2018 CORPORATE RESPONSIBILITY PROGRESS REPORT





offering
reduced-risk alternatives

innovating
new ideas for the future

expanding choices
for adult tobacco consumers



leading
the way to a new tomorrow



Altria

About This Report

This is Altria's eighth annual corporate responsibility progress report. Our last report was published in May 2018.

Unless otherwise noted, this report includes data and progress for Altria Group Inc. and its wholly-owned subsidiaries for calendar year 2018. It covers Altria's tobacco operating companies Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC, Nat Sherman LLC and wine company, Ste. Michelle Wine Estates Ltd, representing more than 99 percent of revenue of Altria Group. 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 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. 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, including how we are working to reduce our environmental impact, are covered in Appendices A and D of the report. These topics are also on our website, 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.

Table of Contents

Section 1:

Chairman's Letter
Leading Responsibly through Change
Altria's Responsibility Priorities and Goals
Corporate Profile
Our Approach

Section 2:

Reducing the Harm of Tobacco Products

Section 3:

Marketing Responsibly

Section 4:

Managing Our Supply Chain Responsibly

Section 5:

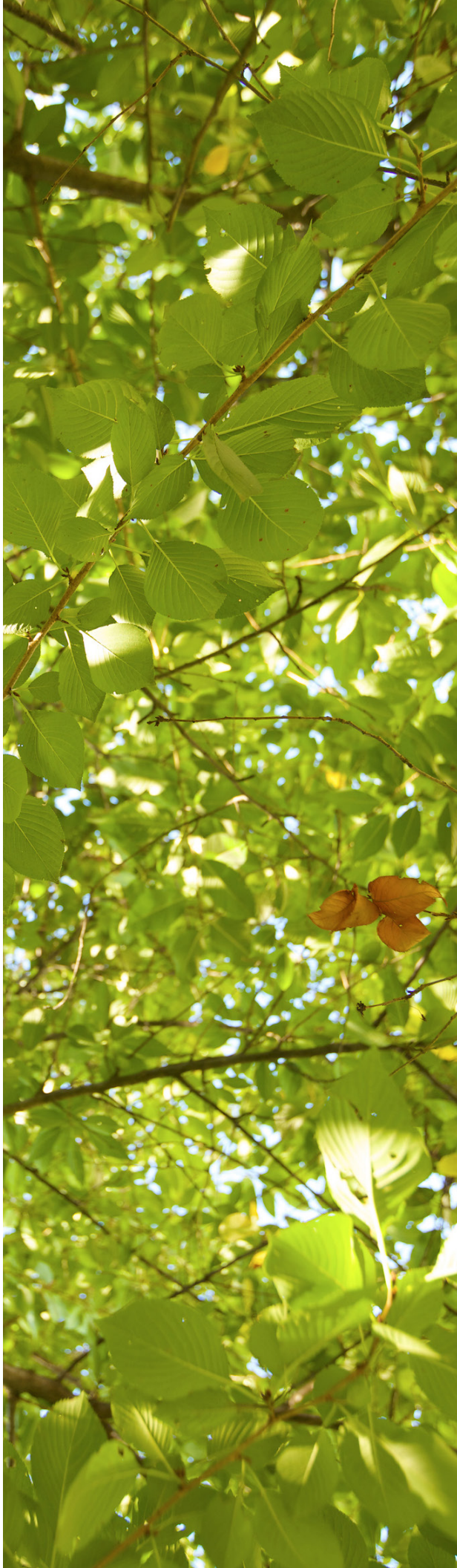
Developing Our Employees and Culture

Section 6:

Appendix A: Environmental Supplement and Assurance Letter
Appendix B: Stakeholder Engagement
Appendix C: Analysis of Material Topics
Appendix D: Analysis of Other Topics

Section 7:

GRI Standards Content Index



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.

Howard Willard
Chairman
Chief Executive Officer



Chairman's Letter

Welcome to our 2018 Corporate Responsibility Progress Report. 2018 was a dynamic year for Altria. We closed out the year with excellent growth in adjusted diluted earnings per share of 17.7 percent and a transformed business platform that we believe enhances our growth prospects over the long-term.

For over 20 years, Altria has led the industry with premium tobacco brands that adults enjoy, a focus on harm reduction and innovation, and consistently strong financial performance. Disruption has arrived in our industry, fueled by rapidly-evolving adult tobacco consumer preferences and fast-growing products and brands with the potential to reduce harm.

Despite this disruption, our category-leading core tobacco brands, including *Marlboro*, *Black & Mild*, *Copenhagen* and *Skoal*, continue to generate significant returns for our shareholders. We have built strategic partnerships with industry leaders – in heat-not-burn, through our U.S. licensing agreement with Philip Morris International Inc. to market global category leader *IQOS*; and, in alcohol, through our 10 percent stake in Anheuser-Busch InBev. 2018 was marked by two transformative investments in areas we believe are poised for excellent growth:

- Altria acquired a 35 percent economic interest in JUUL, the U.S. e-vapor category leader. This investment prepares Altria for a future where adult smokers overwhelmingly choose non-combustible products with the potential to reduce harm. Providing adult smokers with superior, satisfying products with the potential to reduce harm is the best way to achieve tobacco harm reduction. Our investment is the biggest in our history toward that goal. Through JUUL, we have a unique opportunity to participate in the e-vapor category with a truly satisfying product that has the ability to convert adult smokers and grow globally.

- We further diversified our business with an adjacent investment in the emerging global cannabis category by acquiring a 45 percent stake in Cronos, a Canadian cannabinoid company. The cannabis category is poised for rapid growth and this investment expands our income growth opportunity beyond the U.S.

We know our success is driven by our people and our long-standing commitment to responsibility, which is embedded in all aspects of our Mission and Values. Our responsibility leadership underpins our ability to reduce risk and expand choices for adult tobacco consumers. The only way we can continue to deliver a leading portfolio of enjoyable product choices is to solve the important societal issues associated with these products, like underage use.

2018 began a journey of transformation for Altria. As you will read in this report, our people have responded to the challenge of our rapidly-changing business and marketplace dynamics with enthusiasm and energy. We're very proud of what our employees achieved last year and equally proud of how they achieved those results. I invite you to learn more about our journey.

Thank you,

Howard Willard

Leading Responsibly through Change

Our businesses are changing in response to rapidly-evolving marketplace dynamics and societal expectations. So, too, must our approach to corporate responsibility.

Society has a growing expectation for companies to demonstrate leadership on solving challenging social issues, particularly where traditional institutions have fallen short. Investors increasingly view environmental, social and governance factors as part of a company's fiduciary duty. Consumers are more interested in buying responsible brands. And employees are seeking greater purpose from their employer and their jobs. These expectations are shaping the responsibility landscape and raising the bar for all companies.

Leading responsibly has been at the foundation of Altria's Mission framework for over 20 years. Today, one of our Mission strategies is to Drive Positive Change – to help solve societal issues important to our businesses, stakeholders and communities. Our ability to do so depends on the trust we build with our stakeholders. This is why we work to understand expectations, align business practices, and measure and transparently communicate progress. And as we evolve our businesses, the trust we've earned – and that we continue to build – will meaningfully impact our future success.

Altria's portfolio of products is intended for adult consumers. Today, the most important issue we face is the epidemic rise in youth vaping. This alarming trend threatens the harm-reduction opportunity for adults – a goal we've long aspired to achieve. Kids should not vape, smoke or use any tobacco products. Altria is taking decisive steps to address this issue, including investing an additional $100 million over two years to help reduce youth vaping and advocating to raise the minimum age to purchase all tobacco products to 21 at both the federal and state levels.

Our approach to preventing underage tobacco use is one example of progress you will read about in the following pages. We are focused 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. This year's report includes new content from new voices – not only about what we've done, but also how we're thinking about issues that may impact our businesses in the future. We also added a supplement with progress updates on our long-term environmental goals. Our stakeholders' expectations will continue to shift over time, fueled by changes in our industry, company strategies, and the world we live in. We remain committed to understanding how these expectations are changing and addressing emerging risks and opportunities.

2018 was a dynamic and challenging year for our companies and our employees. We're proud of our ongoing progress and excited for the opportunity to continue to earn your trust, by leading through action and creating a business and talent advantage for Altria through our efforts. Thank you for your interest in our journey and your attention to this report.

Sincerely,

Jennifer Hunter

In pursuing our Mission, our family of companies will:

- Invest in People
- Drive Positive Change
- Deliver Superior Products & Brands
- Create Substantial Value

Jennifer Hunter
Senior Vice President
Corporate Citizenship





Altria's Responsibility Priorities and Goals



Reducing the Harm of Tobacco Products

Offer lower risk tobacco products that will help convert adult smokers and engage the FDA constructively about them

Support programs that help reduce underage tobacco use

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



Marketing Responsibly

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







Managing Our Supply Chain Responsibly

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



Developing Our Employees and Culture

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





Corporate Profile

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



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

Our Family of Companies

PhilipMorrisUSA an Altria Company

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

U.S. Smokeless Tobacco Co. an Altria Company

World's leading producer and marketer of moist smokeless tobacco

John Middleton an Altria Company

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

NAT SHERMAN an Altria Company

Provider of super-premium cigarettes and cigars

Ste Michelle Wine Estates an Altria Company

A leading producer and importer of premium wines

Our Significant Investments

AB InBev

10 percent equity investment in Anheuser-Busch InBev, the world's largest brewer

JUUL LABS

35 percent economic interest in JUUL, the U.S. leader in e-vapor

CRONOS GROUP

45 percent equity investment in Cronos Group, a leading global cannabinoid company

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 own John Middleton, manufacturer of *Black & Mild* cigars and Nat Sherman, a super-premium cigarette and cigar business. We also hold an economic interest in JUUL, the U.S. leader in e-vapor. 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 – as well as an equity investment in Cronos Group, a leading global cannabinoid company.

2018

Our Financial Performance

Source: Altria 2018 Form 10-K

Net Revenues ($ in millions)

$25,744 2016

$25,576 2017

$25,364 2018

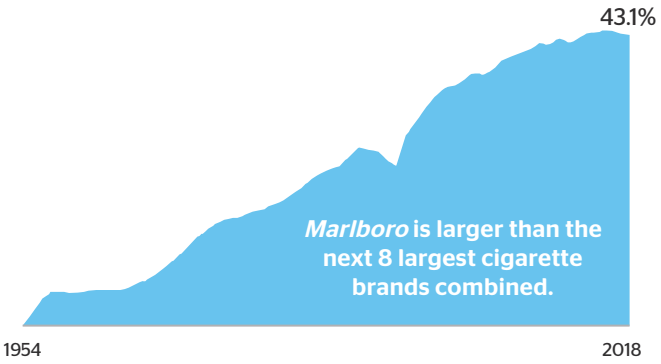
Annualized Dividends per Share

$2.44 August 2016

$2.64 August 2017

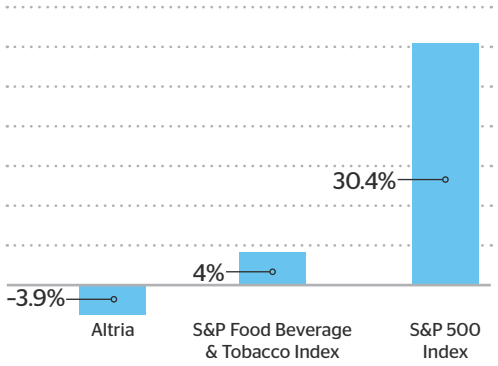
$3.20 August 2018

Marlboro Long-Term Retail Share Growth



Source: Altria 2018 Annual Report
Note: Cigarette volume declined by 4.5 percent in the U.S. in 2018.

Three-Year Total Shareholder Return



Source: Bloomberg Daily Return (December 31, 2015 – December 31, 2018)
Note: Assumes reinvestment of dividends as of the ex-dividend date.

Other Direct Economic Value

$70.5 Million In cash contributions to communities

$290 Million In charges for FDA user fees

$5,737 Million In excise taxes on products sold

$5,415 Million In dividends paid on common stock

$618 Million Paid against pension and post-retirement benefits

$4,199 Million In charges to state settlement agreements

Source: Altria. 2018 Annual Report

Who We Support

~8,300 Employees 97 percent residing in the U.S.

Over 200,000 retailers Across the 50 states

2,000+ U.S. farmers Who work in the fields

Adult consumers Who choose our products

Communities Where We Live and Work

$74.4M Donated In cash and in-kind contributions* nationally

51,000+ Hours of community service Contributed by employees through volunteer activities

99% Of executives Served on over 120 non-profit boards

* includes equipment donations, facility use, services and wine giveaways

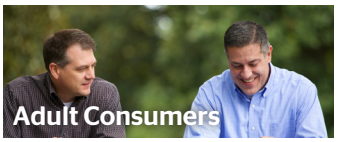


Our Value Chain









Reducing the Harm of Tobacco Products

Marketing Responsibly

Managing Our Supply Chain Responsibly

Developing Our Employees and Culture

American-grown tobacco purchased from over 2,000 growers is the backbone of Philip Morris USA's (PM USA) and U.S. Smokeless Tobacco Company's products. PM USA and John Middleton buy international tobacco leaf through third-party suppliers who purchase from farmers across the globe.

Ste. Michelle Wine Estates owns 3,934 acres of vineyards and contracts for grapes from long-term grape growers on approximately 29,083 acres.

Our companies work with over 5,000 suppliers worldwide.

Our companies develop, manufacture and market tobacco products and wine. Our companies provide jobs for about 8,100 employees in 50 states and Washington, D.C. We work to maintain strong relationships with unions that represent about one-fourth of our workforce.

Our tobacco companies' products are distributed to approximately 230,000 retail stores through a network of wholesalers.

Ste. Michelle principally distributes its products in the U.S. Its wines are sold and served by more than 130,000 retailers and restaurants nationwide. Outside the U.S., Ste. Michelle shipped wine through over 300 distributors globally in 2018.

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

Our deep understanding of our consumers is reflected in performance. PM USA's *Marlboro* has a 43.1 percent retail market share and, USSTC's *Copenhagen* and *Skoal* reached a combined retail share of 50.6 percent.

