



# 2017

Corporate Responsibility  
PROGRESS REPORT



Altria

## About This Report

This is Altria's seventh annual corporate responsibility progress report. Our last report was published in May 2017.

Unless otherwise noted, this report includes data and progress for Altria Group Inc. and its wholly-owned subsidiaries for calendar year 2017. It covers Altria's tobacco operating companies Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC, Nu Mark LLC, Nat Sherman LLC, and wine company Ste. Michelle Wine Estates Ltd, representing more than 99 percent of Altria Group profit. The report also covers other Altria subsidiaries including Altria Group Distribution Company, which provides sales, distribution and consumer engagement support to certain Altria operating companies, and Altria Client Services LLC, which provides such services such as legal, regulatory, procurement, human resources and external affairs to Altria and its companies. Philip Morris Capital Corporation, Altria's subsidiary, which maintains a portfolio of finance assets, is not in scope. Altria and its 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, and has been prepared in accordance with the GRI Standards: Core option. 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. Additional responsibility topics and progress are in Appendix E of the report. These topics, including how we are working to reduce our environmental impact, are on our website, [Altria.com](https://www.altria.com).

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

This report is a summary of progress on Altria's responsibility priorities and is not exhaustive of all information on these topics. Some statements may be forward-looking or aspirational, and these statements may involve a number of risks or uncertainties.

If you have questions about our report, please feel free to [contact us](#).



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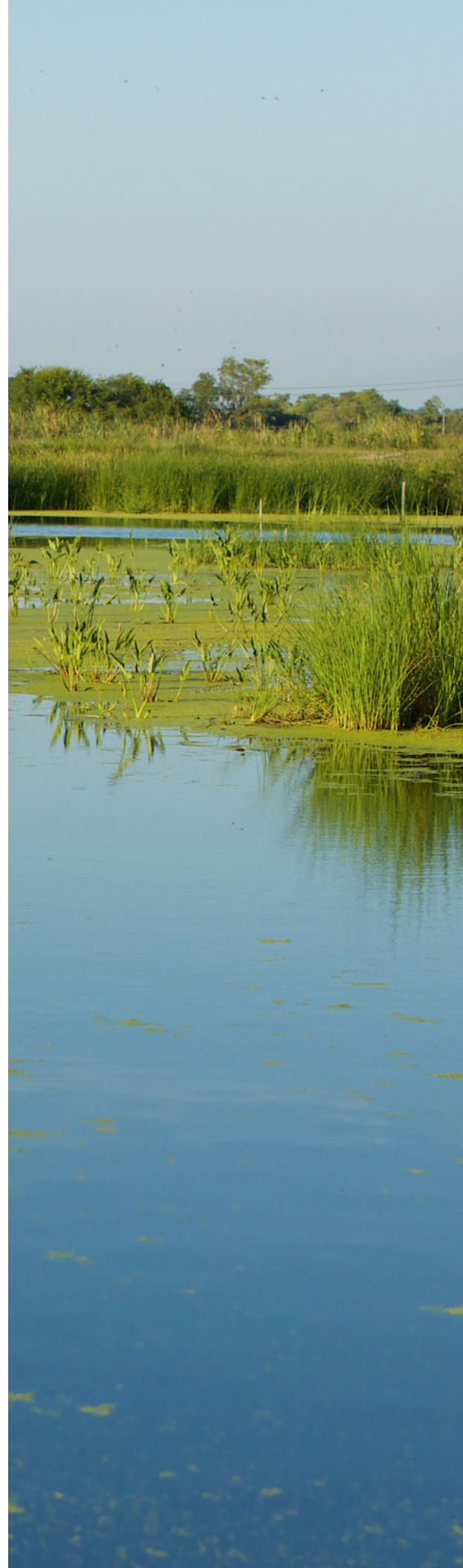
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**Our Mission  
is to own and  
develop financially  
disciplined  
businesses that  
are leaders in  
responsibly  
providing adult  
tobacco and wine  
consumers with  
superior branded  
products.**

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



## Chairman's Letter

Welcome to our 2017 Corporate Responsibility Progress Report. Altria had another strong year, including progress against our responsibility priorities.

In 2017, Altria delivered outstanding financial performance and accomplished several strategic initiatives important for future success while remaining committed to responsibility. Altria grew adjusted diluted earnings per share 11.9 percent. Altria delivered total shareholder return of 9.4 percent, following four consecutive years of total shareholder return exceeding 20 percent. We rewarded our shareholders by paying out over \$4.8 billion in dividends. We also increased our dividend by 8.2 percent, marking the 51st increase in the past 48 years. Philip Morris USA's *Marlboro* remains the preeminent cigarette brand, with 43.3 percent market share, extending its leadership position in the U.S. cigarette category for over 40 years. U.S. Smokeless Tobacco Company's *Copenhagen* and *Skoal* reached a combined retail share of 50.4 percent. *Copenhagen* ended 2017 with a retail share of 33.8 percent in the fourth quarter – the highest in the category. Additionally, Altria ranked 10th on the "BARRON's 500" – a list of companies that make the most of their assets and deliver superior operating results.

Altria's success is driven by our people and our rigorous adherence to our Mission and Values framework which has guided our companies for twenty years. We've tackled the tough issues that our industry can present. Today, our business is increasingly diverse. Our business strategies, practices and culture have evolved. Our tobacco companies are now fully regulated by the FDA. Because of these and other dynamics, we updated our Mission strategies to emphasize what will sustain our continued industry leadership:

- Invest in People – Grow our leadership advantage through our people, our culture and our business partners.
- Drive Positive Change – Help solve societal issues important to our business, stakeholders and communities.
- Deliver Superior Products and Brands – Offer our consumers enjoyable product choices, including reduced harm products.
- Create Substantial Value – Generate sustainable growth and long-term value for our shareholders.

We've also made progress against our strategies to *Maximize the Core and Innovate for our Future*. Today, we know that our adult tobacco consumers are looking for innovation and alternatives. Our companies are leaders in the most profitable tobacco





segments and we also have the opportunity to bring new, innovative, reduced-risk products to adult tobacco consumers, a result good for consumers, public health and our company. In 2017, we articulated our aspiration to be the U.S. leader in authorized, non-combustible, reduced-risk products. We've made progress against this aspiration by supporting FDA regulation, advocating for harm reduction and developing alternative products.

And we continue to focus on 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 areas were identified through our 2014 materiality assessment. We're making progress, as shown by these highlights:

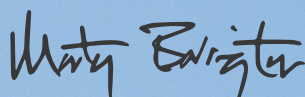
**Reducing the harm of tobacco products.** Our companies steadily have been building compelling platforms of non-combustible, nicotine-containing products with the potential for reduced harm. We concentrate on three platforms within our portfolio: smokeless tobacco and oral nicotine-containing products, e-vapor and heated tobacco. Between 2018 and 2022, we plan to submit several modified risk tobacco product applications across these product platforms with the FDA.

**Marketing responsibly.** Our companies responsibly build connections to their brands with their adult consumers while taking steps designed to limit reach to unintended audiences. In 2017, PM USA introduced *Marlboro.com* 4.0, an enhanced platform allowing greater flexibility to quickly change and personalize content and automate brand communications based on an adult smoker's engagement.

**Managing our supply chain responsibly.** We seek diverse, high-quality suppliers and work with them to innovate and address societal issues within the supply chain. In 2017, a cross-functional team of employees and external industry experts conducted a scenario planning process to explore how the supply of materials to manufacturers will evolve over the next decade, ultimately developing a long-term supply chain strategy for Altria's companies.

**Developing our employees and culture.** In 2017, we transformed our Leadership Responsibilities into Our Leadership Advantage. This modern leadership framework teaches employees to Shape the Future, Grow People & Teams, and Deliver Winning Results. We are training all employees to be leaders by using this framework.

Thanks for your attention to this report. We're very proud of what our employees achieved last year and equally proud of how they achieved those results. We look forward to sharing our progress with you again next year.



Marty Barrington



# Altria's Responsibility Priorities and Goals



## Reducing the Harm of Tobacco Products

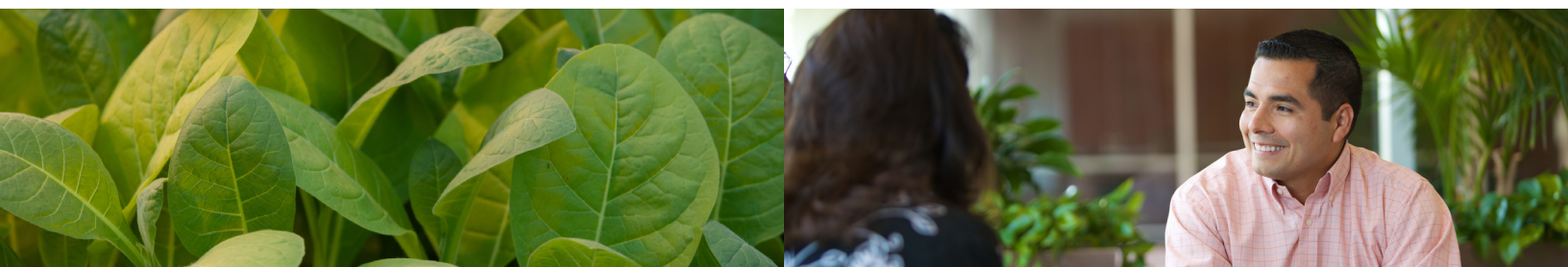
## Marketing Responsibly

Develop tobacco products that may offer lower risk for adult 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 decided to quit

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

**Philip Morris USA**  
an Altria Company

Leading cigarette manufacturer in the U.S. and has been for over 40 years.

**NAT SHERMAN**  
an Altria Company

Provider of super-premium cigarettes and cigars.

**U.S. Smokeless Tobacco Co.**  
an Altria Company

World's leading producer and marketer of moist smokeless tobacco.

**NuMark**  
An Altria Innovation Company

Developer and marketer of innovative tobacco products for adult tobacco consumers.

**John Middleton**  
an Altria Company

Leading producer of one of the best-selling tipped large machine-made cigars sold in the U.S.

**Ste Michelle**  
WINE ESTATES  
an Altria Company

A leading producer and importer of premium wines.

## Our Financial Performance

Source: Altria 2017 Form 10-K

### Net Revenues (\$ in millions)

<b>\$25,434</b>	<b>\$25,744</b>	<b>\$25,576</b>
2015	2016	2017

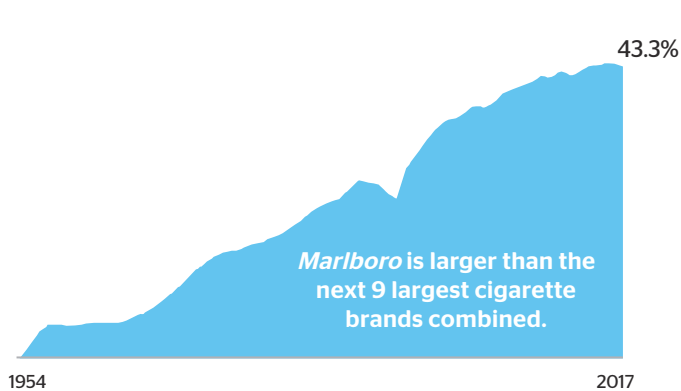
### Annualized Dividends per Share

<b>\$2.26</b>	<b>\$2.44</b>	<b>\$2.64</b>
August 2015	August 2016	August 2017



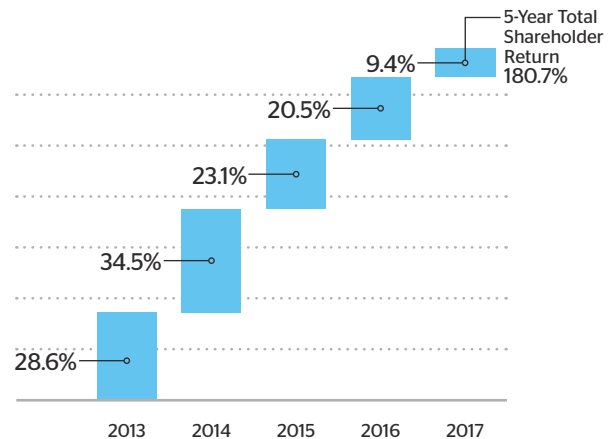
### Marlboro Long-Term Retail Share Growth

Cigarette volume declined by 4 percent in the U.S. in 2017.



### Altria's Total Shareholder Return

Source: Altria Group, Inc. 2017 Annual Report



### Other Direct Economic Value in 2017

**\$46.3**

**Million**

In cash contributions to communities

**\$282**

**Million**

In charges for FDA user fees

**\$6,082**

**Million**

In excise taxes on products sold

**\$4,807**

**Million**

In dividends paid on common stock

**\$842**

**Million**

Paid against pension and post-retirement benefits

**\$4,459**

**Million**

In charges to state settlement agreements

Source: Altria Group, Inc. 2017 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; Nat Sherman, a super-premium cigarette and cigar business; and Nu Mark, an innovation company that makes e-vapor products like *MarkTen*.® We complement our total tobacco platform with Ste. Michelle Wine Estates, maker of premium wines including *Chateau Ste. Michelle*, *Columbia Crest* and *14 Hands*, and our significant equity investment in Anheuser-Busch InBev – the world's largest brewer.

### Who We Support

**~8,300**

**Employees**

97 percent residing in the U.S.



**Over 200,000 retailers**

Across the 50 states



**U.S. farmers**

Who work in the fields



**Adult consumers**

Who choose our products

### Communities where we live and work. In 2017:

**\$54.7M**

**Donated**

In cash and in-kind contributions\* nationally

**45,000+**

**Hours of community service**

Contributed by employees through volunteer activities

**98%**

**Of executives**

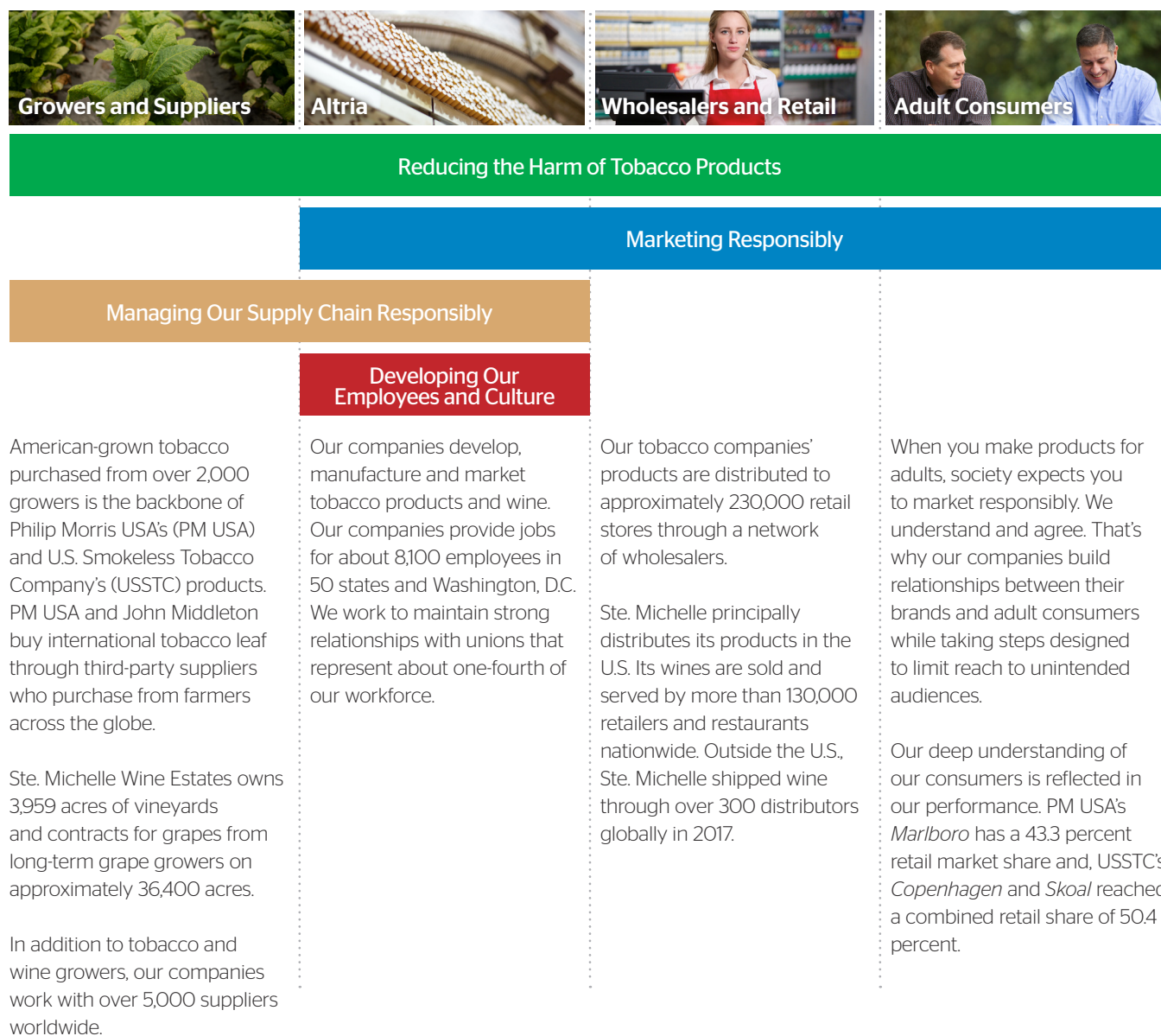
Served on over 100 nonprofit boards

\* Includes equipment donations, facility use, services and wine giveaways





## Our Value Chain





## Recognition

In 2017, Altria:

