2015
Corporate Responsibility
Progress Report

Altria

About this Report

This is Altria's fifth annual Corporate Responsibility Progress Report. Our last report was published in May 2014.

Unless otherwise noted, this report includes data and progress for Altria Group Inc. and its wholly-owned subsidiaries for calendar year 2015. It covers Altria's tobacco companies Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC and Nu Mark LLC, and wine company, Ste. Michelle Wine Estates Ltd. Other Altria subsidiaries in the report scope include Altria Group Distribution Company, which provides sales, distribution and consumer engagement support to certain Altria operating companies, and Altria Client Services LLC, which provides services such as legal, regulatory, procurement, human resources and external affairs to Altria's companies. Philip Morris Capital Corporation, Altria's subsidiary which maintains a portfolio of finance assets, is not in scope. Altria's companies operate principally in the United States and substantially all of Altria Group's net revenues are from sales generated in the United States.

This report is guided by Global Reporting Initiative (GRI), the leading sustainability reporting framework. It is in accordance with GRI G4 Core Option. Informed by stakeholders' perspectives, the content is focused on Altria's four responsibility priorities: Reducing the Harm of Tobacco Products, Marketing Responsibly, Managing Our Supply Chain Responsibly and Developing Our Employees and Culture. We share progress on other responsibility topics, including how we're working to minimize our environmental impact, on our website, Altria.com.

Certain environmental data presented in our GRI G4 Content Index have been assured by an independent third party. See Appendix A for the assurance statement.

If you have questions about our report, please feel free to Contact Us.

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Our Mission is to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products.

Martin J. Barrington
Altria Group, Inc.
Chairman, CEO and President

Chairman's Letter

Welcome to our 2015 Corporate Responsibility Progress Report. 2015 was another strong year for Altria and we made considerable progress against our responsibility priorities.

Altria has a rich heritage of marketplace leadership and financial strength. That success is grounded in our culture and how we operate. We take a long-term approach to responsibly managing our businesses. In fact, Altria is one of just 57 companies included on each Fortune 500 list since it began more than 60 years ago.

Our track record of success continued in 2015. Altria delivered a total shareholder return of 23.1 percent far exceeding the S&P 500 return of 1.4 percent. We increased our dividend for the 49th time in 46 years, paying shareholders nearly $4.2 billion. Philip Morris USA's *Marlboro* achieved a retail share of 44.0 percent, extending its leadership position in the U.S. cigarette category to 39 consecutive years. U.S. Smokeless Tobacco Company's *Copenhagen* and *Skoal*, with a combined retail share of 51.3 percent, are the two leading premium brands in the U.S. smokeless products category.

How we achieved these results is as important as *what* we achieved. Responsibility is core to our Mission and Values, which guide us. We work to understand our stakeholders and actively participate in resolving societal concerns relevant to our businesses. Responsibility both mitigates risk and identifies opportunities to create value for our consumers, employees, business partners, neighbors and shareholders. When we operate with our diverse stakeholders in mind, we're strengthening our businesses for the future.

Engaging with stakeholders and understanding the external environment inform our business strategies. Stakeholder expectations and the marketplace continue to change. Adult tobacco consumer preferences are changing, and many are seeking innovative alternatives to traditional tobacco products. Our two largest competitors have merged. The regulatory environment evolves. Expectations for our businesses are diverse.

We have identified four responsibility priorities that are important to our stakeholders and key to our continued success: Reducing the Harm of Tobacco Products, Marketing Responsibly, Managing Our Supply Chain Responsibly and Developing Our Employees and Culture. These priorities and the goals that we have articulated within them represent some of the greatest opportunities and challenges ahead of us. We're making progress and plan to focus on these areas over the next several years.

> **Responsibility is not just about mitigating risk. It's also about seizing opportunities that create value for our consumers, employees, business partners, neighbors and shareholders.**

Here are a few highlights:

Reducing the Harm of Tobacco Products. For many years, we have pursued a vision of developing lower-risk tobacco products that appeal to adult tobacco consumers and about which accurate health information could be communicated to adult consumers. To help realize this vision, for nearly 10 years we advocated for legislation to implement U.S. Food and Drug Administration (FDA) regulation of tobacco products. Under the now-enacted regulation, our companies are developing a portfolio of products that can potentially reduce the risk of tobacco-related disease and the science and evidence to assess that potential. This is an important opportunity for our businesses and adult tobacco consumers.
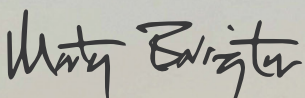
Marketing Responsibly. Our companies responsibly build connections for their brands with their adult consumers while taking steps designed to limit reach to unintended audiences. Applying this principle, for example, Philip Morris USA innovated to expand its age-verified, one-to-one digital communications by offering a mobile app for *Marlboro*.

Managing Our Supply Chain Responsibly. We seek diverse, high-quality suppliers and work with them to reduce risk and address societal issues within the supply chain. We continue to support enhancing farm safety and labor practices. Following a successful pilot in 2014, we helped lead a multi-stakeholder initiative that delivered advanced training on labor management topics to almost 10,000 growers in 2015. We also launched a pilot program to better assess compliance within our domestic tobacco supply chain, including worker interviews.

Developing Our Employees and Culture. Our companies compete in a dynamic and evolving marketplace so providing an unbeatable employee experience is important. Our initiatives to strengthen our culture of diversity and inclusion, innovation and simplification have gained momentum. The results so far have been encouraging. Our employees redesigned more than 100 processes, saving thousands of hours of work; we've defined key behaviors to drive innovation and provided tools and workshops for employees; and we've launched enterprise-wide diversity and inclusion training.

While we closely monitor our progress, we appreciate when others recognize our work. For the fifth consecutive year, *Corporate Responsibility Magazine* named Altria one of the 100 Best Corporate Citizens. *Forbes* named Altria among its top 100 list of America's Best Employers.

The Executive Leadership Team and I are proud of what our employees achieved last year and equally proud of how they achieved those results. We have more work to do, and I look forward to sharing our 2016 progress with you next year.

Marty Barrington

Marty Barrington

Our Progress on Responsibility

Jennifer L. Hunter
Altria Client Services
Senior Vice President,
Communications & Corporate
Citizenship

While change is constant and vital to maintaining our leadership position in a dynamic industry, our approach to responsibility is consistent. We focus on listening to stakeholders, adjusting business practices and communicating progress.

2015 was an important year for our corporate responsibility strategy. We continued to monitor external expectations, benchmark our performance and identify best practices. We shared this information with our internal business colleagues and engaged them on ways to improve practices and communications.

We put what we've learned to work and achieved the following:

- **Identified our responsibility priorities.** Stakeholders want to know where we focus and why. We identified four responsibility priorities based on our 2014 materiality assessment and focused our efforts to improve in these areas.

- **Articulated goals and metrics.** Stakeholders also want to know what we are trying to achieve and how we measure our progress. We have articulated longer-term goals for our responsibility priorities. We aligned these goals with our materiality assessment and Mission framework. For each goal, we defined metrics to track and report our progress.

- **Improved and simplified our reporting.** We aligned our fifth annual corporate responsibility report to meet Global Reporting Initiative G4 - Core Option certification requirements, and we focused the content on our priorities. Interested readers can learn more about our progress on other responsibility topics by visiting Altria.com.

Our businesses have been highly engaged on this work. Although more work remains, they have made good progress addressing each priority and are positioned for continued progress.

Thank you for your interest in our report.

Jennifer Hunter

Altria's Responsibility Priorities and Goals

Reducing the Harm of Tobacco Products

Develop tobacco products that may offer lower risk for adult tobacco consumers and engage the FDA constructively about them

Support programs that help reduce underage tobacco use

Provide access to expert quitting information for those who have decided to quit

Marketing Responsibly

Build relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences

Managing Our Supply Chain Responsibly

Work with diverse, high-quality suppliers to innovate and address societal issues within the supply chain

Developing Our Employees and Culture

Develop high-performing and engaged employees who help us continue to deliver superior results in the future

Corporate Profile

Our Mission is to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products.

Altria's companies include some of the most enduring names in American business.

Our Family of Companies

PhilipMorrisUSA *an Altria Company*
Leading cigarette manufacturer in the U.S. and has been for the past 40 years.

NuMark *An Altria Innovation Company*
Developer and marketer of innovative tobacco products for adult tobacco consumers.

U.S. Smokeless TOBACCO CO. *an Altria Company*
World's leading producer of moist smokeless tobacco.

Ste Michelle WINE ESTATES *an Altria Company*
A leading producer and importer of premium wines.

John Middleton *an Altria Company*
Leading producer of one of the best-selling large machine-made cigars sold in the U.S.

Our Financial Performance

Net Revenues ($ in millions)

$24,466	$24,522	$25,434
2013	2014	2015

Annualized Dividend per Share

$1.92	$2.08	$2.26
August '13	August '14	August '15

Source: Altria 2015 Form 10-K

Marlboro Long-Term Retail Share Growth

44.0%

Marlboro is larger than the next 10 largest cigarette brands combined.

1955 1965 1975 1985 1995 2005 2015

Total Shareholder Return

28.6% 2013

34.5% 2014

23.1% 2015
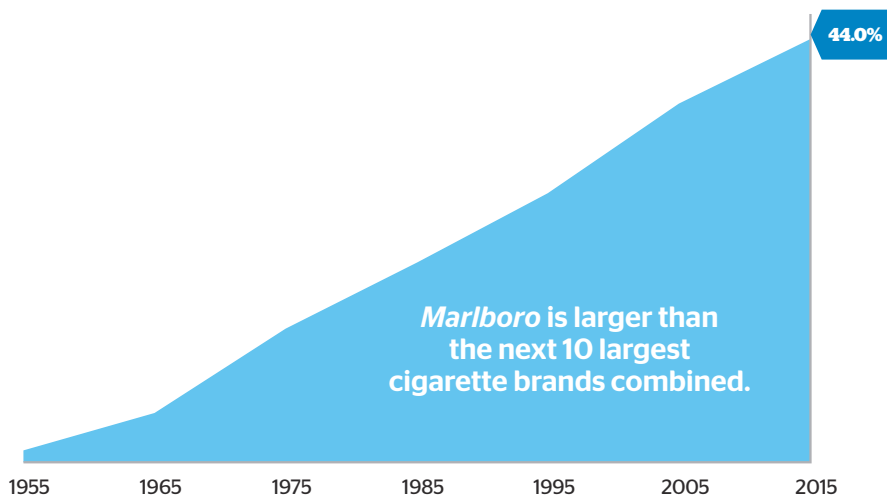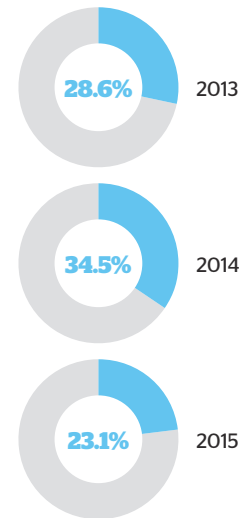
Assumes quarterly re-investment of dividends as of ex-dividend date. Source: Bloomberg Daily Return

Other Direct Economic Value in 2015

$50.8 Million In cash contrbutions to communities

$275 Million In charges for FDA user fees

$2,835 Million In income taxes

$6,580 Million In excise taxes on products sold

$4,179 Million In dividends paid on common stock to shareholders

$572 Million Paid against pension and post-retirement benefits

$4,477 Million In charges to state settlements and tobacco agreements

Source: Altria Group, Inc. 2015 Annual Report

Altria's companies have a strong American heritage stretching back more than 180 years. Our companies include some of the most enduring names in American business: Philip Morris USA, the maker of *Marlboro* cigarettes, and U.S. Smokeless Tobacco Company, the maker of *Copenhagen* and *Skoal* moist smokeless tobacco. We also own John Middleton, manufacturer of *Black & Mild* cigars; Ste. Michelle Wine Estates, maker of premium wines including *Chateau Ste. Michelle*, *Columbia Crest* and *14 Hands;* and Nu Mark, an innovation company that makes e-vapor products like *MarkTen®*.
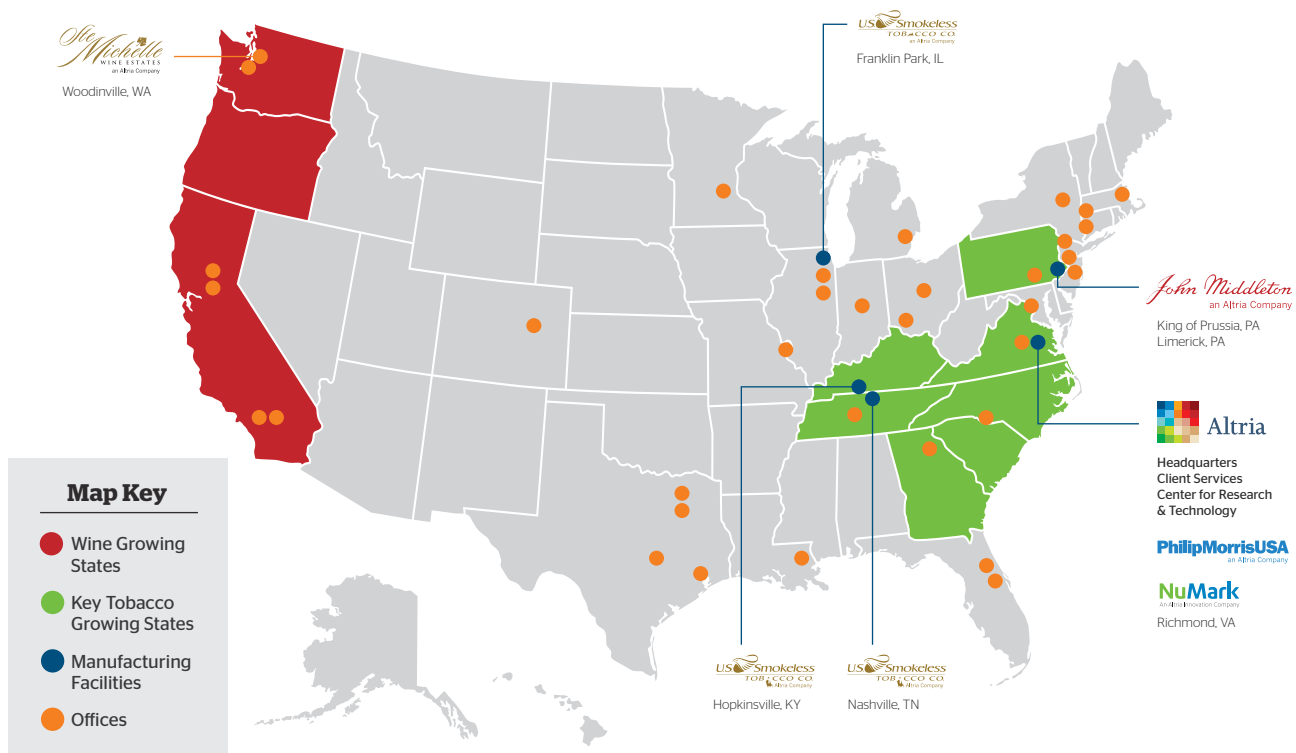
Who We Support

8,000+ Employees Over 97 percent residing in the U.S.

