REPORT'S CONTENT & QUALITY

This Sustainability Report has been prepared "with reference" with the Sustainability International Reporting Standards of the Global Reporting Initiative (GRI), the 17 Sustainable Development Goals of the UN 2030 Agenda and also in view of the new Corporate Sustainability Reporting Directive and its European Sustainability Reporting Standards (ESRS), which will come into effect from 2025. This document has been created with the collaboration of Deltafina's personnel, who provided the information and data disclosed. To assure the highest quality of the content, the following principles prescribed by the GRI were applied:

- **Accuracy:** a degree of meticulous detail was applied to enhance a thorough understanding of Deltafina's sustainability performance during FY2023;
- **Balance:** the information disclosed accounts for Deltafina's performance over the reporting period in a balanced manner, considering both the company's past achievements and future strategies;
- **Clarity:** for the information to be easily accessible for all, plain language, graphs, and tables displaying the company's performance have been disclosed;
- **Comparability:** data are reported for the three-year period 2021–2023, so that performance can be compared over time. In addition, information is disclosed in accordance with the GRI Standards so to have to enable comparability with other actors;
- **Completeness:** the impacts covered in this Report are represented in their entirety and represent the most relevant environmental, social, and economic aspects of Deltafina's business, to allow for a comprehensive assessment of the company's performance in FY2023;
- **Sustainability Context:** Deltafina's performance is presented within the broader context of sustainable development;
- **Time Relevance:** this document was published within the 2024 timeframe;
- **Verifiability:** Deltafina has collected and analyzed data in such a way that the information can be examined to establish its veracity.

The information disclosed in this Report presents the principle of materiality or relevance. The results of the materiality analysis are described in the "Materiality Analysis" section.

4.2.1 METHODOLOGY USED FOR DATA COLLECTION

With the active participation of Deltafina employees, qualitative and quantitative social and environmental data for the FY2023 were gathered through customized data collection forms and interviews.

Deltafina applies the precautionary principle in this report.

In addition to what is already mentioned in the

text, the key calculation techniques and presumptions for the performance indicators given in this Report are as follows:

- The number of recordable accidents overall (excluding commuter accidents) divided by the number of hours worked within the same time yields the accident frequency index, which is then multiplied by 200,000;
- The total number of accidents resulting in more than 180 days away from work divided by the total number of hours worked over the same time yields the major accident frequency index;
- The World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD) developed the GHG Protocol Corporate Accounting and Reporting Standard. GHG emissions are reported in accordance with the guidelines established by these major internationally recognized standards.








4.3 STAKEHOLDERS' MAP

Deltafina's stakeholders include all people, organizations, cooperatives, and institutions that are engaged and impacted by the company's business activities or that may affect the company's business. Deltafina believes that the development of long-term, positive relationships with stakeholders is at the foundation of its success. Only through close cooperation and collaboration with all stakeholders it is possible to achieve sustainable tobacco production.




Deltafina's stakeholder concerns have been identified precisely by analyzing their role through the entire value chain. The table below specifically shows the categories of stakeholders that Deltafina engages with, along with the main expectations of each group.