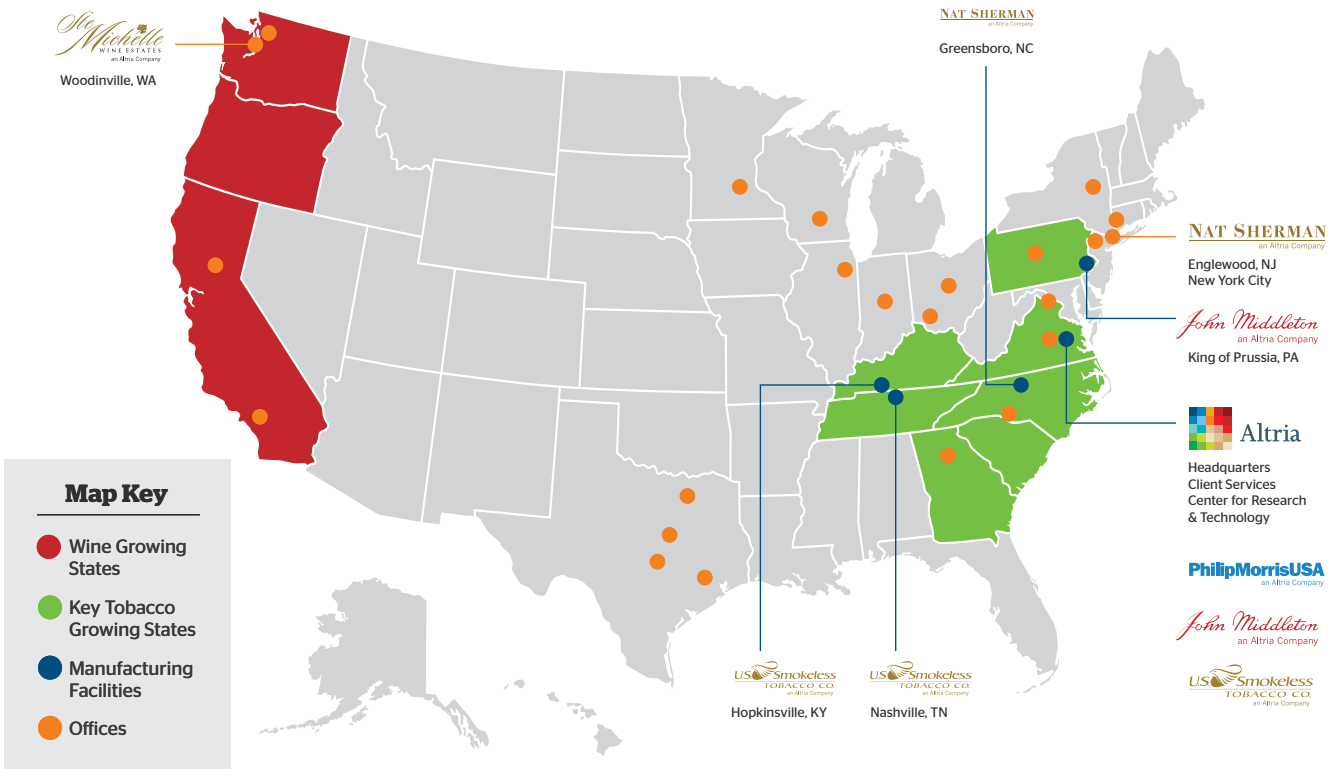
Recognition

In 2018 , Altria:

- ranked sixth on Corporate Responsibility Magazine's 100 Best Corporate Citizens List, our eighth year in a row being included on this list
- was among America's most community-minded companies in The Civic 50
- was named to CDP's Water A-List for the second year in a row, one of only 31 global companies to receive an A in 2018
- ranked as one of the top workplaces in the Richmond area by the Richmond Times-Dispatch for the fourth year in a row
- ranked twelfth in Computerworld's 100 Best Places to Work in IT among Large Organizations, seventh for career development and fourth for training
- made Forbes America's Best Employer List for the fourth year in a row
- received a perfect score of 100 on the Human Rights Campaign Corporate Equality Index and recognized as one of the "Best Places to Work For LGBTQ Equality"
- ranked fourth among the S&P 500 on the Center for Political Accountability-Zicklin Index of Corporate Political Accountability and Disclosure, for voluntary disclosures of political spending

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 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 and CEO 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. The entire Board of Directors is also periodically briefed on responsibility efforts including topics such as underage tobacco prevention, trends in corporate responsibility, and the environment.

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, Corporate Citizenship, leads this group and serves on our Executive Leadership Team.

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

Our Mission has served us well for more than 20 years. In 2017, we realized we had an opportunity to revisit our Mission in light of our changing business and external environment. In 2018, we shared a new, updated Mission framework to strengthen alignment 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 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 and CEO, 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 on Business and Human Rights 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 B 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, 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 below 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 offering 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:

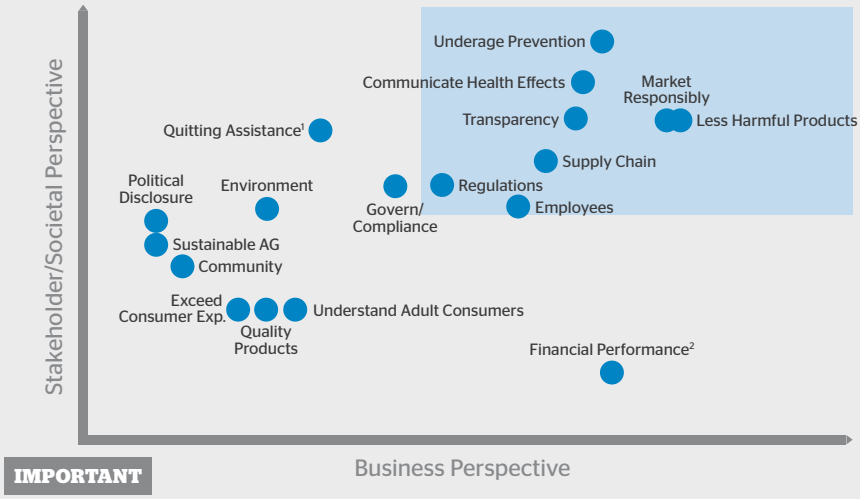
- **Leadership:** Demonstrating leadership on challenging issues and contributing to solutions.
- **Transparency:** Communicating openly and candidly about our business practices and progress.
- **Partnership:** Sharing our expertise and working with others to achieve mutual objectives.

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 C presents additional analysis of our material topics, including identification of aspects and boundaries in line with GRI standards.

We understand our stakeholders' expectations continue to shift over time as our global and business environments change. We are planning to update our materiality assessment within the next year to ensure Altria remains focused on the responsibility priorities that will drive future success. Additionally, with our investments in JUUL and Cronos, we are working to understand the issues material to those businesses. We can positively influence these companies' corporate responsibility efforts through strategic guidance, board influence and provision of services. We currently hold four of seven seats on Cronos's board, and upon regulatory approval, will hold a third of the seats on JUUL's board.

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. [1]Supporting cessation viewed internally as part of harm reduction, lower business ranking attributed with that understanding; i.e., expectation that cessation is covered within harm reduction. [2]Financial performance viewed internally as a "given" high priority, although initially ranked lower from business perspective through lens of responsibility expectation; depicted as higher priority given the internal view.

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, in 2018 we applied our understanding of the drivers of the emerging rise in youth e-vapor use to make strategic changes to Nu Mark's e-vapor business. In September 2018, the FDA declared youth use of e-vapor an epidemic and based on the publicly available information from FDA and others, we believed that pod-based products and flavors were two factors driving underage use of e-vapor products. We met with the FDA, and in October 2018 we announced our voluntary plans to discontinue Nu Mark's pod-based e-vapor products and to sell only tobacco, menthol and mint varieties of our cig-a-like products. We also announced our decision to support federal legislation to establish 21 as the minimum age to purchase any tobacco product. In early 2019, we committed an additional $100 million to address underage tobacco prevention, with a focus on e-vapor.



We will continue to monitor this and other emerging issues and to align our business practices to help solve societal issues important to our companies, stakeholders and communities.

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 like CDP, including our disclosures recommended by the Task Force on Climate-related Financial Disclosures, 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, we share progress on other responsibility topics, including how we are working to minimize our environmental impact and invest in our communities. Due to increasing stakeholder interest in our environmental impact, we've included a brief overview of this topic in Appendix A. We also share an overview of the other topics in Appendix D.



Reducing the Harm of Tobacco Products

GOALS

Offer lower risk tobacco products that will help convert adult smokers 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

"Tobacco products cause harm. For more than 20 years, we've been working to reduce the harm associated with tobacco – a goal we share with our consumers and the public health community. Today, many of the necessary elements are in place to make tobacco harm reduction a reality. Adult smokers are increasingly seeking new options that satisfy their changing preferences, and the technologies exist to bring them more choices than ever before. The FDA has created pathways for new products and the ability to share accurate risk information about them with consumers. Success will require policies and regulations that encourage innovation, increase speed to market and create a welcoming external environment for adult tobacco consumers to choose reduced-risk alternatives. But we'll never fully realize the promise of tobacco harm reduction unless industry, regulators and policy-makers work toward addressing the important societal issues associated with tobacco, including the rise in youth use of e-vapor."

Reducing risk. Expanding choice.
Altria.



Joe Murillo
Senior Vice President, Regulatory Affairs

The opportunity for tobacco harm reduction is significant and has never been greater. Today, adult tobacco consumers are increasingly seeking new options, including those that reduce risk, and their preferences are likely to continue to evolve at an increasing rate. We believe the future of our industry is about innovation, harm reduction and informed consumer choice. We're working to provide those choices with satisfying, reduced harm products and premium brands that adult smokers want and enjoy. That's why we're leveraging the resources across our companies, and through strategic investments, to offer a new portfolio of product options with the potential to reduce risk.

While the percentage of adult cigarette smokers is at the lowest levels ever recorded, an estimated 47 million U.S. adults still use a combusted or non-combusted tobacco product, according to data from the 2017 National Health Interview Survey (NHIS). And we know that millions of adult smokers are interested in alternatives to cigarettes that reduce the risk of smoking – over half, according to the FDA's Population Assessment of Tobacco and Health (PATH) study.

Successfully converting a significant portion of adult smokers to non-combustible products represents a substantial opportunity for our adult tobacco consumers, our business, society and our shareholders. We believe the FDA has articulated a compelling vision for the future of innovative products through its stated goal to "encourage innovative, less harmful and satisfying non-combustible products for adults who need or want nicotine." That's why, today, Altria is focused on reducing risk and expanding choice for adult tobacco consumers.

Our long-term advocacy has contributed to legislation and regulatory policy that now accepts harm reduction and innovation as the way forward for adult tobacco consumers. Anticipating this environment, we entered 2018 with a desire to strengthen our competitive position with regard to reduced-harm products for adult smokers. Altria has utilized the strength of our financial resources and consumer expertise to support a leading portfolio of smokeless and heated tobacco products, and e-vapor. We're seeking authorization from regulators to provide consumers with truthful, accurate information about reduced-risk products. And we're working diligently – through responsible marketing practices, partnerships with the trade, policy advocacy, and investments in youth-serving prevention and cessation programs – to keep the pathways for harm reduction open for adult tobacco consumers.

Adult Smoking Trends

According to NHIS, an estimated 14 percent of U.S. adults were current cigarette smokers in 2017 — a 67 percent decline since 1965.

"This new all-time low in cigarette smoking among U.S. adults is a tremendous public health accomplishment – and it demonstrates the importance of continued proven strategies to reduce smoking. Despite this progress, work remains to reduce the harmful health effects of tobacco use."

— Robert Redfield
CDC Director



~22 Million

Interested in less-harmful tobacco products.

According to data from the FDA's PATH study, over half of adult smokers would consider using a tobacco product if it had a reduced harm claim. This equates to about 22 million adult smokers who are interested in less harmful tobacco products, particularly if they receive truthful and accurate risk information.

"A centerpiece of this comprehensive regulatory plan is acknowledging that nicotine, while highly addictive, is delivered through products on a continuum of risk. And it's the delivery mechanism — not the nicotine itself — that is truly the issue at-hand."

— Scott Gottlieb, M.D.,
Former Commissioner of
Food and Drugs



The Consumer

Our approach to tobacco harm reduction is informed by a deep understanding of adult tobacco consumers. We know that different segments of adult tobacco consumers are looking for a range of different product formats, flavors and nicotine levels. And for many consumers, these product preferences may differ by the day or even the occasion within the day. In 2018, we concluded the second phase of a multi-phased research study to better understand adult tobacco consumers' attitudes, behaviors and motivations. Our insights confirmed the diverse requirements of adult tobacco consumers and re-enforced that their requirements are rapidly evolving.

At Altria, our companies focus on products and brands that meet three important consumer expectations:

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

It will take a portfolio of products, addressing a broad spectrum of preferences, to encourage adult smokers to switch from cigarettes to less harmful products. Consumers will also need accurate information about the relative risks of those products.

Harm Reduction & The Continuum of Risk

Altria has worked to advance tobacco harm reduction for over two decades. We've been driven by the belief that consumers are entitled to receive accurate and scientifically-grounded communications about these products, including communications about their lower risk relative to cigarette smoking. Today, we believe many adult cigarette consumers have not switched to alternatives due to confusion about the health risks associated with various tobacco products.

With the 2009 Tobacco Control Act, the FDA has authority over nearly all aspects of the manufacturing, distribution and marketing of tobacco products. Importantly, the Act provided

Continuum of Risk of Tobacco Products



Adapted from Dorothy K. Hatsukami et al., Developing the Science Base for Reducing Tobacco Harm, 9 Nicotine & Tobacco Res. S537, S546 (2007)

pathways to bring innovative, potentially reduced-harm products to market, and make reduced harm claims about new or existing products.

In 2017 FDA unveiled its comprehensive regulatory plan for nicotine and tobacco. Foundational to this plan was the recognition of a continuum of risk for tobacco products; and, that adults who need or want nicotine should have access to nicotine, but through less harmful, non-combustible products.

Continuum of Risk of Tobacco Products

Public health authorities agree that there is a broad continuum of risk among tobacco products, with cigarettes at the highest end of that spectrum.[1]

In September 2018, then FDA Commissioner Gottlieb reaffirmed the FDA's central principle that the primary cause of death and disease from tobacco use isn't the nicotine in these products, but the act of combustion, which releases harmful constituents into the body. Since then, the FDA has repeatedly affirmed its view that non-combustible, reduced-risk products may offer a promising opportunity to reduce the harm associated with tobacco use for adults who continue to use tobacco products.

Yet, according to the PATH study, 91 percent of adult tobacco consumers believe smokeless tobacco is as or more harmful than combustible cigarettes. Additionally, 67 percent of adult tobacco consumers believe e-vapor is as or more harmful than cigarettes. According to our own research, the percentage of adults who believe e-vapor is as or more harmful than cigarettes has nearly doubled in the past five years.

This confusion about the health risks associated with various tobacco products is a major barrier to harm reduction. We have long said that providing adult smokers with superior, satisfying products with the potential to reduce harm is the best way to achieve our goal of tobacco harm reduction. But in order to accelerate adult smoker conversion to less harmful products, adult tobacco consumers need accurate relative risk information about those products.