- ranked fourth on Corporate Responsibility Magazine's 100 Best Corporate Citizens List, our highest ranking to date and named industry leader for the consumer staples sector



- ranked among S&P 500 companies on the CPA-Zicklin Index of Corporate Political Disclosures and Accountability and designated a "trendsetter" in this area

- was among America's most community-minded companies in The Civic 50



- was named to CDP's Water A-List for the first time, one of only 14 North American companies to receive an A



- named #85 in the U.S. and #148 globally in the Newsweek Green Rankings, which recognize corporate environmental performance and consider the 500 largest publicly-held global and U.S.-based companies, based on revenue



- earned a place on DiversityInc's list of 25 Noteworthy Companies for the fifth year in a row



- ranked as one of the top workplaces in the Richmond area by the *Richmond Times-Dispatch*



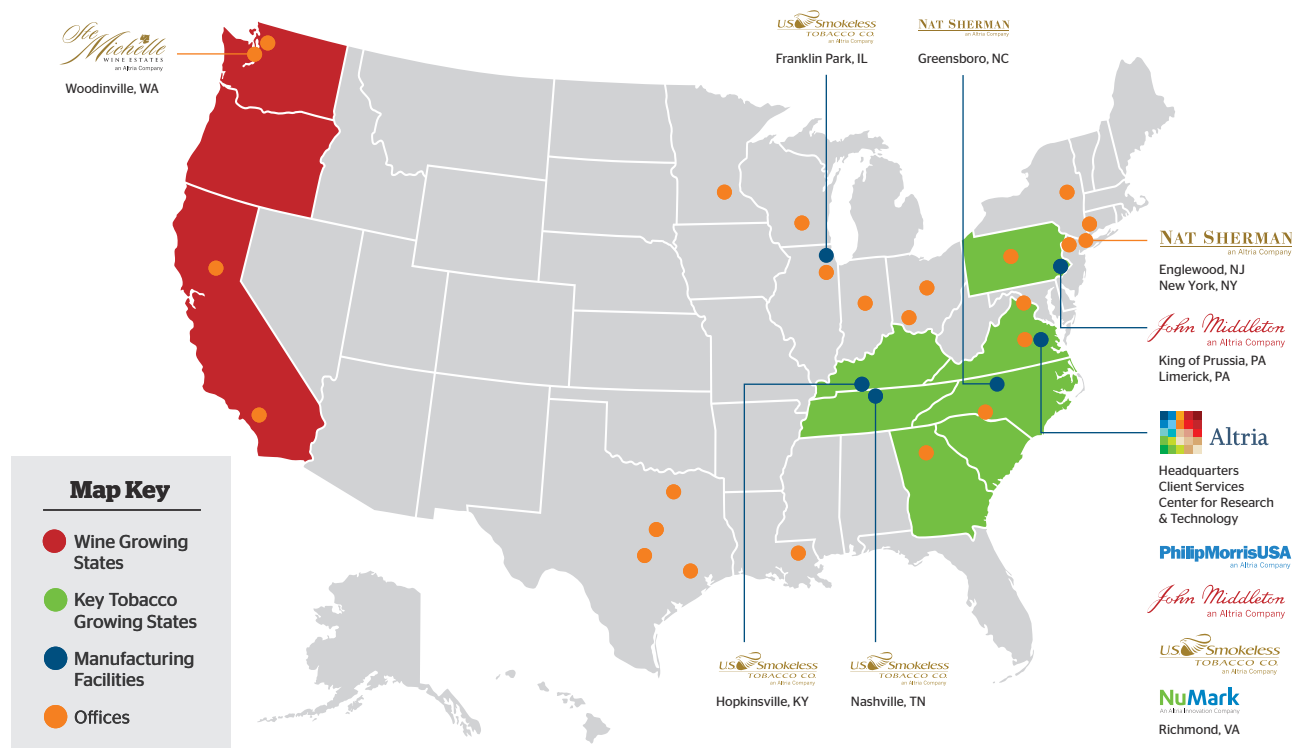
- ranked #32 in Computerworld's 100 Best Places to Work in IT and sixth for career development

- ranked #10 on Barron's 500 - a list of companies that made the most of their assets and delivered superior operating results

- ranked #31 on the Wall Street Journal's Management Top 250 report and listed as a top company for financial strength

## 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.





# Our Approach

## 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. Our approach both mitigates risks and capitalizes on opportunities for our businesses. We support this approach by defining leadership accountabilities, establishing goals 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. The committee consists entirely of non-management directors, all of whom the Board has determined are independent.

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, reports to the CEO 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 Mission has served us well for nearly 20 years. In 2017, we had an opportunity to revisit our Mission in light of our changing business and external environment. We updated our Mission framework to help simplify the structure and language, align the framework with our current and future business plans, and incorporate our increased focus on our talent and culture.

Our updated framework allows us to emphasize our business strategies that will lead to long-term business success:

- Invest in People — Grow our leadership advantage through our

### Award Winning Compliance Training at AGDC

In 2017, the Compliance Team at Altria Group Distribution Company (AGDC) was honored by the American Business Awards and the Telly Awards for their compliance training video series, THE FIELD. The American Business Awards, better known as the Stevie® Awards, are one of the world's premier business awards to honor the achievements of organizations and working professionals worldwide. The Telly Awards recognize video-based content from some of the most respected publishers from around the world. These awards recognize all video-based content, making winning them for compliance training that much more prestigious.

Compliance training is critical for employees to understand their responsibilities within the Code of Conduct, and how

to do business in the most ethical and responsible manner. Unfortunately, compliance training often has the reputation of being "required" and "dry," but the AGDC Compliance Team is changing that perception. The team works diligently to make sure the training they deliver is fun and engaging. Their motto is: "If you're laughing, you're listening. If you're listening, you're learning."

They collaborated with Chicago's Second City Works to produce training videos in the form of a situation comedy called THE FIELD, which brings to life compliance situations that AGDC Field Sales Personnel may encounter. They bring a humorous twist to these scenarios, but also ensure that everyone understands the seriousness of these compliance topics.



people, our culture and our business partners.

- Drive Positive Change – Help solve societal issues important to our business, stakeholders and communities.
- Deliver Superior Products and Brands – Offer our consumers enjoyable product choices, including reduced harm products.
- Create Substantial Value – Generate sustainable growth and long-term value for our shareholders.

Our Mission will continue to guide us as we innovate for the future.

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 how our operating companies and corporate functions carry out compliance and integrity responsibilities, and we regularly evaluate their performance.

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 Ten Principles of the United Nations Global Compact, the UN Guiding Principles and the International Labour Organization Declaration on Fundamental Principles and Rights at Work guide 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.

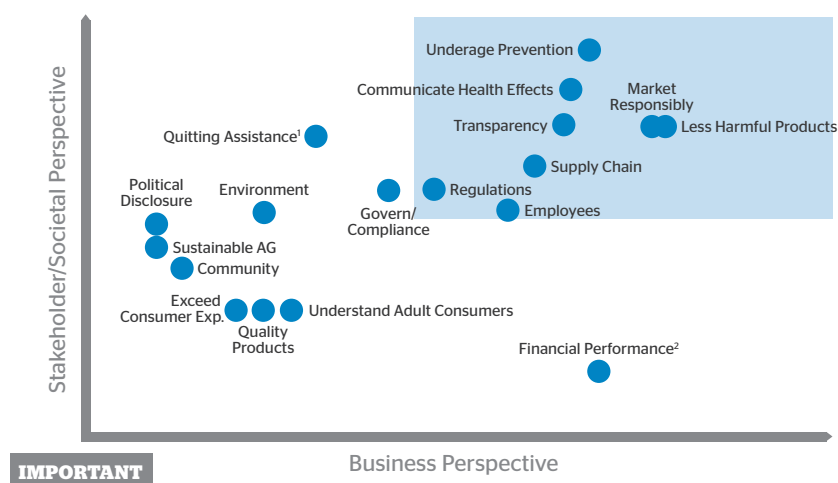
Our businesses regularly engage with various stakeholders, including employees, consumers, investors, suppliers, regulators and those in our communities. [Appendix C](#) includes examples of why and how we engage with key stakeholder groups.

**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 stakeholders' top responsibility expectations of our business. The team interviewed stakeholders,



## Altria's Materiality Assessment



**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. <sup>1</sup>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. <sup>2</sup>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.

reflected on past engagements and/or convened small groups internally to complete the exercise.

- In 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.
- 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, with information from the steps above and 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**, which 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 the Nominating, Corporate Governance & Social Responsibility Committee of its Board.

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

## Aligning Business Practices

Our businesses implement strategies against long-term goals aligned to our Mission and materiality assessment. In order to continually improve and confirm alignment, they regularly evaluate their strategies against many factors, including input from stakeholders.

Understanding stakeholder perspectives informs our companies' business practices, enhances 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;
- drive positive change;
- prioritize issues for business action and reporting; and
- build stakeholder understanding of Altria and its companies.



For example, as we consider our updated Mission Framework, we have an opportunity to drive positive change through our corporate responsibility approach by helping solve societal issues important to our business, stakeholders and communities. We will modernize our responsibility approach to align with the new framework.

## Measuring and Communicating Progress

Stakeholders expect us to clearly communicate what we are focused on and how we are doing. We engage with them in many ways. For example, we engage in one-to-one discussions, meetings, webcasts, at conferences, and through company communications, including this report. Additionally, we align our reporting with the GRI framework, respond to surveys such as CDP and consider other frameworks like the UN Sustainable Development Goals.

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. For example, we have set targets for goals that are quantitatively measurable, such as visits to our cessation website or spending with diverse suppliers.

On our website, [Altria.com](http://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](#) and [invest in our communities](#). We also share an overview of these topics in [Appendix E](#).



# 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

“Led by the best available evidence, the FDA will pursue a regulatory framework that focuses on nicotine and supports innovation to promote harm reduction. This framework will recognize that the core problem of nicotine lies not in the drug itself but in the risk associated with the delivery mechanism.”

– Scott Gottlieb, M.D., Commissioner, FDA & Mitch Zeller, J.D., Director Center for Tobacco Products, FDA *New England Journal of Medicine*, Sept. 21, 2017.

Despite efforts to persuade people never to start or to quit once they do, millions of adults will continue using tobacco products. And we know that more than half of smokers, about 22 million, are interested in less harmful tobacco products. One of our goals is to develop tobacco products that may offer lower risk for adult consumers and to engage the U.S. Food and Drug Administration about them.

More than 15 years ago, we made the bold decision to pursue federal legislation to grant the FDA authority over tobacco products. This legislation was required to bring innovative, reduced-risk products to market. We believed and continue to believe that consumers are entitled to receive accurate and scientifically-grounded communications about these products — including communications about their lower risk relative to cigarette smoking. We understood that the only way that this could ever happen was through comprehensive federal legislation. It took nearly a decade of investment and hard work by us and others, and finally in 2009, the Tobacco Control Act became law. With the Act came the first key element to support the pursuit of innovative, reduced-risk products: the legal and regulatory structure.

Altria has advocated for tobacco regulatory policy that recognizes the continuum of risk, that promotes innovative products for consumers, and that permits manufacturers to communicate truthful information to consumers about these products. As early as 2009, we provided the FDA with a comprehensive science- and evidence-based analysis advocating that the FDA regulate tobacco products based on the continuum of risk. The continuum of risk recognizes that most of the harm caused by tobacco results from the burning of tobacco.

In July 2017, FDA Commissioner Gottlieb outlined the FDA's new multi-year approach to regulating tobacco products and took a meaningful step forward in developing a

### 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).



# Our Innovation Aspiration

**We aspire to be the U.S. leader in authorized, non-combustible, reduced-risk products.**

comprehensive regulatory policy based on the continuum of risk. We are encouraged by the Agency's new approach, which acknowledges that nicotine is not the problem — rather, the problem is the combustion delivery mechanism. We are greatly encouraged by the FDA's commitment to harm reduction and by its stated goal to "encourage innovative, less harmful and satisfying non-combustible products for adults who need or want nicotine." We believe the FDA has articulated a compelling vision for the future of innovative products.

In November 2017, we announced our innovation aspiration to be the U.S. leader in providing adult tobacco consumers with authorized, non-combustible, reduced-risk products. Anticipating this regulatory environment, we have been building a portfolio of the leading platforms of non-combustible, nicotine-containing products for adult tobacco consumers, as well as preparing the scientific case for obtaining regulatory authorizations for them. We believe the breadth, quality and focus of our non-combustible product portfolio is second to none.

## Developing a Compelling Product Portfolio

We invest in developing a compelling portfolio of non-combustible products that adult smokers enjoy, while conducting the necessary science to bring them to market. A portfolio approach is important because we know that not all smokers are looking for the same experience.

We focus on products and brands that meet three important consumer expectations:

1. Superior sensory experiences and nicotine satisfaction;
2. Reduced health risks and accurate relative risk information; and,
3. The ability to avoid social friction associated with cigarettes, such as smoke odor, ash and social isolation.

The range of tobacco products available in the U.S. is diverse when compared to many international markets, and different product platforms appeal to different U.S. adult tobacco consumers. That's why we're taking a portfolio approach, focusing on the three most

promising platforms for U.S. adult tobacco consumers:



**Smokeless and other oral nicotine containing products**



**E-Vapor**



**Heated tobacco products**

We believe these product platforms have the potential to drive adult smoker conversion. Of course, we can only compete in the marketplace with products authorized by the FDA, and we

## Maximizing our core businesses, providing us with resources to invest in reduced-risk products

Our financial strength allows us to invest in products, capabilities and market-building actions to meet our aspiration. Altria's core combustible tobacco businesses continue to generate the resources that enable Altria to invest in innovation and harm reduction.



Our goal is to be the leading oral tobacco and oral nicotine products company with products that appeal to a diverse set of adult tobacco consumers and have the potential to reduce harm.



Our goal is to lead the U.S. e-vapor category through a portfolio of superior reduced-risk products that adult smokers and vapers choose over cigarettes.



Our goal is to maximize the number of U.S. adult smokers who convert to IQOS.

## Pursuing Tobacco Harm Reduction

Sarah Knakmuhs, Vice President, Heated Tobacco Products, Philip Morris USA

My role is to lead the U.S. commercialization plan for *IQOS*, a heated tobacco product introduced internationally by Philip Morris International (PMI). Philip Morris USA is licensed to sell *IQOS* in the U.S. after PMI receives a marketing order from the FDA. We are eager to bring *IQOS* to the United States, particularly given the scientific evidence supporting its harm reduction claims and the potential for adult smoker conversion.

Our marketing approach has three key components for the adult smoker: awareness, trial and conversion. First, we need to build awareness about *IQOS* to introduce smokers to the concept of a heated tobacco product. Second, we need to give them opportunities to try the product so that they become more comfortable with it. Finally, we need to support *IQOS* consumers so they can completely convert from cigarettes to *IQOS*.

I look forward to the opportunity to bring *IQOS* to the U.S. cigarette consumers, to be able to provide them with truthful information about the product, and to support them in their conversion journey.



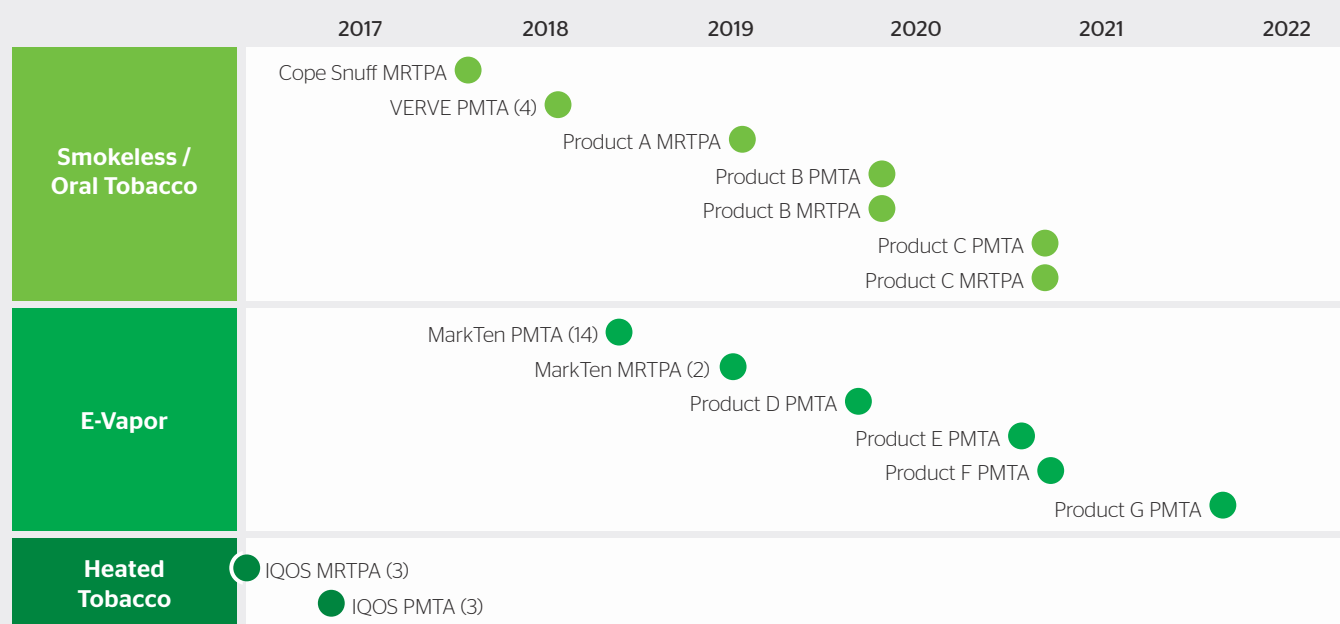
can only communicate reduced harm claims if the FDA permits. We plan to file numerous regulatory applications in the coming years to do just that.