Hundreds of thousands of retailers In all 50 states

U.S. farmers Who work in the fields

Adult consumers Who choose our products

Communities where we live and work. In 2015:

$54.7 M Donated in cash and in-kind contributions nationally

47,000+ Hours of Community Service contributed by employees through volunteer activities

60+ Executives served on over 100 non-profit boards

Where We Operate

Altria and its companies operate and sell their products principally in the United States. Substantially all of Altria Group's net revenues are from sales generated in the United States.

U.S. Smokeless TOBACCO CO.
Franklin Park, IL

Ste Michelle WINE ESTATES an Altria Company
Woodinville, WA

John Middleton an Altria Company
King of Prussia, PA
Limerick, PA

Altria
Headquarters
Client Services
Center for Research
& Technology

PhilipMorrisUSA an Altria Company

NuMark An Altria Innovation Company
Richmond, VA

U.S. Smokeless TOBACCO CO. an Altria Company
Hopkinsville, KY

U.S. Smokeless TOBACCO CO. an Altria Company
Nashville, TN

Map Key

- ● Wine Growing States
- ● Key Tobacco Growing States
- ● Manufacturing Facilities
- ● Offices

Recognition

Altria ranked 91st on Barron's 2015 World's Most Respected Companies list, as determined by institutional investors. In 2015, Altria also received the following recognitions:
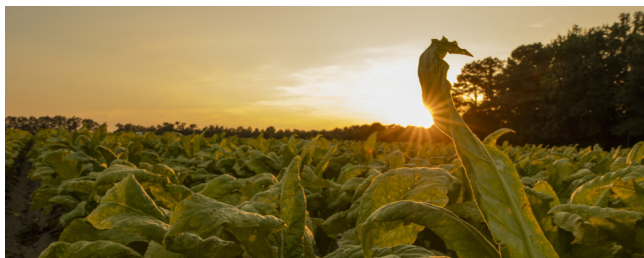
THE CIVIC 50

CR's 100 BEST CORPORATE CITIZENS 2015

Forbes | 2015 AMERICA'S BEST EMPLOYERS POWERED BY STATISTA

DiversityInc 2015 TOP 50 COMPANIES FOR DIVERSITY 25 NOTEWORTHY

COMPUTERWORLD 2015 BEST PLACES TO WORK in IT

Our Value Chain

Our Growers and Suppliers

American-grown tobacco is the backbone of PM USA's and USSTC's products. PM USA and John Middleton buy international tobacco leaf through third-party suppliers who purchase from farmers across the globe.

Ste. Michelle Wine Estates owns 3,856 acres of vineyards and contracts for grapes from long-term grape-growers on approximately 26,250 acres.

In addition to tobacco growers, our companies work with over 5,000 suppliers worldwide.

Our Companies

Our operating companies provide well-paying manufacturing jobs for employees in eight states. We work to maintain strong relationships with unions that represent about one-fourth of our workforce.

Our tobacco companies use a safety management system to promote an injury-free career culture and have solid safety records.

Our Customers

Our tobacco companies' products are distributed to over 240,000 retail stores through a network of wholesalers.

Ste. Michelle principally distributes its products in the U.S. Its wines are sold and served by more than 130,000 retailers and restaurants nationwide. Outside the U.S., Ste. Michelle shipped wine through over 300 distributors globally in 2015.

Our Adult Consumers

Our companies make tobacco products and wine. When you make products for adults, society expects you to market responsibly. We understand and agree. That's why our companies work hard to build relationships between their brands and adult consumers while taking steps designed to limit reach to unintended audiences.

Our Approach

ALTRIA'S VALUES

Integrity, Trust & Respect

Passion to Succeed

Executing with Quality

Driving Creativity into Everything We Do

Sharing with Others

We approach responsibility by understanding our stakeholders' perspectives, aligning business practices where appropriate, and measuring and communicating our progress. We support this approach by defining leadership accountabilities and setting expectations for our employees.

Governance and Oversight

Structure and Accountability. Altria's Chairman, CEO and President and senior management oversee our responsibility efforts. Altria's Board of Directors' Nominating, Corporate Governance & Social Responsibility Committee oversees our public affairs, corporate reputation, governance and social responsibility strategies.

Operating company and functional business leaders develop initiatives and measure progress against our Mission, including the goals aligned with our responsibility priorities. Our Corporate Responsibility group advises business leaders, monitors best practices and reports progress. Altria Client Services' Senior Vice President, Communications & Corporate Citizenship, leads this group and serves on our Executive Leadership Team.

Expectations of Employees. We expect our employees to set and pursue business objectives that support our Mission, demonstrate our Values and follow compliance requirements, guided by our Code of Conduct.

Our Values set the tone. We describe what each Value looks like when put into action and incorporate them into our performance assessment process.

Consistent with our Values, we pursue our business objectives with integrity and full compliance with all laws. Altria's Chairman, CEO and President, the Board of Directors and senior officers are accountable for Altria's Compliance & Integrity Program. Altria's Standards for Compliance & Integrity guide our operating companies and corporate functions in carrying out their compliance and integrity responsibilities, and we regularly evaluate performance against these standards.

Our Code of Conduct provides specific guidance for employee behavior. All employees receive training on the Code and how to use it in decision making. We expect them to comply with the Code and company policies relevant to their jobs.

We work hard to achieve a culture of compliance and integrity that:

- prevents misconduct;
- identifies and addresses misconduct promptly and effectively when it does occur; and
- makes it easier for employees to always do the right thing.

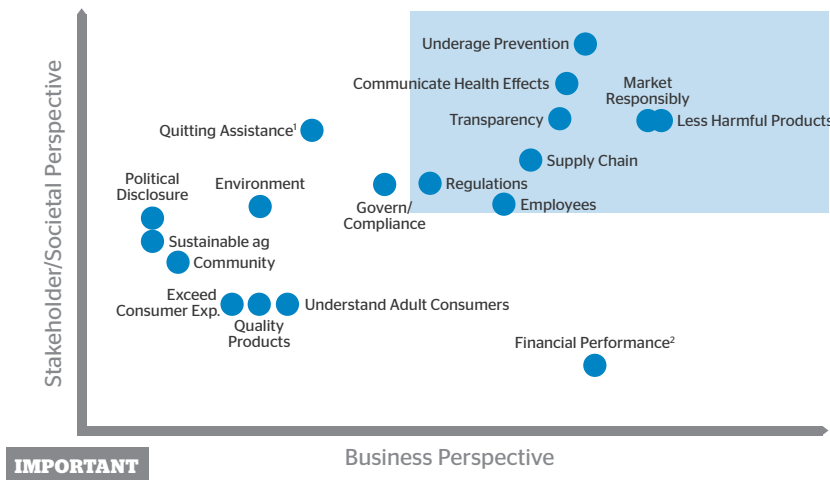**Respect for Human Rights.** Respect for people is fundamental to the way we conduct our business.

The 10 Principles of the United Nations Global Compact and the International Labour Organization Declaration on Fundamental Principles and Rights at Work inform our principles and policies for employees and our expectations of suppliers. To uphold and promote these principles, we:

- respect the rights of our employees and establish a culture of respect and compliance as articulated by our Values and Code of Conduct;
- work with suppliers to promote actions that are consistent with our Values and Supplier Code of Conduct; and
- collaborate with others to address human rights issues where our companies have a role to play.

Understanding Stakeholders' Perspectives

Stakeholder engagement is the foundation for our responsibility efforts. Communicating openly and honestly with stakeholders helps us understand the issues that present risks and opportunities for our businesses.

Altria's Materiality Assessment

Stakeholder/Societal Perspective

- Underage Prevention
- Communicate Health Effects
- Market Responsibly
- Transparency
- Less Harmful Products
- Quitting Assistance[1]
- Supply Chain
- Political Disclosure
- Environment
- Regulations
- Govern/Compliance
- Employees
- Sustainable ag
- Community
- Exceed Consumer Exp.
- Quality Products
- Understand Adult Consumers
- Financial Performance[2]

Business Perspective

IMPORTANT

Notes: All issues represented are considered important. Placement on the grid was a qualitative exercise informed by quantitative general public research, stakeholder feedback exercise and internal Responsibility Planning Team prioritization exercise. Prioritization based on responsibility perspective; not inclusive of all relevant company issues. [1]Supporting cessation viewed internally as part of harm reduction, lower business ranking attributed with that understanding; i.e., expectation that cessation is covered within harm reduction. [2]Financial performance viewed internally as a "given" high priority, although initially ranked lower from business perspective through lens of responsibility expectation; depicted as higher priority given the internal view.

So our businesses engage with various stakeholders, including employees, consumers, investors, suppliers, regulators and those in their communities. We incorporated stakeholder perspectives into our materiality assessment. We provide examples of why and how we engage with key stakeholder groups in Appendix B.

Identifying What Matters Most. In 2014, we completed a materiality assessment to identify the top responsibility expectations of our companies. The process involved several steps, including:

- A cross-functional team documented top responsibility expectations that stakeholders had of our business. The team interviewed stakeholders, reflected on past engagements and/ or convened small groups internally to complete the exercise.

- Team members covered a range of stakeholders, including employees, consumers, growers, suppliers, trade partners, government officials, community and youth serving organizations, public health and non-governmental organizations, in the exercise.

- Company researchers qualitatively evaluated the output of the exercise, developed 46 expectation themes

and refined them based on commonality. Based on refined themes, we conducted a general public survey to solicit additional feedback. We asked over 4,000 respondents to rate a series of expectations for how a tobacco company should operate responsibly.

- The cross-functional team prioritized a subset of expectations, informed from the steps above, based on stakeholder importance and business impact.

The figure above reflects our materiality assessment results. From this, we identified our top four responsibility priorities — those rated high on stakeholder importance and impact to the business:

- **Reducing the harm of tobacco products**. This includes developing less harmful products, communicating health effects, preventing underage use and providing cessation support

- **Marketing responsibly**

- **Managing our supply chain responsibly**

- **Developing our employees and culture**

Our assessment also revealed three broader themes reflecting how our stakeholders expect us to operate:

- **Leadership:** Demonstrating leadership on challenging issues and contributing to solutions.

- **Transparency:** Communicating openly and candidly about our business practices and progress.

- **Partnership:** Sharing our expertise and working with others to achieve mutual objectives.

We shared the results of the materiality assessment with Altria's senior leaders and, in 2015, with the Nominating, Corporate Governance & Social Responsibility Committee of its Board.

This report describes our approach and progress against these expectations. Appendix C presents additional analysis of our material topics, including identification of aspects and boundaries in accordance with GRI standards.

Aligning Business Practices

Our businesses work against long-term goals aligned to our Mission and materiality assessment. They regularly evaluate their strategies within these goals based on a variety factors, including input from stakeholders.

Understanding stakeholder perspectives informs our companies' business practices, enhances their planning and sharpens decision making. Our companies apply what they've learned to:

- identify and address emerging issues;

- inform business processes, including annual strategic planning and risk management;

- align with society;

- prioritize issues for business action and reporting; and

- build stakeholder understanding of Altria and its companies.

Measuring and Communicating Progress

Stakeholders expect us to demonstrate a clear sense of what we're focused on and how we're doing. We engage with them in many ways, for example, in one-to-one discussions, meetings, webcasts, at conferences, and through company communications, including this report.

This report shares our approach and progress against our four responsibility priorities: Reducing the Harm of Tobacco Products, Marketing Responsibly, Managing Our Supply Chain Responsibly and Developing Our Employees and Culture. For each responsibility priority, we describe our goals, approach, progress and metrics. In addition, we report targets for certain metrics.

On altria.com, we share progress on other responsibility topics, including how we are working to minimize our environmental impact, combat illicit trade of our products, invest in our communities, and operate with compliance and integrity.

Reducing the Harm of Tobacco Products

GOALS

Develop tobacco products that may offer lower risk for adult tobacco consumers and engage the FDA constructively about them

Support programs that help reduce underage tobacco use

Provide access to expert quitting information for those who have decided to quit

The goal of tobacco harm reduction is to reduce the health effects of tobacco use. It starts with existing tobacco prevention and cessation strategies. A comprehensive harm reduction strategy also includes offering consumers less harmful products and information about them, all within a science- and evidence-based regulatory framework. This concept recognizes that millions of adults will likely continue using tobacco products despite efforts encouraging them to quit or never start. For those adults, federally-regulated lower-risk products offer a promising opportunity to reduce the harm associated with tobacco product use, particularly cigarette smoking.