[1] 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); Royal College of Physicians, "Nicotine Without the Smoke: Tobacco Harm Reduction," April 2016

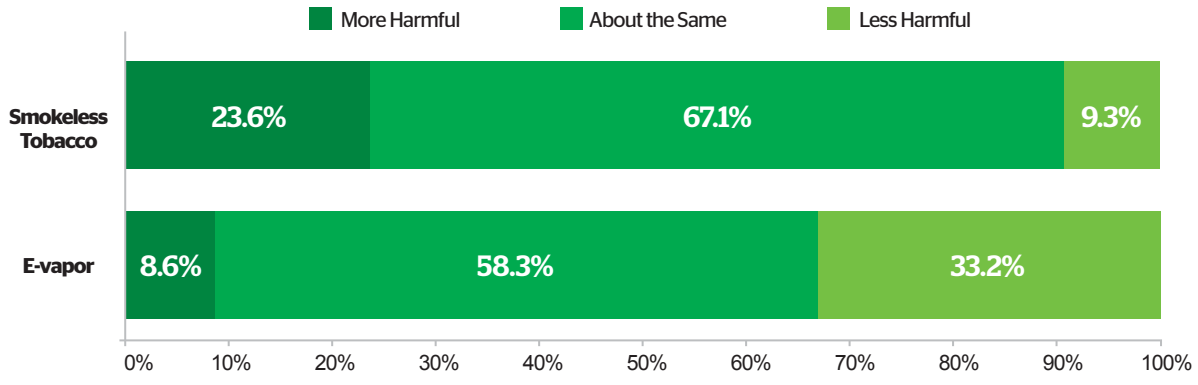
Communicating about the Health Effects of Tobacco Use

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

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

Relative Risk Perception of E-Vapor & Smokeless Tobacco Compared to Cigarettes

FDA Population Assessment of Tobacco and Health
Beliefs Among Adult Current Tobacco Users



Source: FDA PATH Wave 3 Study (Oct 2015 - Oct 2016).

Harm Reduction and Tobacco Policy: An External View

Carrie Wade, Director of Harm Reduction Policy, The R Street Institute

The R Street Institute is a think tank in Washington D.C. focused on policy areas that include criminal justice, technology, governance, commercial freedom, harm reduction and insurance. By design R Street tackles non-controversial issues - with the exception of harm reduction. Across all policy areas, R Street advocates for pragmatic policy solutions that can receive bipartisan support.

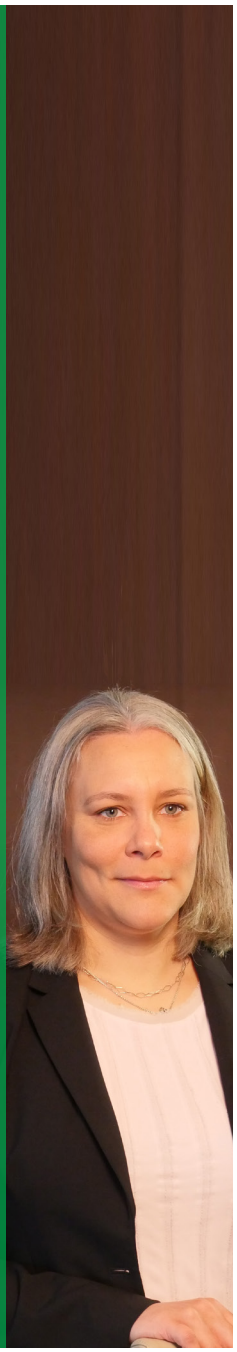
The R Street harm reduction team works to apply the philosophy of harm reduction - reducing the negative consequences associated with risky behaviors and promoting options beyond abstinence only – to policy problems. In the case of tobacco harm reduction, it's intuitive that using nicotine in safer ways reduces some of the negative consequences associated with smoking. The harm reduction approach to tobacco policy encourages the use of less harmful products as a way to reduce the majority of complications that arise from smoking. It also acknowledges that cessation isn't right for every smoker. Complete cessation is difficult to achieve, and successful one-year quit rates using assisted cessation products such as gum, patches or medication are consistently below 10 percent. Policies that apply harm reduction techniques have the potential to help people overcome this extremely low quit rate.

As a pharmacologist, science is extremely important for guiding my opinions when I provide public comments to support FDA modified risk tobacco product labeling for specific products and product categories. Science can provide a lot of information on the individual chemical profiles of reduced risk products compared to combustible cigarettes, demonstrating how individual products can occupy vastly different spaces on the continuum of risk. In addition, science can provide clues and answers to the health outcomes of people who are able to switch from combustible cigarettes to reduced-risk products.

If we allow science to guide us, we need to increase the amount and types of reduced-risk products on the market. Similar to cessation products like nicotine replacement therapy patches, gum and medication, not every reduced-risk product works for everyone. We also have to promote the availability of reduced risk products alongside combustible products. It's unreasonable to think that someone is going to make a switch to a reduced-risk product if they have to go somewhere they are not used to going, like an exclusive vape shop. That can be pretty intimidating to someone who hasn't tried a reduced-risk product before.

In addition, when it comes to taxes, policy makers need to keep in mind that these reduced-risk products should be available at a total cost price that is less expensive than combustible cigarettes to incentivize people to switch to reduced-risk products.

I think it's very exciting to finally be at a point where these reduced risk products are more effective. When I quit smoking around 2007, quitting was the only option available to me; e-cigarettes were just becoming a thing. Since then, e-cigarettes have evolved, and other products are starting to become available. I see these products as more reliable and likeable than early models. I would like to see these products made available in the United States in the same way that combustible cigarettes are made available so that people will naturally move away from combustible cigarettes.



The Portfolio

Not all smokers are looking for the same experience. That's why we've pursued a portfolio approach for many years, focused on expanding choice for adult smokers with satisfying, non-combustible products that have the potential to reduce harm. In December 2018, we made a strategic decision to discontinue the manufacture and commercialization of our e-vapor product portfolio, which included *MarkTen* and *Green Smoke*, as well as our oral nicotine-containing product, *Verve*. This decision was based on our analysis of the marketplace and financial performance of these products, coupled with regulatory restrictions on product changes that burdened our ability to quickly improve these products to leap frog the competition.

We saw the opportunity to refocus our resources on more compelling reduced-risk products opportunities, with leading brands across the platforms that we believe are the most promising and appealing for adult tobacco consumers today. And we're working to expand leadership across three categories:

- **Smokeless tobacco**, including our premium brands *Copenhagen* and *Skoal*;
- **Heated tobacco products,** with *IQOS*, which we have exclusive rights to commercialize in the U.S. through

our agreement with Philip Morris International (PMI); and

- **E-vapor,** through a 35 percent minority investment in JUUL – the U.S. leader in e-vapor – which we announced in December 2018.

To secure market authorization under a PMTA, U.S. federal law obligates an applicant to demonstrate that marketing of a new tobacco product is appropriate for the protection of public health and requires the FDA to consider the risks and benefits to the population as a whole, including users and non-users of tobacco products.

Smokeless Tobacco



Smokeless tobacco is in fact the largest and most profitable non-combustible tobacco product in the world. We acquired U.S. Smokeless Tobacco Company (USSTC) in 2009, in significant part because we saw cigarette smokers moving to that product, and that's a trend that has continued. About six million U.S. adults now use smokeless tobacco, many of them former cigarette smokers. USSTC offers several smokeless tobacco products under the *Copenhagen*, *Skoal*, *Red Seal* and *Husky* brands.

From a scientific perspective, based on decades of epidemiology, it is now accepted by most public health researchers that smokeless tobacco, while not safe, is a far less risky way to use nicotine than cigarette smoking.

We have been conducting the most comprehensive assessment of the health effects of smokeless tobacco in almost 30 years. The basis of our assessment includes our analysis of two large, independent, nationally representative datasets from the federal government. These datasets are widely used by health researchers, including the FDA. Our analysis demonstrates that when looking at all causes of mortality, smokeless tobacco use is at least 96 percent less risky than cigarette smoking.

This robust scientific evidence is just one aspect of our modified risk tobacco product (MRTP) application submitted for *Copenhagen Snuff* in March 2018. While millions of adult smokers also use MST, many others misunderstand the risks associated with smokeless tobacco use versus cigarettes. We've conducted substantial research to demonstrate that the modified risk claim we're seeking — "IF YOU SMOKE, CONSIDER THIS: Switching completely to this product from cigarettes reduces risk of lung cancer" — is supported by science and understood by adult tobacco consumers. In February 2019, an FDA scientific advisory committee reviewed our research and overwhelmingly supported the scientific accuracy of our proposed claim. We believe that providing this accurate information to adult smokers could encourage many of them to fully replace cigarette smoking with *Copenhagen Snuff*, with minimal unintended consequences among non-users and youth.

While the FDA will continue reviewing the *Copenhagen Snuff* MRTP application, the substantial science behind it will serve as a stepping stone for future MRTP applications on other USSTC products.

Heated Tobacco Products



Another promising platform for adult tobacco consumers is heated tobacco. We have an agreement with PMI to commercialize its tobacco heating system, *IQOS*, in the United States. The FDA accepted PMI's *IQOS* Premarket Tobacco Product Application (PMTA) for scientific review in 2017. Following this review, the FDA authorized U.S. sale of *IQOS* with three *Marlboro HeatStick* variants — one non-menthol and two menthol — on April 30, 2019. For those adult smokers seeking an alternative to conventional cigarettes, *IQOS* will offer a familiar sensory experience with similar nicotine satisfaction, using real tobacco, but with no ash and less lingering odor.

IQOS has been the most successful next generation product converting adult smokers globally, and, according to PMI, there are more than 7 million adult smokers who have stopped smoking and switched to *IQOS*. We're excited to offer this choice to U.S. combustible cigarette smokers. Given its harm reduction potential, our goal is to maximize U.S. adult smoker conversion to *IQOS*, for those who would otherwise continue to smoke.

PMI's extensive regulatory filings for *IQOS* present a compelling case for the product's harm reduction potential. For example, the research demonstrates that *IQOS* reduces levels of 18 harmful and potentially harmful constituents identified by the FDA by over 90 percent and reduces levels of 15 known carcinogens by more than 95 percent versus conventional cigarettes. The FDA is currently reviewing an MRTP application for the *IQOS* device and *Marlboro HeatStick* variants.

There are about 13 million vapers in the U.S. In fact, the U.S. is the largest e-vapor market in the world.

JUUL Labs Action Plan to Combat Youth Usage

Restricting Flavors

- Suspended sale and distribution of non-tobacco/non-menthol based JUUL pods to all retail stores

Social Media

- Exited U.S. Facebook and Instagram accounts; limited Twitter to non-promotional communications

Online Controls

- Enhanced age-verification technology on JUUL.com
- Added two-factor authentication through mobile phone number and facial-recognition technology

Retail Controls

- Expanded secret shopper program with escalating penalties for non-compliance
- Applied financial penalties retroactively to retailers
- Removed 25,000+ unauthorized 3rd-party listings online

Technology solutions

- Establishing device traceability system to identify and penalize retailers that sell to youth
- Developing device with user-level access restrictions

21+ legislation

- Fully support Tobacco 21 on the federal level
- Supporting Tobacco 21 in states that collectively account for 20% of the nation's population

E-Vapor

Vapor is another non-combustible, nicotine-containing product that does not produce many of the dangerous compounds that combustible cigarettes do. In the U.K., the Royal College of Physicians is encouraging U.K. smokers to migrate to e-vapor, estimating that e-vapor products are likely up to 95 percent less harmful to health than smoking conventional combustible cigarettes.[2] Many other public health authorities, including the FDA, agree that e-vapor may present an important opportunity for adult smokers who still want satisfying levels of nicotine, without the risks associated with the combustion of tobacco.



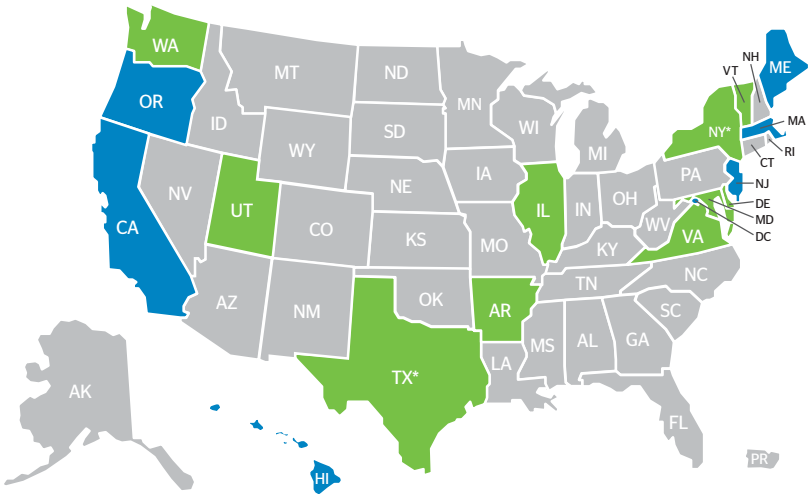
Today, the number of adult vapers – at approximately 13 million - exceeds the number of adult dippers and machine-made large cigar smokers combined. We saw the promise the category held, and competed through Nu Mark LLC, though with limited success. While e-vapor growth essentially stalled from 2015 through 2017, likely due to early product shortcomings, it reaccelerated in 2018 with 35 percent estimated category growth, a phenomenon almost entirely driven by JUUL.

Realizing the promise of this platform to switch adult smokers from cigarettes, in December 2018 Altria announced a $12.8 billion investment in JUUL, which represents a 35 percent economic interest. JUUL represents approximately 30 percent of the total U.S. e-vapor category, making it the fastest growing e-vapor company in the

[2] Royal College of Physicians, " Nicotine Without the Smoke: Tobacco Harm Reduction," April 2016

Progress on 21 as the Legal Age of Purchase for Tobacco

As of May 21, 2019



*NY and TX bills are passed legislature pending action by Governor.



Educating Influencers to Move Harm Reduction Forward

David Sylvia, Senior Director Government Affairs Outreach and Programs, Altria Client Services

Part of my team's focus is engaging with external policy audiences across all of the issues the company cares about. We've been spending a lot of time on tobacco harm reduction, focusing on different public policy groups and think tanks. They play an important role in bringing another voice to policy discussions at the federal and state level. We also engage with tobacco harm reduction advocates to help educate them about the actions that our businesses are taking to bring less harmful products through the FDA process and into the marketplace, and the policy positions that we take.

We're helping create a policy environment that is conducive so that when we bring less harmful products to market they have an opportunity to be successful. This is a new concept in the legislative world so a lot of the focus has been to educate elected officials so that they understand what harm reduction is; the direction that the tobacco industry is moving; and how the FDA regulatory framework is changing.

If people are willing to meet with us, then we'll talk with them, listen to them and learn from their perspectives. It starts a dialogue and it starts to build trust. If you want to change attitudes and opinions on these new products, you need trust. We've seen positive steps with people who traditionally wouldn't take the time to listen to us, such as those in the public health and medical communities.

When I look back to when I started with the company in the late 90s, the policy and external environment was very negative. While we still have challenges, we are making significant strides in educating about the future of the tobacco industry and helping people understand why these new products can be helpful in reducing the overall death and disease caused by cigarettes. It's tough; it's hard; it's new - but it's setting the company up to be successful for another 100 years.

U.S. Fueled by its unique and innovative start-up company approach to product development and founded by former smokers, JUUL has rapidly built an industry-leading position by satisfying adult tobacco consumers with its differentiated e-vapor products.