And these submissions are based on scientific evidence. For example, we plan to submit a Modified Risk Tobacco Product Application for *Copenhagen Snuff*, in which we reference two large independent,

nationally representative datasets from the federal government. The datasets, based on U.S. epidemiology, indicate that smokeless tobacco is less risky than smoking conventional cigarettes. Specifically, when looking at all causes of mortality, smokeless tobacco use is at least 96 percent less risky than cigarette smoking.

As existing products continue to improve, new innovative products become available, and the FDA authorizes manufacturers to communicate accurate risk information, we believe adult smoker conversion will grow and accelerate. This will be a win for adult tobacco consumers, for public health and for our long-term commercial success.

### Planned Pre-Market Tobacco Application (PMTA)/Modified Risk Tobacco Product Application (MRTPA)





## Conducting the Science

We invest in the core science needed to demonstrate that potentially less risky products are in fact less harmful than cigarettes. We have recruited scientists from around the world, from many different disciplines, who share the common goal of tobacco harm reduction.

We have a team of more than 400 scientists, physicians, product developers, engineers, regulatory experts and others who are dedicated to developing innovative products, pursuing their regulatory approval and constructively engaging with the FDA on policy. Much of this work occurs at our Center for Research and Technology (CRT) in Richmond, Virginia, which celebrated its 10-year anniversary in 2017. At the CRT, our work spans from biotechnology capabilities within the tobacco seed to on-site prototype testing with adult tobacco consumers in our Consumer Opinion Center, all supported with state-of-the-art tools and instrumentation.

To support our scientific efforts, we established a rigorous scientific framework based on the FDA's guidance to evaluate potentially reduced-harm



tobacco products. Our scientific approach focuses on:

- measuring harmful and potentially harmful compounds;
- evaluating the product's health effects;
- researching how adult tobacco consumers use the product and their understanding of its risk; and

- substantiating that the product is unlikely to appeal to unintended audiences.

We share the results of our scientific studies with the FDA and others through peer-reviewed journals, conference presentations, one-on-one meetings, and on a [website](#), designed for scientists, public health and regulatory experts to review the science.



## Contributing to the Science

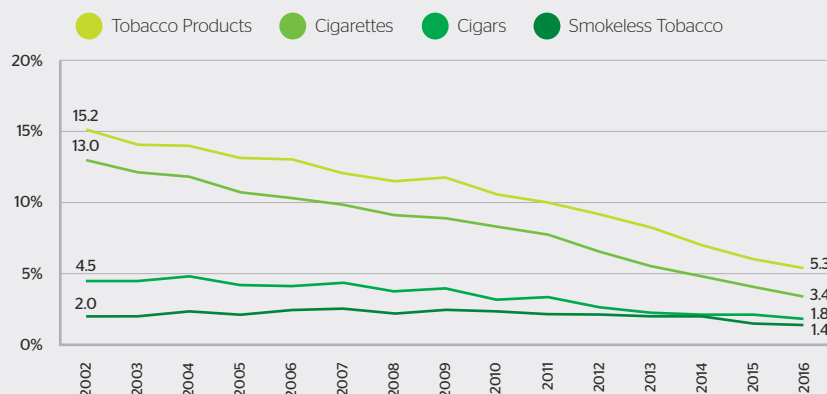
Michael Fisher, Principal Scientist, Regulatory Affairs, Altria Client Services

Our harm reduction research looks at the harms and the behavioral impacts of tobacco products. For products like smokeless tobacco that have been around for a long time, we can rely on epidemiological research. For newer products like e-vapor, we conduct toxicological and other scientific analyses to understand the product and its impacts.

We have a commitment to sharing our science externally, and publications are one of the ways we do that. Because we're a leading manufacturer of many tobacco product categories, we know those products well and can contribute to the science. We strive to have as much of our science as possible peer-reviewed and published. The FDA is ultimately committed to being science- and evidence-based, and much of that evidence base is scientific publication. To the extent we can contribute to the science, we contribute to good regulation.

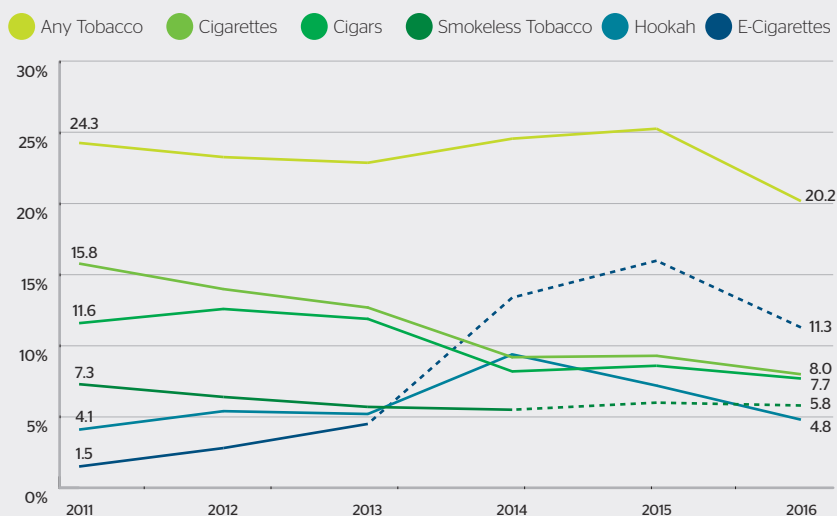
FDA Commissioner Gottlieb's 2017 announcement of a comprehensive approach for tobacco and nicotine regulation has really elevated the need for tobacco regulatory science on the part of tobacco manufacturers and other stakeholders. And with that, the Commissioner elevated the need for scientific engagement and outreach so that all the pieces of that comprehensive proposal can be fully fledged.

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



### Past Month Tobacco Use National Youth Tobacco Survey

Percentage of high school students reporting past 30-day use



Note: Dashed lines signify changes in measures, data not directly comparable to prior years  
Note: Not all tobacco products assessed in NYTS shown in graph, but all are included in "any tobacco"

### National Weighted Average Retailer Violation Rate Annual Synar Report

Underage Sales of Tobacco: National Weighted Average Retailer Violation Rate



### Helping Reduce Underage Tobacco Use

Kids should not smoke or use any tobacco products. It's a goal we share with public health, policy makers, parents, youth-serving organizations and many others who care about young people making healthy decisions.

As the nation's leading tobacco companies, we have an important role in reducing underage tobacco use.

Over the past 20 years, we have funded a variety of [programs](#) to:

- prevent underage access to tobacco products;
- provide parents with tools to help them raise kids who don't use tobacco; and
- support youth-serving organizations that help prevent kids from using tobacco.

Since then, much has changed. For example:

- Underage cigarette smoking is at generational lows.
- Tobacco retailers are more effective at keeping tobacco products out of kids' hands.
- The Food and Drug Administration (FDA) regulation covers nearly every aspect of how tobacco products are manufactured, marketed and sold.

The FDA also has the authority and resources to continue the progress that's been made and to address new, emerging issues associated with underage use.

Sources for Charts to Left: Behavioral health trends in the United States: Results from the 2016 National Survey on Drug Use and Health. | [National Youth Tobacco Survey](#) (2016) | Substance Abuse and Mental Health Services Administration (SAMHSA): [NSDUH](#) FFY 2014 Annual Synar Report | Center for Behavioral Health Statistics and Quality (2015).



While the FDA has an expanded role, our companies remain committed to positive youth development. Positive youth development theory teaches that emphasizing protective factors in kids' lives – such as positive relationships and activities – and reducing risk factors, helps kids make healthy decisions and resist a broad range of risky behaviors, including tobacco use.

Altria's [Standards for Underage Tobacco Prevention](#) guide our tobacco companies' investment 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 and 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*.

## Underage Tobacco Prevention and the Role of Positive Adult Mentors

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 and the development and launch of *Keep Connected* workshops for families. Both resources help parents and other caring adults build skills to help their children succeed and avoid risky behaviors.

We built on our support for mentoring after research indicated that Lesbian, Gay, Bisexual, Transgender and Queer/Questioning (LGBTQ) youth engage in risky behaviors, including tobacco use, at higher rates than non-LGBTQ youth. We provided financial support to *Big Brothers Big Sisters of America* (BBBSA)

and *MENTOR* to develop tools, resources and training for mentoring LGBTQ youth. Since 2015, we have committed more than \$3.4 million to this work, and what began in 2016 as a pilot in five communities has grown to 20 sites. The pilot includes:

- establishing regional learning communities to support *BBBSA* affiliates and other youth-serving organizations to become more inclusive in their services with training to build awareness and capacity;
- mobilizing a national *BBBSA* LGBTQ Advisory Council; and
- committing a full day of training and programming at *BBBSA's* national conference in 2018 and 2019.

These programs are making a difference. For example, 97 percent of *Health Rocks!* survey respondents express disapproval of underage tobacco use, and 89 percent of *Boys & Girls Club* survey respondents report they are more likely to abstain from smoking.

In 2017, Success360° investments totaled over \$21 million, representing nearly 50 percent of our total budgeted corporate contributions. Collectively, our Success360° partners reached nearly 17 million kids.

Learn more about state and national retailer violation rates and the [Synar Program](#).

## Underage Access Prevention at Retail

Our companies' retail programs include several requirements and financial incentives to help prevent underage access to tobacco products. The requirements include teaching store clerks how to check IDs and placing [We Card®](#) or equivalent signs in their stores. We also fund *We Card*, an organization that provides retailer training and resources to help prevent underage access. Retailers participating in our programs and their employees can access free *We Card* training through our retail trade website. With our support, *We Card* has trained hundreds of thousands of retail employees and distributed millions of education and training materials.



## Understanding How Kids Get Tobacco Products

In the mid-1990s, the most common way kids obtained tobacco products was by buying them in a retail store. During that time, four out of ten retailers failed to turn away underage purchasers. Since then, retailers have worked hard to limit underage access by implementing rigorous age verification programs like *We Card*. In fact, 90 percent of stores are upholding minimum age laws.\*

More work remains. Government data show social sources – like friends and siblings – continue to be the most frequent way kids get tobacco products. That's why we require retailers participating in our companies' trade programs to place signs reminding adults to not buy tobacco products for kids.

Manufacturers and retailers cannot address this issue alone.

With federal regulation in place, the FDA has the opportunity to do more to address social source access and we encourage them to do so. In 2016, we engaged with the Office of Health Communication and Education at the Center for Tobacco Products on underage social access to tobacco products. We shared suggestions to address the issue, including an FDA led public education campaign dissuading adults from buying tobacco products for those underage. Doing so would complement FDA's current efforts to encourage kids to not use tobacco products.



## Supporting Cessation

For adult consumers concerned about the health effects of 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. *QuitAssist®* 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. In 2016, we evaluated the refreshed website to assess usability and satisfaction. Similar to 2015 research results, nearly 70 percent of respondents were satisfied with the website and 85 percent found the site easy to use.

We communicate about *QuitAssist®* through our corporate and product websites, email and direct mail. Since its launch in 2004, the website has received over 3.4 million visits.

## Communicating about the Health Effects of Tobacco Use

The public should be guided by the messages of the U.S. Surgeon General, the Food and Drug Administration 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 in 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's, U.S. Smokeless Tobacco Company's, John Middleton's, Nat Sherman's](#) and [Nu Mark's](#) corporate websites.

\* FFY 2014 Annual Synar Report



## Our Performance

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



Nu Mark continued its disciplined expansion of *MarkTen* to 65,000 stores in 2017 and grew volume by 60%. *MarkTen* Bold is now available in approximately 25,000 retail stores.



After decades of our companies advocating for harm reduction, the FDA now acknowledges the continuum of risk for tobacco products and distinguishes between the harm associated with combustible versus non-combustible products.



Number of engagements in 2017 conducted on the topic of tobacco harm reduction and regulatory compliance with the agency and other stakeholders. We also gave 5 keynote speeches, participated on 8 panel discussions and presented 77 external posters and presentations across 21 scientific and policy conferences.



Nu Mark expanded its portfolio with a closed tank product designed for current open-system adult vapers and a small pod based product that offers a variety of liquids in a modern device format called *MarkTen* Elite.

Continue to support programs that help reduce underage tobacco use

**\$21.1M+**

Amount invested in Success360° programs

(nearly 50 percent of total budgeted corporate contributions)

**~17 million**

Number of kids Success360° partners reached nationwide

**20,700+**

Retailers trained through We Card® overall in 2017

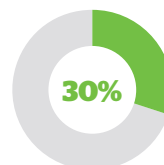
**4,056**

Altria-funded retailer trainings through We Card® in 2017

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

**57,282**

Number of visits to the QuitAssist® website in 2017



Increase in annual visits from the 2015 baseline, exceeding the 2018 target to increase annual visits by 20 percent

# 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

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 proposed criteria

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 adult consumers and connecting those consumers with our brands.

Our companies' marketing approach begins with adherence to our Mission and compliance with all legal, regulatory and internal policy requirements. Our [Code of Conduct](#) establishes the basic compliance principles for our businesses in several key areas, including marketing responsibly. 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 Consumers

We have a rigorous approach to understanding adult consumers and their preferences through market and consumer research. We've learned that adult tobacco consumers' preferences are changing. For example, consumer taste preferences continue to evolve as they look for superior sensorial experiences and search for increased flavor. 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 learned that *Marlboro's* overall equity score, which represents the value consumers place on a brand, is 13 points higher than the leading competitive brands.

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

### Connecting with Our Consumers

Marketing activities are intended to connect brands with their adult tobacco and wine consumers by reinforcing the brand identity, positioning and value. Dedicated brand teams and the digital and marketing services team 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 2017, each of these quarterly audits reflected 100 percent effectiveness rate in screening out persons under the minimum age.

Our online connection with our adult consumers has been effective: The *Marlboro*, *Copenhagen* and *Skoal* websites all ranked in the top 10 among 100 benchmarked websites in a 2017 third-party review for user satisfaction. In 2017, we also introduced *Marlboro.com* 4.0 to allow greater flexibility to quickly change

and personalize content and automate brand communications.

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 two 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.

## Age Verification Process

We limit access to our tobacco brand websites to adult tobacco users. No one can gain access unless we first verify that he or she meets this requirement, either through face-to-face examination of their valid government-issued ID or through our electronic age-verification process.

Electronic age verification works by comparing personal information an individual provides against public-records databases and other third-party data sources to find matching records that independently verify the personal information, and confirm that the individual is old enough to access the website. If the individual's age cannot be verified, then he or she is denied access to the website.

To further prevent underage persons from accessing our brand websites, we have registered the sites with providers of age-filtering software. Such software is used to block access to websites considered unsuitable for children.



## Digital Marketing Strategy - Connecting Through Data and Technology

Nicole Baumstark, Director, Digital Center of Excellence, Altria Client Services

Digital marketing requires an innovative mindset to be successful. In our digital channels, we now have the ability to test our marketing hypotheses in real-time versus the months it could take with traditional channels. This has created a rapid "test and learn" culture, where we're not afraid to fail. Using our new digital capabilities, we're better positioned to responsibly learn about adult consumer and market activity. We work closely with our partners in Information Services to focus on data security.

What excites me most are the design and technology advancements that allow us to deliver better adult consumer experiences while still limiting our

reach to unintended audiences. For example, in 2017, we streamlined the registration process on mobile devices. We reduced the number of screens some adult tobacco consumer see from seventeen to five while still effectively screening out individuals under the minimum age. Reducing friction for adult tobacco consumers during registration is critical for starting a relationship. Once adult tobacco consumers are in our database, we know that creating a personalized one-to-one relationship will drive a competitive advantage. Our investments in digital capabilities will allow us to deliver tailored content and have enriched conversations with our adult tobacco 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 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 2017, the breadth

of our sales coverage included 230,000 retail stores, representing more than 90 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®* or equivalent signage. 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 2016, AGDC conducted its 5th annual customer satisfaction survey with retail



Our marketing practices comply with all restrictions and regulations in the 1998 Tobacco Settlement Agreements as well as FDA regulation.

Learn more on [altria.com](http://altria.com).