"There's an opportunity for FDA to come up with what I've been calling a comprehensive nicotine regulatory policy that is agency-wide and that is keyed to something that we call the continuum of risk: that there are different nicotine containing and nicotine delivering products that pose different levels of risk to the individual."

– Mitch Zeller, Director of FDA's Center for Tobacco Products; November 6, 2013.

Continuum of Risk

Combusted Tobacco Products	Non-combusted Tobacco Products
MOST HARMFUL	**LEAST HARMFUL**

See, e.g., Mitchell Zeller et al., The Strategic Dialogue on Tobacco Harm Reduction: A Vision and Blueprint for Action in the US, 18 Tobacco Control J. 324, 325 (2009); Dorothy K. Hatsukami et al., Developing the Science Base for Reducing Tobacco Harm, 9 Nicotine & Tobacco Res. S537, S546 (2007)

Many leading public health authorities agree there is a substantial continuum of risk among tobacco products, with conventional cigarettes at the highest end of that spectrum. Products that are lower on this continuum can, with the right regulatory oversight, offer consumers options for reducing their health risks. Today, the Food and Drug Administration (FDA) is well positioned to study the science and determine how best to ensure consumers have access to lower-risk products and information about them.

We have an important role to play in helping advance this tobacco harm reduction approach. Reducing the harm caused by tobacco products has been a strategic focus of our companies for a long time and is an important step in achieving our Mission. We support several approaches to reducing the harm caused by tobacco products and our companies focus on four areas:

- developing and marketing lower-risk products;
- helping reduce underage tobacco use;
- supporting cessation; and
- communicating about the health effects of tobacco use.

Our companies are developing a portfolio of products and technologies to both meet the evolving expectations of adult tobacco consumers and potentially reduce the risk of tobacco-related disease. Our work also includes conducting robust scientific research to support modified-risk tobacco product applications within the FDA's regulatory framework.

Developing Lower-Risk Products

We recognize the harm caused by tobacco products and the challenges that come with manufacturing and mar-

keting products that are addictive and cause serious disease.

Providing adult tobacco consumers with lower-risk products is not a new goal. Over the last 20 years, our companies have invested billions of dollars in this effort. It's challenging work, but we're making progress. We've also learned quite a lot along the way, including:

- Adult tobacco consumers must be willing to try a new product. If not, there's little chance that the product will be successful.

- Adult tobacco consumers want a product that is proven to be less harmful and that appeals to them. If adult tobacco consumers don't like the product, they won't use it.

- Adult tobacco consumers should receive clear and accurate communications about less harmful products that are grounded in science.

As adult tobacco consumer preferences have changed, so have our products. Our tobacco companies now offer a range of products beyond cigarettes. And, in 2012, we established a company, Nu Mark, to develop e-vapor and other innovative tobacco products.

Today, our companies are actively engaged in developing and advancing the science needed to support potentially reduced harm products. Our scientists published their work on harm reduction and innovative products in seven peer-reviewed publications and two book chapters. They also shared their work at leading international scientific conferences such as the Society for Research on Nicotine and Tobacco and various FDA workshops.

As adult tobacco consumer preferences continue to evolve, we'll continue to embrace the opportunities and challenges of bringing lower-risk tobacco products to market.

Case Study: Heated Tobacco — An Idea Before Its Time

Philip Morris USA's work with a product called *Accord* is a good example of how long our companies have focused on reducing the harm of tobacco products.

In the 1990s, PM USA test-marketed *Accord* as an alternative to traditional cigarettes. *Accord* used an electronic device to heat tobacco instead of burning it. PM USA's marketing materials emphasized that *Accord* produced less smoke and odor. When it was rolled out to consumers, it didn't succeed for a few reasons.
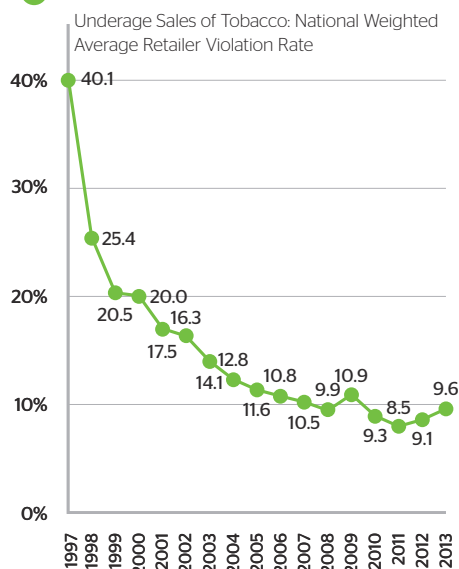
First, most consumers at that time weren't as interested in trying new kinds of tobacco products. They didn't care for the taste, so they stayed with existing products that met their preferences.

Second, science in this area was still developing and consumers had no reason to think this product might be less harmful than cigarettes. At that time, the FDA didn't yet regulate tobacco products, and there was no prescribed regulatory framework to assess the product.

The world has changed quite a bit since then. Adult tobacco consumers are more open to trying different kinds of products. The FDA has created pathways for companies to submit lower-risk products for agency review. And perhaps most importantly, technology has advanced.
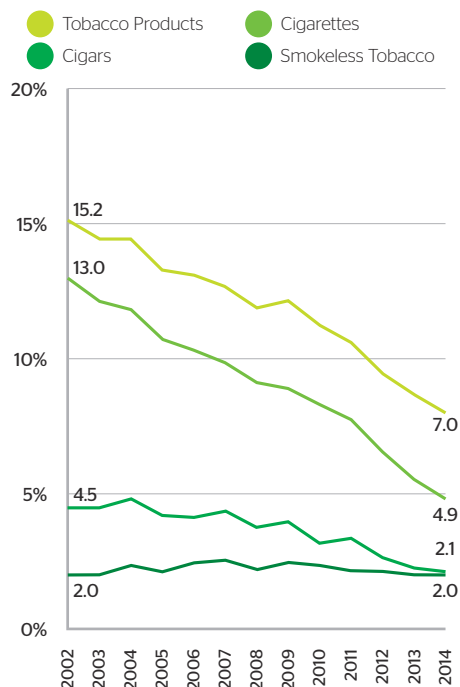
PM USA and Philip Morris International (PMI) were both subsidiaries of Altria until March 2008 when PMI was spun off. Since then, PMI has developed the next generation of heated tobacco products. Today, we have an exclusive license in the U.S. for two of PMI's heated tobacco products, including its electronically heated tobacco system. This product's roots began with Accord, and it now embodies substantial technological changes. PMI is marketing its electronically heated tobacco product in Europe and Japan under the *iQOS* brand with promising initial results. PMI is in the process of developing a modified risk tobacco product application to be submitted to the FDA for its electronically heated tobacco product in the U.S.

Annual Synar Report
National Weighted Average Retailer Violation Rate

Underage Sales of Tobacco: National Weighted Average Retailer Violation Rate

40% — 40.1
30%
25.4
20% — 20.5 / 20.0
17.5 / 16.3
14.1 / 12.8
11.6 / 10.8 / 10.5 / 9.9 / 10.9
10% — 9.3 / 8.5 / 9.1 / 9.6
0%

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Source: FFY 2013 Annual Synar Report

Past Month Tobacco Use
National Survey on Drug Use and Health — NSDUH
Among Youth Aged 12 to 17

● Tobacco Products   ● Cigarettes
● Cigars   ● Smokeless Tobacco

20%
15% — 15.2
13.0
10%
5% — 4.5
7.0
4.9
2.1
2.0 — 2.0
0%

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

Source: Center for Behavioral Health Statistics and Quality (2015). Behavioral health trends in the United States: Results from the 2014 National Survey on Drug Use and Health (HHS Publication No. SMA 15-4927, NSDUH Series H-50). Retrieved from http://www.samhsa.gov/data/

Helping Reduce Underage Tobacco Use

Kids should not smoke or use any tobacco products including e-vapor and tobacco-derived nicotine products.

Positive youth development theory teaches that emphasizing protective factors in kids' lives — such as positive relationships and activities — and reducing risk factors help kids make healthy decisions and resist a broad range of risky behaviors, including tobacco use.

Grounded in this theory and guided by Altria's Standards for Underage Tobacco Prevention, our tobacco companies invest in programs to help reduce underage tobacco use. These efforts include:

- supporting programs and organizations that positively influence kids and their decision not to engage in risky behaviors like tobacco use;

- supporting trade programs, retailer training and legislative efforts that help prevent underage access to tobacco products; and

- taking steps designed to limit reach of their brands and marketing materials to unintended audiences.

Success360°

With a focus on middle school students, our Success360° initiative aims to promote the healthy development of kids to help them avoid risky behaviors like tobacco use.

Through this initiative, Altria's tobacco companies invest in leading youth-serving organizations such as *4-H*, *Big Brothers Big Sisters*, *Boys & Girls Clubs*, *Communities in Schools* and *The First Tee*. Success360° helps these organizations collaborate and better connect the services they provide to kids and their families in and out of the classroom.

Through Success360°, we also support proven effective adolescent substance abuse prevention and tobacco cessation programs, including *LifeSkills® Training*, *4-H's Health Rocks!* program and *RJ Caron's Project CONNECT*.

These programs are making a difference. For example, 94 percent of *Health Rocks!* survey respondents express disapproval of underage tobacco use, and 94 percent of *Boys & Girls Club* survey respondents report intention *not* to smoke.

In addition, because parents and other positive adult role models play an important role in healthy youth development, we support the National Mentoring Partnership's Quality Mentoring System, which established consistent standards for youth mentoring. We also support Search Institute's *Parent Further®* online resources, which help parents and other caring adults build skills to help their children succeed and avoid risky behaviors.

In 2015, Success360° investments totaled over $22.7 million, representing 50 percent of our total budgeted corporate contributions. Collectively, our Success360° partners reached over 15 million kids nationwide.

Underage Access Prevention at Retail

Our companies' retail programs include several requirements and financial incentives that help prevent underage access to tobacco products. The program's requirements include teaching store clerks how to check IDs and requiring retailers to place *We Card®* signs in their stores. To complement this, our tobacco companies fund *We Card®*, an organization that provides retailer training and resources to help prevent underage access. We also offer retailers and their employees' access to free *We Card®* training through our retail trade website.

Under 18 No Tobacco — We Card®

We've supported *We Card®* since it started in 1995. With our support, *We Card®* has trained hundreds of thousands of retail employees and distributed millions of education and training materials.

Our tobacco companies continue to support legislation designed to keep tobacco products out of the hands of kids. For example, Nu Mark, our company that develops and markets innovative tobacco products for adult tobacco consumers, has proactively advocated for legislation establishing a minimum legal age to purchase e-vapor products. Today, 48 states have those laws on the books.

Supporting Cessation

For adult consumers concerned about the health effects of smoking or smokeless tobacco use, the best thing to do is quit. For many, quitting can be very difficult. For those who decide to quit we've developed *QuitAssist®*, a website to help them be more successful.

We developed *QuitAssist®* with a review board of experts in the area of smoking cessation. It highlights the Centers for Disease Control and Prevention's "Five Keys for Quitting" and helps connect adult tobacco users who have decided to quit to expert quitting information from public health authorities and others. In 2015, we refreshed the *QuitAssist®* website to modernize the site design and update the resources.

We communicate about *QuitAssist®* through our corporate and product websites, email and direct mail. Since its launch in 2004, the website has received nearly 3.3 million visits.

Case Study: Nu Mark — Addressing Underage E-vapor Use

While underage smoking rates have consistently declined for nearly 20 years, a new challenge has emerged. Underage use of e-vapor products is on the rise. According to the Centers for Disease Control and Prevention, cigarette smoking among high school students declined from 12.7 percent in 2013 to 9.2 percent in 2014. E-cigarette use among these individuals, however, increased from 4.5 percent to 13.4 percent during this time.

Nu Mark focuses on helping prevent underage e-vapor use, starting at the source of access. Just a few years ago, underage youth could legally buy e-vapor products in more than half the states. Clearly, this was a problem. So we have advocated for legislation establishing a minimum legal age to purchase e-vapor products. Fifteen states passed such laws in 2014 and six enacted them in 2015, bringing the total to 48 states. We'll continue to pursue legislation in the remaining states. Nu Mark also supports scientific and evidence based regulation of the e-vapor category by the FDA. Part of this regulation would include establishing a national minimum legal age to purchase e-vapor products.

Access prevention measures are most effective when complemented with other prevention efforts. In 2015, Nu Mark joined Altria's other tobacco companies' to support their Success360° initiative that invests in programs designed to bolster protective factors and minimize risk factors in kids' lives. At the same time, we sought to better understand underage e-vapor use. We reviewed government surveys and published research. We learned that the risk factors associated with e-vapor use are largely consistent with those for smoking and other tobacco use. For example, use of other tobacco products, alcohol and drugs; low academic performance; and peer smoking have been associated with e-vapor use. Parental support has been identified as a protective factor. These findings are consistent with Nu Mark's investment in Success360°.

Looking ahead, we'll apply our learning and evolve our portfolio as needed to respond to the changing underage tobacco prevention landscape.

Communicating About the Health Effects of Tobacco Use

The public should be guided by the messages of the U.S. Surgeon General, the FDA and other public health authorities worldwide in making decisions concerning the use of tobacco products.

Our tobacco companies' efforts to communicate about health risks begin with ongoing compliance with federal laws and regulations requiring health warnings on tobacco products.

Congressionally-mandated health warnings have been on cigarette packs since 1966 and cigarette brand advertising since 1972. Similar warning requirements have been in place since 1986 for smokeless tobacco products and since 2000 for the cigars John Middleton sells. Additionally, our tobacco companies provide certain reports, such as ingredient disclosures and information about harmful or potentially harmful constituents in tobacco products to various federal and state agencies, including the FDA.