Based on JUUL's rapid growth, deep innovation pipeline, and international presence, we believe JUUL is the e-vapor company best-positioned to accelerate adult smokers' conversion away from combustible cigarettes. Our services and infrastructure, including our premier innovative products merchandising position at retail and adult smoker database, complement JUUL's product and manufacturing capabilities. We believe working with JUUL will advance a compelling long-term commercial and harm reduction opportunity for adult smokers and our shareholders.

While e-vapor has the potential to play an increasingly important role in reducing harm for adult smokers, that future is under threat. In 2018, national studies reported an alarming and significant rise in youth use of e-vapor.

The FDA and Surgeon General have called the increase an epidemic and said more must be done. We agree. The rise of youth vaping is a serious issue that immediately needs to be addressed.

Underage Tobacco Use

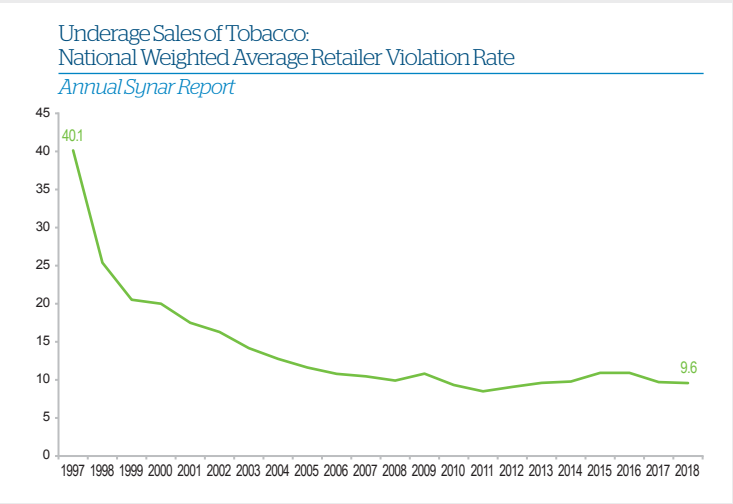
Kids should not smoke, vape or use any tobacco product. It's a goal we've long shared with public health, policy makers, parents, youth-serving organizations and many others who care about young people making healthy decisions.

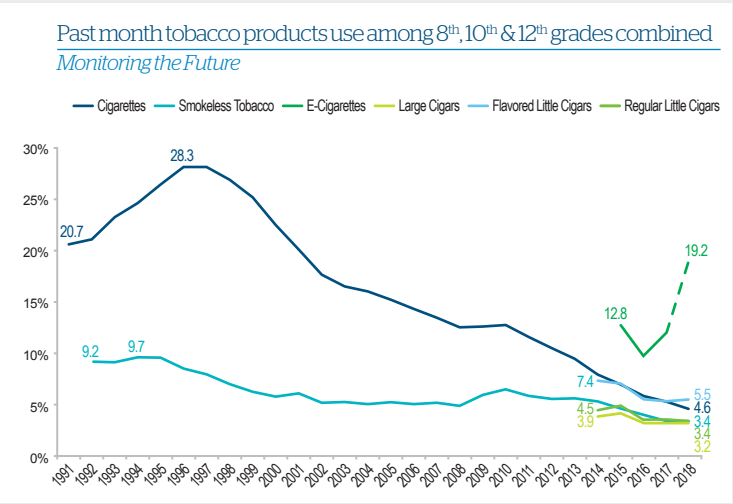
As the nation's leading tobacco companies, we have an important role in reducing underage tobacco use. For more than two decades, Altria's tobacco companies have made significant investments to prevent kids from using tobacco. These efforts include:

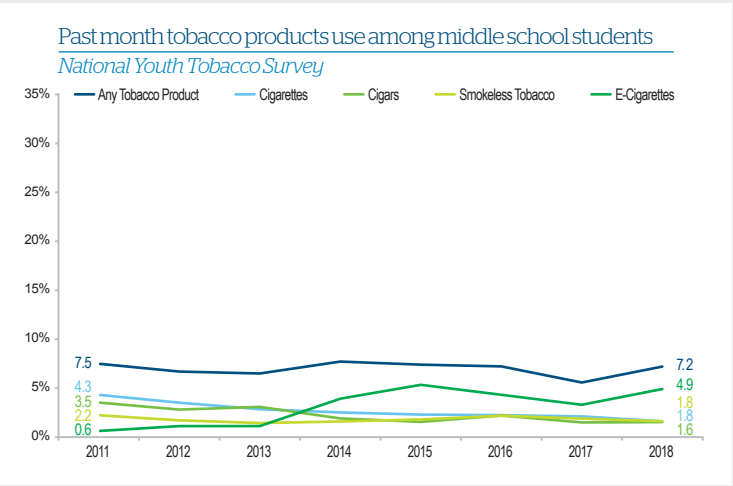
- supporting programs and organizations that positively influence kids and their decision not to engage in risky behaviors like tobacco use;

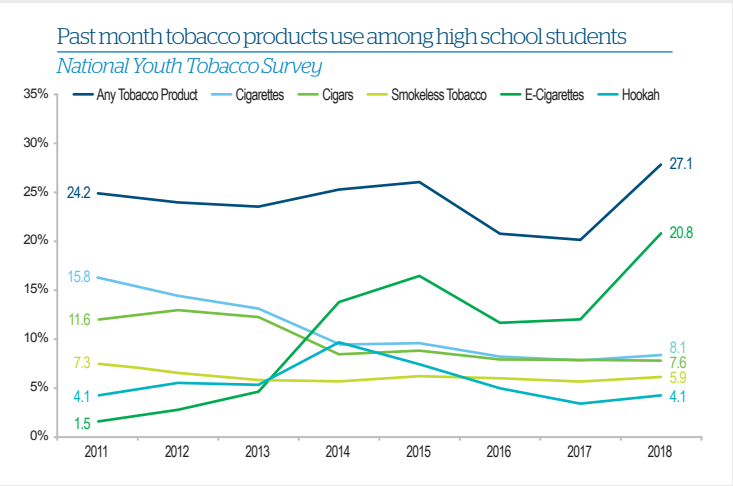


- providing parents with tools to help them raise kids who don't use tobacco;
- supporting trade programs, retailer training and legislative efforts that help prevent underage access to tobacco products; and
- taking steps designed to limit reach of their brands and marketing materials to unintended audiences.









Sources for Charts Above: Substance Abuse and Mental Health Services Administration (SAMHSA): State Synar Rate Tables | 2018 University of Michigan Monitoring the Future Report: Trends in 30-Day Prevalence of Use of Various Drugs for 8, 10 and 12 Combined | National Youth Tobacco Survey (2018)

Today, underage use of conventional tobacco products is at the lowest levels in a generation. Retailers are more effective at keeping tobacco products out of kids' hands. And the Food and Drug Administration (FDA) regulation covers nearly every aspect of how tobacco products are manufactured, marketed and sold.

However, the significant rise in youth use of e-vapor threatens to undermine the hard-fought gains made in preventing underage use of conventional tobacco products. Tobacco manufacturers, regulators and policy-makers must immediately do more to reverse this trend. We support the FDA's commitment to leverage its authority and resources to take additional steps to address these new, emerging issues associated with underage use, while continuing the progress that's been made on traditional products.

Altria is committed to being part of the solution. In addition to our long-standing efforts, we are advocating for legislation to raise the minimum age for all tobacco products to 21. We believe this is the most effective step available to reverse rising underage e-vapor rates. Data shows that youth under 18 get tobacco products — including e-vapor — primarily through social sources, like friends or siblings who are 18 or older. Approximately 80 percent of high school students in the U.S. turn 18 years old before they graduate. By raising the minimum age to 21, high school students should not be able to purchase tobacco products legally.

We also encourage FDA to take action industry-wide, specifically in the form of banning retail and vape store sales of all non-traditional flavors until the youth issue is addressed, such as by the use of advanced age verification technology or pre-market authorization. For its part, JUUL has stopped shipment of all non-traditional flavored products – that is, flavors other than tobacco, menthol

Learn more about state and national retailer violation rates and the Synar Program.

and mint – to retail outlets, offering them only online to consumers age 21+ with enhanced age verification processes.

Additionally, in February 2019 we announced our planned investment of an additional $100 million over two years, beyond our current investments in underage tobacco prevention, to help address youth e-vapor use. We are working with stakeholders, including the FDA, to determine how best to allocate these resources to complement existing efforts toward the goal of preventing youth tobacco use.

As we take additional steps to reduce youth vaping, addressing underage use of traditional tobacco products remains our priority. And the most important way we can make sure kids don't use any tobacco products is to limit access and appeal. That's why we'll continue to be guided by positive youth development theory, which 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.

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. Collectively, our partners reach more than 17 million kids with a range of programs, including mentoring, proven effective adolescent substance abuse prevention and tobacco cessation programs.

In 2018, Altria's tobacco companies provided a combined

$25.8 million

for Altria's core Success360° initiative.

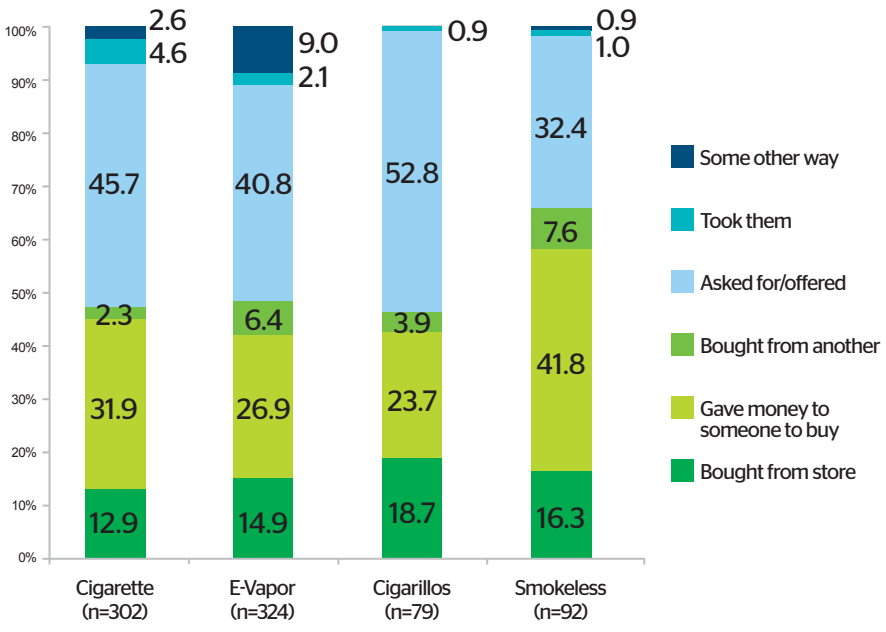
In 2018, Altria invested in new innovative approaches to increase scale and reach of positive youth development support to youth through effective, evidence based programs:

- ***Communities In Schools*** *(CIS)* established the Milliken Center for Innovation & Student Success to ensure investment in ongoing transformation and innovation in the field of Integrated Student Supports to help reach more students in need. *CIS* aspires to enhance operations to serve 300,000 more students during the next five years, by exploring innovative improvements to their model, piloting initiatives to train other organizations, and licensing their model to further multiply this expanded reach.

- ***The National 4-H Council*** aspires to grow their youth reach from 6 million to 10 million by 2025. Through the Blueprints Initiative, *4-H* is pursuing an approach that focuses on innovation and systems change that will allow them to push beyond incremental growth for transformational change, while ensuring their high-quality youth outcomes and positive youth development grow at an unmatched scale.

- ***Boys & Girls Club of America*** *(BGCA)* will develop the SMART Moves evidence-based curriculum, with the first module focusing on e-vapor/tobacco. Through national partnerships, *BGCA* will promote resources such as toolkits,

Usual source of access to tobacco products among past month tobacco users age 15-17 (percentages)



Source: FDA PATH Wave 3 Study (Oct 2015 - Oct 2016)

conversation starters and digital media to support implementation and extend the reach and impact of evidence-informed prevention curriculum to other youth-serving organizations.

- ***Caron Treatment Centers*** will develop digital learning tools to scale the reach of their prevention and cessation programming for youth and education resources for professionals and families. *Caron's* Prevention Resources and Education for Parents program will reach more than 10,000 parents per year through a digital course, the Digital Toolbox for Professionals will reach over 2,000 professionals per year, and Youth Cessation Services will expand to an additional 8,000 students per year through the digital experience.

In 2019, we continue to evolve our Success 360 strategy to further address underage tobacco use trends, including the rise of youth e-vapor use. We will make investments to further the reach of evidence-based prevention and cessation programs, including expanding into new states, deepening the impact in current states by adding partners, and pursuing investments in evidence-based high school programs.

Underage Access Prevention

In the mid-1990's, 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.

Today, government data show social sources — like friends and siblings — are the most frequent way kids get tobacco products. While we are focused on finding solutions to address this issue, including our advocacy for increasing the minimum age of purchase, we cannot let up on the efforts that have helped contribute to the two decades of progress we've made with retailers.

Our companies' retail programs include several requirements and financial incentives to help prevent underage access to tobacco products — via retail sales and social sources. The requirements include teaching store clerks how to check IDs and placing *We Card™* or equivalent signs in their stores. We also require retailers participating in our companies' trade programs to place signs reminding adults to not buy tobacco products for kids.

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.







Improving Life Outcomes for Youth through Strategic Partnership

Jim Clark, President & CEO, Boys & Girls Clubs of America

Boys & Girls Clubs serve 4.3 million youth a year across America at 4,300 locations. Our approach is a time tested, proven model that has withstood 158 years of changing society. We believe in a caring, professional adult providing continuity, consistency and stability in every child's life, while providing intentional, yet fun activities and programs where kids are learning. We provide expectations and recognition, sometimes something kids don't get at home or at school. Our model also includes social and emotional learning, and dealing with adverse childhood experiences — solving for challenges in kids' lives in a safe place.

We've been partners with Altria for 20 years. Altria's investments have been incredible in terms of helping advance and build our mission. Altria is not just a funder; they are a true partner in every sense of the word. The best example of our partnership is the support Altria has been providing to support our infrastructure of More Members More Often — increasing the average daily attendance at Boys & Girls Clubs by 70,000 in the past 6 years.

As we've shifted our strategy to focus more on the experience youth have, hereto again Altria's come right in to say, let us help you ensure kids have a great experience. Here's why that is significant — when youth have a great experience, the outcomes in their lives are far greater. They get more A's and B's in school; they're healthier; and they stay away from risky behaviors, including risky behavior such as using products that they shouldn't be - whether it's youth smoking or other tobacco products such as vaping. Altria is also making a $3 million investment through the Success360° innovation grants to help us contemporize our SMART Moves program which is all about kids and teens making the right decisions. Without Altria, we would not be where we are today.



Supporting Cessation

QuitAssist® Information Resource

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. To build upon the success of *QuitAssist®* in the future, we must consider the balance between supporting total tobacco cessation for adult tobacco consumers, versus conversion to products that may be less risky than cigarettes, according to individual personal health objectives.