## Convenience Stores and the Tobacco Category

Convenience stores drive about 70 percent of the tobacco volume sold, making this an important category of retailers to us. Roughly 155,000 convenience stores across the U.S. generate approximately \$601 billion in annual sales, including gasoline. Every day, 160 million consumer transactions take place in a convenience store. About half of all convenience store shoppers are 21-39. The tobacco categories lead in revenue with 34 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 \$12 per trip, compared to \$6.95 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.



trade partners to identify areas where it could improve. Eighty-nine percent of national and regional multi-store operators were “very or somewhat satisfied” with the overall performance of AGDC’s sales representatives. Six out of ten individual store owners and managers were “very satisfied.” In 2017, some of our trade partners, including Murphy USA, Quick Check and Kum & Go, each recognized us for our strong partnerships.

## 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. Our Code of Conduct establishes the basic compliance principles for our businesses in several key areas, including marketing responsibly.

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;
- substantiate all claims about our companies’ products before making claims; and
- never make misrepresentations about our companies’ products, including the health effects of those products;
- never market our companies’ products to underage persons.



### Partnering with Our Brand Teams on Compliance

Mark Bradby, Senior Manager, Marketing Compliance, Altria Client Services

At Altria, I’m responsible for the marketing compliance review process, which means I work closely with our brand and law teams to review any marketing materials for our adult tobacco consumers. We focus on getting the right messaging to the right adult tobacco consumers and avoiding any unintended audiences, especially youth.

To do this, we train employees in brand and supporting functions on all of our marketing compliance policies. Every new person coming into marketing, no matter how long they’ve been with the company, gets trained within their first two weeks on the job.

But, I like to say our employees are trained daily. Every time I’m working with an employee, I consider that a training opportunity. The best part of my job is that I’m a strategic thinking partner with the brand. I don’t just call “balls and strikes” and tell them what they can and can’t do. I like to help them responsibly get to their end goal.

Ultimately, I think sometimes we tend to go above and beyond the minimum that’s required, and I think that’s a good thing. We take the higher ground and that makes me proud to work at this company.

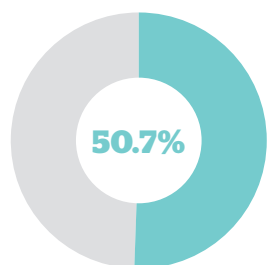
## Our Performance

Understanding consumer interest and marketplace dynamics

**Philip Morris USA**  
an Altria Company

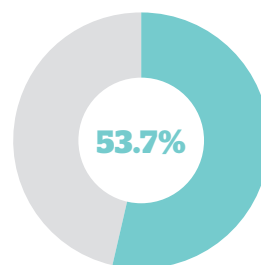
*Marlboro's* overall equity score among adult smokers is 13 points higher than the leading competitors

### Connecting adult consumers with our brands



**Retail market share achieved by Philip Morris USA's cigarette brands**

*Marlboro* alone achieved a market share of 43.3 percent



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

Behind the strength of *Copenhagen* and *Skoal* with a combined share of 50.4 percent

**NuMark**  
An Altria Innovation Company

Nu Mark continued the disciplined expansion of its *MarkTen* XL e-vapor product in select retail chains, expanded flavor offerings and refreshed packaging for the brand

**90+**

**Ste. Michelle Wine Estates** received 246 ratings of 90 or better for its wines

2017 marked the 50th anniversary of Chateau Ste. Michelle, commemorated in *Wine Spectator's* December 2017 issue highlighting Ste. Michelle Wine Estates' integral role in transforming Washington into the No. 2 wine-producing state in the U.S.

*Ste. Michelle*  
WINE ESTATES  
an Altria Company

### Limiting our reach to unintended audiences

**100%**

Of our Brand employees and key business partners were trained on marketing guidelines and policies, against a target of 100 percent in 2017

**0**

Master Settlement Agreement enforcement actions in 2017 for Philip Morris USA, against a target of zero







# Managing Our Supply Chain Responsibly

## GOAL

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

### 2017 Tier 1 and Tier 2 Diversity Spends:

**~\$158.6M**

2017 Tier 1 Diversity Spend (direct spend)

**~\$44.9M**

2017 Tier 2 Diversity Spend (suppliers' direct spend)

“Altria is a good corporate partner for us. They are very committed to connecting, developing and advocating for diverse business partners.”

– Connie Hom, CEO,  
Buckingham Greenery, Inc.

Our companies work hard to develop strong, sustainable supply chains by partnering with thousands of suppliers from farmers to manufacturers. Our suppliers deliver high-quality goods and services, manage business risk and find innovative solutions to tough issues. Open dialogue, shared expectations and honest feedback contribute to these strong relationships – some dating back decades.

We promote a strong culture of compliance and equip our employees to exercise sound business judgment when selecting suppliers. We work with suppliers who respect workers' rights, reduce costs and their environmental impact, and comply with our contracts and laws. Employees receive communications and training on topics such as antitrust, anti-bribery/anti-corruption and third-party vendor management.

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

Our supply chain management approach includes:

- developing a diverse supplier base;
- communicating our expectations;
- assessing supplier performance and requiring suppliers to remediate findings; and
- engaging with our stakeholders.

### Developing a Diverse Supplier Base

Supplier diversity contributes to our companies' success by generating new ideas, promoting different perspectives and providing a competitive advantage. We work with diverse suppliers, including minority, women, veteran and lesbian, gay, bisexual and transgender-owned (LGBT) businesses.

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. We expanded our support in 2017 as a corporate sponsor of

### Third-Party Due Diligence Training

In 2017, we trained our employees on a new, risk-based, third-party due-diligence assessment process. This process helps determine whether a supplier presents a specific legal, compliance or reputational risk that requires more in-depth due diligence. If the supplier is higher risk, there are additional contract provisions and monitoring procedures that must be in place. This employee training will continue into 2018.



the National LGBT Chamber of Commerce.

We also partner with our Employee Resource Groups (ERGs) so we are more culturally aware. For example, our Asian ERG, EAST, which helps elevate Asian strengths and talents, participated with our procurement team at the Virginia Asian Chamber of Commerce's ProcureCon Expo to gain better insight into the Asian business community. Additionally, our Hispanic ERG, Sí, worked with Virginia Hispanic Chamber of Commerce members to increase the number of potential local Hispanic suppliers in Altria's Supplier Diversity & Inclusion (SD&I) program.

In 2017, our SD&I team initiated a multi-year strategy to:

- expand the pool of diverse suppliers to include more veteran and LGBT businesses;
- integrate SD&I tools into our existing procurement processes; and
- educate and engage suppliers to increase diverse spend and utilization opportunities.

The SD&I team formed a cross-functional network of champions across our companies to support this strategy.

In recognition of our SD&I work, we received the following awards:

- OMNIKAL, formerly DiversityBusiness.com, ranked Altria #14 on the America's Top 50 Inclusion Organizations list in 2017 for multicultural business opportunities.
- Minority Business News USA named Altria to its 2017 Corporate 101 - America's Most Admired Corporations in Supplier Diversity list.

## Interstate Packaging and U.S. Smokeless Tobacco Company

Interstate Packaging is a women-owned business located outside of Nashville, TN. They have supported U.S. Smokeless Tobacco Company (USSTC) for over 25 years and work with us hand-in-hand to address business issues. In 2017, Interstate started to provide in-depth data about the product packaging we buy from them which supports USSTC's compliance requirements. They also invested in a machine that provides an added level of material inspection. This investment supports our joint goal of providing zero packaging defects to USSTC.

## Communicating Our Expectations

We communicate expectations for our suppliers through Altria's [Supplier Code of Conduct](#), Tobacco Good Agricultural Practices Supplemental Guidelines and our contracts. Our Supplier Code of Conduct applies to all of our suppliers and addresses compliance with applicable laws, regulations and standards. The Code covers topics such as non-discrimination, child and forced labor, environmental compliance and workplace safety. The [Tobacco GAP Program Supplemental Guidelines](#), communicated to our over 2,000 tobacco growers in 2017 through direct mail, handouts and one-on-one conversations, highlight our expectations on topics like using

### 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

registered farm labor contractors and respecting their worker's rights to join or not join a union.

In our tobacco grower contracts, our requirements exceed law for certain provisions. For example, the contracts:

- establish a minimum employment age of 16, with limited exceptions granted based on local, state and federal laws;
- require parental/legal guardian consent for those under 18 who want to work on the farm; and

- require growers to take Good Agricultural Practices training on a range of topics including:
  - providing information to workers on preventing Green Tobacco Sickness and heat stress;
  - keeping compliant wage records; and
  - preventing human trafficking.

### Assessing Supplier Performance and Requiring Suppliers to Remediate Findings

Our monitoring programs assess our suppliers' compliance with our expectations and contracts. These programs encourage continuous improvement, help identify areas for greater focus, and if needed, remediation. Altria's tobacco companies conduct third-party audits of direct packaging and product materials suppliers, international leaf suppliers and contract manufacturers where there's significant country risk, supplier criticality, brand risk and where we can improve supply chain compliance.

**Respecting Worker Rights** We respect worker rights such as fair hiring and payment practices, respect for the legal rights of employees to join or not join a union, freedom from harassment and discrimination, safe transportation and housing, and the elimination of child and forced labor.

### Good Agricultural Practices (GAP) Assessments

In our domestic tobacco supply chain, we execute an on-farm GAP assessment process with our growers that assesses our growers' compliance with practices related to crop, environment and labor management. The GAP assessment provides direct feedback to growers on their practices and areas they may need to improve to meet our expectations. In 2017, we started a new three-year assessment cycle during which all of our domestic growers will be assessed at least once, and growers with findings will be reassessed again the following year. In 2017, over one-third of our total grower base was assessed.

Growers with hired labor are subject to additional labor management laws and

regulations, which were assessed by a third-party auditor. This assessment includes a review of the grower's records, such as wages paid to their workers, reimbursement of their worker's H-2A travel fees and certifications for their worker housing. In addition, bilingual third-party assessors interviewed the growers' workers to inquire about the wages they were paid, their working and living conditions and their freedom to join or not to join a union.

In 2017, a third-party conducted 454 GAP assessments on our behalf. The chart on page 31 shows domestic grower performance on the results of the 2017 third-party GAP assessments.

Our 2017 assessments had one finding of youth employment. The grower employed two 15 year olds, which is in

### Green Tobacco Sickness

When working in tobacco fields, it's possible for farmers and their workers to come in contact with wet tobacco. If workers are not properly protected, they can become sick if the nicotine in the tobacco plant is absorbed through their skin, a condition known as Green Tobacco Sickness (GTS).

Our contracts require growers to follow the Occupational Safety and Health Administration's recommended practices for preventing GTS, including making available recommended personal protective equipment (PPE). We also provide information on how to recognize signs of GTS and require growers to attend annual GTS training. We monitor compliance against these requirements through our assessments.

In 2016, we ran a pilot to learn more about different types of PPEs and about the most effective materials that worked well for on-farm workers. In 2017, we distributed about 75,000 PPE gowns to all of our tobacco growers who use hired labor. The selected garment had full-length sleeves for coverage and water-resistant material. We continued to learn more about usability, effectiveness and durability of the PPE and received very positive feedback from our growers. Some of the growers' workers got multiple uses out of the gowns. According to a grower, the workers liked the white color because it reflected light and absorbed less heat. However, we also heard that the gown needed to be longer and that the elastic arm bands needed to be removed, and we shared this information with the manufacturer. We'll continue to learn more from our growers about the PPE and their practices to help solve issues within our supply chain.



compliance with U.S. law, but in violation with our contractual minimum age requirement of 16 years of age. While the individuals were no longer employed by the grower, the contract requirements were reviewed with the grower to strengthen his understanding of the minimum age requirement.

### Domestic Third-Party Assessments

<b>GAP Focus Areas</b>	<b>Farms:</b>	Percent Meeting All Requirements
<b>Crop Management</b>		
Variety Integrity		<b>98%</b>
Crop Integrity		<b>100%</b>
Nutrient Management		<b>97%</b>
<b>Environmental Stewardship</b>		
Crop Protection Agent Management		<b>94%</b>
<b>Labor Management</b>		
Labor Management / Child Labor / Safety		<b>92%</b>
I9/Wage/Fees		<b>86%</b>

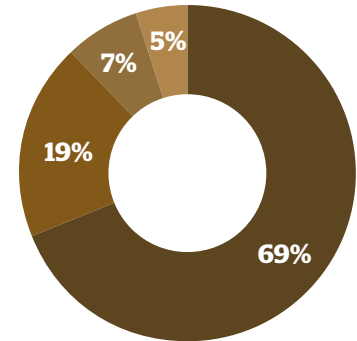
Chart Note: The labor management section of the third-party assessments includes: labor sourcing, hours and wages, on-farm housing (if applicable), safety training, use of personal protection equipment and reimbursement of H-2A travel fees | All findings were remediated

In the first year of assessing reimbursement of H-2A travel fees, there were three findings. All of these travel fee findings were remediated when each grower provided the appropriate payment records. During worker interviews, all workers reported that they had the freedom to join or not join a union and therefore, no findings were identified.

There were 12 findings of miscalculated payment of wages and all instances were remediated. Each provided updated documentation to the assessor verifying compliance with the law. All growers with findings will be reassessed in 2018.

Internationally, we employ a third-party assessor to conduct social compliance audits using a risk-based approach for our direct packaging and product materials suppliers, our tobacco suppliers and our leaf stemmeries. 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 supplier factory that has a finding is required to develop a corrective action plan and provide evidence of plan implementation. In 2017, third-party assessors completed 100 percent of planned International Leaf Supplier Audits.

### Percent of Social Compliance Audit Findings by Category (of Audits with Findings)



- 69%** Worker Health/Safety
- 19%** Compensation & Working Hours
- 7%** Other (e.g. Record Keeping)
- 5%** Environment
- 0%** Child Labor & Forced Labor





## Responsible Supply Chain Management of Conflict Minerals

As part of the Dodd Frank Act, some materials that are sourced from the Democratic Republic of Congo cannot be used in the manufacturing of products that come to the United States. Annually, we work with our suppliers to identify from where those materials are sourced, all the way to the smelter, and report this information to the SEC. Our goal is to ensure that all raw materials are sourced responsibly. Now, as part of the [Responsible Materials Initiative](#), formally the Conflict Free Sourcing Initiative, Nu Mark and its Responsible Business Alliance peers are evaluating if there are other materials in the supply chain that are being sourced in such a way that can negatively impact individual workers around the world. For more information on our position and SEC filings visit [altria.com](http://altria.com) and [nu-mark.com](http://nu-mark.com).

When Ste. Michelle learns of supplier non-compliance, they notify the supplier and expect it to take corrective actions. In some situations, Ste. Michelle takes a continuous improvement approach and works with the supplier to improve its practices. In other cases, Ste. Michelle requires immediate action to achieve compliance, or the company terminates its relationship. In addition, Ste. Michelle Wine Estates works to improve labor standards and requirements with its growers and trade organizations, including the Washington Association of Wine Grape Growers.

## Engaging with Stakeholders

We engage with our suppliers and other stakeholders to monitor and address opportunities and concerns within our supply chain. For our tobacco businesses, we work directly with growers, regulatory agencies, agricultural stakeholders and working groups like the Farm Labor Practices Group and GAP Connections to help growers, farm labor contractors and farmworkers better understand and comply with labor laws and regulations.

Some highlights of our 2017 stakeholder engagements include:

- engagement with the Farm Labor Organizing Committee, AFL-CIO to share our perspectives on the Organisation for Economic Co-operation and Development's mediation program;





## Our Supply Chain and the Environment

We work with our suppliers to find ways to reduce costs and their environmental footprint. We understand the effect that nature, including changes to our climate and water quality and availability, may have on our companies and their supply chains.

In 2016, Altria established new long-term goals to reduce our environmental impact through 2025. As part of these goals, we work to align with best practices, such as the Science-Based Targets Initiative, and are in the process of developing a Scope 3 goal to reduce our carbon footprint throughout the value chain. More information on our goals and progress can be found on [altria.com](http://altria.com) and in Appendix E.

- participation in industry forums, including the GAP Connections Board and Farm Labor Practices Group (FLPG) and led the FLPG Training and Education Committee and the Farm Labor Contractor Committee;

- participation in a multi-stakeholder roundtable hosted by the Interfaith Committee on Corporate Responsibility to discuss emerging best practices in implementing ethical recruitment policies across industries; and

- engagement with various grower associations to update them on the status of the GAP Connections Certification program and to listen to their concerns about growers' sustainability.

For our wine business, Ste. Michelle is committed to sharing its best practices in sustainable viticulture and winemaking with partner growers and wine producers. This helps promote the delivery of high-quality grapes from its contracted growers and supports the overall industry in the regions where it operates.



### Nu Mark's Responsible Business Alliance Membership

Dave Drisko, Director, Manufacturing and Logistics, Nu Mark

In 2004, a small group of electronics companies got together to develop social, environmental and ethical standards across the global electronics supply chain. In 2015, we joined this group, now called the [Responsible Business Alliance](#) (RBA). The RBA establishes an industry standard to look at how employees and the environment are treated and how organizations conduct business.