For more information about product ingredients and how our tobacco companies communicate about the health effects of their products, visit Philip Morris USA, U.S. Smokeless Tobacco Co., John Middleton and Nu Mark's corporate websites.

Our Performance

Develop tobacco products that may offer lower risk for adult tobacco consumers and engage with the FDA constructively about them.

2X

Nu Mark introduced *MarkTen® XL*, which has twice the liquid and battery life as the original.

Several company executives met with officials from the Office of Management and Budget to discuss the FDA's regulation of cigars, e-vapor and other tobacco products.

21

In 2015, we conducted 21 engagements on the topics of tobacco harm reduction and regulatory compliance.

Continue to support programs that help reduce underage tobacco use

$22.7M+
Amount invested in Success360° programs
(50 percent of total budgeted corporate contributions)

15M+
Number of kids Success360° partners reach nationwide

25,321
Number of retailers trained through *We Card®* in 2015

4,974
Altria-funded retailer trainings through *We Card®* in 2015

Provide access to expert quitting information for those who have decided to quit

44,029
Number of visits to the *QuitAssist®* website in 2015

20%
Established target to increase annual visits to the *QuitAssist®* website by 20 percent off the 2015 baseline by 2018

Marketing Responsibly

GOAL | Build relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences

Examples of our tobacco companies' marketing practices include:

Connecting with adult tobacco consumers through direct mail and websites

....

Supporting product launches in adult-only facilities

....

Working with retailers to merchandise tobacco products responsibly and supporting the *We Card®* program

....

Denying requests to use their brands in movies, television, video games and other entertainment media

....

Advertising only in publications that meet the Food and Drug Administration's (FDA) criteria

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Our companies make tobacco products and wine for adults. Society expects us to market them responsibly. We understand and agree. That's why our goal is to build relationships between our brands and their adult consumers while taking steps designed to limit reach to unintended audiences.

We make progress against our goal by understanding consumer interest and connecting those consumers with our brands. We have controls in place to make certain that our marketing activities are designed to limit our reach to unintended audiences.

Our companies' marketing approach begins with adherence to our **Mission** and compliance with all legal, regulatory and internal policy requirements. We work hard to instill a culture of responsibility throughout our marketing and sales organizations and with our business partners. Marketing programs vary among our tobacco companies and their brands. But the focus remains the same — to responsibly grow market share by enhancing brand awareness, rewarding loyalty and driving competitive conversion among adult tobacco consumers.

Understanding Our Consumer

We have a rigorous approach to understanding adult consumers. We use market and consumer research to deeply understand our consumers and their preferences. For example, we've learned that adult tobacco consumers' preferences are changing, and our companies

are using these insights to develop products and brand experiences that exceed their expectations.

We closely monitor consumer feedback about our brands. Since 2010, we've commissioned an annual independent brand equity review that measures equity across numerous dimensions and as an overall composite. We have learned that *Marlboro's* overall equity scores among adult smokers have strengthened since 2010, rising about one point per year off an already high base. *Marlboro's* overall equity score now stands more than 14 points higher than the leading competitive brands.

We complement our consumer insight process with a robust trend system that looks across macro-factors affecting the marketplace. Collectively through these programs, we gain a deep understanding of our consumers.

Connecting With Our Consumer

Marketing activities are intended to connect brands with their adult tobacco and wine consumer audiences by reinforcing the brand identity, positioning and value. Dedicated brand teams develop annual plans that use a variety of activities, tools

and channels, including a substantial age-verified adult tobacco consumer database, to engage with adult consumers.

We connect with adult consumers in ways designed to limit reach to unintended audiences. For example, our companies use brand websites to communicate with adult tobacco and wine consumers. To gain access, we require visitors to confirm that they are adults and meet the website's minimum age requirement. Some of our companies' websites sell e-vapor products and accessories or wine. In these instances, our companies use an age-verification process to confirm the consumer is of legal age to purchase the products. Our companies also comply with all laws involving the sale and delivery of e-vapor products and wine.

The external vendor that manages our electronic age-verification process conducts quarterly audits. In 2015, each of these quarterly audits reflected 100 percent effectiveness rate in screening out persons under the age of 21.

Our online connection with our adult consumers has been effective: *Marlboro*, *Copenhagen* and *Skoal* websites all ranked in the top ten among 100 benchmarked websites in a 2014 third-party review for user satisfaction. In 2015, PM USA expanded their age-verified one-to-one digital communications to include mobile apps and mobile couponing.

If our tobacco companies use print advertising, they limit these ads to newspapers, magazines and other publications that meet the criteria of an "adult publication" under the FDA's proposed definition. Under this standard, an adult publication is one:

- whose readers younger than 18 years old make up 15 percent or less of the total readership as measured by competent and reliable survey evidence; and

- that is read by fewer than 2 million persons younger than 18 as measured by competent and reliable survey evidence.

Ste. Michelle Wine Estates works with leading industry groups committed to the responsible promotion and sale of wine to adults, including the Washington State Wine Commission, Washington Wine Institute, Wine Institute and Wine America. Among other actions, Ste. Michelle complies with the Wine Institute's "Wine Industry Code for Direct Shipping," which addresses direct shipments of wine to adult consumers and compliance with federal and state laws. Ste. Michelle also educates its employees about age verification when serving adult consumers.

Connecting With the Trade

Our tobacco companies sell their products to wholesalers, who in turn, sell to retailers and other wholesalers. Altria

Group Distribution Company (AGDC) provides the sales and distribution services for our tobacco companies. Wholesalers and retailers, also known as "our trade partners," play critical roles in our product distribution network.

AGDC works with our trade partners to execute our trade programs, which help them responsibly manage their tobacco category. In 2015, AGDC covered approximately 240,000 retail stores, representing over 95 percent of tobacco industry volume.

Our retail trade program is built on effective category management principles, including:

- merchandising our products in an organized way;

- having our brands in-stock and available;

- having our most popular brands in preferred positions;

- clearly communicating price and promotional offers; and

- deterring access by underage purchasers.

The program also includes features not required by federal law that help prevent underage access to tobacco products. These include training for store clerks on how to check IDs and requirements for retailers to place *We Card*® signs.

Convenience Stores and the Tobacco Category in 2015

Convenience stores drive about 70 percent of the tobacco volume sold, making this an important category of retailers to us. Roughly 150,000 convenience stores across the U.S. generate approximately $700 billion in annual revenues, including gasoline. Each and every day, 160 million consumer transactions take place in a convenience store. Almost half of all convenience store shoppers are 21-39. The tobacco categories lead in revenue with 36 percent of inside convenience store sales and deliver the third highest gross profit dollars at 17 percent. Importantly, about 50 percent of the time, the average

adult tobacco consumer also purchases other items inside the convenience store — that's almost 20 points higher than the average for convenience store consumers of other product categories. Those other items round out the market basket. The average adult tobacco consumer spends just over $25 per trip, compared to roughly $6 for non-tobacco convenience store purchases. So, many convenience store retailers rely on tobacco to increase foot traffic and boost in-store sales. We use these insights in achieving retailer alignment and support for our offerings.

In addition, we've developed rigorous compliance and training systems to govern marketing material production. In some tobacco categories, we also offer financial incentives to retailers who refrain from placing any tobacco products on top of or below the front of the selling counter.

In 2015, AGDC conducted its 4th annual customer satisfaction survey with retail trade partners to identify areas where it could improve. Eighty percent of national and regional multi-store operators were "very or somewhat satisfied" with the overall performance of AGDC's sales representatives. Almost seven out of 10 individual store owners and managers were "very satisfied."

Compliance

Policies guide how our tobacco companies market their products to adult tobacco consumers. We develop, review and approve consumer advertising materials through a step-by-step compliance review process. This process includes controls to identify business or legal issues before the materials are produced.

To support this effort, employees must:

- create marketing materials and programs that comply with all legal requirements, our Code, policies, practices and commitments;

- hold advertising agencies and marketing consultants to these standards;

- never make misrepresentations about our companies' products, including the health effects of those products;

- substantiate all claims about our companies' products before making claims; and

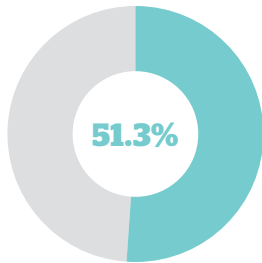- never market our companies' products to underage persons.

Our Performance

Understanding consumer interest and marketplace dynamics

PhilipMorrisUSA
an Altria Company

Marlboro's overall equity scores among adult smokers have strengthened since 2010, rising about one point per year off an already high base
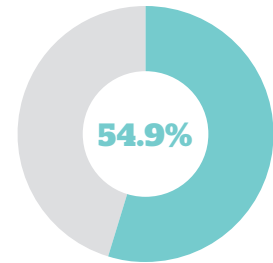
Connecting adult consumers with our brands

51.3%

Retail market share achieved by PM USA's cigarette brands

Marlboro alone achieved a market share of 44 percent, larger than the next 10 cigarette brands combined

27.7%
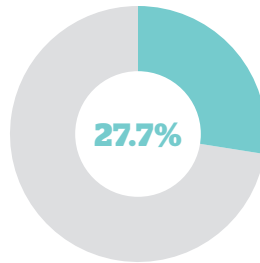
Retail market share achieved by John Middleton's cigar brands, primarily *Black & Mild*

54.9%

Retail market share achieved by U.S. Smokeless Tobacco Company's brands

Copenhagen and *Skoal* achieved a combined share of 51.3 percent

NuMark

Nu Mark continued its expansion of *MarkTen XL* e-vapor products to additional select retail chains and expanded *Green Smoke's* retail distribution into specific chains in several lead markets

90+
Ste. Michelle Wine Estates received 260 ratings of 90 or better for its wines, a 40 percent increase over 2014

Wine & Spirits magazine honored Ste. Michelle 20 times as a "Winery of the Year," more than any other American winery

Ste Michelle WINE ESTATES

Limiting our reach to unintended audiences

100%

Brand employees and key business partners trained on marketing guidelines and policies against a target of 100 percent in 2015

0

Master Settlement Agreement enforcement actions in 2015 for Philip Morris USA, against a target of 0

Managing Our Supply Chain Responsibly

GOAL | Work with diverse, high quality suppliers to innovate and address societal issues within the supply chain

2015 Tier 1 and Tier 2 Diversity Spends:

~$174.1 M
2015 Tier 1 Diversity Spend (direct spend)

~$55.4 M
2015 Tier 2 Diversity Spend (suppliers' direct spend)

G4-DMA Indirect Economic Impacts, G4-DMA Procurement Practices, G4-DMA Supplier Environmental Assessment, G4-DMA Supplier Assessment for Labor Practices, G4-DMA Labor Practices Grievance Mechanisms, G4-DMA Investment, G4-DMA Freedom of Association and Collective Bargaining, G4-DMA Child Labor, G4-DMA Forced and Compulsory Labor, G4-DMA Supplier Human Rights Assessment, G4-DMA Human Rights Grievances Mechanism, G4-DMA Supplier Assessment for Impacts on Society, G4-HR5, G4-HR6

Our companies work hard to develop strong supply chains. Our companies partner with thousands of suppliers from farmers to manufacturers — some of these relationships dating back decades.

We work closely with our suppliers to set clear expectations, monitor compliance and address concerns where we have a voice. As our supply chain continues to evolve, we remain attentive to new expectations and areas where we can affect change.

To maintain a secure and reliable source of materials and services, we partner with suppliers that share our commitment to:

- respect workers' rights;

- reduce the environmental impact of their activities; and

- comply with our contracts and the law.

The 10 Principles of the United Nations Global Compact, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and national laws inform our expectations of suppliers.

Our supply chain management approach includes building long-lasting relationships, developing a diverse supplier base, promoting a strong culture of responsibility, and monitoring and assessing supplier performance.

Developing Long-lasting Relationships

We build strong business relationships through open dialogue, shared expectations and feedback. We communicate directly with our supplier base and conduct periodic reviews. We aim to develop lasting relationships with suppliers who deliver high-quality goods and services, manage business risk, reduce costs and find innovative solutions. Those relationships demand strategic planning, clear performance objectives, subsequent assessment, including third-party audits, and a comprehensive risk management system. We also engage suppliers in each stage of our quality management process to help us consistently produce high-quality products.

Developing a Diverse Supplier Base

Our suppliers' diversity contributes to our companies' success by helping to generate different ideas, perspectives and solutions.

Altria's companies have a long history of working with diverse suppliers, including

women-owned and minority-owned businesses. In recent years, we expanded our focus to include veteran and lesbian, gay, bisexual and transgender suppliers. Our Supplier Diversity Development program allows us to work with hundreds of diverse enterprises. For many years, we've supported organizations including the National Minority Supplier Development Council and the Women's Business Enterprise National Council to increase business opportunities for their members.

In 2015, we worked with our key suppliers on the topic of diversity and inclusion. In support of the effort, we:

- hosted in-depth engagements on diversity and inclusion with 13 out of 50 top strategic suppliers;

- coordinated a supplier diversity business fair with 14 other Virginia sponsors and more than 70 diverse suppliers to develop business relationships; and

- exceeded our diversity spend goal of nine percent.

Promoting a Strong Culture of Responsibility

We expect our employees to exercise sound business judgment when selecting suppliers. Our companies conduct risk assessments as part of the procurement process. We instill a strong culture of compliance, and we train employees on key compliance topics such as antitrust, anti-bribery, anti-corruption and effective supplier management.

We communicate expectations for suppliers through Altria's Supplier Code of Conduct. Our Supplier Code of Conduct addresses non-discrimination, child and forced labor, freedom of association, workplace safety, bribery and environmental compliance. We also address these topics in our supplier contracts and support programs that advance our supply chain performance beyond regulatory compliance requirements.

Monitoring and Assessing Supplier Performance

Our monitoring programs assess compliance with our expectations and help keep our tobacco growers and suppliers accountable for their actions. These programs include assessments, remediation plans and follow-up. These activities encourage continuous improvement and help identify areas for greater focus.