Our recent investments to make progress in cessation have focused on youth. With the rise in e-vapor use among youth, scientific and public health communities have raised legitimate concerns about the effects of nicotine addiction on the developing adolescent brain. In 2018, Altria made significant investments to support prevention and cessation programming to help address youth vaping. For example, we invested in Caron Treatment Centers to develop digital learning tools to scale the reach of their nicotine prevention and cessation programming for youth and education resources for professionals and families.

Looking Forward

Adult smokers are more willing than ever to switch to non-combustible tobacco products. And, at Altria, we have access to the leading brands across all of the most relevant, non-combustible categories. Given our decades-long journey toward tobacco harm reduction, we believe we have the greatest opportunity yet to achieve our goal. In order to succeed, industry, regulators and policy-makers must work together to encourage the development of a viable market for innovative reduced-risk products, including e-vapor. We believe this is dependent on our ability to collectively address the youth vaping epidemic and limit youth use of future innovative tobacco products. We're leveraging our decades of experience working to reduce underage smoking, as we pursue new approaches to address the challenges contributing to youth tobacco use today, like the prevalence of social access. And we're wholeheartedly committed to driving solutions that preserve the potential of reduced-harm products, including e-vapor, for adult smokers for the future.

Our Performance

Offer lower risk tobacco products that will help convert adult smokers and engage with the FDA constructively about them



U.S. Smokeless Tobacco Company submitted a Modified Risk Tobacco Product Application for *Copenhagen Snuff* in March 2018. An FDA scientific advisory committee overwhelmingly concluded that the proposed modified risk claim — "IF YOU SMOKE, CONSIDER THIS: Switching completely to this product from cigarettes reduces risk of lung cancer" — is scientifically accurate.

JUUL LABS

Invested $12.8 billion in JUUL Labs, Inc., the U.S. leader in e-vapor, representing a 35 percent economic interest. The service agreements will accelerate JUUL's mission to switch adult smokers to e-vapor products by leveraging our expertise in sales and distribution, regulatory affairs, and underage tobacco prevention.

28

In 2018, we conducted 28 engagements on the topic of tobacco harm reduction and regulatory compliance with the agency and other stakeholders. We also gave nine keynote speeches, participated on 15 panel discussions and presented 105 external posters and presentations across 18 scientific and policy conferences.



In January 2018, an FDA scientific advisory committee supported, by 8 votes to 1, the scientific accuracy of PMI's proposed modified risk claim for *IQOS* — "switching completely from cigarettes to the *IQOS* system significantly reduces your body's exposure to harmful or potentially harmful chemicals."

Continue to support programs that help reduce underage tobacco use

Nearly $31 million

Amount invested in Success360° programs
(nearly 50 percent of total budgeted corporate contributions)

17 million+

Number of kids Success360° partners reached nationwide

22,000+

Retailers trained through *We Card™* overall in 2018

5,750

Altria-funded retailer trainings through *We Card™* in 2018

Partnerships

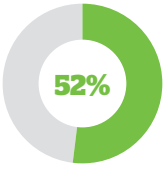
Big Brothers Big Sisters. · Boys & Girls Clubs of America · Communities In Schools · caron · Health Rocks! · LifeSkills Training · MENTOR · Search Institute

Expanded partner reach to address youth use of e-vapor products, including a prevention curriculum focused on e-vapor, student life skills training, parent and school leader support and communications on how to talk to youth about e-vapor, and digital learning platforms to scale the reach of programs to high school students.

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

66,776

Number of visits to the *QuitAssist*® website in 2018



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

"Understanding and connecting with our adult tobacco consumers is key to our long term success. The traditional tobacco industry is being disrupted, consumers' expectations are changing, and adult smokers are converting to potentially reduced risk products. We need to be more consumer-centric. As we explore new ways of engaging with adult consumers, we must maintain a lens of responsibility. Our trade partners, such as convenience stores, are also undergoing disruption, impacting the way we interact and support them. In these times of change, our fundamental approach to marketing responsibly allows us to continue to build brand relationships with our adult consumers while also limiting reach to unintended audiences."



Heather Newman
President & CEO,
Philip Morris USA

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 completely agree.

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. For example, in 2018 we commissioned an in-depth study of the tobacco landscape to identify clusters of similar adult tobacco consumers and their preferences, as well as how tobacco consumption experiences are evolving. We've learned that adult tobacco consumers' preferences are changing. For example, as consumer interest in alternative tobacco products grows, they're looking for superior sensorial experiences and increased flavor. Our companies are using insights like these to develop brand experiences that exceed consumer 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 12 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, such as the diminishing middle class or even trends on the horizon like artificial intelligence and blockchain technology. 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 Ste. Michelle's wineries' sell wine through branded websites. In these instances, those websites use an age-verification process to confirm the consumer is of legal age to purchase. Ste. Michelle also complies with all laws involving the sale and delivery of wine.

The external vendor that manages our electronic age-verification process conducts quarterly audits. In 2018, 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 third-party review for user satisfaction. Our consumers want to engage online and participate in loyalty programs so in 2018, we tested an innovative digital loyalty program through a promotion in Texas called *Points West*. Adult consumers enroll in *Points West* on *Marlboro*.com. Those consumers can then purchase *Marlboro* cigarette packs in retail stores featuring a unique code that can be redeemed online for points. Adult consumers can also earn points on *Marlboro*.com through activities like watching videos and completing surveys. They can redeem those points for electronics, *Marlboro* coupons, non-branded adventure gear, or a non-profit donation. To encourage responsible consumption, adult consumers are limited to entering no more than 30 pack codes per month. The "test and learn" program was a huge success, with approximately ten million codes entered, over a billion points spent, a

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.

Despite New Products and Marketing Plans, Responsibility is Always Crucial

Jon Moore, Vice President, Heated Tobacco Products, Philip Morris USA

I have the privilege of leading the team that is preparing for the launch of *IQOS*. Working on *IQOS* is exciting – about half of adult smokers are looking for an alternative and many haven't found a product that meets their requirements. *IQOS* has an opportunity to do just that, it is more similar to a cigarette from a sensorial experience but doesn't have the lingering smell that you would get from a combustible product.

One of the big challenges for *IQOS* is that it is creating a new tobacco category. Most adult smokers in the U.S. are unaware of heated tobacco products. The team is focused on utilizing marketing that differentiates *IQOS* Heated Tobacco from e-vapor and traditional cigarettes. The messaging that we will utilize is very product focused. Much of our marketing will feature the tagline *"Meet IQOS. Real Tobacco, No Ash, Less Odor"*. We plan to build awareness of *IQOS* in a responsible way by focusing our communications directly to adult smokers. Responsibility is critical because it is how we maintain our ability to market and sell our products.

IQOS is a product that was designed to completely convert adult smokers from traditional cigarettes to a heated tobacco product. Our goal is to responsibly convert adult smokers completely from cigarettes to *IQOS*. We will use traditional direct marketing tactics like direct mail, email, Marlboro.com, and on-pack communications to reach these adult smokers. However we believe that we will need to utilize some new channels to reach this audience and properly show them how *IQOS* works. One example of this is the *IQOS* store. The store is a new way of marketing for PM USA and it is really exciting. We have applied a responsibility lens to the *IQOS* stores. We will age verify all adults that enter the store and will only sell the product to adults that acknowledge they are a smoker. There are many other examples of new and different marketing approaches that we will try with *IQOS*. With each execution we are focused on responsibly reaching adult smokers.



45 percent increase in *Marlboro*.com login frequency, and over 170,000 adult smokers enrolled. The program was rolled out nationally as *Marlboro Rewards* in the beginning of 2019.

Protecting our Consumers – Data Security

We collect personal information as part of our age-verified adult tobacco consumer database and we take protecting that data seriously. We continue to make investments in administrative, technical and physical safeguards to protect our information systems and data from cyber-threats, including human error and malicious acts. Our safeguards include employee training, testing and auditing protocols, backup systems and business continuity plans, maintenance of security policies and procedures, monitoring of networks and systems, and third party risk management.

If our tobacco companies use media advertising, they limit these ads to newspaper, 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.

Our tobacco companies today do not use social media to market or otherwise display product or brand imagery. However, social media has become a ubiquitous part of everyday life for many people and a powerful channel for companies to stay connected to their consumers. We are committed to keeping our consumers at the center of everything we do. As social media continues to shift how people communicate across the world, we will consider the implications for how we responsibly engage with our adult tobacco consumers. As always, we will be guided by our current marketing practices, including taking steps designed to limit reach to unintended audiences.

We'll also require new approaches to engage with adult tobacco consumers to raise awareness around reduced risk products. For example, with FDA authorization to market *IQOS* in the U.S., Philip Morris USA (PM USA) will introduce the product for U.S. adult smokers in Atlanta, Georgia, by testing innovative new approaches to raise adult smoker awareness of the product, providing education and product

trials, and supporting adult smokers' conversion to *IQOS*. Plans include:

- digital and print ads for *IQOS*
- *IQOS* focused stores and mobile pop up stores
- allowing adult smokers to initiate a trial period with *IQOS*
- building a consumer engagement and customer care program, including tips on device usage and maintenance, information about where to buy *HeatSticks*, and encouragement to convert from conventional cigarettes
- leveraging PM USA's extensive age-verified adult smoker database, *Marlboro* digital tools and web analytics to identify potential *IQOS* consumers and communicate with them about *IQOS*

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.

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.

Connecting with the Trade

Our tobacco companies sell their products to wholesalers, who in turn, sell to retailers and other wholesalers. Altria Group Distribution Company (AGDC) provides the sales and distribution services for our tobacco companies. Wholesalers and retailers, also known as "our trade partners," play critical roles in our product distribution network.

AGDC works with our trade partners to execute our trade programs, which help them responsibly manage their tobacco category. In 2018, the breadth of our sales coverage included about 230,000 retail stores, representing more than 90 percent of tobacco industry volume. In 2018, we executed new agreements with some retailers to carve out space behind the counter specifically for innovative tobacco products, like our e-vapor and oral nicotine products. Although we discontinued those products, we plan to use this space for JUUL e-vapor products as we capitalize on that investment.

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,

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 153,000 convenience stores across the U.S. generate approximately $650 billion in annual sales, including gasoline. Every day, 165 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.

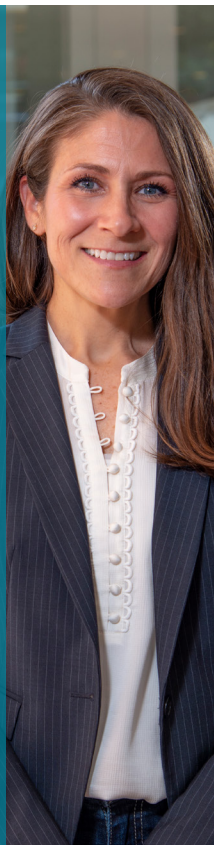
Supporting our Trade Partners through Responsible Programs

Chris Smith, Senior Manager, Trade Marketing, Altria Group Distribution Company

AGDC Trade Marketing works with Altria's operating company brand teams to design and communicate trade programs and in-store execution plans to best offer our brands to adult tobacco consumers. We approach marketing to the trade in a very collaborative and responsible way.

We encourage our sales force to validate that youth tobacco prevention signage is placed at the point of sale (POS) in every retail store and when it is not, to take action to ensure signage is visible. Additionally, the placement of *We Card™* or equivalent signage is a contractual requirement, which clearly communicates to consumers that the sale of tobacco products will only be made after a valid form of identification has been presented and the minimum age of purchase has been met. To further support retailers in their efforts to responsibly market tobacco products, we partner with retailers that have agreed to the Assurance of Voluntary Compliance by providing them alternate POS items to meet the requirements of their agreements with select State Attorney Generals.

We recently introduced an initiative called Consumer Coupon Intercepts, which allows our sales force to responsibly interact with adult tobacco consumers 21 years or older at retail. To ensure everyone would discuss our products and offer coupons responsibly, successful completion of a newly-developed training program had to be completed before coupons could be released to the employee. The training program taught sales employees how to ask adult tobacco consumers for identification, what to look for when it was provided, and how to refuse a consumer if they were not at least 21 years old. I'm excited to share that 98.7 percent of the sales employees who took the training, passed the exam and began successfully engaging with adult tobacco consumers at retail!



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 2018, AGDC conducted the 2019 Customer Satisfaction Study with retail trade partners to identify areas where it could improve. Eighty-seven percent of national and regional multi-store operators were "very or somewhat satisfied" with the overall performance of AGDC's sales representatives. Eighty-three percent of individual store owners and managers were "very or somewhat satisfied."

We also plan for the industry disruption our trade partners are experiencing. In 2018, a team explored the Future of Commerce. For example, goPuff is evolving the convenience store model by offering consumers fast delivery of convenience store items, including smokeless tobacco and e-vapor, from goPuff's warehouse for an inexpensive delivery fee. Improving the in-store customer experience is also very important. Altria had top-to-top meetings with our trade partner CEOs to understand the challenges they're facing and how we can work with them. For example, there is a great deal of consolidation within the retail space so some of our bigger retailers ask Altria to help them differentiate their brands, their offers and their stores to better connect with consumers. We do that through our business enhancement funds, through our loyalty options, and crafting our trade programs to meet the needs of a variety of different sized retailers.

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



Looking Forward

We believe adult tobacco consumers preferences are likely to continue to evolve at an increasing rate, driving more changes for the tobacco industry. Our businesses will need to continue to respond and adapt. Our companies' focus on consumer-centricity is and will be essential to meet and exceed these changing expectations — whether through new products, new ways of connecting with our adult consumers or new experiences at retail. We will continue to be guided by our long-standing responsible marketing practices, taking steps designed to limit reach to unintended audiences. And we are committed to evolving those practices to ensure we remain leaders in marketing responsibly, as we focus on new approaches to converting adult smokers to non-combustible products like *IQOS* and increasing our adult tobacco consumer loyalty through programs like *Marlboro Rewards*.

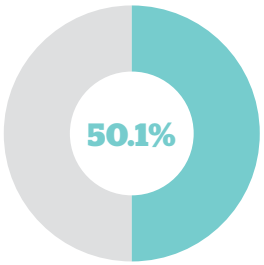
Our Performance

Understanding consumer interest and marketplace dynamics

PhilipMorrisUSA
an Altria Company

Marlboro's **overall equity score among adult smokers is 12 points higher than the leading competitors**

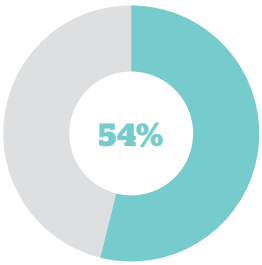
Connecting adult consumers with our brands



Retail market share achieved by our cigarette brands

Marlboro alone achieved a market share of 43.1 percent

PhilipMorrisUSA
an Altria Company



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

Behind the strength of *Copenhagen* and *Skoal* with a combined share of 50.6 percent

U.S. Smokeless TOBACCO CO.
an Altria Company

170,000+

Adult smokers enrolled in *Points West*, our innovative digital loyalty program pilot in Texas. This program rolled out nationally in the beginning of 2019 as *Marlboro Rewards*.

