

22nd Century Group, Inc.

Environmental, Social and Governance Policy

This Environmental, Social and Governance Policy (the “Policy”) sets out the guiding principles of 22nd Century Group, Inc. (the “Company” or “22nd Century”) with respect to the management of environmental, social and governance (“ESG”) issues, including the principles which the Company aspires to and the procedures it has implemented in order to integrate these principles into its operations. The various policies set forth herein are intended to maintain and improve the sustainability of the Company. For the Company, sustainability means creating long term value for our stockholders and for society, while minimizing the negative externalities associated with our products, operations and supply chain.

Scope

The Policy applies to the Company and its direct and indirect subsidiaries. Compliance with the Policy is mandatory for all directors, officers and employees of the Company and its direct and indirect subsidiaries.

Tobacco Harm Reduction Policy

22nd Century’s primary mission in tobacco is to reduce the harm caused by smoking through the Company’s proprietary reduced nicotine content tobacco cigarettes. Our proprietary Very Low Nicotine Cigarette tobaccos, which grow with at least 95% less nicotine than tobacco used in conventional cigarettes, have been shown in numerous published, independent clinical studies as being associated with reductions in smoking, nicotine exposure, and nicotine dependence, with minimal evidence of nicotine withdrawal, compensatory smoking, or serious adverse events. These clinical studies, which were conducted by independent researchers and paid for by United States federal government agencies, provide a foundation of independent scientific support for recently proposed changes by the FDA in the regulatory approach in the United States to address the harm caused by smoking combustible tobacco cigarettes.

Responsible Marketing Policy

When our products are intended for commercial sale, we are committed to marketing our products responsibly, only to adult smokers and with honest and accurate information. We do not intend to influence any adult consumer’s decision about whether or not to smoke. We will not use any marketing that is particularly appealing to minors or deliberately targeted at minors. We must not be misleading in our marketing, including about the health risks of smoking.

All employees who are directly involved in marketing and sales activities must receive training on these principles and practices. The applicable officers in charge of such employees are accountable to implement these trainings for such employees.

Environmental Impact Policy

In connection with our commitment to reduce the harm caused by smoking, we are committed to actively reducing our impact on the environment by taking the following actions:

- Conducting operations in compliance with all applicable laws and regulations, while setting more stringent standards for ourselves and our suppliers whenever feasible;
- Setting clear targets of environmental impact reduction for ourselves and our suppliers, openly communicating them and reporting on our progress;
- Assessing our environmental impacts and defining strategies and initiatives to achieve our targets;
- Reviewing proposed strategies with the Corporate Governance and Nominating Committee of the Board of Directors;
- Raising awareness among employees and providing them with the necessary knowledge, resources and tools to implement our programs and share best practices;
- Managing water sustainably by reducing our water use, assessing water risks where we operate, implementing water stewardship in all of our operations and working with stakeholders in shared watersheds towards the five water stewardship outcomes (good water governance, sustainable water balance, good water quality, healthy status of high conservation value areas and access to water for sanitation and hygiene).

The Company recognizes that climate change significantly impacts our planet. Through our commitment to ESG and related initiatives, we are striving to reduce our impact on climate change and implement sustainable operating practices for our facilities.

In addition, the Company is committed to continually assessing the material effects of climate change on our operations, both the risks and opportunities and their potential impacts. This analysis will enhance our strategic direction and inform our actions to become more climate resilient.

Agricultural Practices Policy

The Company is committed to the sustainable production of tobacco and hemp in conditions that limit as much as possible the impact on the natural environment.

Our goal is to grow quality tobacco and hemp with minimal impact on the environment, the farm and the surrounding area. To that end, we are committed to protecting ecosystems and biodiversity, reducing the use of natural resources and managing potential environmental impacts.

This includes developing strategies to protect soil and water, reducing energy consumption and promoting the use of recycled and reusable materials in order to reduce waste.

We recognize that forests provide key ecosystem services such as watershed protection, habitats for biodiversity, livelihoods for communities and climate regulation, and that tobacco production may have negative impacts on the health of forests. The Company is committed to combatting deforestation by sourcing wood-based materials from traceable, sustainable and legal sources, while protecting the rights and livelihoods of local communities. We will continue to monitor our impact on deforestation and will update and adjust our management of forest-related risks based on the results of our risk assessments on a regular basis.

Animal Testing Policy

We are committed to the humane treatment of animals, and we prioritize continuous improvement in animal health and welfare. We recognize that animals are sentient beings, capable of feeling positive emotions such as joy and contentment, as well as negative emotions such as stress and fear. Accordingly, we have not and do not conduct or ask third parties to conduct on our behalf any animal testing on products or ingredients within the Company portfolio. We are committed to refraining from conducting any animal testing for now and in the future.

Employees' Rights Policy

The Company has been and will continue to be an equal opportunity employer. In furtherance of this equal employment policy, the Company will take steps to ensure that:

- Persons are recruited, hired, assigned and promoted without regard to race, national origin, religion, age, color, sex, sexual orientation, gender identity, disability, or protected veteran status, or any other characteristic protected by local, state, or federal laws, rules, or regulations.
- All other personnel actions, such as compensation, benefits, transfers, layoffs and recall from layoffs, access to training, education, tuition assistance and social recreation programs are administered without regard to race, national origin, religion, age, color, sex, sexual orientation, gender identity, disability, or protected veteran status, or any other characteristic protected by local, state, or federal laws, rules, or regulations.
- Employees and applicants shall not be subjected to harassment, intimidation, threats, coercion or discrimination because they have: (1) filed a complaint; (2) assisted or participated in an investigation, compliance review, hearing or any other activity related to the administration of any federal, state or local law requiring equal employment opportunity; (3) opposed any act or practice made unlawful by any federal, state or local law requiring equal opportunity or (4) exercised any other right protected by federal, state or local law requiring equal opportunity.

We respect the rights of our employees who choose union representation and commit to not interfering with the right of workers to form or join a trade union or representative organization of their own choosing. We commit to maintaining good relationships with their bargaining representatives and to providing such representatives access to carry out their representative functions in the workplace without fear of discrimination, reprisal, intimidation or harassment.

Responsible Sourcing Policy

We are committed to doing business in line with internationally-recognized principles on human rights, environmental management, business integrity and anti-corruption. These values include how we work with our suppliers across our supply chain. Our goal is to achieve tangible improvements in our supply chain. We call on our suppliers to:

- Implement processes or leverage on existing systems that enable suppliers to identify, avoid or mitigate risks and impacts in their own operations and in their business relationships;
- Assess their operations and supply chain; and
- Communicate and actively engage with their workers, suppliers and stakeholders, so that they can draw attention to potential concerns.

The Company considers human rights matters to be of fundamental importance in its engagement with suppliers. In particular, the Company is firmly opposed to child labor and forced labor and is committed to not working with suppliers who engage in such labor practices. Further, the Company will not engage with suppliers that have histories of discrimination on the basis of race, national origin, religion, age, color, sex, sexual orientation, gender identity, disability, or protected veteran status, or any other characteristic protected by local, state, or federal laws, rules, or regulations. The Company will continue to monitor and be aware of any human rights violations by its suppliers and evaluate its suppliers accordingly.

The Company will annually review and evaluate its supply chain to determine its suppliers' compliance with the aforementioned principles. Our relationship with suppliers that do not meet the standards set forth above will be evaluated in light of such noncompliance.