We prioritize our monitoring, assessments and remediation based on several factors including country risk, supplier criticality, brand risk and our influence on supply chain compliance.

Using a risk-based approach, we employ a third-party assessor to conduct social compliance audits internationally. These audits monitor suppliers' adherence to specific elements of our contracts and Supplier Code of Conduct. The audits also assess workplace practices like child and forced labor, worker registration and compensation, workplace safety, management of employee records and environmental practices.

Any factory found to have material issues is required to develop a corrective action plan and will be re-inspected by third-party assessors. We continue to work with our suppliers to address findings related to the key social compliance areas. As Altria's operating companies become more global, we're focused on compliance and addressing expectations within our supply chains.

Applying Our Approach to Our Tobacco Supply Chain

As a tobacco industry leader, we have built sustainable tobacco supply chains. Over time, we have led efforts to improve on-farm working conditions and address child labor on tobacco farms. We work to enhance our tobacco supply chain's compliance with our standards, applicable laws and regulations. This includes protecting worker rights such as fair hiring and payment practices, respect for the legal rights of employees

Percent of Social Compliance Audit Findings by Category (of Audits with Findings)
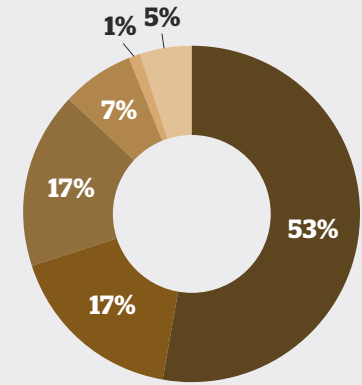
53%	Worker Health/Safety
17%	Work Hours/OT/Rest
17%	Wages/Pay
7%	Other (i.e. Record Keeping)
1%	Environment
5%	Benefits/Social Insurance

to join or not join a union, freedom from harassment and discrimination, safe transportation and housing, and the elimination of child and forced labor. We'll continue this work with our stakeholders to prevent any exploitation of workers.

Communicating our expectations. We focus on enhancing the farm labor work experience for both growers and workers. In addition to our Supplier Code of Conduct, our tobacco companies established Good Agricultural Practices (GAP) to encourage quality tobacco growing under conditions that help to reduce environmental impact and improve on-farm work experience. These materials are distributed to all direct contracted growers, and training is provided to make sure our expectations of our suppliers are clear. Altria Client Services leads the training and education task force of the Farm Labor Practices Group, which in partnership with the U.S. Department of Labor and GAP Connections, a third-party industry provider, implemented enhanced GAP labor management training.

Monitoring and assessing. Philip Morris USA and U.S. Smokeless Tobacco Company implemented an on-farm GAP assessment process. The assessments review growers' compliance with key GAP practices related to agricultural, environmental and labor practices. The GAP assessment also provides immediate and direct feedback to growers, engaging them in the process.

Case Study: Helping Our Tobacco Growers Succeed

Farming is about more than tractors and soil. Sure, a major part of being a tobacco grower is a focus on seeds, fertilizer and fields. But in today's agri-business, every farmer operates in a complex world of environmental laws, labor management challenges and a regulated tobacco industry.

In recent years, our tobacco companies helped augment the U.S. Tobacco GAP handbook and helped create GAP Connections, a third-party organization that develops, maintains and promotes GAP standards among growers and the tobacco companies who purchase their crop.

In 2015, through GAP Connections, growers received Enhanced Labor Training on best practices in three areas: crop, environmental and labor management. Close to 10,000 growers took the training during 100 meetings in 11 tobacco-growing states.

Our growers tell us that these programs provide the tools they need to succeed and meet contractual and legal requirements.

Ron Conyea, a grower from Hickory, Ky. said, "It was well worth our time. These regulations and the things you need to do to comply keep getting more difficult for the average farmer to understand. With the necessity to use migrant labor, it's just critical that we have training. GAP assessments used to be geared toward what we need to do on the farm with our crop. Now they're adding more of the labor end of the regulations so that we're out in front of it."

"It was very informative," said Tim Shelton, a grower from Dry Fork, Va. "There were a lot of [complex policy and best practice] things that need to be reiterated so we can remind ourselves of it each year and make sure we have it implemented. It was valuable to get subtle reminders of little changes that have taken place over the last 10 years or so, like making sure all our workers file taxes for 2015."

According to Richard Blaylock, N.C. District Director for the U.S. Department of Labor, Wage & Hour Division, a key to successful regulation of farm labor is education and partnering throughout the process. "We very much believe that if you expect compliance out of any industry, you've got to be able to share with them what that means and answer questions they may have. Depending on the specifics, growers may be subject to three laws: the Fair Labor Standards Act, the Migrant and Seasonal Agricultural Worker Protection Act and the H-2A program. And we understand that there can be some confusion. We encourage growers to reach out to us with questions that they may have."

Agricultural supply chain sustainability is vital to our businesses. That's why Altria is committed to training growers who supply tobacco for our companies' products on legal requirements and best practices that can make their businesses stronger and protect the sustainability of our supply chain. We partner with the U.S. Department of Labor, and other industry stakeholders to provide industry-leading GAP training to our growers.

"Education is a huge part of the U.S. Tobacco GAP program, and it is the component that separates us from the other commodity GAP programs," said Jane Starnes, GAP Connections Executive Director. "We don't just show up on the farm and do an assessment. We're actually meeting with these growers and providing them with instructions and materials to help them be compliant. It is a really proactive approach the industry is taking."

Annually our assessment program monitors (a) approximately one third of the growers that were 100 percent compliant the prior year, (b) new growers and (c) growers that were not 100 percent compliant in the prior year. In addition, each year a third party randomly selects 10 percent of the assessed growers for an independent audit. All contracted growers are visited at least once every three years.

The chart below shows domestic grower performance based on results of 2015 third-party GAP assessments.

For tobacco produced by growers overseas, we work with tobacco suppliers to promote and maintain GAP among such growers. This includes crop management, environmental management, labor management, and where applicable, Green Tobacco Sickness (GTS) protocols.

Domestic Third-Party Assessments

GAP Focus Areas	Farms:	Percent Meeting All Requirements	Percent Using Additional Best Practices
Crop Management			
Variety Integrity		85–100%	85–100%
Integrated Pest Management		N/A	70–84.9%
Crop Integrity		85–100%	70–84.9%
Nutrient Management		85–100%	85–100%
Environmental Stewardship			
Natural Resource Management		N/A	70–84.9%
Crop Protection Agent Management		70–84.9%	<55%
Labor Management			
Labor Management / Child Labor / Safety		85–100%	<55%

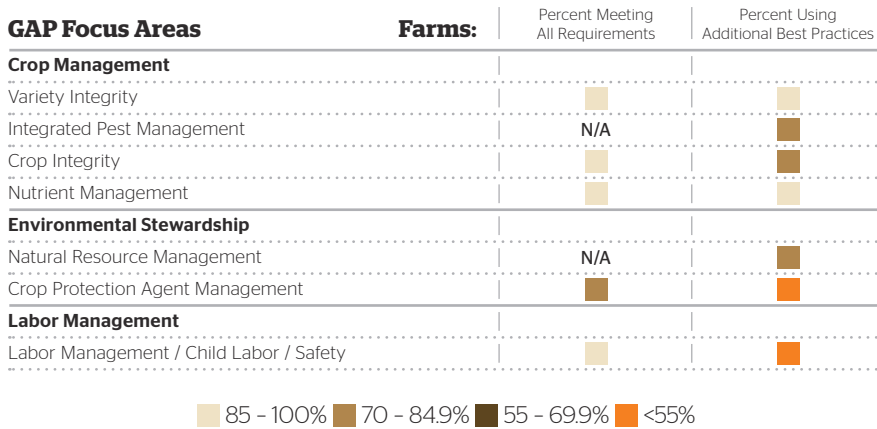☐ 85 – 100% ☐ 70 – 84.9% ☐ 55 – 69.9% ☐ <55%

Chart Note: The labor management section of the third-party assessments includes: labor sourcing, hours and wages, on-farm housing (if applicable), safety training and use of personal protection equipment

Case Study: Improving Our Insight Into the On-farm Working Experience

Philip Morris USA and U.S. Smokeless Tobacco Company continually review their on-farm assessment program to enhance their monitoring approach and to expand review areas when necessary. In 2015, PM USA and USSTC executed two pilots focused on labor practices on the farm. They launched these pilots to learn more about on-farm labor practices, the treatment of tobacco workers and growers' employment practices.

The first pilot focused on expanding the scope of the Good Agricultural Practices (GAP) assessments. The assessments monitor growers' compliance with key GAP practices related to agricultural, environmental and labor practices. For the first time, GAP Connections was asked to include worker interviews during the on-farm audit. PM USA and USSTC randomly selected 83 of their contracted growers to participate in this pilot. Third-party assessors immediately addressed any violations observed during the assessments or, if more significant findings occurred, elevated them to us for corrective action.

The second pilot focused on labor practices not previously reviewed by the companies. This included worker payroll records and I-9 compliance processes. PM USA and USSTC contracted with a third party to assess 40 randomly selected growers for this pilot.

Both pilots provided new supply chain insights and helped identify areas to further explore. The on-farm interviews provided the invaluable opportunity of hearing from the workers directly.

We plan to expand these pilots in 2016 and apply our learnings to future grower training and assessment programs.

Engaging with stakeholders. We engage with our suppliers and other key stakeholders to monitor and address opportunities and concerns within our supply chains. For example, we work directly with growers, regulatory agencies, key agricultural stakeholders and working groups like the Farm Labor Practices Group to help farmers, farm labor contractors and farmworkers better understand and comply with labor laws and regulations. We're also working to foster improved farm labor practices, including child and forced labor. These engagements provide us with an additional lens to view issues of shared concern within our supply chains. We may not always agree with some of the proposed remedies, but we continue to engage with stakeholders to make sure human rights are respected.

Stakeholder engagement has influenced our business practices as well. Beginning in late 2013, Human Rights Watch (HRW) engaged major tobacco companies and others on their research on child labor in U.S. tobacco agriculture. Informed by engagements with HRW, growers and others, we evaluated opportunities to further address child labor concerns and have made changes beginning with our 2015 grower contracts. We remained engaged with Human Rights Watch as they continued to monitor and report on this issue.

Our contracts:

- establish a minimum age for employment at 16 subject to certain limited exceptions granted in compliance with local, state and federal law;

- require parental/legal guardian consent for those under 18 who wish to be hired to work on the farm; and

- require Good Agricultural Practices training for growers. Growers are then required to train their workers on components of the training, specifically regarding the prevention of Green Tobacco Sickness and heat stress.

Comparison of Altria's Tobacco Companies and U.S. Law

Provision	Altria's Tobacco Companies' Grower Contracts	U.S. Law
Minimum Age for Agricultural Employment	16	12
Minimum Age to Perform Hazardous Duties as Defined by the U.S. Department of Labor	18	16

Our Performance

Developing a diverse supplier base

Exceeded our diversity spend goal of nine percent

Promoting a strong culture of responsibility

Helped lead a multi-stakeholder initiative that delivered advanced training on labor management topics to almost 10,000 growers in 2015

Monitoring and assessing

325
Assessments completed by third parties, including GAP assessments and social compliance audits

100%
Percentage of completed planned GAP assessments of domestic tobacco growers

2 Number of completed pilots to improve assessments of labor practices on farms

Developing Our Employees and Culture

GOAL | Develop high-performing and engaged employees who help us continue to deliver superior results in the future

You need the best people to lead an industry for more than 30 years.

Our employees' leadership and passion to succeed enabled us to create and grow some of the biggest brands in the largest tobacco categories, maintain superior trade relationships and drive shareholder value. That's why our goal is to develop high-performing and engaged employees who help us continue to deliver superior results in the future. So we focus on: promoting a vibrant workplace; attracting, developing and retaining talented people; rewarding and recognizing our employees; and creating a safe workplace.

Promoting a Vibrant Workplace

Our employees have a voice. And when Altria's leaders hear common feedback throughout our companies, they develop plans to address it. In 2013, Altria's employee engagement survey revealed that although employee engagement was high, employees believed our companies had opportunities in diversity and inclusion, innovation and simplification.

- About half of our employees thought our leadership was committed to diversity and inclusion.

- About half of our employees felt comfortable challenging the status quo.

Here's How We Support Our Employee Goal

Creating a Safe Workplace

Rewarding & Recognizing Our Employees

Engaged Employees

Superior Business Results

Promoting a Vibrant Workplace

Attracting, Developing & Retaining Talented People

- Less than half of employees believed we were doing a good job removing ineffective bureaucracy, like processes, obstacles and rules.

Motivated by these opportunities and through a concerted effort over the last two years, our companies accomplished some important milestones.

Diversity & Inclusion

We've carved out a vision for Altria to be a place where we seek and value differences to drive our success. Each of us brings our own point of view to our jobs. This can be shaped by our education, family and life experiences as well as our age, gender, race and other factors. When we value these differences, we solve business problems better and have a more open workplace. For example, we have established Employee Resource Groups (ERGs), which bring together diverse groups of employees. The insights provided by these groups allow us to better understand and connect with suppliers, adult consumers and each other.

We are investing in this vision and our 2015 accomplishments include:

- 56 percent of managers and 32 percent of salaried employees participated in inclusion training. We have planned additional training events in 2016.

- 65 percent of employees surveyed in 2015 believe we are making meaningful progress on diversity and inclusion.

- 83 percent of salaried employees surveyed in 2015 believe Altria's senior leaders are committed to an environment of diversity and inclusion. This is up from 71 percent in 2013.