In order to align with the RBA, we started off being very specific about the expectations of our contract manufacturers. We refined our Supplier Code of Conduct to align with the RBA and communicated these expectations. We conducted training, using resources provided by the RBA for local contract manufacturers, as well as our Nu Mark employees assigned

internationally. This training enables our employees to engage face-to-face with contract manufacturers on these expectations. In addition to training, we conduct risk assessments and detailed, value-added auditing, and take corrective action immediately to establish infrastructure so findings do not readdress themselves.

Through Nu Mark's involvement with the RBA, we are able to meet societal expectations for workers to work in a safe environment and to be treated with respect and dignity. Enabling this type of work with our contract manufacturers helps their employees be engaged, feel valued and deliver quality products, on-time and consistently.

## Innovations in Our Tobacco Supply Chain

### Supply Chain Scenario Planning

To continue fostering strong, sustainable supply chains, we must understand the driving forces in the marketplace and society that will influence our long-term success. In 2017, a cross-functional team of employees and external industry experts conducted a scenario planning process to explore how the supply of materials to manufacturers will evolve over the next decade. The desired outcome was to develop a long-term supply chain strategy for Altria's companies.

The team started by exploring the macro environment to identify trends that could have substantial impacts on supply chains over the next 10 years, then considering how those trends could specifically impact Altria. The critical trends identified for our supply chains included changes in technology, such as artificial intelligence and robotics; increased transparency supporting consumer and societal

expectations; and flexibility to meet rapid changes in technology and consumer preference.

The team identified key success factors to address these critical trends and conducted a gap analysis to evaluate where we are today compared to where we need to be in the future. Over the coming years, we will focus on flexible supply chain models that support our evolving product portfolio, allowing us to exceed consumer preferences and meet regulatory requirements. We will develop and grow our employee skillsets to meet the demands of the future, and we will adopt technology to further optimize the flow of materials, money and time through our supply chains. We will also leverage data and transparency to act on and share key insights throughout our supply chains.

### Tobacco Grower Certification Program

Our tobacco supply chain programs help improve the sustainability of our grower base and tobacco supply. In 2017, to further our approach, representatives from Altria worked with the GAP Connections' Board of Directors to develop and test components of a voluntary grower certification program. [GAP Connections](#) is a third-party organization that develops, maintains and promotes Good Agricultural Practices standards among growers and tobacco companies that purchase their crop.

With the launch of the Tobacco Grower Certification Program in 2018, participating growers will receive training and resources to help produce healthier crops, sustain the ecosystem in which they grow, and implement labor management practices that protect the rights of their workers and promote a safe working environment. The certification program also provides monitoring programs, such as on-farm audits that identify areas in need of improvement, along with a clear remediation plan that makes improving or fixing areas of deficiency easier.

## Our Performance

### Developing a diverse supplier base



**Achieved 8.1% diversity spend\*, approaching our goal of 9%**

**100%**

**Percent of functional business areas across our companies that set long-term diverse spend targets**

### Monitoring and assessing

**519**

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

**100%**

**Completed planned GAP assessments of domestic tobacco growers**

\* Percent of controllable spend







# Developing Our Employees and Culture

## GOAL

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



Our industry faces big challenges. That's why we seek the best people to give us a talent advantage.

Our employees' leadership and passion to succeed has 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 we develop high-performing and engaged employees who help us continue to deliver superior results in the future. Our approach includes:

- promoting a vibrant, inclusive workplace;

- attracting, developing and retaining talented and diverse people;
- rewarding and recognizing our employees; and
- creating a safe workplace.

### Promoting a Vibrant, Inclusive Workplace

We're strengthening our culture by emphasizing diversity and inclusion, thinking and acting innovatively and simplifying work. Over the last four years, our companies accomplished important milestones.

### Diversity & Inclusion

Altria's diversity and inclusion vision is to seek and value differences with our people, communities and suppliers to drive our success. Each of us brings our own point of view to work: one that is shaped by our education, family and life experiences as well as our age, gender identity, race and sexual orientation. When we value these differences, we effectively solve business problems and create a more inclusive workplace. In 2017, our progress included:

- Our CEO, Marty Barrington, joined the CEO Action for Diversity & Inclusion



## Here's How We Support Our Employee Goal

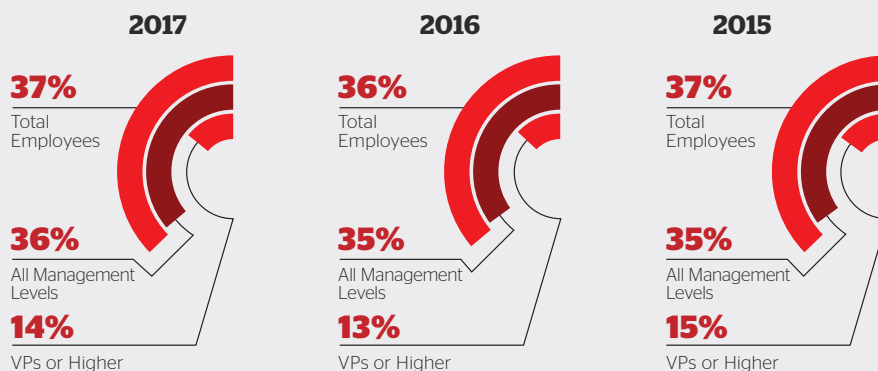




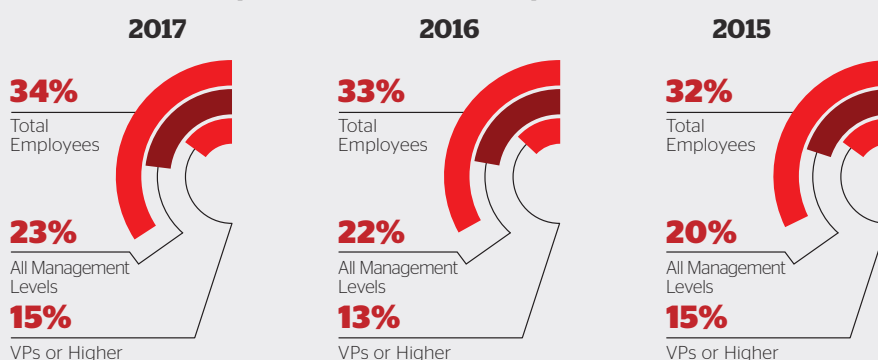
network and signed its pledge. By joining the network with more than 250 companies representing nearly 70 industries across all 50 states, the company has committed to:

- cultivate a culture where difficult and sometimes complex conversations about diversity & inclusion can take place;
  - continue to implement unconscious bias training and education; and
  - share best (and unsuccessful) practices to benefit, and learn from, other companies.
- Altria appointed a Chief Diversity and Inclusion Officer, reporting directly to the Senior Vice President of Human Resources and Compliance.
  - The Executive Diversity Council evolved into the Altria Diversity Council by broadening its membership and by shifting its focus from setting strategy to driving progress. This includes task forces focused on strategic planning, metrics, and communications and engagement.
  - Altria Client Services' Assistant General Counsel & Director of Political Law and Ethics Programs was named to the OUTstanding Leading LGBTQ+ Executives List, presented by the *Financial Times*.
  - Over 2,300 employees participated in one or more of our nine ERGs.
  - Eighteen percent of eligible employees enrolled in the AltriaConnects mentoring program, which exceeded our launch goal.
  - We expanded the self-identification options in our reporting system to include the opportunity to self-identify as Lesbian, Gay, Bisexual, Transgender or Queer/Questioning.

## Representation of Women



## Representation of People of Color



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.

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. So we set a four-year aspiration to have the Vice President and higher ranks be comprised of 20 percent women and 20 percent people of color by 2020. Our progress on this can be seen in the chart above. Improving diversity at all levels remains one of our goals. 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

Everyone feels included, heard  
and challenged to contribute

We promote diversity and  
inclusion in our communities  
and in our supplier base to  
contribute to our success

## Employee Resource Groups – A Collective Force for Diverse Perspectives

Janet Santana, Manager, Brand Development System, Philip Morris USA

I'm really proud of the two roles I play with our employee resource groups (ERGs) as the chair of Si, our Hispanic ERG, and as the chair of the ERG Leadership Forum, which brings together leaders from all our ERGs to discuss and act upon shared goals. Both have given me an opportunity to understand how the ERGs are impacting the culture in the company and our business.

I think about ERGs from the perspective of mirroring the landscape — having diversity within our workplace helps us best connect with our external audiences. I also think it's important from a pure innovation and talent perspective. In order for us to innovate and think differently to develop game-changing ideas, it requires people to look at the same set of problems from different angles and their diverse experiences.

One of the most impressive things I've seen with the ERGs is the evolution. At first, they were individually

focused, taking into consideration the members they served. Now, through the ERG Leadership Forum, we've become more of a collective force that is starting to make progress toward creating an inclusive culture at Altria.

I see a much more engaged organization because of the ERGs. With Si for example, only a third of our members are Hispanic. That means our programming is having an impact and bringing together people of diverse backgrounds. It really helps us to embrace all employees and harness the talent that we spend so much time recruiting. When people feel like they can be themselves, that they can bring their whole selves to work and contribute without fear, then those employees are much more productive, much more engaged and will be the success that leads us forward as a company.



### Our Employee Resource Groups

**EAST** (Asian)

**Mosaic** (LGBT)

**Si!** (Hispanic)

**Spring** (Young Professionals)

**UNIFI** (Black)

**Women's Network**

**Women in Sales**

**Women in Manufacturing**

**Salute** (Military)

### Innovation

Innovation is more than just bringing products to market. Innovation also includes bringing new ideas, efficiencies and improvements to the jobs we're already doing.

In 2017, a cross-functional team looked at innovative ways to rapidly identify and allocate diverse sources of talent. The team piloted three ideas: asking employees throughout the organization to rewrite job postings to be more appealing and engaging; developing a more expeditious process by engaging a freelancer on the job-posting rewrite; and leveraging crowdsourced freelance filmmakers to generate high-quality creative assets at a significantly lower cost for the *L&M* brand.

Philip Morris USA brought a packaging innovation to life with *Marlboro* Ice. The team modernized the cigarette packaging with an innovative, patented re-sealable design. The packaging for *Marlboro* Ice is more sturdy and durable

and builds on the premiumness of the product.

We continued to modernize our workplace to encourage collaboration and transparency. For example, at our Center for Research and Technology, we created a project wall to share learnings cross-functionally. We also purchased our Headquarters building and will renovate the interior for an even more vibrant workspace for employees. Additionally, we opened a new meeting space in Scott's Addition, an eclectic historic neighborhood in Richmond, called "The Warehouse." The Warehouse is a unique space and more casual than our typical conference rooms to help inspire creative thinking.

### Simplification

Because of today's changing marketplace, our ability to adapt and move quickly has never been more important. Our employees are taking the initiative to streamline work and save time and money.



## Engaging Employees

In summer 2017, Altria hosted Be:2017, an event where employees were immersed in our culture initiatives through an experiential day at our Center for Research and Technology (CRT). Employees explored how the CRT is driving innovation and shaping the future of tobacco. Senior leaders shared stories about Altria, and employees networked with colleagues from across our companies. Through speakers, workshops and activities, we celebrated our success, built new skills and inspired employees to further contribute to our culture initiatives. Similar events were held at our Philip Morris Manufacturing Center in 2016 and at our Headquarters building in 2015.

# Be:2017

In 2017, we launched a simplification challenge asking employees to identify opportunities to simplify processes, policies, and systems and tools. We used an employee crowdsourcing tool to build on ideas and vote for the simplification ideas that should be implemented. Two hundred ideas were submitted. More than 250 employees commented and expanded on those ideas, and 928 employees voted for the best ideas. The top

six ideas were then pitched to functional leaders during “Be:2017” to determine which should move forward, and all ideas were shared with senior leadership for further consideration.

We also simplified our Mission Framework. We realized we had an opportunity to revisit our Mission in light of our changing business and external environment. We updated our Mission

framework to help simplify the structure and language, align the framework with our current and future business plans, and incorporate our increased focus on our talent and culture. Our updated framework allows us to emphasize our business strategies that will lead to long-term business success.

## Attracting, Developing & Retaining Talented People

Employees want challenging, meaningful work. They want to make decisions that matter, while developing their careers. We provide these opportunities, including paid internships and diverse assignments designed to stretch capability.

In 2017, we updated our Leadership Responsibilities to help position us for success in the future. We modernized the framework to make it simpler, memorable and relevant to our evolving businesses and employees.



### SHAPE THE FUTURE

- Anticipate change
- Clarify what matters
- Innovate with courage

### GROW PEOPLE & TEAMS

- Learn & develop
- Champion diversity & inclusion
- Inspire & empower

### DELIVER WINNING RESULTS

- Make it simple
- Focus resources
- Act with purpose



### Our Leadership Advantage - A Common Language of Leadership at Altria

Robyn Bell, Senior Specialist, Leadership Development, Altria Client Services

At the end of 2016, we started a team initiative to update our Leadership Responsibilities, a model that served us well for the last 17 years. The team took into consideration our changing workforce and the competitive environment, and also infused our Unleash Our Potential culture campaign. We used a neuroscience approach on how the brain best handles organizational change to help us make the new model simple, sticky and very clear. We also included a future orientation, with the first behavior: “Shape the Future.” We changed the name to Our Leadership Advantage, a direct connection to our Mission strategy to grow our leadership advantage through our people, our culture and our business partners.

Our Leadership Advantage applies to all employees regardless of tenure, business function or level, and not just people managers. All employees can look at these and put “I” in front of any of them - I anticipate change, I learn and develop, I champion diversity and inclusion. They can make them their own and act on them.

If we’re looking to meet our goal of high-performing and engaged employees, we support our employees by building their capability to shape, to grow and to deliver. We’re not just putting these words out there; we’re supporting employees with training, engagement and communications. If an employee shapes, grows and delivers, then they are high-performing and engaged.

Recruiting

We recruit people with strong leadership potential. Our companies have long-standing recruiting relationships with about 18 universities nationwide. Each year, we offer students paid co-ops or internships and many of these interns begin their careers with Altria after they graduate.

In 2017, the Diversity and Inclusion team, along with the Unifi and Spring ERGs, expanded the AltriaConnects mentoring program by partnering 48 interns with employee mentors outside their assigned function. Our CEO,

Marty Barrington, and other executives served as intern mentors as part of this program. Eighty-two percent of interns surveyed said that this enhanced their overall experience.

We also launched a pilot program with Thurgood Marshall College Fund to recruit summer interns from across the Historically Black College and University/Minority-Serving Institution network as part of a scholarship partnership. A total of 13 scholars, exceeding the goal of 10, were recruited to intern in the summer of 2018. This is part of a broader set of partnerships that include the Hispanic Scholarship Fund, Association of Latino Professionals for America and Management Leadership for Tomorrow. We recruited a total of eight diverse intern candidates and seven direct-hire employees through these partnerships.

Our university recruiting is complemented by our efforts to hire experienced employees with demonstrated leadership capabilities.

In 2017, Altria hired 688 new employees: 37.1 percent were women and 45.5 percent were people of color, helping improve the diversity of our workforce.

Development

We work in highly competitive, regulated industries. Our development programs prepare our employees to take on these complex business challenges.

Examples include:

- Classroom and self-guided experiential sessions, at both the enterprise and functional levels, taught by experienced company leaders or by experts in a variety of fields who challenge our assumptions and practices.





- AGDC University – A system that connects learning to development for all AGDC employees. The system uses formal, instructor-led programming, offers online learning and connects learners via social learning.
- Educational Refund Program – A program that reinforces the importance of continuing education for employees and represents our commitment to develop individual potential and increase job skills.
- Quality Management System Training – A system that defines training requirements for employees based on their role to reinforce product quality, legal and regulatory requirements.
- Altria Volunteers – Our employee volunteering program was enhanced in 2017 to encourage employees to practice leadership and inclusion skills by leading volunteer projects. Employees also have the opportunity to strengthen their skills with skills-based volunteering, such as CreateAThon. In 2017, 80 brand employees and creative suppliers assisted nine nonprofits with marketing and communications projects.

When employees join our companies, they have immediate access to development resources. 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, and career advancement and growth opportunities. During this process, employees set individual performance objectives connected to our company's Mission and Values. All salaried employees participate in the Performance Partnership Process or a similar performance management system.

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.

Our Talent Planning process helps develop and measure the readiness of employees to advance into new positions and identify candidates for leadership roles. This process allows us to fill a high percentage of our openings with internal candidates, which is mutually beneficial for our employees and the company. Most of our positions filled by external candidates are for entry-level positions, to fill talent gaps identified in Talent Planning, or to support new business initiatives. In 2017:

- 37 percent of employees who are manager level and above had specific advancement plans;
- 84 percent of open jobs were filled by internal candidates (excluding entry level positions); and
- 11 percent of salaried employees were promoted.

In 2017 our companies invested approximately

**\$12.6 M**

in training and development programs

### **Rewarding & Recognizing Our Employees**

Our compensation program helps us attract, retain and motivate world-class talent. Depending on level, total compensation can include different elements — base pay, annual cash incentives, long-term stock and cash incentives, and benefits. Our goal is to provide total compensation packages between the 50th and 75th percentile of our peer companies. In 2017, we launched a new, simplified website for employees to access compensation and benefits information from anywhere, including mobile devices.