266

Wine ratings of 90 or better that Ste. Michelle Wine Estates received

Limiting our reach to unintended audiences

100%

Of our Brand employees and key business partners were trained on marketing guidelines and policies, against target of 100 percent in 2018

0

Master Settlement Agreement enforcement actions in 2018 for Philip Morris USA, against 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

"Our industry and our businesses are changing. So are marketplace dynamics and societal expectations of strong and sustainable supply chains. For the past two years we've explored the future of supply chains to develop a long term strategy for Altria's companies. We need flexible, end-to-end supply chains that are collaborative, secure and provide a competitive advantage. I am proud of the progress we have made this past year, including our focus on fostering diversity and inclusion in our supplier base, and the continued collaboration with stakeholders who are key to our supply chains. I invite you to learn more about our journey."



Jodie Clarke
Vice President, Procurement

2018 Tier 1 and Tier 2 Diversity Spends:

~$182M
2018 Tier 1 Diversity Spend
(direct spend)

~42M
2018 Tier 2 Diversity Spend
(suppliers' direct spend)

Our companies work hard to develop strong, sustainable supply chains by partnering with thousands of suppliers from growers 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 on Business and Human Rights, 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, transgender and queer-owned (LGBTQ) 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. In 2018, we continued our support as a corporate sponsor of the National LGBT Chamber of Commerce (NGLCC) and became a member of WEConnect International, a global network that connects certified women-owned businesses to qualified buyers around the world.



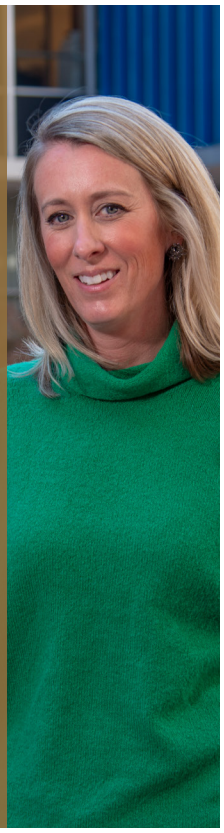
Altria's goal is to increase overall diverse supplier spend utilization to 15 percent in the next 5 years, almost double our 2018 utilization rate of 8.4 percent. We will achieve this through our multi-year strategy to:

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

The Supplier Diversity & Inclusion program at Altria is not owned by one employee; but all employees. Our SD&I team sets the strategy and partners with a network of champions from across our companies to drive progress. In 2018, we enhanced tools for champions to provide more visibility into functional-level supplier spending, which is helping identify opportunities to increase diverse spend utilization. The SD&I team works with Altria's Employee Resource Groups (ERGs) to stay culturally aware. ERG members provide valuable perspectives that we incorporate in our engagements and strategies with diverse suppliers. Supplier education and ongoing dialogue are critical to achieving our 15 percent diverse supplier utilization goal. In 2018, we began exploring educational programs to build the capabilities of diverse suppliers through addressing potential internal skill gaps, to ensure they can effectively compete against other suppliers in the bidding process. By 2020, we will implement a supplier education program through higher education partnerships in Central Virginia.

Promoting Diversity & Inclusion in Our Communities

Ingrid Lassiter, Manager, Supplier Diversity & Inclusion Business Development (SD&I), Altria Client Services



In any business, it's important to have a vast array of diverse suppliers from which to choose. Diverse suppliers help spark innovation and bring us a competitive advantage in the marketplace to move our businesses forward. To reach our 15 percent utilization goal, we're engaging every employee at every level of the organization through our network of champions. We educate champions on which suppliers may potentially meet their business function's needs and bring diverse perspectives to their role within our companies. The champions are then able to educate their functions on those opportunities.

To further support these efforts, we hosted our first ever Supplier Diversity & Inclusion Business Fair and Matchmaking Event in May 2018. The event brought together over 100 external attendees, including more than 70 representatives from around 50 minority, women, veteran and LGBTQ owned businesses, as well as some of our existing, non-diverse suppliers. Attendees had the opportunity to partake in an afternoon of trade show format networking and one-on-one conversations with peer Richmond-area businesses and Altria employees. The fair was a way for us to give diverse suppliers an opportunity to get through the door and meet Altria's decision makers and get an understanding of our business needs. Suppliers also had the chance to build relationships with other Altria suppliers and Richmond-area companies, supporting our enterprise-wide goal of promoting Diversity and Inclusion in our communities and supplier base to contribute to our success.

Since May, we've continued engaging with a number of these suppliers, and they have already brought forward new business ideas. Supplier diversity results in more powerful innovation, and will continue to give our companies a better competitive advantage in the marketplace.

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 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 2018 through handouts and one-on-one conversations, highlight our expectations on topics like using registered farm labor contractors and respecting their worker's rights to join or not to join a union.

In our tobacco grower contracts, our requirements exceed the 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:
  - preventing Green Tobacco Sickness and heat stress;
  - keeping compliant wage records; and
  - preventing human trafficking.

In 2018, all of our contracted growers completed Good Agricultural Practices (GAP) training hosted by GAP Connections, a third-party organization.

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

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

Respecting Worker Rights We expect growers to provide their workers with fair and safe working conditions and these expectations are implemented under our "Good Agricultural Practices" (GAP) program for domestic contracted tobacco growers and international tobacco suppliers.

third-party audits of direct packaging and product materials suppliers, direct contracted growers, international leaf suppliers and contract manufacturers where there's significant country risk, supplier criticality, brand risk and where we can improve supply chain compliance.

Good Agricultural Practices (GAP) Assessments

In our domestic tobacco supply chain, we execute an on-farm GAP assessment process that assesses our contracted growers' compliance with practices related to crop, environment and labor management. The GAP assessment provides direct feedback to contracted growers on their practices and areas they may need to improve to meet our expectations.

In 2018, we continued year two of a three-year assessment cycle during which all of our contracted growers will be assessed at least once, and growers with remediable findings will be reassessed again the following year. In 2018, these assessments covered over one-third of our total grower base.

Contracted growers with hired labor are subject to additional labor management laws and regulations, and they are assessed against those 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[3] and certifications for their workers' housing. In addition, bilingual third-party auditors interviewed the growers' workers to inquire about topics such as the wages the grower paid them, working and living conditions, and freedom to join or not to join a union.

In 2018, a third-party conducted 293 GAP assessments on our behalf for growers with hired labor. While the chart to the right shows domestic grower performance in the results of the 2018 third-party GAP assessments, the following provides several key findings:

- Two findings of youth employment. One grower employed one 15 year old, and another hired two 15 year olds. Both instances were in compliance with U.S. law but in violation of our contractual minimum

Domestic Third-Party Assessments

GAP Focus Areas	Farms: Percent Meeting All Requirements
Crop Management	
Variety Integrity	**99%**
Crop Integrity	**97%**
Nutrient Management	**94%**
Environmental Stewardship	
Crop Protection Agent Management	**87%**
Labor Management	
Labor Management / Child Labor / Safety	**86%**
I9/Wage/Fees	**90%**

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

[3]The H-2A program allows employers to bring foreign nationals to the U.S. to perform temporary or seasonal agricultural work. As part of this program, employers are required to reimburse H-2A employees for travel fees related to the employment.

Green Tobacco Sickness

When working in tobacco fields, it's possible for growers 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 and their workers to attend annual GTS training. We monitor compliance against these requirements through our Good Agricultural Practices (GAP) assessments.

In 2017, we purchased PPE gowns for all growers who used hired labor. The gowns were made with water-resistant material, had full-length sleeves for coverage, and were white in color to reflect light and absorb less heat. We gathered feedback from these growers and their workers on the usability, effectiveness and durability of the PPE. With the help of their feedback, we worked with our manufacturing partner to improve the gowns for the 2018 season – making them longer with tapered sleeves. In 2018, we distributed 70,000 enhanced PPE gowns to all of our tobacco growers who use hired labor. We'll continue to learn more from our growers about the PPE design as well as their practices to help solve issues within our supply chain.

Third-Party Due Diligence Training

In 2018, we continued to train 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, we require additional contract provisions and monitoring procedures. We consider supplier country of origin, beneficial ownership, and the type of services the supplier will be providing in our risk assessment. Outcomes from this assessment are incorporated into the social compliance audit schedule. New online training tools on this process will be available to employees in 2019.



age requirement of 16 years of age. While the growers no longer employ the individuals under the age of 16, the contract requirements were reiterated to both growers to ensure their understanding of the contractual minimum age requirement. As a result of these findings, both of these growers will be reassessed in 2019.

- 35 findings resulting from growers having inadequate training records for Green Tobacco Sickness (GTS) prevention. However, 100 percent of interviewed farmworkers were able to explain the appropriate use of Personal Protective Equipment while working with wet tobacco to prevent GTS. All of these growers will be reassessed in 2019.

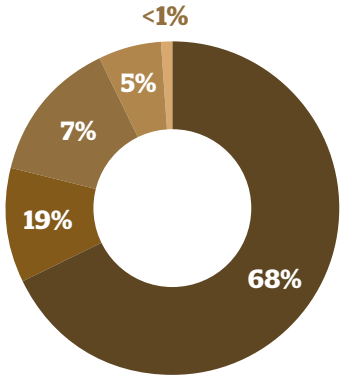
- 25 findings of growers failing to provide written pay slips to employees. However, 99 percent of interviewed farmworkers reported that growers provided the correct wages on a timely basis. These growers received communication to reinforce our expectation of providing complete and accurate wage statements to all their workers, and remediated by providing pay slips for the remainder of the growing season or signing a corrective action plan to implement this requirement in the 2019 season. All of these growers will be reassessed in 2019.

- No compliance findings in H-2A travel fee reimbursement. All workers interviewed reported they were free to terminate their employment at any time, and there were no findings of forced labor.

All growers with findings will be reassessed in 2019.

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 and our tobacco suppliers. 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 2018, third-party assessors completed 100 percent of planned international direct packaging, product materials and tobacco supplier audits.

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



68% Worker Health/Safety
11% Compensation & Working Hours
14% Other (e.g. Record Keeping)
6% Environment
<1% Child Labor & Forced Labor*

*In 2018, during an initial Social Compliance Audit (prior to any purchases) one labor finding was cited at a potential direct material supplier's facility. As the finding was in violation of local labor laws, in accordance with Altria's policy and procedures, the relationship with the supplier was immediately discontinued, and the supplier will not be able to provide services to Altria's companies now or in the future.

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

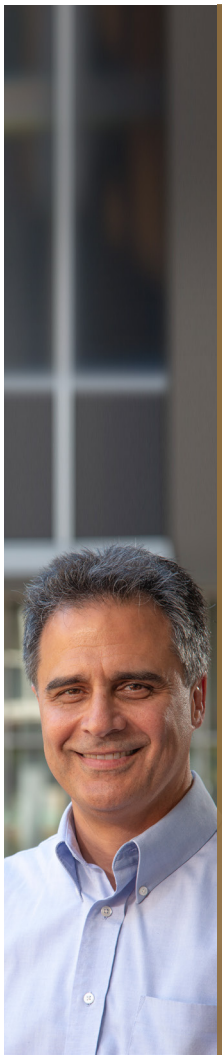
We engage with our suppliers and other stakeholders to monitor and address opportunities and concerns within our supply chain. For our tobacco businesses, we work directly with growers, regulatory agencies, agricultural stakeholders and working groups like the Farm Labor Practices Group and GAP Connections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

Some highlights of our 2018 stakeholder engagements include:

- collaboration with a direct materials packaging supplier to produce a creative print solution to support *Marlboro's* innovative consumer engagement program, *Points West*;
- conducting strategic supplier engagements focused on developing sustainable supply chain capabilities to address evolving business needs;

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. For more information on our position and SEC filings visit Altria.com.



Driving Collaboration for Grower Sustainability

Linwood Sykes, Managing Director Leaf Procurement, Altria Client Services

We understand the challenges tobacco growers are facing from declining industry volumes. We strive to sustain our grower base in a variety of ways as proven by our direct contracting model, long-term contracts, incentive programs and addressing societal expectations.

One way we address societal expectations is through our involvement with GAP Connections. GAP Connections is a third-party entity, governed by a board of directors consisting of leaf buyers, tobacco manufacturers, and grower organizations. GAP Connections oversees the Good Agricultural Practices standards which cover crop production practices, environmental practices and labor standards. As a member of the board, we approached our industry peers, grower organizations and GAP Connections with an idea to develop a voluntary grower certification program in 2017, with the goal of continuing to enhance the sustainability of our grower base and tobacco supply chain.

As a result, the GAP Connections Certification Program was launched in January of 2018. For our growers, the voluntary program gives them a chance to distinguish themselves in the marketplace and stand out from the rest of the pack. Participating growers also receive training and resources to be more sustainable with their land and the environment as well as how to comply with labor management practices which protect the rights of their workers and promote a safe working environment. The certification program provides access to monitoring, such as on-farm audits, which identify areas in need of improvement and a clear remediation plan that makes correcting deficiencies easier. Another unique aspect of the program is that it has a Worker's Concern Helpline for all workers of participating growers to reach out with any concerns, and GAP Connections will provide resolution assistance. The program also provides all growers access to a Human Resources hotline, free of charge, should a grower have questions regarding labor laws.

We were very active in encouraging our growers to participate in 2018. About 25 percent of our grower base applied for certification, and of that, 98 percent of them achieved it. We were excited to see our growers lead the industry in both of these categories. It's been fulfilling to see this certification program grow from a small idea, to something that is really moving the whole conversation forward on the role of social responsibility in this space. It is our goal to have 100 percent of contracted growers GAP Connections certified by 2021.

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 have set a Scope 3 goal to reduce our carbon footprint by 15 percent throughout our value chain by 2030. More information on our goals and progress can be found on Altria.com and in Appendix A.

- participation in industry forums, including GAP Connections and the Farm Labor Practices Group (FLPG);
- leading the FLPG Farm Labor Contractor (FLC) committee to develop and publish a new handbook for growers who work with FLCs and made it available to our contracted growers along with stakeholders in other labor intensive crops;
- participation in a multi-stakeholder roundtable hosted by the North Carolina Business Chamber to discuss emerging labor trends and best practices in implementing ethical labor management policies within the agriculture industry;
- engagement with various grower associations to update them on the launch of the GAP Connections Certification program and to listen to the associations' concerns about growers' sustainability; and
- joining North Carolina State University's Supply Chain Resource Cooperative (SCRC), a thought leader in the supply chain industry which documents and disseminates new supply chain management knowledge to help companies, practitioners and university students engage in dialogue and knowledge-sharing of business innovations and best practices.