STAKEHOLDER	INVOLVEMENT	STAKEHOLDER EXPECTATIONS
 <p>Universal Group</p>	<p><i>Deltafina is owned by the multinational Universal Leaf Tobacco Company, which is part of Universal Corporation. The company complies with the Universal Code of Conduct and all Universal policies.</i></p>	<ul style="list-style-type: none"> • <i>Respect of Universal policies, programs, and guidelines</i> • <i>Compliance with applicable laws</i> • <i>Attention to direct and indirect environmental impacts</i> • <i>Cost containment and productivity improvement</i> • <i>Human resource development and employee well-being</i> • <i>Corruption prevention</i>
 <p>Suppliers</p>	<p><i>Supplier management targets sustainable and quality tobacco production. Deltafina, with reference to suppliers, contributes to keep relationships based on loyalty and mutual trust and trains tobacco farmers to apply good agricultural practices.</i></p>	<ul style="list-style-type: none"> • <i>Respect of contract and payment terms</i> • <i>Long-term supply relationships</i> • <i>Good agricultural practices training</i> • <i>Technical support for sustainable tobacco growing</i> • <i>Clear and on-time communications</i>
 <p>Environment</p>	<p><i>Deltafina pays utmost attention to the environmental aspects of our business, especially during crop production and processing. The company promotes and trains growers on good agricultural practices, many of which address the environmental impact of crop production.</i></p>	<ul style="list-style-type: none"> • <i>Compliance with environmental laws and regulations</i> • <i>Attention to direct and indirect environmental impacts</i>
 <p>Regulatory Organizations & Institutions</p>	<p><i>Deltafina believes in the importance of building long-term and quality relationships with all regulatory bodies, to achieve long-term, growing and sustainable development targets within local communities. The company engages with representatives to find the proper balance between business, market trends and local community needs.</i></p>	<ul style="list-style-type: none"> • <i>Compliance with applicable laws</i> • <i>Respect for agreements</i> • <i>Illicit behavior prevention</i> • <i>Support of local communities</i>
 <p>Trade Unions</p>	<p><i>Union relationships are positive and constructive and are oriented to share information about respect for workers' rights and other relevant subjects important for the company and employees.</i></p>	<ul style="list-style-type: none"> • <i>Cooperation regarding negotiations about «CCNL» (National contract) renewal</i> • <i>Respect for workers' rights</i>



STAKEHOLDER	INVOLVEMENT	STAKEHOLDER EXPECTATIONS
 Local Communities	<p><i>Deltafina respects the regions and the local communities where it operates and maximizes the positive socio-economic and environmental impacts.</i></p>	<ul style="list-style-type: none"> • <i>Maximizing positive impacts</i> • <i>Minimizing negative impacts</i> • <i>Clear and transparent communication</i> • <i>Relationships based on trust</i>
 Tobacco Product Manufacturers	<p><i>Tobacco product manufacturer relationships to target the commercialization of sustainable and quality tobacco; Deltafina engages customers to discuss the volumes and qualities required to organize its work with growers during the crop cycle.</i></p>	<ul style="list-style-type: none"> • <i>Compliance to standards and requirements</i> • <i>Production cost control</i> • <i>Supply chain monitoring and improvement</i> • <i>Clear and transparent communications</i>
 Employees	<p><i>People are the center of all activities performed by Deltafina, from the technicians helping the farmers to implement sustainable tobacco production and to the processing operators preparing lots for sale to customers. Thanks to their engagement, Deltafina realizes its mission to sell tobacco aligned to customer requirements.</i></p>	<ul style="list-style-type: none"> • <i>Job protection</i> • <i>Respect for workers' rights</i> • <i>Health and safety protection</i> • <i>Ability to listen</i> • <i>Skills training and development</i>



4.4 MATERIALITY ANALYSIS

The identification of Deltafina's material topics results from a structured process that stems from a study of the context where the company operates. The purpose is to identify the positive and negative impacts that affect it (actual) or could affect it (potential) along its value chain.

To identify and assess Deltafina's impacts on the economy, environment, people and human rights, the following steps were performed:

- *The analysis of Deltafina's operations and value chain;*
- *The definition of its direct and indirect impacts;*
- *The assessment of the significance of these impacts, based on their severity and likelihood;*
- *The definition of material issues, based on impacts of high and medium significance and excluding those of low significance.*

Where applicable, each material topic has been associated with GRI Topic Disclosures and a specific United Nations' Sustainable Development Goal (SDG). The SDGs are 17 global goals adopted by United Nations member states as a method of action to end poverty, protect the planet and ensure peace and prosperity for all people by 2030. By recognizing the SDGs, we want to communicate our commitment to conduct sustainable business.

The UN SDGs identified in this report may not be inclusive of all SDGs to which we contribute, but our goal is to assure our stakeholders, that

we operate proactively in line with the UN SDGs and will continue to assess our supply chains for risks or impacts related to them to which we may

contribute. All relevant impacts were aggregated within the Material topics, shown in the table below.