Our employee recognition program empowers employees to acknowledge the superior work of their peers. Whether it comes as just a note or as a tangible recognition gift, we promote an environment of acknowledging hard work and results.

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 about our compensation and benefit offerings.



### Creating a Safe Workplace

Our safety goal is simple – we want 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 standards, 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;

### Driver Safety Program

In 2017, Safety, Health, and Environmental partnered with Altria Group Distribution Company to research improvements to the driver safety program, such as participating in conferences on driver training and distracted driving, to learn more about new performance improvement learning solutions.



## Maintaining Strong Labor Relations

Altria's operating companies provide well-paying manufacturing and production jobs for employees in 10 states. We respect the rights of our companies' employees who choose to be represented by a union. In fact, 26 percent of employees within our family of companies were represented through collective bargaining agreements at the end of 2017.

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. In 2017, we worked closely with the unions to facilitate transfers between plants after announcing factory closures, including having local employees give tours around the community to employees contemplating relocation.

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 \$1,100 - \$1,500.

- 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 95 percent composite score for safety assessment performance in our facilities, up two percentage points from 2016;
- an OSHA recordable injury rate of 2.5, lower than the benchmark for U.S. Beverage and Tobacco Product Manufacturing; and
- a lost day rate of 1.2, equal to the benchmark for US Beverage and Tobacco Product Manufacturing.



## Our Performance

Delivering superior results

2017	2016	2015
<b>\$1,151,325</b>	<b>\$1,055,663</b>	<b>\$950,114</b>
Operating income per employee		

## Promoting a vibrant, inclusive workplace

Diversity	2017	2016	2015
VPs or higher who are women	<b>14%</b>	<b>13%</b>	<b>15%</b>
VPs or higher who are people of color	<b>15%</b>	<b>13%</b>	<b>15%</b>

In 2017, we enhanced the “Our Voice” employee survey by introducing a new platform that invites more frequent feedback and provides people managers with personalized dashboards and action plans. The platform averages all responses received to a question to create one score and benchmarks the score nationally across a range of industries. Our survey of salaried employees in September showed:

<b>74</b>	<b>79</b>	<b>76</b>	<b>76</b>	<b>70</b>
Overall engagement, three points above benchmark	Employee satisfaction with their teams and managers, each two points above benchmarks	Managers providing feedback that helps improve performance, five points above benchmark	Willingness to recommend our company as a great place to work, four points above benchmark	Feeling a sense of belonging and employee opinions seem to count, one and four points respectively above benchmarks

## Developing talent

	2017	2016	2015
Our companies' investment in training and development programs	<b>\$12.6M</b>	<b>\$12.5M</b>	<b>\$10.3M</b>

## Creating a safe workplace

<b>95%</b>	<b>2.5</b>	<b>1.2</b>
Altria's safety assessment performance composite score earned by our facilities	Altria's OSHA recordable injury rate	Altria's OSHA lost day rate
Up two percentage points from 2016	This rate is lower than the benchmark for U.S. Beverage and Tobacco Product Manufacturing	This rate is equal to the benchmark for U.S. Beverage and Tobacco Product 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 selected 2017 consolidated data as set out in Section 1 of 'Altria CY 2017 Environmental Metrics'.

Engagement Summary	
<b>Scope:</b>	<p>Whether the consolidated corporate data for calendar year 2017 set out in <b>Section 1 of 'Altria CY 2017 Environmental Metrics'</b> (attached) for the following indicators are, in all material respects, appropriately presented in accordance with the reporting criteria:</p> <ul style="list-style-type: none"> <li>Energy Use (Billions of BTUs)</li> <li>GHG emissions: <ul style="list-style-type: none"> <li>Scope 1 Direct GHG emissions from on-site fossil fuel combustion and refrigerant gases; and emissions from sales vehicles and company-controlled aircraft (Metric tonnes CO<sub>2</sub>e)</li> <li>Scope 2 Indirect GHG emissions from purchased electricity, location-based and market-based (Metric tonnes CO<sub>2</sub>e)</li> <li>Scope 3 Other Indirect GHG emissions from global air travel and rented vehicles (Metric tonnes CO<sub>2</sub>e)</li> </ul> </li> <li>Waste disposed to landfill (Millions of pounds)</li> <li>Waste recycled, composted, converted to fuel or reused (Millions of pounds)</li> <li>Hazardous waste generated (Short tons)</li> <li>Water Consumption (Millions of US gallons)</li> </ul> <p>'Appropriately presented' means we have assessed the selected data for reliability which includes: completeness (whether all relevant locations and sources were captured); comparability (across locations and over time); and accuracy of calculations (including the use of appropriate formulae, conversion factors, estimates and assumptions).</p>
<b>Reporting Criteria used:</b>	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)
<b>Assurance Standard used:</b>	ERM CVS's Assurance Methodology, which is based on ISO14064:3 for GHG emissions verification
<b>Assurance level:</b>	Limited assurance
<b>Respective responsibilities:</b>	<p>Altria is responsible for preparing <b>Section 1 of 'Altria CY 2017 Environmental Metrics'</b> and for the collection and presentation of the data within it.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

#### Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2017 environmental data for the indicators listed under 'Scope' above, are not appropriately presented in accordance with 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 environmental 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
- A visit to the site in Nashville, a live review of the EMIS database and vendor data management, and in-depth interviews with representatives of Ste Michelle Wine Estates (SMWE), to review environmental records and documents related to the data.
- 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 observation:

- There are minor sources of un-tracked water use in Altria's Ste Michelle Wine Estates (SMWE) business, which are currently excluded from the reported data.



Jennifer Larsen-Rogers, Partner  
04 April 2018  
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**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

### ALTRIA CY2017 ENVIRONMENTAL METRICS

#### Section 1: 2017 Metrics with Independent Assurance

Indicator	Amount	Unit of measure
Energy use	4,360	Billions of BTUs
Total GHG Emissions	355,305	Metric tonnes CO <sub>2</sub> e
Scope 1 GHG emissions*	167,695	Metric tonnes CO <sub>2</sub> e
Scope 2 GHG emissions**	172,312 (location based) 168,889 (market based)	Metric tonnes CO <sub>2</sub> e
Scope 3 GHG emissions***	15,298	Metric tonnes CO <sub>2</sub> e
Water consumption	2,192	Millions of gallons
Waste disposed at landfill	27.9	Millions of pounds
Waste recycled, composted, converted to fuel or reused	63.4	Millions of pounds
Hazardous waste generated	147.3	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<sub>2</sub>e)

\*\* **Scope 2 Indirect GHG emissions** from purchased electricity (tonnes CO<sub>2</sub>e)

\*\*\* **Scope 3 Other Indirect GHG emissions** from global air travel and rented vehicles (tonnes CO<sub>2</sub>e)

Greenhouse gas (GHG) emissions prepared in accordance with the Greenhouse Gas Protocol.

Scope 2 GHG market-based emissions were calculated according to the market-based approach set out in the Greenhouse Gas Protocol Scope 2 Guidance, January 2015.

The market-based Scope 2 GHG emissions represent a zero emission rate from renewable energy certificates (RECs) and supplier-specific emission rates for renewable energy program purchases.

The market-based Scope 2 GHG emissions are not included in Total GHG Emissions.

Water consumption consists of all sources of water, including cooling water, with the exception of minor, non-metered sources. It is equivalent to GRI Total Water Withdrawal.

Independent Assurance was provided by ERM Certification and Verification Services Inc. Please refer to their Independent Assurance Statement for full details of the scope, assurance activities and conclusions.

#### Section 2: Additional Information to Support GRI Indicators

##### Energy Usage

##### Fuel Consumption from Non-Renewable Sources

Natural Gas	22,099,264	hcf
Fuel Oil	57,059	gallons
Propane	1,496,263	gallons
Diesel	114,991	gallons
Gasoline	2,662,356	gallons
Jet Fuel	444,488	gallons

##### Fuel Consumption from Renewable Sources

Not applicable.

##### Electricity Consumption

Purchased Electricity	448,146	MWh
Heating, Cooling, Steam	Multiple uses for fuel sources does not allow separating energy consumption into these categories.	

##### Total Sold

Not applicable.

##### Total Energy Consumption

Purchased Electricity	1,529,136	MMBtu	<b>Total</b>	
Natural Gas	2,276,224	MMBtu	<b>4,360</b>	<b>Billion Btu</b>
Fuel Oil	7,874	MMBtu		
Propane	137,656	MMBtu		
Diesel	15,869	MMBtu		
Gasoline	332,795	MMBtu		
Jet Fuel	60,006	MMBtu		

Energy data collected using utility invoices, meter readings, tank fill receipts, fuel logs, run time logs. De Minimis sources were estimated

## Appendix A: Environmental Assurance Letter

### Source of Conversion Factors

Fuel energy conversion factors from U.S. Code of Federal Regulations 40 CFR 98 Subpart C; Appendix Table C-1 - USEPA Mandatory Greenhouse Gas Reporting; Default CO<sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel.

### Greenhouse Gas Emissions

Greenhouse gas (GHG) emissions were prepared in accordance with the Greenhouse Gas Protocol. The consolidation approach for GHG emissions is operational control.

#### **Scope 1 Direct GHG emissions [tonnes CO<sub>2</sub>e]**

Emissions from on-site fossil fuel combustion, refrigerant gases, fuel use from sales fleet and leased vehicles, and company-controlled aircraft (tonnes CO<sub>2</sub>e).  
Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFCs.

### Source of Emission Factors

Combustion fuels based on USEPA Climate Leaders document (last modified 4 April 2014).  
Global Warming Potential (GWP) factors for the GHG pollutants are based on IPCC Fifth Assessment Report (AR5 – 100 years).  
GHG factors for mobile fuels and combustion fuels (USEPA Climate Leaders; last modified 4 April 2014).

#### **Scope 2 Indirect GHG emissions (tonnes CO<sub>2</sub>e) [Location-based]**

Emissions from purchased electricity.  
Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

### Source of Emission Factors

Location-based purchased electricity based on eGRID2016 (Revised February 15, 2017).  
GWP factors for the GHG pollutants based on IPCC Fifth Assessment Report (AR5 – 100 years).

#### **Scope 2 Indirect GHG Emissions (tonnes CO<sub>2</sub>e) [Market-based]**

The market-based Scope 2 GHG emissions represent a zero emission rate from renewable energy certificates (RECs) and supplier-specific emission rates for renewable energy program purchases.  
Market-based emissions calculated according to the market-based approach in the Greenhouse Gas Protocol Scope 2 Guidance, January 2015.

#### **Scope 3 Other Indirect GHG emissions (tonnes CO<sub>2</sub>e)**

Emissions from global air travel and rented vehicles.  
Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

### Source of Emission Factors

GHG factors for mobile fuels and combustion fuels (USEPA Climate Leaders).  
GHG factors for air travel from UK Government Conversion Factors (DEFRA factors; 2017 Government Greenhouse Gas Conversion Factors for Company Reporting).  
GWP factors for the GHG pollutants based on IPCC Fifth Assessment Report (AR5).

### Total Waste and Disposal

Non-Hazardous Waste	(Million lbs.)	Hazardous Waste	(Tons)
Re-use	3.188	Re-use	0.0
Recycling	32.336	Recycling	0.52
Composting	25.59	Composting	0.0
Recovery, incl. Energy	2.076	Recovery, incl. Energy	93.67
Incineration	0.092	Incineration	51.92
Landfill	27.7	Landfill	1.173
Deep Well Injection	n/a	Deep Well Injection	n/a
On-site Storage	n/a	On-site Storage	n/a
Other	n/a	Other	n/a
*n/a=not applicable.	<b>90.98 Total</b>		<b>147.3 Total</b>

### Waste Disposal Methods

Disposed of directly by organization or otherwise directly confirmed.  
Information provided by waste disposal contractor.

### Total Water Withdrawal

#### Volume by Source (million gallons)

569.87	Surface water, including water from wetlands, rivers, lakes, and oceans
946.99	Ground water
0	Rainwater
0	Waste water from another organization
675.57	Municipal water supplies or other water utilities
<b>2,192</b>	<b>Total</b>

### Standards, methodologies, and assumptions used

The method of collecting water usage data is supplier invoicing and on-site meter reading.  
Water usage excludes minor non-metered sources; estimation methodology to be applied to non-metered sources in CY2018.



## Appendix B: Environmental Methodologies

Altria's Safety, Health and Environment team maintains the Environmental Metrics Information System database that contains environmental data for all of Altria's operating and service companies. This data is assured by an independent third party.

Energy consumption data is collected using utility invoices, meter readings, tank fill receipts, fuel logs, and run time logs; De Minimis sources are estimated. Fuel energy conversion factors from the U.S. Code of Federal Regulations 40 CFR 98 Subpart C, Appendix Table C-1 - USEPA Mandatory Greenhouse Gas Reporting, Default CO<sub>2</sub> Emission Factors and High Heat Values for Various Types of Fuel are used. Reductions in energy consumption are estimated using before and after energy data at a facility after project implementation and/or estimated during the engineering design and capital procurement process.

Water withdrawal data is collected using supplier invoicing and on-site meter reading. Water usage excludes minor non-metered sources. We are exploring ways to estimate this usage in the future. We evaluate water sources significantly affected by withdrawal through a comprehensive water risk assessment that examines physical, regulatory, and reputational water risks to our operating companies' facilities and their value chains. This water risk assessment was last updated in 2017.

Scope 1 direct Greenhouse Gas (GHG) emissions were prepared in accordance with the Greenhouse Gas Protocol, and the consolidation approach is operational control. Emissions from on-site fossil fuel consumption, refrigerant gases, fuel use from sales fleet and leased vehicles, and company-controlled aircraft are included. Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFCs. Combustion fuels and mobile fuels emissions factors are based on the USEPA Climate Leaders document (last modified 4 April 2014). Global Warming Potential factors for the GHG pollutants are based on the IPCC Fifth Assessment Report (AR5 - 100 years).

Scope 2 indirect GHG emissions were prepared in accordance with the Greenhouse Gas Protocol, and the consolidation approach is operational control. Emissions from purchased electricity are included. Market-based emissions were calculated according to the market-based approach set out in the Greenhouse Gas Protocol Scope 2 Guidance, January 2015. The market-based Scope 2 GHG emissions represent a zero emission rate from renewable energy certificates (RECs) and supplier specific emission rates for renewable energy program purchases. Location-based purchased electricity is based on eGRID2014 (Revised 1/13/2017). GWP factors for the GHG pollutants are based on IPCC Fifth Assessment Report (AR5 - 100 years).

Scope 3 emissions are from global air travel and rented vehicles. GHG factors for mobile fuels and combustion fuels are from USEPA Climate Leaders. GHG factors for air travel are from UK Government Conversion Factors (DEFRA factors; 2016 Government Greenhouse Gas Conversion Factors for Company Reporting). GWP factors for the GHG pollutants are based on IPCC Fifth Assessment Report (AR5).

Reductions in greenhouse gas emissions are estimated using before and after emissions data at a facility after project implementation and/or estimated during the engineering design and capital procurement process.

## Appendix C: Stakeholder Engagement

Stakeholder Group	Why We Engage	How We Engage
<b>Investors</b>	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.	<ul style="list-style-type: none"> <li>• Annual Shareholder Meetings</li> <li>• Investor: <ul style="list-style-type: none"> <li>• Road shows</li> <li>• Meetings</li> <li>• Conferences</li> <li>• Surveys</li> <li>• Earnings calls</li> </ul> </li> </ul>
<b>Suppliers/Growers</b>	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 the supply chain.	<ul style="list-style-type: none"> <li>• Supplier scorecards</li> <li>• Supplier meetings</li> <li>• Assessments, audits and surveys</li> <li>• Meetings between company grower representatives and growers</li> <li>• Workshops and training events</li> <li>• Agricultural organizations</li> </ul>
<b>Government and Regulatory Agencies</b>	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.	<ul style="list-style-type: none"> <li>• Meetings with elected and appointed officials and staff</li> <li>• Regulatory submissions</li> <li>• Workshop participation</li> <li>• Facility tours</li> <li>• Trade associations</li> <li>• Public policy organizations</li> </ul>
<b>Public Health and Scientific Community</b>	To understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Conferences and workshops</li> <li>• Research publications</li> </ul>
<b>Trade Partners</b>	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.	<ul style="list-style-type: none"> <li>• "Top-to-Top" meetings</li> <li>• Visits with retailers</li> <li>• Online tools</li> <li>• Annual trade meetings</li> </ul>
<b>Consumers</b>	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.	<ul style="list-style-type: none"> <li>• Consumer hotlines</li> <li>• Consumer insights research</li> <li>• Brand and corporate websites</li> <li>• Direct-to-consumer communications</li> </ul>



## Appendix C: Stakeholder Engagement

<b>Employees</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Town hall meetings led by senior leaders</li> <li>• Engagement surveys</li> <li>• Intranet communications</li> <li>• Newsletters</li> <li>• Functional, departmental and team meetings</li> <li>• Labor negotiations</li> </ul>
<b>Community Partners/Grantees</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Grantee forums</li> <li>• Service on boards and in other leadership roles</li> <li>• Employee volunteer service</li> </ul>

## Appendix C: Stakeholder Engagement

### Examples of outcomes from some of these engagements include:

#### Suppliers/Growers:

- In 2017, a cross-functional internal team and external industry experts conducted a scenario planning exercise to explore how the supply of materials to manufacturers will evolve over the next decade. The team identified critical trends, success factors and business gaps to help inform our business practices and challenge our conventional thinking.
- Our ALCS Tobacco Grower Representatives make on-farm visits to educate growers on a variety of topics important to our growers including prevention of Green Tobacco Sickness and heat stress, compliance with I-9 and wage statements, and prevention of non-tobacco related materials. They share training materials, handouts and information on additional resources available.