Additionally, in 2018, we launched a recognition program for our growers who have demonstrated leadership in the tobacco community. 38 growers received $10,000 each for their accomplishments in farm safety, labor management, and/or leadership within the farmworker community or the industry. AgSafe chaired an independent selection committee to award these recognitions which totaled $380,000 overall. This program will be offered again in 2019, with the goal of continuing to foster responsible safety and labor management practices across our grower communities.

For our wine business, Ste. Michelle remains committed to sharing its best practices in sustainable viticulture and winemaking with partner growers and wine producers. Since spearheading the creation of VineWise in conjunction with the Washington Association of Wine Grape Growers in 2007 – a resource which provides wineries with information and tools to help evaluate business practices and implement sustainable management strategies – Ste. Michelle has begun integrating a VineWise self-assessment into its grower relationships. While the majority of the assessment areas are already included in long-term contracts - the contracts plus routine on-site visits by Ste. Michelle's team means that growing practices are constantly being reviewing and improved. This helps promote the delivery of high-quality grapes from its contracted growers and supports the overall industry in the regions where it operates.

Disaster Relief Response in our Grower Communities

In September 2018, Hurricane Florence made landfall in the southeastern U.S., bringing severe flooding to the region. The storm had devastating and lasting effects for many of the communities our tobacco growers call home. On top of supporting national non-profit relief efforts, our grower representatives worked to identify smaller, local organizations to provide additional services to those in impacted areas such as the Diaper Bank of North Carolina, Eastern Carolina Community Foundation, Food Bank of Central & Eastern North Carolina and the United Way of Robeson County, along with a number of local first responder organizations. Our employees also gave their time to provide hands-on assistance, and Altria matched employees' personal financial contributions to non-profit relief efforts 2:1, raising $81,000 for the American Red Cross, Feeding the Carolinas and the North Carolina Community Foundation. We will continue to support ongoing recovery efforts from the storm in our grower communities.

Looking Forward

As marketplace dynamics, our industry and our businesses change, we remain committed to enhancing our supply chains to provide a competitive advantage for our companies. Through continuing to foster diversity and inclusion within our supplier base, and ongoing collaboration with key stakeholders, we will be able to evolve our supply chains to be flexible, secure and sustainable for the long-term. Together, these actions allow us to meet societal expectations as a responsible company while developing strong supply chains for our future success.

Our Performance

Developing a diverse supplier base

8.4%

Diversity supplier spend*, approaching our 2023 goal of 15 percent

*Percent of controllable spend

346

Number of diverse business suppliers utilized

Monitoring and Assessing

100%

Completed planned GAP assessments of domestic tobacco growers

25%

2018 contracted growers GAP Connections certified

25 percent toward the 2021 goal of 100 percent

327

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

*Growers who obtained GAP Connections Certification were not required to be assessed by the third-party auditing firm hired by ALCS





Developing Our Employees and Culture

GOAL

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

"While many of our past talent strategies have helped us to achieve success, we're in the midst of a pivotal moment for Altria's people and culture. Our industry faces disruption, and our businesses are changing rapidly to confront it. With that, our talent needs are changing rapidly too. We are transforming Altria's talent system to become more responsive to changes in our business strategies and to enable all our people to thrive in an inclusive work environment. Our future success will be won by our continued ability to attract, develop, and engage diverse, talented people, and we are committed to that goal."



Charlie Whitaker

Senior Vice President, Chief Human Resources Officer, Chief Compliance Officer

In the past, our employees' leadership and passion to succeed have enabled us to create and grow some of the biggest brands in the largest tobacco categories, maintain superior trade relationships and drive shareholder value. To win in the future, we need to build on that passion to transform our business, talent and culture. That's why, in 2018 we responded to the dynamic business environment by investing in a transformative effort intended to deliver superior results into the future. Our approach continues to include promoting a vibrant, inclusive workplace; attracting, developing and retaining talented and diverse people; rewarding and recognizing our employees; and creating a safe workplace. However, in order to successfully navigate disruption, we need to fully integrate transformation into every aspect of this approach by acting boldly and doing things differently.

While we're early in this transformation journey, in 2018 we created a new structure and teams designed to accelerate our innovation pipeline, continue to maximize our robust core business, and enhance focus, role clarity and speed in decision making. We appointed a Chief Growth Officer to pursue strategic and innovative growth priorities apart from our current structure, that are better aligned with our dual strategies of maximizing income from our core tobacco businesses while also growing new income streams.

We also appointed a Chief Transformation Officer, who also serves as our Chief Inclusion and Diversity Officer, to guide us through transforming our business, culture, and talent. Aligning our transformation and diversity and inclusion efforts ensures our focus on people and change is fully integrated into the changes we are undertaking to win in the future. Change management firm Kotter is advising and supporting us on this journey.

This new structure is already sparking new ways of working, leading toward a more innovative and agile culture. We understand that 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. Being agile is about bringing innovation to life by moving quickly, pushing boundaries, empowering our people and working in new ways. To achieve this cultural transformation, it will take all employees being willing to drive new ways of thinking, challenging the status quo and acting boldly. Throughout this chapter, we'll share examples of how this transformation is coming to life across all aspects of our approach, as well as areas where we still have a lot of work to do.

Promoting a Vibrant, Inclusive Workplace

We're focused on building a more diverse and inclusive culture. Although we've set goals and made some progress, more still needs to be done. We're not alone - Corporate America as a whole is failing when it comes to diversity and inclusion. We have an opportunity to lead and make significant change, but it will take everyone leaning in and being uncomfortable.
Altria's diversity and inclusion (D&I) 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 2018, we made progress toward our goals with an intentional



focus on public commitments, transparency, mitigating unconscious bias, accountability and advancing our culture of inclusion:

- Our new CEO, Howard Willard, re-signed the CEO Action for Diversity & Inclusion pledge initially signed by his predecessor, Marty Barrington. He also signed the Catalyst CEO Champions for Change pledge. These initiatives publicly commit Altria to advancing diversity, inclusion and gender equality within our business.

- In an effort to introduce more transparency around our diversity data, we re-designed our internal D&I website to share all of our companies' diversity data with a broad base of employees, including breakouts for gender and race that can be viewed by company and function.

- With a focus on mitigating unconscious bias, we rolled out "Decide" – an unconscious bias training that includes workshops for people managers and digital learning for individual contributors. We also asked our people leaders to pledge to mitigate unconscious bias during our performance review process and offered resources to help.

- As a way to experience inclusion, we encouraged employees to lead and participate in volunteer events in our communities.

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 below. 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

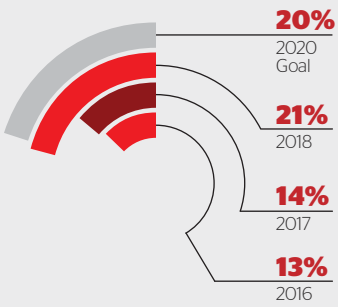
Our leadership is diverse at all levels

Everyone feels included, heard and challenged to contribute

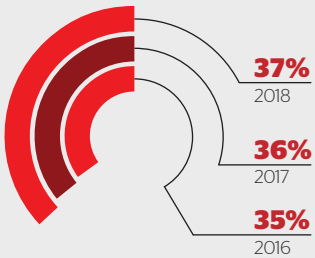
We promote diversity and inclusion in our communities and in our supplier base to contribute to our success

Representation of Women

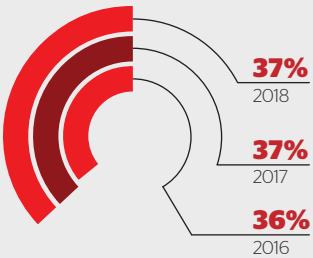
VPs or Higher



All Management Levels

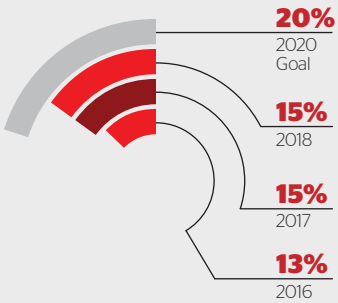


Total Employees

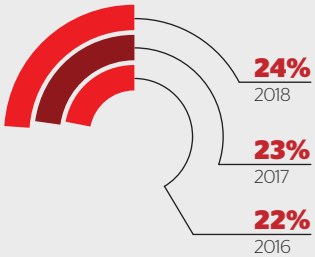


Representation of People of Color

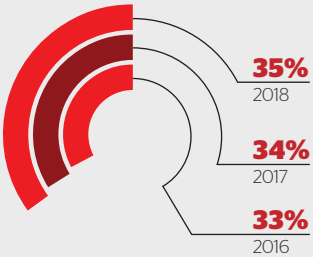
VPs or Higher



All Management Levels



Total Employees



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.

Communicating and Engaging Differently

Culture change requires transparency, frequent communication, and employee engagement. In 2018, we began incorporating new ways of communicating and engaging employees. We refreshed our Town Hall business updates to "Journey Conversations" that focus on more frequent two-way communication with our executives around cultural and business initiatives, and promote candid dialogue. We hosted a two-day Manufacturing Symposium where leaders from our operating companies gathered to talk about the future of manufacturing, including the workforce of the future, engaging employees during times of change, and a Tech Expo exhibiting futuristic technology. We also refreshed our internet to include podcasts from senior leaders on cultural and business priorities and updates on our transformation journey.

Altria also engages employees through *Contributing Together*, which enables employees to invest individually and collectively in their communities through personal charitable giving, volunteering and community engagement. We are increasingly aware that employees recognize community service as an important way to align their work with their personal sense of purpose. Altria has long supported employee community engagement through a robust volunteer program that combines company-sponsored volunteering with dollars-for-doers incentives for personal community work. Our *Contributing Together* program helps foster this sense of purpose by empowering employees to lead community service events, building leadership and inclusion skills as volunteer leaders. In 2018, Altria implemented a new enterprise leadership development program known as Our Leadership Advantage (OLA). One of its focus areas is "developing people and teams." Because this focus includes seeking personal development opportunities, championing diversity and inclusion and inspiring and empowering employees,

Courageous Conversations

"D&I Convos" are a series of courageous conversations that directly and transparently explore how D&I impacts our ability to remain relevant to evolving employee and consumer expectations, ways in which we can advance our D&I progress, situations that illustrate a lack of D&I, and more. In 2018, we hosted the following D&I Convos:

- **Live Long & Prosper**
  We explored what the creation of Star Trek could teach us about the impact of allies, representation, and challenging the status quo.
- **Asian Americans in Corporate America**
  A panel of four diverse Altria employees from the Asian American community shared their perspectives on how being Asian American has impacted their relationship with, and success in, corporate America.
- **Straight, White Men in the Age of D&I**
  Through an employee panel, we explored the complex relationship straight, white men have with D&I, including their role as allies; their concerns and frustrations; and how their perspective of D&I has evolved.

Our ERGs also sponsored conversations as D&I became a national talking point.

- **Gender in the Workplace**
  With the #MeToo movement as context, we discussed what's driving the national conversation about the experiences of women in the workplace and how it impacts each of us.
- **Immigration**
  We explored both the personal and professional impact of immigration with members of Altria who have been close to issues related to immigration and have varying experiences and perspectives.
- **Strategize to Win**
  UNIFI and Women in Manufacturing hosted Carla Harris, leader, author, and singer, where she shared her "pearls" of wisdom with us. In addition to an event at our headquarters, Carla also spoke at our manufacturing center and engaged with our executives in small groups.
- **Executive Leadership Immersions**
  Our ERG leaders sat down with our executive leadership team to share the experiences members of their respective ERGs have at Altria and in the world, and how that can vary from experiences our executives have had.

Our Employee Resource Groups

EAST Asian	**Mosaic** LGBTQ	**Sí!** Hispanic
Spring Young Professionals	**UNIFI** Black	**Women's Network**
Women in Sales	**Women in Manufacturing**	**Salute** Military

Leaning into Diversity to Close the LGBTQ Exclusion Gap

We should all be able to bring our whole selves to work. But, for most LGBTQ Americans, that's not the reality.

In 2017, Mosaic, Altria's LGBTQ employee resource group, conducted a survey to measure employee satisfaction of LGBTQ employees compared with the broader population. The results showed startling differences. When asked if they feel comfortable being themselves at work, 82 percent of the broader population agreed; however, only 33 percent of LGBTQ employees felt the same. And when asked if they thought senior leadership is supportive of having a diverse workforce containing LGBTQ employees, only 40 percent of LGBTQ employees agreed, versus 80 percent of the broader employee population.

In response to the survey, Mosaic executed events, workshops and communications aimed at closing this gap and creating an environment where LGBTQ employees feel comfortable being themselves at work. Some examples of these efforts include:

- Publishing a second set of "Coming Out Stories" – a collection of stories from Mosaic members who describe their experiences coming out to the world or explain why they became an Ally.
- For the first time, flying the Pride flag outside our Richmond headquarters on National Coming Out Day.
- Facilitating LGBTQ 101 programs for senior leaders and teams across Altria in collaboration with Side by Side, a leading LGBTQ youth services organization in Central Virginia.
- Welcoming Chris Mosier, the first openly trans man to earn a spot on a Men's U.S. National Team, to present at the best-attended Altria celebration of Pride Month.
- Endorsing the "Business Statement on Transgender Equality" and sending letters to Congressional officials who represent our headquarters community to oppose any effort to eliminate existing federal civil rights protections for transgender people.



The results were transformational. A 2018 survey found that the gaps between LGBTQ employees and the broader population had essentially closed.

we seized the opportunity to emphasize how to use volunteering as an OLA practice. Participating in volunteer experiences as an event leader or individual contributor offers employees a tangible chance to experience this aspect of Our Leadership Advantage, regardless of role or level within the organization.

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.

Recruiting

We recruit people with strong leadership potential. Our companies have longstanding recruiting relationships with 19 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.

Our UNIFI and Spring ERGs, along with Talent Acquisition and the Diversity and Inclusion team, partnered 44 interns with employee mentors outside their assigned function in 2018. Our Senior Vice President, Chief Human Resources Officer and Chief Compliance Officer, Charlie Whitaker, and other executives served as intern mentors as part of this program. Ninety-one percent of interns surveyed said that this enhanced their overall experience.

We also partnered 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 program. A total of 13 scholars, exceeding the goal of 10, interned in the summer of 2018 and 8 were recruited to intern in 2019. This is one 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 21 diverse intern candidates and three direct hire employees through these partnerships.

Our university recruiting is complemented by our efforts to hire experienced employees with

Recruiting

	2018	2017	2016
Number of paid interns	196	196	151
Eligible intern to full-time conversion	44%	45%	47%

demonstrated leadership capabilities. In 2018, we hired 641 new employees to address turnover and fill important skill gaps needed for the future, of which 40 percent were women and 41 percent were people of color, helping improve the diversity of our workforce.

While we made progress in 2018, our talent needs continue to shift with our rapidly changing business. At the end of last year, we announced we were discontinuing our e-vapor portfolio and investing in JUUL. As a result, we also announced a significant cost reduction program that included workforce reductions. With these strategic shifts, we are confronted with a duality – delivering on our heritage of treating our workforce with respect, especially through transitions, while continuing to attract, retain and develop skills we need for the future. As always, we remain committed to both, to successfully transform our business, culture and talent for our long-term success.

