



## 2010 Progress & Initiatives Summary

### Tobacco Product Issues

#### 2010 Progress Summary

- Philip Morris USA and U.S. Smokeless Tobacco Company shared perspectives and information with the Food and Drug Administration on important tobacco product issues through written submissions, meetings and presentations.
- Altria Group adopted and communicated its Standards for Underage Tobacco Prevention to its tobacco operating companies to guide their efforts to help reduce underage tobacco use.
- Altria's tobacco companies provided grants to help kids avoid risky behaviors like tobacco use in 2010. These grants are expected to reach approximately 1.3 million kids and 829,000 adult influencers, primarily in the Southeast.
- Duke University completed its PM USA-funded evaluation of the QuitAssist® website.



#### 2011 Initiative

- Continue to engage with the FDA and other key stakeholders to inform the development of tobacco product regulation, to advance tobacco harm reduction and to promote effective approaches to reducing underage tobacco use.

# Marketing Practices

## 2010 Progress Summary

- Altria's tobacco companies adopted a uniform age requirement of 21+ for one-to-one, age-verified communications (e.g. websites, direct mail, consumer experiences) to adult tobacco consumers.
- Integrated acquired tobacco companies into a uniform Marketing Materials Review Process; a consistent five-step process that helps ensure all marketing materials comply with all legal requirements, agreements and policies.
- Ste. Michelle Wine Estates implemented an age verification process for direct-to-consumer sales through its branded websites and a process for website visitors to affirm that they are at least 21 years of age, consistent with industry practices, before entering winery websites.



## 2011 Initiative

- Identify and support programs to help communicate the importance of responsible wine consumption to adult wine consumers.

---

# Combating Illegal Trade

## 2010 Progress Summary

- Supported the federal Prevent All Cigarette Trafficking "PACT" Act which became law on March 31, 2010. The passage of the PACT Act represents a proactive effort to end tax-evading Internet sales and to impose rigorous age-verification requirements for remote sales of cigarettes and smokeless tobacco products.
- Supported the passage of new New York state legislation that requires state cigarette excise taxes to be paid on tribal sales to non-tribal members. The law effectively ended New York's longstanding policy of not collecting state cigarette excise taxes sold on reservation land to non-reservation residents.
- Extended our law enforcement engagement program to provide training and support on preventing illicit trade.
- The Federal Appellate Court affirmed the granting by the International Trade Commission of a General Exclusion Order covering illegally imported Marlboro® Cigarettes.



## 2011 Initiatives

- Implement further approaches to help counter the sale and distribution of illicit cigarettes in New York City and Los Angeles.
- Expand infrastructure to address the exportation of counterfeit cigarettes from China.
- Take action through litigation and engagement to address China-based websites selling counterfeit cigarettes.

# Environmental Management

## 2010 Progress Summary

- Altria's tobacco companies exceeded 2010 performance targets for reducing energy use, greenhouse gas emissions and water use, achieving their 2013 goals.
- Implemented a process to generate and prioritize environmental sustainability ideas and to track progress.
- Integrated environmental data reporting systems across John Middleton and USSTC.
- Responded to CDP Water Disclosure, a program of the Carbon Disclosure Project.



## 2011 Initiatives

- Establish new environmental performance goals.
- Begin integration of Ste. Michelle into environmental management framework.

---

# Sustainable Agriculture

## 2010 Progress Summary

- Required self-certification of Good Agriculture Practices (GAP) requirements by tobacco growers and merchants.
- Expanded PM USA and USSTC communications to their tobacco growers on worker safety issues.
- Launched GAP assessment process with contract tobacco growers and international tobacco merchants to better understand contract growers' operations and drive continuous improvement in the tobacco supply base. Retained third-party assessor to independently verify our results.
- Cold Creek, Canoe Ridge Estate and Northstar Estate vineyards achieved third-party sustainability certifications.



## 2011 Initiatives

- Complete on-farm GAP assessments of 100 percent of domestic contracted tobacco growers and key tobacco merchant locations by end of 2011.
- Engage with other U.S. agricultural stakeholders to encourage broader adoption of common good agricultural practices standards.

## Supply Chain Responsibility

### 2010 Progress Summary

- Developed and implemented Supplier Code of Conduct.
- Received the following awards for Supplier Diversity Development:
  - “Raising the Bar” and “Lasting Impressions” awards by the Virginia Minority Supplier Development Council. From 2006-2009, Altria received the Virginia Council’s “Corporation of the Year” award.
- Among the top 15 companies in the 2010 competition for Corporation of the Year from the National Minority Supplier Development Council.
- Named one of “America’s Top Organizations for Multicultural Business Opportunities” by DivBusiness.com.
- Hosted a Supplier Engagement & Recognition event focused on corporate responsibility. The event included supplier-led workshops on responsibility best practices and presentation of the first corporate responsibility award to Sonoco, a USSTC packaging supplier.



### 2011 Initiatives

- Implement training on the Supplier Code of Conduct for supplier managers.
  - Host a forum on child and forced labor for suppliers and key internal stakeholders.
  - Complete integration of Supplier Diversity Development process at Middleton, USSTC and Ste. Michelle.
- 

## Our Employees

### 2010 Progress Summary

- Extended Altria companies' compensation framework to salaried USSTC, Middleton and Ste. Michelle employees.
- Introduced USSTC and Ste. Michelle employees at all levels to Altria companies' people development programs, including orientation, leadership development and executive leadership programs and the performance management and advancement planning processes.
- Altria's companies automated its talent management system to help employees and their managers track employee development and progress toward annual goals.



### 2011 Initiatives

- Continue to extend our recruiting, leadership development and advancement planning systems to Ste. Michelle.
  - Further establish Altria's injury Free Career Culture within all operating companies.
  - Continue to enhance our leadership development system to meet the needs of our multi-category, FDA regulated business.
-

# Investing in Communities

## 2010 Progress Summary

- Extended support for Richmond's urban school system by committing \$1 million to bring Higher Achievement, a proven middle-school enrichment program, to Richmond Public Schools.
- The Altria Companies Employee Community Fund contributed about \$2.3 million to 90 grantees in central Virginia and expanded its reach to plant communities in Illinois, Kentucky, Pennsylvania and Tennessee.
- Engaged audiences of nearly 900,000 through Altria-sponsored arts and culture exhibitions and events in Richmond and Washington, D.C.
- Altria's 2009 and 2010 grants to the National Fish & Wildlife Foundation, totaling \$1 million, allowed the foundation and its grantees to obtain an additional \$14.5 million in local matching funds and grants from federal agencies.



## 2011 Initiatives

- Develop comprehensive community involvement plans for facility communities outside of Richmond.
- Identify and invest in leading national organizations that have a presence in plant communities.

---

# Governance & Compliance

## 2010 Progress Summary

- Completed third-party assessment of Compliance & Integrity program.
- Established Enterprise Risk Management process to identify highest potential enterprise-level risks, and incorporated it into annual strategic planning process.
- Delivered Compliance Leadership Training to director-level employees of Altria and its companies.

## 2011 Initiatives

- Launch refreshed Altria Code of Conduct with improved readability, length and tone.
- Enhance a culture of compliance through communications on the Altria Code of Conduct and four additional topics.
- Enhance our policy guidance by simplifying policy content and usability.