**Trade Partners:** Our proprietary reporting system provides relevant store-level data for the tobacco categories. We can show our customers how many stores are gaining or losing market share at an aggregate and store level. Our sales team then 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 2017, Chateau Ste. Michelle opened a new, state-of-the-art visitor center as part of its 50th anniversary celebration. The center includes an interactive blending room, tasting room, lounge for wine club members, private tasting salons, a theater and a restaurant-style kitchen. Additionally, Ste. Michelle Wine Estates received six wines in Wine Spectator's 100 Top Values article, which highlights wines ranking 88 points or higher, priced at \$20 or less and made in large enough quantities to be widely available to adult consumers.

**Employees:** In the summer of 2017, we hosted "Be: 2017," an event where employees were immersed in our cultural initiatives through an experiential day at the Center for Research and Technology (CRT). Employees explored how the CRT is driving innovation and shaping the future of tobacco. Senior leaders shared stories about Altria and employees networked with colleagues from across our companies. Through speakers, workshops and activities, we celebrated our success, built new skills and inspired employees to further contribute to our culture initiatives.

**Community Partners/Grantees:** In 2017, we partnered with organizations such as HandsOn Greater Richmond, National Voluntary Organizations Active in Disaster and the Red Cross to host 10 employee volunteer events at our facilities to benefit those affected by the active 2017 hurricane season. As a result of these volunteer events, we were able to provide 9,238 comfort and hygiene kits to those in need.



## Appendix D: Analysis of Material Topics

Reducing the Harm of Tobacco Products	Marketing Responsibly
<p><b>Aspects</b></p> <ul style="list-style-type: none"> <li>• Product Innovation</li> <li>• Science and Research</li> <li>• Regulatory Engagement</li> <li>• Health Communications</li> <li>• Tobacco Cessation</li> <li>• Underage Tobacco Prevention</li> </ul>	<p><b>Aspects</b></p> <ul style="list-style-type: none"> <li>• Marketing practices</li> <li>• Compliance</li> </ul>
<p><b>Business Case and Our Focus</b></p> <p>Most of Altria's revenue comes from the sale of its tobacco operating 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.</p> <p>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.</p>	<p><b>Business Case and Our Focus</b></p> <p>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, taxation 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.</p> <p>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.</p>
<p><b>Internal Boundary</b></p> <ul style="list-style-type: none"> <li>• Altria's Tobacco Companies</li> </ul>	<p><b>Internal Boundary</b></p> <ul style="list-style-type: none"> <li>• All Altria Companies, except Philip Morris Capital Corporation</li> </ul>
<p><b>External Boundary</b></p> <ul style="list-style-type: none"> <li>• Consumers</li> <li>• Regulators</li> <li>• Public Health Community</li> <li>• Trade Partners</li> <li>• Youth and Youth-Serving Organizations</li> </ul>	<p><b>External Boundary</b></p> <ul style="list-style-type: none"> <li>• Consumers</li> <li>• Trade Partners</li> <li>• Marketing Suppliers</li> </ul>

## Appendix D: Analysis of Material Topics

Managing Our Supply Chain Responsibly	Developing Our People and Culture
<b>Aspects</b> <ul style="list-style-type: none"> <li>• Relationship Management</li> <li>• Diversity</li> <li>• Standards and Compliance</li> <li>• Monitoring and Assessments</li> <li>• Labor Management and Human Rights</li> </ul>	<b>Aspects</b> <ul style="list-style-type: none"> <li>• Talent Attraction and Retention</li> <li>• Development and Capability Building</li> <li>• Diversity and Inclusion</li> <li>• Compensation and Benefits</li> <li>• Safety</li> </ul>
<b>Business Case and Our Focus</b> <p>Altria relies on thousands of suppliers to operate effectively and with quality. And, maintaining a diverse supplier base can encourage new perspective and innovative solutions. At the same time, companies are increasingly being held accountable for the actions of their suppliers and 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.</p> <p>To have a secure, high-quality and reliable source of materials and services, it's important to work to anticipate and resolve risks and societal issues within the supply chain.</p>	<b>Business Case and Our Focus</b> <p>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.</p> <p>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.</p>
<b>Internal Boundary</b> <ul style="list-style-type: none"> <li>• All Altria Companies</li> </ul>	<b>Internal Boundary</b> <ul style="list-style-type: none"> <li>• All Altria Companies</li> </ul>
<b>External Boundary</b> <ul style="list-style-type: none"> <li>• Suppliers</li> </ul>	<b>External Boundary</b> <ul style="list-style-type: none"> <li>• Prospective Employees</li> </ul>



## Appendix E: Analysis of Other Topics

Environmental Management	Investing in Communities
<b>Aspects</b> <ul style="list-style-type: none"> <li>• Environmental Management Framework</li> <li>• Environmental Goals</li> <li>• Agricultural Practices</li> </ul>	<b>Aspects</b> <ul style="list-style-type: none"> <li>• Corporate Giving</li> <li>• Employee Involvement</li> </ul>
<b>Business Case and Our Focus</b> <p>Altria's tobacco and wine operating companies rely on agricultural products, and we understand the effect that the environment and climate change may have on our businesses. Natural disasters may have an impact on our companies' facilities and their supply chains. We are also responsive to the regulatory elements related to the environment as well as stakeholder concerns.</p> <p>To mitigate environmental risks to our business, our companies utilize an Environmental Management Framework to influence our business strategy. This framework includes setting and working against long-term goals including goals for greenhouse gas emission reductions and water sustainability. Goals and metrics can be viewed on our website, <a href="http://Altria.com">Altria.com</a>, and in our submissions to CDP for Climate Change and Water.</p>	<b>Business Case and Our Focus</b> <p>Altria depends on the communities where we operate to provide a positive business atmosphere as well as to provide a talented and diverse workforce. Investing in communities helps support our other responsibility topics such as addressing underage tobacco use. Additionally, it empowers our employees to volunteer, contribute and be actively involved in helping their communities.</p> <p>To continue to make a positive impact on our communities, our companies focus on giving millions of dollars in contributions to charitable organizations, as well as supporting our employees in giving their time and service.</p>
<b>Internal Boundary</b> <ul style="list-style-type: none"> <li>• All Altria Companies</li> </ul>	<b>Internal Boundary</b> <ul style="list-style-type: none"> <li>• All Altria Companies</li> </ul>
<b>External Boundary</b> <ul style="list-style-type: none"> <li>• Regulators</li> <li>• Suppliers</li> <li>• Communities</li> </ul>	<b>External Boundary</b> <ul style="list-style-type: none"> <li>• Communities</li> <li>• Nonprofit Organizations</li> </ul>

Appendix E: Analysis of Other Topics

Combating Illicit Trade

Aspects

- Monitoring and Intelligence Gathering
- Retailer Expectations
- Supporting Law Enforcement
- Litigation
- Legislation and Regulation
- Product Security Features

Business Case and Our Focus

For Altria's tobacco companies, the illicit tobacco trade undermines our investments in our brands and in the trade channels through which our products are distributed and sold. Counterfeit products hurt our brand promise. Smuggling hurts our retailers who lose legitimate sales and governments who lose tobacco excise and sales taxes. Our communities can also suffer, as funds from the trade may support possibly violent criminal organizations.

To protect our tobacco companies and stakeholders, we continue to fight the illicit tobacco trade and dedicate resources to combat these criminal activities, such as communicating expectations to retailers and supporting law enforcement and litigation.

Internal Boundary

- Altria's Tobacco Companies

External Boundary

- Law Enforcement
- Retailers
- Governments
- Consumers



## GRI Content Index

This report has been prepared in accordance with the GRI Standards: 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](http://Altria.com).

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>GRI 101: Foundation 2016</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational Profile</b>				
<b>102-1</b>	Altria Group, Inc.			Name of the organization
<b>102-2</b>	<a href="#">Corporate Profile</a> (pages 6-9) <a href="#">Reducing the Harm of Tobacco Products</a> (pages 14-21) <a href="#">Marketing Responsibly</a> (pages 22-26) <a href="#">Appendix D</a> (page 53) <a href="#">Combating Illicit Trade (Altria.com)</a>			Activities, brands, products, and services
<b>102-3</b>	6601 W. Broad St., Richmond, VA 23230			Location of headquarters
<b>102-4</b>	<a href="#">Corporate Profile</a> (page 9)			Location of operations
<b>102-5</b>	<a href="#">2017 Form 10-K (Altria.com)</a> (pages 1-4)			Ownership and legal form
<b>102-6</b>	<a href="#">Corporate Profile</a> (pages 6-9)			Markets served
<b>102-7</b>	<a href="#">Corporate Profile</a> (pages 6-9)			Scale of the organization

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
102-8	<a href="#">Corporate Profile</a> (page 7) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) Total Salary – 4823 Female – 2000 Male – 2823  Total Hourly – 2736 Female – 762 Male – 1974  Total Temp – 426 Female – 207 Male – 219  Total Full-Time – 7397 Female – 2649 Male – 4748  Total Part-Time – 588 Female – 320 Male – 268			Information on employees and other workers
102-9	<a href="#">Corporate Profile: Our Value Chain</a> (page 8)			Supply chain
102-10	<a href="#">2017 Form 10-K (Altria.com)</a> (Part 1, Item 1 Business, page 1)			Significant changes to the organization and its supply chain
102-11	<a href="#">Environmental Management (Altria.com)</a>			Precautionary Principle or approach
102-12	<a href="#">Human Rights Framework (Altria.com)</a> <a href="#">Our Approach</a> (page 10)			External initiatives
102-13	<a href="#">Engaging with Others (Altria.com)</a>			Membership of associations
<b>Strategy</b>				
102-14	<a href="#">Chairman's Letter</a> (pages 2-3)			Statement from senior decision-maker
<b>Ethics and Integrity</b>				
102-16	<a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Standards for Compliance &amp; Integrity (Altria.com)</a> <a href="#">Our Approach</a> (pages 10-13)			Values, principles, standards, and norms of behavior
<b>Governance</b>				

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
102-18	<a href="#">Board Committees: Nominating, Corporate Governance &amp; Social Responsibility Committee (Altria.com)</a>  <a href="#">Our Approach</a> (page 10)			Governance structure
<b>Stakeholder Engagement</b>				
102-40	<a href="#">Our Approach: Understanding Stakeholder's Perspectives</a> (pages 11-12)  <a href="#">Appendix C</a> (pages 50-52)			List of stakeholder groups
102-41	<a href="#">Developing Our Employees and Culture: Maintaining Strong Labor Relations</a> (page 43)			Collective bargaining agreements
102-42	<a href="#">Our Approach: Understanding Stakeholder's Perspectives</a> (pages 11-12)  <a href="#">Appendix C</a> (pages 50-51)			Identifying and selecting stakeholders
102-43	<a href="#">Our Approach: Understanding Stakeholder's Perspectives</a> (pages 11-12)  <a href="#">Marketing Responsibly</a> (pages 22-24)  <a href="#">Managing Our Supply Chain Responsibly</a> (pages 32-33)  <a href="#">Appendix C</a> (pages 50-52)			Approach to stakeholder engagement
102-44	<a href="#">Our Approach</a> (pages 11-12)  <a href="#">Appendix C</a> (pages 50-52)			Key topics and concerns raised
<b>Reporting Practice</b>				
102-45	<a href="#">2017 Form 10-K (Altria.com)</a> (pages 1-4)  <a href="#">About this Report</a> (inside cover)			Entities included in the consolidated financial statements
102-46	<a href="#">Our Approach</a> (pages 11-12)  <a href="#">Appendix D</a> (pages 53-54)  <a href="#">Appendix E</a> (pages 55-56)			Defining report content and topic Boundaries
102-47	<a href="#">Our Approach</a> (pages 10-12)  <a href="#">Appendix D</a> (pages 53-54)			List of material topics
102-48	We have no restatements to report.			Restatements of information
102-49	We have no significant changes from our previous reporting in the list of material topics and topic Boundaries.			Changes in reporting



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
102-50	<a href="#">About this Report</a> (inside cover)			Reporting period
102-51	23-May-17			Date of the most recent report
102-52	Annual			Reporting cycle
102-53	<a href="#">Contact Us (Altria.com)</a>			Contact point for questions regarding the report
102-54	This report has been prepared in accordance with the GRI Standards: Core option.  <a href="#">About this Report</a> (inside cover)  <a href="#">GRI Context Index</a> (page 57)			Claims of reporting in accordance with the GRI Standards
102-55	<a href="#">GRI Context Index</a> (pages 57-80)			GRI content index
102-56	<a href="#">Managing Our Supply Chain Responsibly</a> (page 30-31)  <a href="#">Appendix A</a> (pages 46-48)			External assurance

## GRI 201: Economic Performance 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Corporate Profile</a> (pages 6-7) <a href="#">Our Approach</a> (pages 10-12) <a href="#">Appendix C</a> (pages 50-52) <a href="#">Appendix D</a> (pages 53-54) <a href="#">Appendix E</a> (pages 55-56) <a href="#">2017 Form 10-K (Altria.com)</a>			Explanation of the material topic and its Boundary
103-2	<a href="#">2017 Form 10-K (Altria.com)</a>  <a href="#">Altria's Responsibility Priorities and Goals</a> (pages 4-5)  <a href="#">Corporate Profile</a> (pages 6-7)  <a href="#">Our Approach</a> (pages 10-13)			The management approach and its components
103-3	<a href="#">2017 Form 10-K (Altria.com)</a>  <a href="#">Altria's Responsibility Priorities and Goals</a> (pages 4-5)  <a href="#">Corporate Profile</a> (pages 6-7)  <a href="#">Our Approach</a> (pages 10-13)			Evaluation of the management approach

### Topic-Specific Disclosures

201-1	<a href="#">Corporate Profile</a> (pages 6-7)  <a href="#">2017 Form 10-K (Altria.com)</a> (page 13)			Direct economic value generated and distributed
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Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
201-2	<a href="#">2017 Form 10-K (Altria.com)</a> (page 30)  <a href="#">CDP.net 2017 CDP Climate Response</a> (questions CC5.1a, CC5.1b, CC6.1a, CC6.1e)			Financial implications and other risks and opportunities due to climate change
201-3	<a href="#">2017 Form 10-K (Altria.com)</a> (pages 46, 63-69)			Defined benefit plan obligations and other retirement plans
201-4	We do not receive any financial assistance from government			Financial assistance received from government

## GRI 202: Market Presence 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Developing Our Employees and Culture</a> (pages 36-44)  <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Developing Our Employees and Culture</a> (pages 36-44)  <a href="#">Appendix D</a> (pages 54)			Evaluation of the management approach

### Topic-Specific Disclosures

202-1	Altria Weighted Ratio of entry level wage to minimum wage = 3.71 Female - 3.59 Male - 3.78	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
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## GRI 203: Indirect Economic Impacts 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)			Explanation of the material topic and its Boundary
103-2	<a href="#">Corporate Profile</a> (pages 6-9)  <a href="#">Managing Our Supply Chain Responsibly</a> (page 28)  <a href="#">Appendix E</a> (page 55)			The management approach and its components
103-3	<a href="#">Corporate Profile</a> (pages 6-9)  <a href="#">Managing Our Supply Chain Responsibly</a> (page 28)  <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
203-2	<a href="#">Corporate Profile</a> (pages 6-9) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-29)			Significant indirect economic impacts

## GRI 204: Procurement Practices 2016

<b>GRI 103: Management Approach 2016</b>				
103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
204-1	Approximately 82.5 percent 2017 domestic supplier spend out of total 2017 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

## GRI 205: Anti-Corruption 2016

<b>GRI 103: Management Approach 2016</b>				
103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 56)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a>			Evaluation of the management approach



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
205-1	<a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a>			Operations assessed for risks related to corruption
205-2	<a href="#">Our Approach</a> (page 10) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a> (pages 10-12, 25, 29, 32-36, 40, 62-63) <a href="#">Supplier Code of Conduct (Altria.com)</a> <a href="#">Combatting Illicit Trade (Altria.com)</a>			Communication and training about anti-corruption policies and procedures

## GRI 206: Anti-Competitive Behavior 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix E</a> (page 56) <a href="#">Code of Conduct (Altria.com)</a> <a href="#">Supplier Code of Conduct (Altria.com)</a> <a href="#">Combatting Illicit Trade (Altria.com)</a>			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-12) <a href="#">Appendix E</a> (page 56) <a href="#">Code of Conduct (Altria.com)</a> <a href="#">Supplier Code of Conduct (Altria.com)</a> <a href="#">Combatting Illicit Trade (Altria.com)</a>			The management approach and its components