Not all differences are visible, but race and gender are two that can be easily measured. Measures of our workforce through gender and race representation allow us to understand how our companies are progressing and provide the opportunity to benchmark against peer companies. Our companies' progress on gender and race is one indicator of our overall progress on diversity and inclusion. We understand that it is important for our company to make progress over the long-term.

Representation of Women

	2015 (December 31, 2015)	Δ vs. 2014
Management	**35%**	**0** ppt
Total Employees	**37%**	**+1** ppt

Representation of People of Color

	2015 (December 31, 2015)	Δ vs. 2014
Management	**20%**	**0** ppt
Total Employees	**32%**	**0** ppt

Note: The term "people of color" generally includes anyone identifying as Black/African American, Latino/a, or of Native American, Middle Eastern, or Asian/Pacific-Island descent, regardless of literal skin color. It is intended as an inclusive and respectful term, useful in broadly describing racial dynamics within groups.

Additionally, we measure gender and race representation of individuals promoted within our companies to help us gauge where we stand with the diversity of our future leadership.

Diversity & Inclusion Goals

Our leadership is diverse at all levels

All leaders seek and use differences to drive results

Everyone feels included, heard and challenged to contribute

Our community investments show our commitment to diversity and help attract diverse talent into our companies

Our suppliers' diversity contributes to our companies' success

In 2015 our companies invested approximately

$10.3 M

in training and development programs

Maintaining Strong Labor Relations

Altria's operating companies provide well-paying manufacturing and production jobs for employees in eight states. We respect the rights of our companies' employees who choose to be represented by a union. In fact, 25 percent of employees within our family of companies were represented through collective bargaining agreements at the end of 2015.

Altria's operating companies have an open dialogue and collaborate with hourly employees and unions representing them. Most hourly employees operate in a team environment where they're accountable for identifying and addressing issues affecting day-to-day work.

All union-represented employees across PM USA and USSTC are covered by Long-Term Agreements. These agreements, which are in addition to basic collective bargaining agreements, provide Altria's tobacco companies and their hourly employees with security against business disruptions that sometimes occur during labor disputes and provide annual bonuses ranging from $800 to $1200.

Innovation

Innovation is more than just bringing products to market. Innovation also happens by bringing ideas forward to do a job more efficiently. Over the last two years:

- We've defined key behaviors to drive innovation and introduced tools and workshops to employees. We've hosted an innovation expo to recognize and inspire innovation in every business area, shared success stories of employees who have thought differently and engaged our leaders in executive leadership programs.

Simplification

Our companies have succeeded by finding ways to be more efficient. Our ability to adapt has never been more important because of today's changing marketplace. Our employees are taking initiative to streamline work and save time and money. Our 2015 employee engagement survey revealed progress. We saw a 21-point increase when we asked employees if we were doing a good job removing ineffective bureaucracy, like processes, obstacles and rules.

To reinforce our commitment to simplification, we recognize employees' simplification accomplishments through our Chairman's Award. For example, last year we presented a Chairman's Award to employees who simplified our companies' budget process saving 10,000 hours of work. Overall, our employees have redesigned over 100 processes.

Attracting, Developing & Retaining Talented People

Employees want challenging, meaningful work where they can make decisions that matter while developing their careers. We provide these opportunities, including internships and diverse assignments designed to stretch capability, apply keen judgment and manage diverse stakeholder perspectives.

Recruiting

We recruit talent with strong leadership potential. Our companies have long-standing recruiting relationships with 20 universities nationwide. Each year, we offer approximately 200 students paid co-ops or internships. Over half of our eligible interns begin their careers with Altria after they graduate. Our university recruiting is complemented by our efforts to hire experienced employees with demonstrated leadership capabilities.

In 2015, Altria hired 462 new employees. Thirty nine percent were women and 33 percent were people of color helping improve the diversity of our workforce.

Development

We work in highly competitive and regulated industries and our development programs build our employees' capabilities to take on business challenges.

Examples include:

- Classroom and self-guided experiential sessions taught by experienced company leaders or by experts in a variety of fields who challenge our assumptions and practices.

- Executive Leadership Development: Senior leader learning programs that build leadership skills and reinforce Altria's Mission and Leadership Model. The program prepares executives to manage our companies' core businesses while innovating for the future.

- Manufacturing Leadership Forum: Structured programs for hourly and salaried manufacturing employees that teach Altria's leadership responsibilities and Values.

- Brand Management Leadership Training: A system of interactive training classes that teach skills to be a successful marketer with a focus on responsibly connecting our tobacco

brands to adults who use them.

- Educational Refund Program: Reinforces the importance of continuing education for employees and represents our commitment to develop individual potential and increase job skills.

When employees join our companies, they have immediate access to tools to build their capability. The Performance Partnership Process is at the center of our Talent System for salaried employees. Employees receive ongoing feedback from their managers about their development, performance, career advancement and growth opportunities. During this process, employees set individual performance objectives connected to our company's Mission and Values. In 2015, 100 percent of salaried employees participated in the Performance Partnership Program.

Salaried employees create an annual development plan with their manager that helps them set and work toward career aspirations and development milestones. The plan is an investment in each employee's career and gives them an opportunity to become an active participant in the process by formalizing their career aspirations and building plans to achieve them.

Rewarding & Recognizing Our Employees

Our compensation program helps us attract, retain and motivate world-class talent. Total compensation can include different elements — base pay, annual cash incentives, long-term stock and cash incentives, and benefits. We want to provide total compensation packages between the 50th and 75th percentile of our peer companies to recognize our employees for their outstanding work. For most employees, we currently deliver compensation packages at these levels.

Our employee recognition program provides a tool for peer-to-peer recognition for superior work. Whether it comes as just a note or as a tangible recognition gift, a simple "thanks" for a job well done

Several recent, independent benefits benchmarking studies have confirmed that Altria and its companies offer some of the most comprehensive and competitive benefits within the Fortune 500.

Click here to learn more.

Altria Company Positively Impacting Richmonders for Decades

Spend just one hour in Philip Morris USA's Manufacturing Center, and you'll feel it. Employees are more than just co-workers. This kind of environment makes PM USA a special place to work for those in Richmond. And if you ask PM USA employees' family members, they'll tell you how proud they are that their family member works here and how thankful they are for the opportunities it provides. But this isn't new. PM USA manufacturing in Richmond has been around for decades, and similar stories have been passed down since the manufacturing center first opened its doors. PM USA gives employees a great place to work, providing them stable manufacturing jobs that have given them opportunities they wouldn't have working anywhere else. For example, Roger, a PM USA Direct Materials employee, put his wife and children through college while employed at PM USA. According to Roger, "I wouldn't have been able to do that without working here."

Creating a Safe Workplace

Our safety goal is simple — for all employees to have an injury-free career. We're committed to occupational injury and illness prevention and to full compliance with laws and regulations relating to employee safety and health.

We continually update our policies, procedures and equipment as new developments occur in safety and health, as advances are made in technology and as market conditions change. Achieving this goal requires each employee to commit to an injury-free career by complying with safety requirements, performing job duties in a safe manner and watching those around them each day.

Our "Injury-Free Career Culture" is an effort to eliminate injuries and fully engage employees in safety by:

- communicating safety through all avenues;

- applying internal safety requirements/guidelines;

- applying training in the workplace;

- participating in safety initiatives and the development of best practices;

- planning safety into the business processes;

- recognizing and celebrating strong safety performance; and

- enforcing safety fairly and consistently.

Our key performance indicators for workplace safety include:

- A 92 percent composite score for safety assessment performance in our facilities, up one percentage point from 2014.

- An OSHA recordable injury rate of 2.6, slightly better than the benchmark for U.S. manufacturing, and a lost day rate of 1.3, slightly more than the benchmark for U.S. manufacturing.

Our Performance

Promoting a vibrant workplace

81%
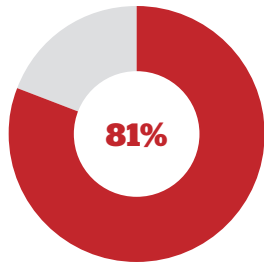
Percentage of Altria's salaried workforce that is engaged, based on Altria's 2015 employee engagement survey

Altria outperforms other Fortune 500 companies on average by 10 points

65%
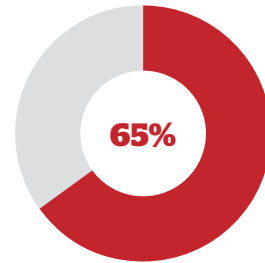
Percentage of employees surveyed in 2015 that believe Altria is making meaningful progress on diversity and inclusion

84%
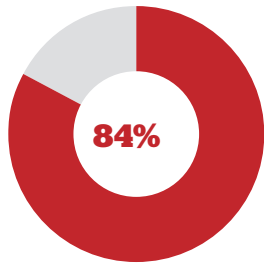
Percentage of salaried employees surveyed in 2015 that would recommend the company as a great place to work

64%
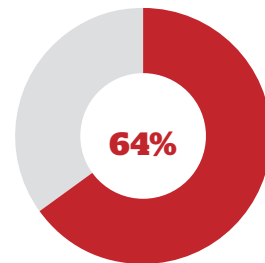
Percentage of salaried employees surveyed in 2015 that feel safe challenging the status quo, a 13 point increase over 2013

Developing talent

~$10.3 M

Amount our companies invested in training and development programs

Creating a safe workplace

92% Our facilities' safety assessment composite score for performance (Up 1 percentage point from 2014)

2.6

Altria's OSHA recordable injury rate

This rate is slightly better than the benchmark for U.S. manufacturing

1.3

Altria's OSHA lost day rate

This rate is slightly more than the benchmark for U.S. manufacturing

Appendix A: Environmental Assurance Letter

Independent Assurance Statement to Altria Group, Inc.

ERM Certification and Verification Services, Inc (ERM CVS) was engaged by Altria Group, Inc. (Altria) to provide assurance in relation to the GHG, water and waste consolidated data set out below for calendar year 2015.

Engagement Summary	

Scope:	Whether the consolidated corporate data for calendar year 2015 set out in the 2015 Altria Environmental Metrics Table dated April 8, 2016 for the following indicators are, in all material respects, appropriately presented:
	
	• Energy Use (BTUs)
	
	• GHG emissions:
	     o Scope 1 Direct GHG emissions from on-site fossil fuel combustion and refrigerant gases; and emissions from sales vehicles and company-controlled aircraft (tonnes CO_2e)
	     o Scope 2 Indirect GHG emissions from purchased electricity (tonnes CO_2e)
	     o Scope 3 Other Indirect GHG emissions from global air travel and rented vehicles (tonnes CO_2e)
	
	• Waste disposed to landfill (millions of pounds)
	
	• Waste recycled, composted, converted to fuel or reused (millions of pounds)
	
	• Hazardous waste generated (short tons)
	
	• Water Consumption (millions of gallons)
	
	'Appropriately presented' means we have assessed the selected data for reliability which includes: completeness (whether all relevant sources were captured); comparability (across locations and over time); and accuracy of calculations (including the use of appropriate formulae, conversion factors, estimates and assumptions).

Reporting Criteria used:	Altria's internal environmental reporting processes, including GHG data based on the World Resources Institute and the World Business Council for Sustainable Development (WRI/WBCSD) GHG Protocol (2004)
Assurance Standard used:	ERM CVS's Assurance Methodology, which is based on ISO14064:3 for GHG emissions verification
Assurance level:	Limited assurance
Respective responsibilities:	Altria is responsible for preparing the data in the 2015 Altria Environmental Metrics Table and for the collection and presentation of the information within it. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2015 environmental data for the indicators listed under 'Scope' above, are not appropriately presented according to the reporting criteria.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A team of GHG and assurance specialists performed the following activities:

• Interviews with relevant staff to understand Altria's internal reporting processes, including the use of its EMIS database, for each indicator.
• Interviews with relevant staff to understand and evaluate the data management systems and processes (including data collection and internal review processes) used for collecting and reporting the data.
• A review of the calculations undertaken, including conversion factors and emission factors used
• Visits to two production facilities, including the Park 500 , and Ste Michelle Wine Estates (SMWE) to review environmental records and documents related to the data
• A visit to the head office in Richmond, VA, to review the EMIS database and interview relevant personnel.
• An analytical review of the consolidated year end data submitted by all sites for the relevant KPIs.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our Observations

Without affecting the conclusions presented above, we have the following key observation:

• The data management system (EMIS) still involves extensive manual data transfer, and therefore demands a strong focus in internal validation and assurance. .

Melanie Eddis, Partner
13 April 2016
ERM Certification and Verification Services, Inc
www.ermcvs.com
Email: post@ermcvs.com

ERMCVS

Declaration of Independence: ERM CVS is a member of the ERM Group and an accredited Certification Body. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Altria in any respect.

