

Thank you for reaching out to us for feedback on the report “Agricultural Commodity Traders in Switzerland – Benefitting from Misery?” We welcome the report and the type of facts that it tries to bring to light.

However, we would like to highlight several facts on the way we operate and separate ourselves from the sweeping statements made in the report, none of which refer to Socotab and none of which are supported by the sources quoted in the report:

We source oriental tobacco from four countries - Greece, Bulgaria, North Macedonia and Turkey -and we own processing factories in Bulgaria, North Macedonia and Turkey. The cumulative tobacco production of these four countries represents barely 2 to 3% of the world tobacco production. In addition, two of these countries are part of the European Union and one is awaiting a decision from the EU on its bid to join later this summer so it can start accession talks. The rules of doing business in Europe in all senses are much stricter than those of many countries of origin for the agricultural crops mentioned in the report. Legislation is stringent and very clear in terms of human rights, health and safety, environmental protection and taxation, and compliance controls of various governmental authorities in charge are considered effective. As we are part of an American group, we also need to adhere to US legislation, in addition to Swiss law. We have robust corporate policies and a strict legal compliance program, which monitors that we respect all aspects of the law in our value chain. Socotab Frana has implemented policies aiming at the sustainability of tobacco growing and processing for all stakeholders. Imbedded in our business practices are the processes necessary for the successful implementation of these programs as well as for maintaining the programs’ integrity and credibility. Particular emphasis is made on Environmental, Health and Safety Standards; Agricultural Labor Practices; and Traceability. We work under the principle of continuous improvement, so that we can always advance in all aspects of our work, including social aspects.

All our subsidiaries have been certified on ISO 14001:2015 (Environmental Management System), ISO 9001:2015 (Quality Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) standards and are regularly audited by leading internationally accredited organizations such as BVQI, Lloyds and TUV to ensure full commitment and compliance to the applicable legislation and requirements in all areas of the company’s operation, including but not limited to agronomical extension services, contracting, processing and trading of oriental tobacco.

In each of the four countries of our operations, there are several other tobacco traders, so we cannot say that we have a position of power with either government or with our own contracted farmers. Every year, in a totally transparent way, we contract close to 35’000 private, mainly family-owned, small-holder farmers to cultivate and deliver to us high-quality oriental tobacco.

Our contracted farmers are regularly trained and involved in proper agrochemical use, safe disposal of used CPA containers and appropriate fertilization. Numerous safety programs are implemented and materials are distributed annually to approximately 35 000 farming families contracted in the four countries of our operations; they are constantly trained and monitored on ALP (Agricultural Labour Practices), STP (Sustainability of Tobacco Growing) and GAP (Good Agricultural Practices) implementation. We are audited by external third parties on these programs.

Moreover, Socotab has established long-term partnership with Farmer Associations, communities, various manufacturers of agricultural inputs, Universities, Government departments and NGOs to engage in issues related to crop and environment. We uphold a comprehensive farmer training related with water, soil and waste management on farms.

We conduct our business in a totally traceable and sustainable way, adopting good agricultural practices, agricultural labor practices and environmental protection measures. Our company has effective, formal and documented programs covering these important issues, and we use computerized information systems to capture data on our growers to ensure they both know and adhere to these programs. Any infringements which are noticed during the regular and non-planned visits that our field technicians routinely carry out on all contracted farms are

immediately discussed with the grower, recorded and, if need be, escalated within our management structure for further remedial action. Additionally, we participate in the maintenance of third-party grievance hotlines in our growing areas for our farmers, or anyone in our farmers' communities to use.

We also run our facilities with the same high level of care in terms of labor policies, workplace safety and overall respect for all of our stakeholders.

Oriental tobacco grows in poor sandy soil which would hardly provide a livelihood if other crops were attempted: several studies on economic diversification have been carried out by different institutions such as the European Union, universities, etc., and they all show that tobacco is the best crop farmers could grow on their small plots of land and with the capital they have at their disposal. In those countries, oriental tobacco represents a crop which has been grown for centuries. In any case, in all these countries tobacco production has been decreasing over the last 20 years, and it is very difficult to share the view that our power has "eroded farmers' ability to choose what to grow, how to grow it and for whom": the reduction in the production level clearly demonstrates that many farmers have been able to leave tobacco production, whether with the support of national diversification policies or simply following other business activities or moving to urban areas.

As far as tax evasion and corruption are concerned, we take exception to the implied accusations leveled at us through being included in this report. Aside from the fact that top management has a zero-tolerance approach towards both those activities, we are part of a publicly traded US company, and are not only audited by the US, Swiss and local tax authorities, but are also regularly audited internally. Additionally, all our pricing policies are transparent and approved by the relevant local tax authorities. Insofar as corruption is concerned, we maintain and enforce a robust US-based compliance program, which is also regularly audited. In all, we take pride in running our business both legally and ethically; any insinuation to the contrary is both offensive and unfounded.

Finally, we are an international company, part of a global supply chain with operational and financial headquarters in Switzerland. However, we fail to understand how our company was selected for inclusion in the report, as the size of our business, even considering the entire business of our parent company, is incomparable to the size of the other businesses in the report.

In conclusion, while we cannot speak on behalf of the other companies in other sectors or on behalf of the tobacco sector in general, it is our opinion that the report contains many unfounded statements or innuendos. We conduct our business transparently and according to the highest business standards: the abuses described in the report may exist, as no country and no sector is exempt from citizens who break the law, but have not been identified as a widespread practice in tobacco in any of the countries in which we operate.

Socotab Frana SA