MATERIAL TOPIC	GRI STANDARD	SDGs
Business Integrity	GRI 205: Anti-corruption 2021 GRI 206: Anti-competitive behavior 2021	SDG 16 SDG 17
Employee Health & Safety	GRI 403: Occupational Health and Safety 2018	SDG 2 SDG 3 SDG 8
Tobacco Quality & Traceability	Non GRI	SDG 12
Local Community Development	GRI 201: Economic Performance 2016	SDG 8 SDG 11
Working Conditions in Tobacco Crops	GRI 403-7: Prevention and mitigation of occupational health and safety impacts linked by business relationships 2018	SDG 2 SDG 3 SDG 8 SDG 12
Fight Against Climate Change	GRI 305: Emissions 2016	SDG 13
Responsible Management of Water Resources	GRI 303: Water and Effluents 2018	SDG 12 SDG 6
Responsible Waste Management	GRI 306: Waste 2020	SDG 12 SDG 13
Employee Wellness & Social Inclusion	GRI 3-3 405-1: Diversity of governance bodies and employees 2018 406-1: Incidents of discrimination and corrective actions taken 2018	SDG 3 SDG 5 SDG 8 SDG 10
Soil Health	Non GRI	SDG 15
Protection of Biodiversity	Non GRI	SDG 15

5. APPENDIX

5.1 GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1 Organizational details	The Company				
	2-2 Entities included in the organization's sustainability reporting	The Company				
	2-3 Reporting period, frequency and contact point	Reading Guideline				
	2-4 Restatements of information	Reading Guideline				
	2-5 External assurance	Reading Guideline				
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> • Deltafina's Business Model and Leadership • Value Chain 				
	2-7 Employees	Deltafina's Team				
	2-8 Workers who are not employees	Our engagement with suppliers				
	2-9 Governance structure and composition	Leadership				
	2-10 Nomination and selection of the highest governance body	Leadership				
	2-11 Chair of the highest governance body	Leadership				
	2-12 Role of the highest governance body in overseeing the management of impacts	Leadership				
	2-13 Delegation of responsibility for managing impacts			2-13 Delegation of responsibility for managing impacts	Not applicable	As of the date of this report, mitigation and management of impacts have not been delegated to any manager or other employee. Deltafina intends to establish a body whose function will be to manage impacts on the environment, people, human rights, and society vertically throughout the organization.
	2-14 Role of the highest governance body in sustainability reporting	Leadership				
	2-15 Conflicts of interest	Compliance and Business Ethics				
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> • Methodological Note • Compliance and Business Ethics 				
	2-17 Collective knowledge of the highest governance body			2-17 Collective knowledge of the highest governing body	Not applicable	As of the date of this report, governance bodies have not conducted specific trainings on ESG issues.
	2-18 Evaluation of the performance of the highest governance body			2-18 Performance evaluation of the highest governing body	Confidentiality constraints	For confidentiality reasons, the remuneration policies of the governing bodies are not reported.

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-19 Remuneration policies			2-19 Remuneration Policies	Confidentiality constraints	For confidentiality reasons, the remuneration policies of the governing bodies are not reported.
	2-20 Process to determine remuneration			2-20 Process to determine remuneration	Confidentiality constraints	For confidentiality reasons, the remuneration policies of the governing bodies are not reported.
	2-21 Annual total compensation ratio			2-21 Annual total compensation ratio	Confidentiality constraints	For confidentiality reasons, the remuneration policies of the governing bodies are not reported.
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> Letter from the President Looking Ahead: Today and Tomorrow 				
	2-23 Policy commitments	<ul style="list-style-type: none"> Letter from the President Compliance and Business Ethics Looking Ahead: Today and Tomorrow Our engagement with suppliers GAP: Good Agricultural Practices Methodology used for data collection Human Rights Protection 				
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> Letter from the President Compliance and Business Ethics Looking Ahead: Today and Tomorrow Our engagement with suppliers Company Profile Deltafina's Business Model and Leadership 				
	2-25 Processes to remediate negative impacts			2-25 Processes to remediate negative impacts	Not applicable	As of the date of these financial statements, there are no stakeholder grievance mechanisms in place. However, the Board of Directors is responsible for identifying, managing, mitigating, and assessing the impacts Deltafina has on the environment, people, human rights, and society. Universal has its own grievance mechanism.
	2-26 Mechanisms for seeking advice and raising concerns	Compliance and Business Ethics				
	2-27 Compliance with laws and regulations	No penalties for noncompliance with laws or regulations have been reported in the past three years				