Appendix A: Environmental Assurance Letter

Appendix 1: Assured data (as reported in the 2015 Altria Environmental Metrics Table dated April 8th, 2016)

Indicator	Amount	Unit of measure
Energy use	4,966	Billions of BTUs
Scope 1 GHG emissions*	192,293	Metric tonnes
Scope 2 GHG emissions**	208,722(location based) 204,900 (market based)	Metric tonnes
Scope 3 GHG emissions***	10,641	Metric tonnes
Water consumption	2,783	Millions of gallons
Waste disposed at landfill	28.3	Millions of pounds
Waste recycled, composted, converted to fuel or reused	71.9	Millions of pounds
Hazardous waste	98	Short tons

*   **Scope 1 Direct GHG emissions** from on-site fossil fuel combustion and refrigerant gases; and emissions from sales vehicles and company-controlled aircraft (tonnes CO_2e)

** **Scope 2 Indirect GHG emissions** from purchased electricity (tonnes CO_2e)

*** **Scope 3 Other Indirect GHG emissions** from global air travel and rented vehicles (tonnes CO_2e)

Appendix B: Stakeholder Engagement

Stakeholder Group	Why We Engage	How We Engage

Investors	To communicate our business results and how we achieved those results, including our approach to responsibility. We also engage with investors to understand their interests and expectations.	• Annual Shareholder Meetings
		• Investor
		  • Road shows
		  • Meetings
		  • Conferences
		  • Surveys
		  • Earnings calls

Suppliers / Growers	To convey our expectations and shared goals to promote the procurement of high-quality products, services, and materials that support our business objectives. We also work to understand and collaborate on effective ways to resolve risks and societal issues within our supply chain.	• Supplier scorecards • Supplier meetings • Assessments, audits and surveys • Meetings between company grower representatives and growers • Workshops and training events
Government and Regulatory Agencies	To share our company's public policy positions on issues important to us. As our industries are subject to a range of laws and regulations, we engage constructively with government officials and regulatory agencies to maintain compliance and help achieve business objectives.	• Meetings with elected and appointed officials and staff • Regulatory submissions • Workshop participation • Facility tours • Trade associations • Public policy organizations
Public Health and Scientific Community	To understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.	• Meetings • Conferences and workshops • Research publications
Trade Partners	To help our trade partners strengthen their businesses and ours by offering category management solutions that promote mutual success. We work to understand the Trade's feedback on retail and wholesale programs supporting the marketing of our products. We also work with them to better understand marketplace dynamics and the preferences of adult consumers.	• "Top-to-Top" meetings • Visits with retailers • Online tools • Annual trade meetings
Consumers	To listen and engage with our adult consumers to develop insights that will help deliver new and innovative products and brand experiences that exceed their expectations.	• Consumer hotlines • Consumer insights research • Brand and corporate websites • Direct-to-consumer communications
Employees	To help employees understand the company's strategies, the competitive landscape and how they contribute to the company's success. We seek input from and engage with our employees to improve their overall work experience and inspire them to innovate, do things more simply, be more inclusive and win in the marketplace.	• Town hall meetings led by senior leaders • Engagement survey • Intranet communications, including interactive discussion forums • Newsletters • Functional, departmental and team meetings • Labor negotiations
Community Partners / Grantees	To collaborate on issues important to our communities so that we can invest our resources and time in a way that helps make our communities and businesses stronger. We work to address relevant social and environmental concerns in partnership with others.	• Meetings • Grantee forums • Service on boards and in other leadership roles • Employee volunteer service

Appendix B: Stakeholder Engagement

Examples of outcomes from some of these engagements include:

Suppliers/Growers: In 2015, following a successful 2014 pilot, the Farm Labor Practices Group, of which Altria is a founding member, rolled out Enhanced Labor Training as a GAP Connections training component on best practices in three areas: crop, environmental and labor management. Our growers tell us that these programs provide the tools they need to succeed and meet contractual and legal requirements.

Government and Regulatory Agencies: We have advocated for legislation establishing a minimum legal age to purchase e-vapor products. Fifteen states passed such laws in 2014 and six enacted them in 2015, bringing the total to 48 states.

Trade Partners: Our proprietary reporting system provides relevant store-level data for the tobacco categories. We can show them how many stores are gaining or losing market share at an aggregate and store level. Then our sales team works with the retailer on how to capitalize on those insights to build their business.

Consumers: We use market and consumer research to deeply understand our consumers and their preferences. In 2015, Philip Morris USA expanded their age-verified one-to-one digital communications to include the launch of mobile apps and mobile couponing.

Employees: In the fall of 2015, we hosted "Be: 2015," a one day event where employees were immersed in our cultural initiatives. Through guest speakers, workshops and activities, we celebrated our success, built new skills and inspired employees to further contribute to our culture initiatives.

G4-DMA Market Presence, G4-DMA Indirect Economic Impacts, G4-DMA Procurement Practices, G4-DMA Supplier Environmental Assessment, G4-DMA Employment, G4-DMA Labor/Management Relations, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men, G4-DMA Supplier Assessment for Labor Practices, G4-DMA Labor Practices Grievance Mechanisms, G4-DMA Investment, G4-DMA Non-Discrimination, G4-DMA Freedom of Association and Collective Bargaining, G4-DMA Child Labor, G4-DMA Forced and Compulsory Labor, G4-DMA Supplier Human Rights Assessment, G4-DMA Human Rights Grievances Mechanism, G4-DMA Local Communities, G4-DMA Supplier Assessment for Impacts on Society, G4-DMA Customer Health and Safety, G4-DMA Product and Service Labeling, G4-DMA Marketing Communications, G4-18, G4-19, G4-20, G4-21

Appendix C: Analysis of Material Topics

Reducing the Harm of Tobacco Products	**Marketing Responsibly**
Aspects • Product Innovation • Science and Research • Regulatory Engagement • Health Communications • Tobacco Cessation • Underage Tobacco Prevention	**Aspects** • Marketing practices • Compliance
Business Case and Our Focus Most of Altria's revenue comes from the sale of its tobacco companies' products. The use of tobacco products, however is a significant public health concern, as underscored by the 2014 Surgeon General's Report on tobacco and health. To address stakeholder concerns and succeed in the future, we need to continue to work to reduce the harm of tobacco products. Developing less harmful products under the Food and Drug Administration's oversight, communicating health effects, helping prevent underage use and supporting cessation all can reduce the harm caused by tobacco products. Reasonable and science-based regulation that recognizes the importance of harm reduction will encourage product innovation and the development of lower-risk tobacco products that meet evolving adult tobacco consumers' preferences.	**Business Case and Our Focus** Altria's companies are owners of leading brands in their industries. At the same time, tobacco products are among the most heavily regulated consumer goods in the world. These products are subject to extensive federal, state and local licensing, registration and minimum age requirements. These requirements became more extensive with the 2009 federal law — which we supported — granting the FDA authority to regulate virtually all aspects of tobacco product manufacturing, sales, distribution and marketing. Driven by underage tobacco use concerns, some stakeholders routinely scrutinize tobacco marketing practices and call for increased restrictions. To continue to be successful in the marketplace, our companies are focused on building relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences.
Internal Boundary • Altria's Tobacco Companies	**Internal Boundary** • All Altria Companies, excluding Philip Morris Capital Corporation
External Boundary • Consumers • Regulators • Public Health Community • Trade Partners • Youth and Youth-Serving Organizations	**External Boundary** • Consumers • Trade Partners • Marketing Suppliers

G4-DMA Market Presence, G4-DMA Indirect Economic Impacts, G4-DMA Procurement Practices, G4-DMA Supplier Environmental Assessment, G4-DMA Employment, G4-DMA Labor/Management Relations, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men, G4-DMA Supplier Assessment for Labor Practices, G4-DMA Labor Practices Grievance Mechanisms, G4-DMA Investment, G4-DMA Non-Discrimination, G4-DMA Freedom of Association and Collective Bargaining, G4-DMA Child Labor, G4-DMA Forced and Compulsory Labor, G4-DMA Supplier Human Rights Assessment, G4-DMA Human Rights Grievances Mechanism, G4-DMA Local Communities, G4-DMA Supplier Assessment for Impacts on Society, G4-DMA Customer Health and Safety, G4-DMA Product and Service Labeling, G4-DMA Marketing Communications, G4-18, G4-19, G4-20, G4-21

Appendix C: Analysis of Material Topics

Managing Our Supply Chain Responsibly	Developing Our Employees and Culture
Aspects • Relationship Management • Diversity • Standards and Compliance • Monitoring and Assessments • Labor Management and Human Rights	**Aspects** • Talent Attraction and Retention • Development and Capability Building • Diversity • Compensation and Benefits • Safety
Business Case and Our Focus Altria relies on thousands of suppliers to operate effectively and with quality. And, maintaining a diverse supplier base can encourage new perspectives and innovative solutions. At the same time, companies are increasingly being held accountable for the actions of their suppliers and are expected to contribute to addressing societal concerns associated with their supply chains. Stakeholders have raised labor issues in the tobacco supply chain through shareholder resolutions and direct outreach with our company. In addition, the company's supply chain continues to evolve. This ongoing change requires us to be attentive to new expectations. To have a secure, high-quality and reliable source of materials and services, it's important to work to resolve risks and societal issues within the supply chain.	**Business Case and Our Focus** Altria's long success is attributable to its culture and talented people. Our companies operate in highly regulated, dynamic and, in the case of tobacco, controversial industries. The tobacco industry is changing and growing more complex. Society continues to change and become more diverse. Generational shifts are occurring, and workplace norms are changing. In addition, our employees have shared feedback on ways to improve our organization and culture. These changes require new skills and perspectives. We're responding to employee feedback and equipping them to meet new challenges, including fostering a culture and building skills focused on innovation, simplification and diversity and inclusion. Our success depends on our ability to attract, develop and retain a diverse and talented workforce motivated and capable of meeting business challenges today and tomorrow.
Internal Boundary • All Altria Companies	**Internal Boundary** • All Altria Companies
External Boundary • Suppliers	**External Boundary** • Prospective Employees

The report is guided by the Global Reporting Initiative, in accordance with the GRI G4 Core Option. The index covers Altria's four responsibility priorities: Reducing the Harm of Tobacco Products, Marketing Responsibly, Managing Our Supply Chain Responsibly and Developing Our Employees and Culture. The index has also been extended to cover the environmental impact as well and links to content on Altria.com.

General Standard Disclosures

General Standard Disclosures	Page	External Assurance	Description
Strategy and Analysis			
G4-1	Chairman's Letter (page 2)		Statement from the most senior decision-maker about relevance of sustainability to organizations
Organizational Profile			
G4-3	Altria Group, Inc.		Report on the name of the organization
G4-4	Corporate Profile (pages 6-7)		Report on the primary brands, products & services
G4-5	6601 W. Broad St., Richmond, VA 23230		Report on the location of the organization's headquarters
G4-6	Corporate Profile (pages 6-8)		Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report
G4-7	2015 Annual Report (Altria.com) (pages 1-4)		Report on the nature of ownership and legal form
G4-8	Corporate Profile (pages 6-7)		Report the markets served
G4-9	Corporate Profile (pages 6-7)		Report the scale of the organization, including; total number of employees, total number of operations, net revenues, quality of products, or services provided
G4-10	Corporate Profile (page 7) Developing Our Employees and Culture (page 31)		• Report the total number of employees by employment contract and gender; • Report the total number of permanent employees by employment type and gender; • Report the total workforce by employees and supervised workers and by gender; • Report the total workforce by region and gender; • Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.
G4-11	Developing Our Employees and Culture: Maintaining Strong Labor Relations (page 32)		Report the percentage of total employees covered by collective bargaining agreements
G4-12	Corporate Profile: Our Value Chain (page 9)		Describe the organization's supply chain

General Standard Disclosures	Page	External Assurance	Description
G4-13	2015 Annual Report and Form 10-K (Altria.com) (Part 1, Item 1 Business, page 1)		Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; • Changes in the share of capital structure and other capital formation, maintenance, and alteration operations; and • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.
G4-14	Environmental Management (Altria.com)		Report whether and how the precautionary approach or principle is addressed by the organization
G4-15	Human Rights Framework (Altria.com) Our Approach (page 10)		List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses
G4-16	Engaging with Others (Altria.com)		List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; and • Views membership as strategic.
Identified Material Aspects and Boundaries			
G4-17	2015 Annual Report and Form 10-K (Altria.com) (pages 1-4 of 2015 Annual Report; page 1 of Form 10-K) About this Report (inside cover)		• List all entities included in the organization's consolidated financial statements or equivalent documents • Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report
G4-18	Our Approach (page 11) Appendix C (pages 40-41)		• Explain the process for defining the report content and the Aspect Boundaries • Explain how the organization has implemented the Reporting Principles for Defining Report Content
G4-19	Our Approach (page 11) Appendix C (pages 40-41)		List all the material Aspects identified in the process for defining report content

G4-20	Our Approach (page 11)
	
	Appendix C (pages 40-41)
			For each material Aspect, report the Aspect Boundary within the organization, as follows:
			• Report whether the Aspect is material within the organization.
			• If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:
			  • The list of entities or groups of entities included in G4-17 for which the Aspect is not material; or
			  • The list of entities or groups of entities included in G4-17 for which the Aspects is material.
			• Report any specific limitation regarding the Aspect Boundary within the organization.

General Standard Disclosures	Page	External Assurance	Description
G4-21	Our Approach (page 11) Appendix C (pages 40-41)		For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside the organization; • If the Aspect is material outside the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified; and • Report any specific limitation regarding the Aspect Boundary outside the organization.
G4-22	We have no restatements to report.		Report on the effect of any restatements of information provided in previous reports and the reason for such restatements
G4-23	We have no significant changes from our previous reporting in the scope and boundaries.		Report significant changes from previous reporting periods in the Scope and Aspect Boundaries
Stakeholder Engagement			
G4-24	Appendix B (page 38)		Provide a list of stakeholder groups engaged by the organization
G4-25	Our Approach: Understanding Stakeholders' Perspectives (pages 10-11)		Report the basis for identification and selection of stakeholders with whom to engage
G4-26	Appendix B (page 38)		Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process
G4-27	Appendix B (pages 38–39) Our Approach (pages 10-11)		Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns
Report Profile			
G4-28	About This Report (inside cover)		Reporting period (such as fiscal or calendar year) for information provided
G4-29	4-May-15		Date of the most recent report (if any)
G4-30	Annual		Reporting cycle (such as annual, biennial)
G4-31	Contact Us (Altria.com)		Provide contact point for questions regarding the report or its contents
G4-32	This is a GRI G4 Core Option report.		• Report the "in accordance" option the organization has chosen. • Report the GRI Content Index for the chosen option. • Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance, but it is not a requirement to be "in accordance" with the Guidelines.