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix C</a> (pages 50-51) <a href="#">Appendix E</a> (page 56) <a href="#">Combatting Illicit Trade (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a> <a href="#">Supplier Code of Conduct (Altria.com)</a> <a href="#">2017 Form 10-K (Altria.com)</a> (pages 22-29)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
206-1	<a href="#">2017 Form 10-K (Altria.com)</a> (pages 22-29)			Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

## GRI 302: Energy 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix E</a> (page 55)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix B</a> (page 49) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55)			The management approach and its components
103-3	<a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix C</a> (pages 50-51) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
<b>302-1</b>	<p>Total energy use 2017 - 4,360 billion BTU 2016 - 4,490 billion BTU 2015 - 4,799 billion BTU</p> <p><a href="#">Environmental Management: Environmental Goals (Altria.com)</a></p> <p><a href="#">CDP.net 2017 CDP Climate Response (questions CC11.2, CC11.3, CC11.4, CC11.5)</a></p> <p><a href="#">Appendix B</a> (page 49)</p>		Yes, pages 42-45	Energy consumption within the organization
<b>302-4</b>	<p><a href="#">Environmental Management: Environmental Goals (Altria.com)</a></p> <p><a href="#">CDP.net 2017 Climate Response</a> (questions CC3.3b, CC12.1a)</p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Reduction of energy consumption

## GRI 303: Water 2016

### GRI 103: Management Approach 2016

<b>103-1</b>	<p><a href="#">Our Approach</a> (pages 10-13)</p> <p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Appendix A</a> (pages 46-48)</p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Explanation of the material topic and its Boundary
<b>103-2</b>	<p><a href="#">Our Approach</a> (pages 10-13)</p> <p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix D</a> (page 54)</p> <p><a href="#">Appendix E</a> (page 55)</p>			The management approach and its components
<b>103-3</b>	<p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Appendix A</a> (pages 46-48)</p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix D</a> (page 54)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Evaluation of the management approach



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
<b>303-1</b>	<p>Total water use 2017 – 2,192 million gal 2016 – 2,489 million gal 2015 – 2,783 million gal</p> <p><a href="#">CDP.net 2017 CDP Water Response</a> (question W1.2a)</p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Water withdrawal by source
<b>303-2</b>	<p><a href="#">CDP.net 2017 CDP Water Response</a> (questions W1.2a, W2.2, W2.3, W2.4a, W2.6, W2.7)</p> <p><a href="#">Appendix B</a> (page 49)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Water sources significantly affected by withdrawal of water

## GRI 304: Biodiversity 2016

### GRI 103: Management Approach 2016

<b>103-1</b>	<p><a href="#">Our Approach</a> (pages 10-13)</p> <p><a href="#">Preserving the Waterway (Altria.com)</a></p> <p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Investing in Communities: Protecting the Environment (Altria.com)</a></p> <p><a href="#">Appendix E</a> (page 55)</p>			Explanation of the material topic and its Boundary
<b>103-2</b>	<p><a href="#">Preserving the Waterway (Altria.com)</a></p> <p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Investing in Communities: Protecting the Environment (Altria.com)</a></p> <p><a href="#">Appendix E</a> (page 55)</p>			The management approach and its components
<b>103-3</b>	<p><a href="#">Preserving the Waterway (Altria.com)</a></p> <p><a href="#">Environmental Management (Altria.com)</a></p> <p><a href="#">Investing in Communities: Protecting the Environment (Altria.com)</a></p> <p><a href="#">Appendix A</a> (pages 46-48)</p> <p><a href="#">Appendix E</a> (page 55)</p>			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
<b>304-2</b>	<p><a href="#">Environmental Management (Altria.com)</a></p>			Significant impacts of activities, products, and services on biodiversity

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>GRI 305: Emissions 2016</b>				
<b>GRI 103: Management Approach 2016</b>				
<b>103-1</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix E</a> (page 55)			Explanation of the material topic and its Boundary
<b>103-2</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix E</a> (page 55)			The management approach and its components
<b>103-3</b>	<a href="#">Environmental Management (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
<b>305-1</b>	2017 – 167,695 tonnes 2016 – 170,442 tonnes 2015 – 183,450 tonnes  <a href="#">CDP.net 2017 CDP Climate Response</a> (question CC8.2) <a href="#">Appendix B</a> (page 49)		Yes, pages 42-45	Direct (Scope 1) GHG emissions
<b>305-2</b>	2017 – 172,312 tonnes 2016 – 210,416 tonnes 2015 – 208,722 tonnes  <a href="#">Appendix B</a> (page 49)		Yes, pages 42-45	Energy indirect (Scope 2) GHG emissions
<b>305-3</b>	<a href="#">CDP.net 2017 CDP Climate Response</a> (question CC14.1)  <a href="#">Appendix B</a> (page 49)		Yes, pages 42-45	Other indirect (Scope 3) GHG emissions

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
305-5	<a href="#">Environmental Management (Altria.com)</a>  <a href="#">CDP.net 2017 CDP Climate Response</a> (questions CC3.3b, CC12.1a)  <a href="#">Appendix B</a> (page 49)			Reduction of GHG emissions

## GRI 306: Effluents and Waste 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Environmental Management (Altria.com)</a>  <a href="#">Appendix E</a> (page 55)			Explanation of the material topic and its Boundary
103-2	<a href="#">Environmental Management (Altria.com)</a>  <a href="#">Appendix E</a> (page 55)			The management approach and its components
103-3	<a href="#">Environmental Management (Altria.com)</a>  <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach

### Topic-Specific Disclosures

306-2	<a href="#">Environmental Management (Altria.com)</a>  <a href="#">Appendix A</a> (page 48)		Yes, pages 42-45	Waste by type and disposal method
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## GRI 307: Environmental Compliance 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Environmental Management Framework (Altria.com)</a>  <a href="#">Appendix A</a> (pages 46-48)  <a href="#">Appendix B</a> (page 49)  <a href="#">Appendix E</a> (page 55)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Environmental Management Framework (Altria.com)</a>  <a href="#">Appendix A</a> (pages 46-48)  <a href="#">Appendix B</a> (page 49)  <a href="#">Appendix D</a> (page 54)  <a href="#">Appendix E</a> (page 55)			The management approach and its components



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Environmental Management Framework (Altria.com)</a> <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach

#### Topic-Specific Disclosures

307-1	We did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations.			Non-compliance with environmental laws and regulations
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### GRI 308: Supplier Environmental Assessment 2016

#### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 30-32) <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55)			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 30-32) <a href="#">Appendix A</a> (pages 46-48) <a href="#">Appendix B</a> (page 49) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55)			Evaluation of the management approach

#### Topic-Specific Disclosures

308-2	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 30-32) <a href="#">Appendix D</a> (page 54)			Negative environmental impacts in the supply chain and actions taken
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### GRI 401: Employment 2016

#### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
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Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
401-1	<b>New Hires</b> Total Salaried/Hourly New Hires in 2017 - 688 Female - 255 Male - 433 Under 30 - 304 30-39 - 197 40-49 - 113 50+ - 74  American Indian/Alaskan - 2 Asian or Pacific Islander - 39 Black/Not Hispanic Origin - 181 Hispanic - 67 Two or more - 24 White/Not Hispanic - 369 Not Specified - 6  <b>Turnover</b> Total Turnover in 2017 - 667 Female - 269 Male - 398 Under 30 - 178 30-39 - 163 40-49 - 118 50+ - 208  American Indian/Alaskan - 3 Asian or Pacific Islander - 23 Black/Not Hispanic Origin - 131 Hispanic - 83 Two or more - 13 White/Not Hispanic - 410 Not Specified - 4	Not applicable: Region - nearly all employees are U.S. based		New employee hires and employee turnover
401-2	<a href="#">2017 Form 10-K (Altria.com)</a> (page 46)  <a href="#">Can't Beat the Experience: Compensation &amp; Benefits (Altria.com)</a> (Altria salaried & PM USA - hourly)  <a href="#">Developing Our Employees and Culture</a> (pages 36-44)			Benefits provided to full-time employees that are not provided to temporary or part-time employees

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
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## GRI 402: Labor/Management Relations 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Code of Conduct (Altria.com)</a>			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
402-1	Per collective agreements, no notice is required.			Minimum notice periods regarding operational changes

## GRI 403: Occupational Health and Safety 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Developing Our Employees and Culture</a> (pages 42-43) <a href="#">Appendix D</a> (page 54)			The management approach and its components



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Developing Our Employees and Culture</a> (pages 42-43) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
403-1	<a href="#">Developing Our Employees and Culture</a> (pages 42-43)			Workers representation in formal joint management-worker health and safety committees
403-2	<a href="#">Developing Our Employees and Culture</a> (pages 42-44) Zero fatalities in 2017.	Not applicable: Region – nearly all employees are U.S. based		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

## GRI 404: Training and Education 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Developing Our Employees and Culture</a> (pages 39-41, 44) <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Developing Our Employees and Culture</a> (pages 39-41, 44) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
404-1	<a href="#">Developing Our Employees and Culture</a> (pages 41, 44)	We currently report overall training by annual spend.		Average hours of training per year per employee
404-2	<a href="#">Developing Our Employees and Culture</a> (pages 39-41, 44)			Programs for upgrading employee skills and transition assistance programs
404-3	<a href="#">Developing Our Employees and Culture</a> (page 41)			Percentage of employees receiving regular performance and career development reviews

## GRI 405: Diversity and Equal Opportunity 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Developing Our Employees and Culture</a> (pages 36-38) <a href="#">Appendix D</a> (page 54)			The management approach and its components

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Developing Our Employees and Culture</a> (pages 36-38) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
405-1	<a href="#">Developing Our Employees and Culture</a> (pages 36-37) <a href="#">Board of Directors At-A-Glance (Altria.com)</a> <a href="#">2018 Proxy Statement (Altria.com)</a> (pages 13, 20, 41) Female – 27% Age 50+ – 100%			Diversity of governance bodies and employees
405-2	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

## GRI 406: Non-Discrimination 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Code of Conduct (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a>			Evaluation of the management approach

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
406-1	<a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a>  <a href="#">Code of Conduct (Altria.com)</a>			Incidents of discrimination and corrective actions taken

## GRI 407: Freedom of Association and Collective Bargaining 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32)  <a href="#">Developing Our Employees and Culture</a> (page 43)  <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32)  <a href="#">Developing Our Employees and Culture</a> (page 43)  <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach

### Topic-Specific Disclosures

407-1	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 29;32)  <a href="#">Developing Our Employees and Culture</a> (page 43)  <a href="#">Supplier Code of Conduct (Altria.com)</a>  <a href="#">Code of Conduct (Altria.com)</a>			Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
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## GRI 408: Child Labor 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32)  <a href="#">Developing Our Employees and Culture</a> (pages 36-44)  <a href="#">Appendix D</a> (page 54)			The management approach and its components



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
408-1	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 29-32)			Operations and suppliers at significant risk for incidents of child labor

## GRI 409: Forced or Compulsory Labor 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
409-1	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32)			Operations and suppliers at significant risk for incidents of forced or compulsory labor

## GRI 412: Human Rights Assessment 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54) <a href="#">Human Rights Framework (Altria.com)</a>			Explanation of the material topic and its Boundary
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Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Code of Conduct (Altria.com)</a> <a href="#">Human Rights Framework (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Developing Our Employees and Culture</a> (pages 36-44) <a href="#">Appendix D</a> (page 54) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a> <a href="#">Human Rights Framework (Altria.com)</a>			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
412-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Supplier Code of Conduct (Altria.com)</a> <a href="#">Code of Conduct (Altria.com)</a> <a href="#">Human Rights Framework (Altria.com)</a>			Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
<b>GRI 413: Local Communities 2016</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix E</a> (page 55)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix E</a> (page 55) <a href="#">Investing in Communities (Altria.com)</a>			The management approach and its components

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Reducing the Harm of Tobacco Products</a> (pages 14-21) <a href="#">Appendix C</a> (pages 50-52) <a href="#">Appendix E</a> (page 55) <a href="#">Investing in Communities (Altria.com)</a>			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
413-1	<a href="#">Corporate Profile</a> (page 7) <a href="#">Our Approach</a> (pages 11-12) <a href="#">Reducing the Harm of Tobacco Products</a> (pages 14-21) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34) <a href="#">Appendix C</a> (pages 50-52) <a href="#">Appendix D</a> (page 54) <a href="#">Appendix E</a> (page 55) <a href="#">Investing in Communities (Altria.com)</a>			Operations with local community engagement, impact assessments, and development programs

## GRI 414: Supplier Social Assessment 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 54)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Appendix D</a> (page 54)			The management approach and its components
103-3	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Appendix D</a> (page 54)			Evaluation of the management approach



Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
<b>Topic-Specific Disclosures</b>				
<b>414-2</b>	<a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-34)			Negative social impacts in the supply chain and actions taken
<b>GRI 415: Public Policy 2016</b>				
<b>GRI 103: Management Approach 2016</b>				
<b>103-1</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix C</a> (pages 50-52)			Explanation of the material topic and its Boundary
<b>103-2</b>	<a href="#">Disclosures &amp; Transparency (Altria.com)</a>			The management approach and its components
<b>103-3</b>	<a href="#">Disclosures &amp; Transparency (Altria.com)</a>			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
<b>415-1</b>	<a href="#">Disclosures &amp; Transparency (Altria.com)</a>			Political contributions
<b>GRI 416: Customer Health and Safety 2016</b>				
<b>GRI 103: Management Approach 2016</b>				
<b>103-1</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix D</a> (page 53-54) <a href="#">Appendix E</a> (page 55-56)			Explanation of the material topic and its Boundary
<b>103-2</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Reducing the Harm of Tobacco Products</a> (pages 14-21) <a href="#">Marketing Responsibly</a> (pages 22-26) <a href="#">Appendix D</a> (page 53)			The management approach and its components
<b>103-3</b>	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Reducing the Harm of Tobacco Products</a> (pages 14-21) <a href="#">Marketing Responsibly</a> (pages 22-26) <a href="#">Appendix D</a> (page 53)			Evaluation of the management approach
<b>Topic-Specific Disclosures</b>				
<b>416-1</b>	<a href="#">Reducing the Harm of Tobacco Products</a> (page 14) <a href="#">Tobacco Harm Reduction (Altria.com)</a>			Assessment of the health and safety impacts of product and service categories

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
416-2	<a href="#">Reducing the Harm of Tobacco Products</a> (page 14)  <a href="#">Marketing Responsibly: MSA Performance Indicator</a> (page 26)			Incidents of non-compliance concerning the health and safety impacts of products and services

## GRI 417: Marketing and Labeling 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Appendix D</a> (page 53)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Marketing Responsibly</a> (pages 22-26)  <a href="#">Appendix D</a> (page 53)			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13)  <a href="#">Marketing Responsibly</a> (pages 22-26)  <a href="#">Appendix D</a> (page 53)			Evaluation of the management approach

### Topic-Specific Disclosures

417-1	<a href="#">Marketing Responsibly</a> (pages 23, 25)  <a href="#">Marketing Practices: Compliance (Altria.com)</a>  <a href="#">Marketing Practices: Federal Regulation (Altria.com)</a>  <a href="#">PM USA: Our Products &amp; Ingredients (Altria.com)</a>  <a href="#">PM USA: Smoking &amp; Health Issues (Altria.com)</a>  <a href="#">USSTC: Our Products &amp; Ingredients (Altria.com)</a>  <a href="#">USSTC: Smokeless Use &amp; Health Issues (Altria.com)</a>  <a href="#">John Middleton: Making Our Cigars &amp; Ingredients (Altria.com)</a>  <a href="#">John Middleton: Smoking &amp; Health (Altria.com)</a>  <a href="#">Marketing Responsibly: Ste. Michelle Wine Estates (SMWE.com)</a>  <a href="#">Nat Sherman: Smoking &amp; Health (Altria.com)</a>			Requirements for product and service information and labeling
417-2	<a href="#">Marketing Responsibly: MSA Performance Indicator</a> (page 26)			Incidents of non-compliance concerning product and service information and labeling

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
417-3	<a href="#">Marketing Responsibly: MSA Performance Indicator</a> (page 26)			Incidents of non-compliance concerning marketing communications

## GRI 419: Socioeconomic Compliance 2016

### GRI 103: Management Approach 2016

103-1	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Appendix C</a> (pages 50-52) <a href="#">Appendix D</a> (pages 53-54) <a href="#">Appendix E</a> (page 56)			Explanation of the material topic and its Boundary
103-2	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Marketing Responsibly</a> (pages 22-26) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 28-32) <a href="#">Appendix E</a> (page 56) <a href="#">Our Employees: Compliance &amp; Integrity (Altria.com)</a>			The management approach and its components
103-3	<a href="#">Our Approach</a> (pages 10-13) <a href="#">Marketing Responsibly</a> (pages 22-26) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 30-34) <a href="#">Appendix E</a> (page 56)			Evaluation of the management approach

### Topic-Specific Disclosures

419-1	<a href="#">Marketing Responsibly</a> (page 26) <a href="#">Managing Our Supply Chain Responsibly</a> (pages 30-32) <a href="#">2017 Form 10-K (Altria.com)</a> (pages 22-29)			Non-compliance with laws and regulations in the social and economic area
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