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-28 Membership associations	<ul style="list-style-type: none"> Company Profile Deltafina's Business Model and Leadership 				
	2-29 Approach to stakeholder engagement	Stakeholders' Map				
	2-30 Collective bargaining agreements	Deltafina's Team				

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Methodological Note				
	3-2 List of material topics	Methodological Note				
LOCAL COMMUNITY DEVELOPMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic value generated and distributed				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> Economic value generated and distributed Benefit Welfare 				
BUSINESS INTEGRITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Compliance and Business Ethics Methodological Note 				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	There have been no confirmed incidents of corruption in the past three years				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In the past three years, the Company has not been the subject of any lawsuits related to unfair competition, antitrust and monopolistic practices				

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
RESPONSIBLE MANAGEMENT OF WATER RESOURCES						
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Water Management Looking Ahead: Today and Tomorrow 				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	<ul style="list-style-type: none"> Water Management Looking Ahead: Today and Tomorrow 				
	303-2 Management of water discharge related impacts	Water Management				
	303-3 Water withdrawal	Water Management				
	303-4 Water discharge	Water Management				
	303-5 Water consumption	Water Management				
FIGHT AGAINST CLIMATE CHANGE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change: GHG emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate change: GHG emissions				
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change: GHG emissions				
	305-3 Other indirect (Scope 3) GHG emissions	Climate change: GHG emissions				
RESPONSIBLE MANAGEMENT OF WATER RESOURCES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Program for Circular Waste Management				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Our Program for Circular Waste Management				
	306-2 Management of significant waste related impacts	Our Program for Circular Waste Management				
	306-3 Waste generated	Our Program for Circular Waste Management				
	306-4 Waste directed from disposal	Our Program for Circular Waste Management				
	306-5 Waste directed to disposal	Our Program for Circular Waste Management				

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
EMPLOYEE HEALTH & SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Our Priorities: Health and Safety Our engagement with suppliers Methodological Note 				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our Priorities: Health and Safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Our Priorities: Health and Safety				
	403-3 Occupational health services	Our Priorities: Health and Safety				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our Priorities: Health and Safety				
	403-5 Worker training on occupational health and safety	Our Priorities: Health and Safety				
	403-6 Promotion of worker health	Our Priorities: Health and Safety				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> Our Priorities: Health and Safety ALP: Agricultural Labor Practices 				
	403-8 Workers covered by an occupational health and safety management system	Our Priorities: Health and Safety				
	403-9 Work-related injuries	Our Priorities: Health and Safety				
EMPLOYEE WELLNESS & SOCIAL INCLUSION						
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Leadership Deltafina's Team 				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> Leadership Deltafina's Team 				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were recorded based on race, color, gender, religion, political opinion, nationality or social origin in Deltafina in the past three years				

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
WORKING CONDITIONS IN TOBACCO CROPS						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> • Our Priorities: Health and Safety • ALP: Agricultural Labor Practices 				

MATERIAL TOPICS REPORTED WITHOUT A STANDARD GRI

GRI STANDARD	DISCLOSURE	LOCATION	PAGES	OMISSIONS		
				REQUIREMENTS / OMISSIONS	REASON	EXPLANATION
MATERIAL TOPICS						
TOBACCO QUALITY & TRACEABILITY						
		<ul style="list-style-type: none"> • Tobacco traceability • Quality controls 				
BIODIVERSITY PROTECTION						
		Biodiversity				
SOIL HEALTH						
		Biodiversity				



DELTAFINA S.r.l.