General Standard Disclosures	Page	External Assurance	Description
G4-33	Appendix A (pages 36-37)	Yes, pages 36-37	• Report the organization's policy and current practice with regard to seeking external assurance for the report. • If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. • Report the relationship between the organization and the assurance providers. • Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.
Governance			
G4-34	Board Committees: Nominating, Corporate Governance & Social Responsibility Committee (Altria.com) Our Approach (page 10)		Report the governance structure of the organization, including committees of the highest governance body. Identify committees responsible for decision-making on economic, environmental, and social impacts
Ethics and Integrity			
G4-56	Compliance & Integrity (Altria.com) Our Approach (page 10)		Describe the organization's Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Economic (Category)				
Economic Performance (Material Aspect)				
G4-DMA	2015 Annual Report and Form 10-K (Altria.com) (page 2-3 of Annual Report) Our Approach (pages 10-11)			Disclosure on Management Approach for Aspect
G4-EC1	Corporate Profile (page 7)			Direct economic value generated and distributed
G4-EC2	2015 Annual Report and Form 10-K (Altria.com) (page 29)			Financial implications and other risks and opportunities for the organization's activities due to climate change
G4-EC3	2015 Annual Report and Form 10-K (Altria.com) (pages 16, 46)			Coverage of the organization's defined benefit plan obligations
G4-EC4	We do not receive any financial assistance from government			Financial assistance received from government
Market Presence (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (page 30) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-EC5	Altria Weighted Ratio of entry level wage to minimum wage = 3.71	Not applicable: Significant locations of operations - nearly all employees are U.S. based		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
Indirect Economic Impacts (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Managing Our Supply Chain Responsibly (pages 24-28) Marketing Responsibly (pages 20-21)			Disclosure on Management Approach for Aspect
G4-EC8	Marketing Responsibly (page 21)			Significant indirect economic impacts, including the extent of impacts
Procurement Practices (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-28) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-EC9	Approximately 87 percent 2015 domestic supplier spend out of total 2015 supplier spend, excluding SMWE, PMCC, resolution expenses, tax payments, etc. Spend with a domestic entity with an international parent is reflected as domestic spend.			Proportion of spending on local suppliers at significant locations of operation

Environmental (Category)

Energy (Material Aspect)

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-DMA	Environmental Management (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN3	Environmental Management: Environmental Goals (Altria.com) CDP.net: 2015 CDP Water Response, question CC11.2 Will update with 2016 Response when published		Yes, pages 36-37	Energy consumption within the organization
G4-EN6	Environmental Management: Environmental Goals (Altria.com)			Reduction of energy consumption

Water (Material Aspect)

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-DMA	Environmental Management (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN8	CDP.net: 2015 CDP Water Response, question W1.2a Will update with 2016 Response when published			Total water withdrawal by source
G4-EN9	CDP.net: 2015 CDP Water Response, question W1.2a 2.4a, 2.6, 2.7 Will update with 2016 Response when published			Water sources significantly affected by withdrawal of water

Biodiversity (Material Aspect)

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-DMA	Preserving the Waterway (Altria.com) Environmental Management (Altria.com) Investing in Communities: Protecting the Environment (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN12	Environmental Management (Altria.com)			Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside the protected areas

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Emissions (Material Aspect)				
G4-DMA	Environmental Management (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN15	192,293 tonnes CDP.net: 2015 CDP Water Response, question CC8.2 Will update with 2016 Response when published		Yes, pages 36-37	Direct greenhouse gas (GHG) emissions (Scope 1)
G4-EN16	208,722 tonnes CDP.net: 2015 CDP Water Response, question CC8.3 Will update with 2016 Response when published		Yes, pages 36-37	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
G4-EN17	CDP.net: 2015 CDP Climate Response, Question CC14.1 Will update with 2016 response when published		Yes, pages 36-37	Other indirect greenhouse gas (GHG) emissions (Scope 3)
G4-EN19	Environmental Management (Altria.com)			Reduction of greenhouse gas (GHG) emissions
Effluents and Waste (Material Aspect)				
G4-DMA	Environmental Management (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN23	Environmental Management (Altria.com) Waste disposed at landfill: 28.3 million pounds Waste recycled, composted, used as fuel or reused: 71.9 million pounds Hazardous waste: 98.0 short tons	Currently unavailable: Other breakdowns - waste currently reported in select categories	Yes, pages 36-37	Total weight of waste by type and disposal method
Products and Services (Material Aspect)				
G4-DMA	Environmental Management (Altria.com) Our Business Approach, Recycling and the Environment (Nu-Mark.com) Reducing Our Environmental Impact (PMUSA.com)			Disclosure on Management Approach for Aspect
G4-EN27	Environmental Management: Cigarette Litter Prevention Program (Altria.com)			Extent of impact mitigation of environmental impacts of products and services
G4-EN28	Recycling Battery Program (Nu-Mark.com)	Currently unavailable: Other product data		Percentage of products sold and their packaging materials that are reclaimed, by category

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Compliance (Material Aspect)				
G4-DMA	Environmental Management Framework (Altria.com)			Disclosure on Management Approach for Aspect
G4-EN29	We did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and regulations.			Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Supplier Environmental Assessment (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Managing Our Supply Chain Responsibly (pages 25-28)			Disclosure on Management Approach for Aspect
G4-EN33	Managing Our Supply Chain Responsibly (pages 25-28)			Significant actual and potential negative environmental impacts in the supply chain and actions taken

Social (Category)

Subcategory: Labor Practices and Decent Work

DMA and Indicators	Page	Omissions	External Assurance	Description
Employment (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Developing Our Employees and Culture: Promoting a Vibrant Workplace (pages 30-31)			Disclosure on Management Approach for Aspect
G4-LA1	Total Salaried/Hourly New Hires in 2015 = 462 Female = 179, Male = 283 Under 30 = 227, 30-39 = 106, 40-49 = 80, 50+ = 49 Total Turnover in 2015 = 408 Female = 180, Male = 228 Under 30 = 139, 30-39 = 109, 40-49 = 85, 50+ = 75	Not applicable: Region - nearly all employees are U.S. based		Total number and rates of new employee hires and employee turnover by age, gender, and region
G4-LA2	2015 Annual Report and Form 10-K (Altria.com) (page 46) Can't Beat the Experience: Compensation & Benefits (Altria.com) (Altria salaried & PM USA-hourly)			Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
Labor/Management Relations (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Developing Our Employees and Culture: Maintaining Strong Labor Relations (page 32)			Disclosure on Management Approach for Aspect
G4-LA4	Per collective agreements, no notice is required.			Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Occupational Health and Safety (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (page 34)			Disclosure on Management Approach for Aspect
G4-LA5	Developing Our Employees and Culture (page 34)			Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
G4-LA6	Developing Our Employees and Culture (page 34) Zero fatalities in 2015.	Not applicable: Region - nearly all employees are U.S. based		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
Training and Education (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (page 32)			Disclosure on Management Approach for Aspect
G4-LA9	We currently report overall training by annual spend. Developing Our Employees and Culture (page 32)			Average hours of training per year per employee, by gender and by employee category
G4-LA10	Developing Our Employees and Culture (page 32)			Programs for skills management and lifelong learning that support the continued employability of employees and assists them in managing career endings
G4-LA11	Developing Our Employees and Culture (page 32)			Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Diversity and Equal Opportunity (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (page 31) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-LA12	Developing Our Employees and Culture (page 31) Corporate Governance (Altria.com) 2015 Proxy Statement (Altria.com) (pages 64-69)	Not applicable: Significant locations of operations-nearly all employees are U.S. based		Composition of governance bodies and breakdown of employees per employee category and by significant locations of operation
Equal Remuneration for Women and Men (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (page 31) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-LA13	Our success depends on our ability to attract, develop, and retain a diverse and talented workforce. Total compensation can include different elements — base pay, annual cash incentives, long-term stock and cash incentives, and benefits. We want to provide total compensation packages between the 50th and 75th percentile of our peer companies to recognize all employees for their outstanding work. Additional information on our progress on diversity and inclusion is within the Developing Our Employees and Culture section of the Report.	Confidentiality reasons: Salary data		Ratio of basic salary and remuneration of women to men, by employee category, and by significant locations of operation
Supplier Assessment for Labor Practices (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-29) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-LA15	Managing Our Supply Chain Responsibly (page 28)			Significant actual and potential negative impacts for labor practices in the supply chain and actions taken
Labor Practices Grievance Mechanisms (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Managing Our Supply Chain Responsibly (pages 24-29) Developing Our Employees and Culture (page 30) Code of Conduct (Altria.com) (pages 16-21)			Disclosure on Management Approach for Aspect
G4-LA16	Compliance & Integrity (Altria.com) Code of Conduct (Altria.com) (page 47)			Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms
Subcategory: Human Rights				
Investment (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (page 24) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-HR1	Managing Our Supply Chain Responsibly (pages 25-28) Supplier Code of Conduct (Altria.com) (page 7) Code of Conduct (Altria.com) Human Rights Framework (Altria.com)			Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
Non-Discrimination (Material Aspect)				
G4-DMA	Developing Our Employees and Culture (pages 30-31) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-HR3	Compliance & Integrity (Altria.com)			Total number of incidents of discrimination and corrective actions taken
Freedom of Association and Collective Bargaining (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-25) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-HR4	Managing Our Supply Chain Responsibly (page 25)			Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights
Child Labor (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-26) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-HR5	Managing Our Supply Chain Responsibly (pages 24-26)			Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor
Forced and Compulsory Labor (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-26) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-HR6	Managing Our Supply Chain Responsibly (pages 24-26)			Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor
Supplier Human Rights Assessment (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 25-28) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
G4-HR11	Managing Our Supply Chain Responsibly (pages 25-28)			Significant actual and potential negative human rights impacts in the supply chain and actions taken
Human Rights Grievance Mechanisms (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-28) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-HR12	Compliance & Integrity (Altria. com) Code of Conduct (Altria.com) (pages 18-21)			Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
Subcategory: Society				
Local Communities (Material Aspect)				
G4-DMA	Appendix C (pages 40-41) Developing Our Employees and Culture (page 33) Investing in Communities (Altria. com)			Disclosure on Management Approach for Aspect
G4-SO1	Developing Our Employees and Culture (page 33) Investing in Communities (Altria. com)			Percentage of operations with implemented local community engagement, impact assessments, and development programs
Anti-Corruption (Material Aspect)				
G4-DMA	Our Approach: Governance & Oversight (page 10)			Disclosure on Management Approach for Aspect
G4-SO3	Compliance & Integrity (Altria. com) Code of Conduct (Altria.com)			Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
G4-SO4	Our Approach (page 10) Compliance & Integrity (Altria. com) Code of Conduct (Altria.com) (pages 33, 40, 62-63)			Communication and training on anti-corruption policies and procedures
Public Policy (Material Aspect)				
G4-DMA	Disclosures & Transparency (Altria.com)			Disclosure on Management Approach for Aspect
G4-SO6	Disclosures & Transparency (Altria.com)			Total value of political contributions by country and recipient/beneficiary

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Anti-Competitive Behavior (Material Aspect)				
G4-DMA	Our Approach: Governance & Oversight (page 10)			Disclosure on Management Approach for Aspect
G4-SO7	2015 Annual Report and Form 10-K (Altria.com) (pages 22-29)			Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
Compliance (Material Aspect)				
G4-DMA	Our Approach: Governance & Oversight (page 10)			Disclosure on Management Approach for Aspect
G4-SO8	2015 Annual Report and Form 10-K (Altria.com) (pages 22-29)			Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
Supplier Assessment for Impacts on Society (Material Aspect)				
G4-DMA	Managing Our Supply Chain Responsibly (pages 24-26) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-SO10	Managing Our Supply Chain Responsibly: Social Compliance Audits (page 25)			Significant actual and potential negative impacts on society in the supply chain and actions taken
Grievance Mechanisms for Impacts on Society (Material Aspect)				
G4-DMA	Our Approach: Governance & Oversight (page 10)			Disclosure on Management Approach for Aspect
G4-SO11	Our Approach (page 10) Managing Our Supply Chain Responsibly (pages 25-28) Compliance & Integrity (Altria.com)			Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms
Subcategory: Product Responsibility				
Customer Health and Safety (Material Aspect)				
G4-DMA	Reducing the Harm of Tobacco Products (page 14) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-PR1	Reducing the Harm of Tobacco Products (page 14) Tobacco Harm Reduction (Altria.com)			Percentage of significant product and service categories which health and safety impacts are assessed for improvement
G4-PR2	Marketing Responsibly (page 23) Reducing the Harm of Tobacco Products (pages 14-15)			Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Specific Standard Disclosures

DMA and Indicators	Page	Omissions	External Assurance	Description
Product and Service Labeling (Material Aspect)				
G4-DMA	Marketing Responsibly (pages 20-22) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-PR3	PM USA: Our Products & Ingredients (PM USA.com) PM USA: Smoking & Health Issues (PM USA.com) PM USA: Smokeless Tobacco & Health Issues (PM USA.com) USSTC: Our Products & Ingredients (USSTC.com) USSTC: Smokeless Use & Health Issues (USSTC.com) John Middleton: Making Our Cigars & Ingredients (John Middleton.com) John Middleton: Smoking & Health (John Middleton.com)			Type of product and service information required by the organization's procedures for product and service information labeling, and percentage of significant product and service categories subject to such informational requirements
G4-PR4	Marketing Responsibly: MSA Performance Indicator (page 23)			Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
G4-PR5	Marketing Responsibly (page 22)			Results of surveys measuring customer satisfaction
Marketing Communications (Material Aspect)				
G4-DMA	Marketing Responsibly (pages 20-23) Appendix C (pages 40-41)			Disclosure on Management Approach for Aspect
G4-PR6	Combating Illicit Trade (Altria.com)			Sale of banned or disputed products
G4-PR7	Marketing Responsibly : MSA Performance Indicator (page 23)			Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes
Compliance (Material Aspect)				
G4-DMA	Our Approach: Governance & Oversight (page 10)			Disclosure on Management Approach for Aspect
G4-PR9	2015 Annual Report and Form 10-K (Altria.com) (pages 22-29)			Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services