Development

We work in highly competitive, regulated industries. Our development programs prepare our employees to take on these complex business challenges. Shortly after taking over as Chairman and CEO, Howard Willard challenged people leaders in a Town Hall meeting to meet the expectation of spending 25 to 60 percent of their time on developing their people, depending on their level in the organization and number of direct



The Value of Bringing Your Full Self to Work: An LGTBQ Diversity Journey

Julia Marshel, Trade Marketing Manager, Altria International Sales

I became involved with Mosaic before it was Mosaic. We had our first LGBTQ meeting and the rules were it had to be offsite and you couldn't talk about it back at the office. About a year later, this group formed Mosaic with people who were out – including myself.

When I first started my D&I journey, I wasn't really invested in it and didn't think it had value for the company. But as I began working in that space, I realized how disengaged I was as an employee because I couldn't bring myself to work. The more I was able to be who I am – the more I was able to speak what was on my mind and hear what others had to say – the more passionate I became about working at Altria. It also became really clear that the value for the company was huge. D&I at the surface sounds like it's talking about being gay, about being female, about being African American. But really it's practice at being consumer-centric and hearing good ideas wherever they come from, which leads right to innovation.



Ted Lewis, Executive Director, Side by Side

Side by Side is dedicated to creating supportive communities where Virginia's LGBTQ youth can define themselves, belong and flourish. We want to work with companies like Altria to ensure they're more inclusive of the LGBTQ community so that young people can bring their full authentic selves into the workplace every day. With a growing "out" LGBTQ population and growing acceptance of LGBTQ people among millennials and younger generations, workplaces want to be an affirming place. Companies are also realizing the value that employees bring when they can bring their full selves to the office. We find that providing training for companies allows them to grow and it also grows our network where LGBTQ people can get a job and thrive.

Altria is leading the way with the LGBTQ 101 training. We've worked with more employees, including at the VP level and above, than we have with any other company in the region. One of the great things about our partnership with Altria is they have employees take the lead and be facilitators in the training process. That means our conversations are based on real lived experiences that happen at Altria every day. It's not some theoretical approach from an outsider - it's your coworker, it's your neighbor. With the combination of "inside and outside" we can have more real conservations around diversity and inclusion.

Altria is also unique in highlighting diversity in the Coming Out Stories where employees share their story of what it's like to be LGBTQ or an Ally. It's different when we talk about "I don't know how comfortable I am with gay people" versus "I don't know how comfortable I am with Ted or Julia". You know Ted and Julia and now you've heard a little bit about their story, they work with you every day. It's a lot harder to find that distance when you have a face to the story, when you actually know about where people are coming from. It allows employees to be leaders in the D&I discussion and to tell the story on their own terms, which is really beautiful.

Driving Business and Culture Change through Talent Acquisition

Cheryl Favale, Senior Director Human Resources, Altria Client Services

At Altria, we hire the most qualified people for our jobs and we want to make sure we're vetting through a really diverse pool of candidates. We need to continue to expand our sources and partner with different organizations to bring in that diverse talent, whether it's diversity of race, gender, education, thought or experiences. It's important because you need to have different ways of thinking in order to drive this company forward.

As our industry changes, the challenge is finding the skill sets that will move us forward. In the past, we would bring people in at entry-level positions and focus on developing skills and talents from within, but now we also need to find high-level skill sets external to the organization. Our recruiters serve as talent advisors for the business to truly understand the skills needs and start generating talent pools to be ready for when an opportunity is available.

Not everybody knows who Altria is so we are enhancing our employment brand to make ourselves known as one of the best employers to work for, where you can come in and have an amazing career with lots of opportunities and lots of challenging, interesting work that adds value to the company.



reports. While we are a long way from meeting that goal across the entire company, the tone has been set that people development is crucial to our future success.

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 our sales 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 volunteer program encourages 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 when pipefitters and engineers from PM USA helped update and fix plumbing issues at a local public middle school in 2018.

All salaried 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. Salaried employees also create an annual development plan with their manager. This 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. In 2018, we clarified people leader expectations on being candid with employees about where they stand, including their advancement potential ratings. However, this wasn't done across the board so in 2019 we have the opportunity to hold our leaders accountable for making this a consistent process.

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. 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 2018:

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

In 2018 our companies invested approximately

$14.7 M

in training and development programs



Investing in Employees through Skilled Trade Career Pathways

Alan Farren, Manager Manufacturing Training, Philip Morris USA

I'm the apprenticeship coordinator for PM USA and oversee our instrumentation electrician and maintenance fixer apprenticeship programs. The apprenticeship program is a very structured program registered through the state with four years of hands-on, on-the-job training along with four years of related instruction. The apprentices work at PM USA alongside senior instrument electricians or senior fixers to learn the skills they need to perform the job. After they've worked their shift, they attend classroom training at a local community college.

I'm very passionate about developing employees and this program shows a commitment to that. It's crucial that we offer an avenue for entry-level employees to progress to the next level. I believe that by investing in training and education, you create lifelong employees that are going to stay with you through retirement.

I also feel strongly that we need to support the skilled trades outside of the organization because it gives those interested in the skilled trades a pathway into our company. We do a lot in the community to support skilled trades, such as working with career and technical education centers in the region to help them to develop their programs and raise awareness of skilled trades and advanced manufacturing. We participate in events like Mission Tomorrow, where local 8th graders learn about different career paths offered by regional companies in an interactive way. We hosted a Dream It Do It Camp, where local middle school students and their parents experienced science, technology, engineering and math hands-on. Our company as a whole is changing, and in order for us to embrace that change, we need the new insights of the new generations to help us bridge that gap.



Taylor Henderson, Electrical Apprentice, Philip Morris USA

I'm in my first year of the instrumentation electrician apprenticeship program. I got interested in the skilled trades because most of my family does blue collar work and I saw my sister struggle after getting out of an expensive big four-year institution and knew that's not what I wanted to do. Luckily I went to a junior college on a soccer scholarship where they offered skilled trade classes.

I'm really proud to be in the apprenticeship program because PM USA is a great company to work for and because it's going to get me so much further in my field. I learn something new every single day, that's what I love about it. It's a lot of responsibility; on my first day in the field, we just hopped right into it - I was running conduit and hanging lights, but it's fun. The people are also great. Whenever I need anything or have a question, I can ask the first person I see and they help me or find someone who can.

I'm so excited to wake up for work every day at 4:30 in the morning. I used to dread it, but now I wake up, hop up out of bed, ready to go to work and learn something new.

Partnering to Expand Advanced Manufacturing

Nationally there is increasing demand for skilled trade jobs but not enough workers trained for them. Our manufacturing plants are experiencing this skilled trade gap firsthand so during Manufacturing Month in October, we announced a $1.3 million investment in expanding electrical and mechanical maintenance programs at a local community college. These funds will cover the purchase of new equipment, the expansion and modernization of classroom space, and scholarships for high school dual degree programs, which allow students to gain critical technical skills. This partnership will help support Philip Morris USA's apprenticeship needs - skilled tradespeople like electrical technicians are highly sought-after in Virginia and nationally, including at PM USA, and this investment will increase the number and frequency of classes so more people can get the skills and credentials needed to fill these in-demand jobs.

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.

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, meaning our compensation is targeted to be better than a significant portion of companies we compete with for employees. In 2018, we improved and added new benefits based on employee feedback:

- Providing employees at all levels annual incentive compensation
- Increasing the company incentive award amount for healthcare savings accounts
- Conducting webinars to educate employees on benefit offerings, as well as piloting meditation and mindfulness sessions
- Adding new voluntary benefits such as pet insurance, hospital indemnity, and legal services
- Increasing transparency into compensation, including publishing:
  - salary ranges, incentive bonus targets, and stock option eligibility for all levels
  - expected annual merit increases and incentive bonuses, depending on performance
  - expected salary changes with promotions, lateral moves, or downgrades
- Enhancing severance and pension plans to allow for early retirement at age 50 and severance pay between 26 to 64 weeks depending on years of service

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. In 2018, we launched a new recognition system called Snap. Snap gives all employees a monthly point budget that they can use to instantly recognize their peers. Recognitions are shared in a newsfeed where others can like, comment or boost the recognition with more points. Employees can then redeem those points using a large catalog of awards ranging from electronics to local experiences. In the first month after Snap launched, 95 percent of employees activated their profiles to use the system.

Maintaining Strong Labor Relations

Altria's operating companies provide well-paying manufacturing and production jobs for employees in 9 states. We respect the rights of our companies' employees who choose to be represented by a union. In fact, 25 percent of employees within our family of companies were covered by collective bargaining agreements at the end of 2018.

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 2018, we worked closely with the unions to enhance the hourly selection process and trained union leadership on our D&I initiatives, including integrating D&I in our skilled trade sourcing process.

All union-represented employees across Philip Morris USA and U.S. Smokeless Tobacco Company 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 $1100 - $1500.



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. Safety is more than our number one priority; it's a serious commitment to ensure every teammate works injury free.

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. From manufacturing facilities to offices, safety is embedded in our culture and requires the day-to-day dedication of teammates for everyone to have an injury-free career. Achieving this goal requires each employee to comply with safety requirements, perform job duties in a safe manner, and watch those around them each day.

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

- communicating safety through all avenues;
- applying internal safety requirements/guidelines;
- applying training in the workplace;
- participating in safety initiatives and the development of best practices;
- planning safety into business processes;
- recognizing and celebrating strong safety performance; and
- enforcing safety fairly and consistently.

Thanks to our employees' continual commitment to safety, we achieved safety wins across several facilities in 2018:

- When **USSTC Hopkinsville** employees identified exposed nip/pinch points in their Dry Flour cutting area, they used a team approach and implemented guarding to protect employees from the hazard.
- The **USSTC Nashville** facility recently restriped its Shipping and Receiving department using photo luminescent striping that can be visible for long periods of time when there is no other lighting available. This will help guide employees safely out of the room in the event of an emergency.
- The **PM USA Park 500** facility recently installed blue warning lights on their powered industrial trucks. These warning lights provide additional visibility to alert pedestrians of oncoming traffic.

Looking Forward

As our business continues to change, our culture and talent strategies must also evolve. To build on our progress, in 2019 we're exploring an employee value proposition and making talent transformation a priority initiative. Culture change is hard, uncomfortable and more challenging following a restructuring. We need to rebuild trust, show employees they still matter, and hold our leaders accountable for developing their employees. We need less talk on diversity and inclusion and more action, including providing all employees the same opportunities to grow and advance. Our transformation efforts, along with proven talent strategies and our ongoing commitment to learning and growth, will increase employee engagement and allow us to tackle our challenges and continue to deliver superior results into the future.

Our Performance

Delivering superior results

2018	2017	2016
$1,098,193	$1,151,325	$1,055,663

Operating income per employee

Promoting a vibrant, inclusive workplace

Diversity	2020 Goal	2018	2017	2016
VPs or higher who are women	20%	21%	14%	13%
VPs or higher who are people of color	20%	15%	15%	13%

"Our Voice" employee survey benchmarks nationally across a range of industries. We last conducted this survey of salaried employees in 2017 and will survey employees again in early 2019. For 2018:

1,395

Employees committed they were "in" on our transformation efforts

Developing talent

	2018	2017	2016
Our companies' investment in training and development programs	$14.7M	$12.6M	$12.5M

Creating a safe workplace

	2018	2017	2016
Facility composite score for safety assessment performance	95%	95%	93%
OSHA recordable injury rate Compared to U.S. Beverage and Tobacco Product Manufacturing benchmark	2.2 lower than benchmark	2.5 lower than benchmark	2.2 lower than benchmark
OSHA lost day rate Compared to U.S. Beverage and Tobacco Product Manufacturing benchmark	1.2 lower than benchmark	1.2 lower than benchmark	1.2 lower than benchmark





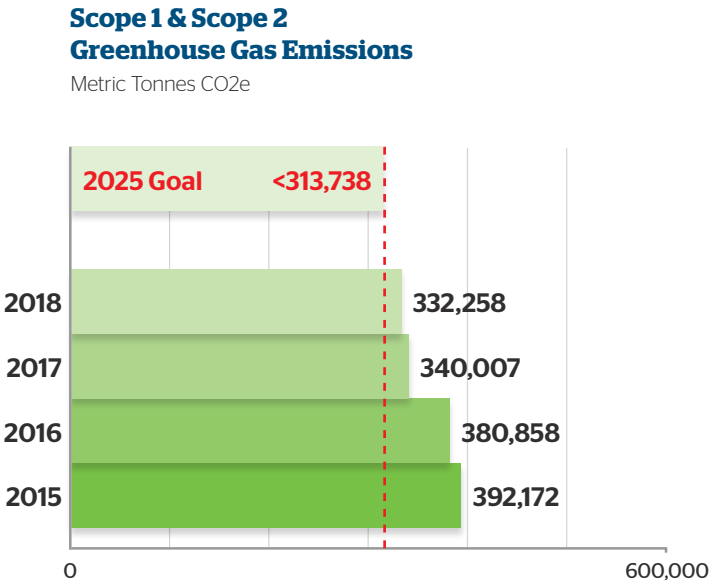
Environmental Supplement

"Our companies and their products have an impact on the environment and we have a responsibility to minimize that impact. We also understand that changes in nature, including water availability and climate change, can affect the future of our business. That's why we set long-term environmental goals and regularly share our progress on them. As the global need to mitigate negative environmental impacts and disclose environmental risks and opportunities intensifies, our stakeholders expect us to respond. Even though the environment did not emerge as one of the top focus areas in our 2014 materiality assessment, we still felt it was important to highlight some of our environmental focus areas in this supplement."



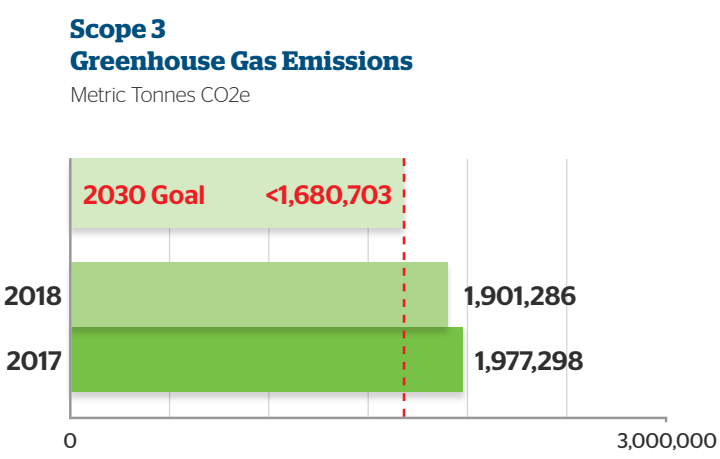
Billy Gifford
Vice Chairman and
Chief Financial Officer

Reduce absolute Scope 1 & 2 greenhouse gas emissions by 20% by 2025

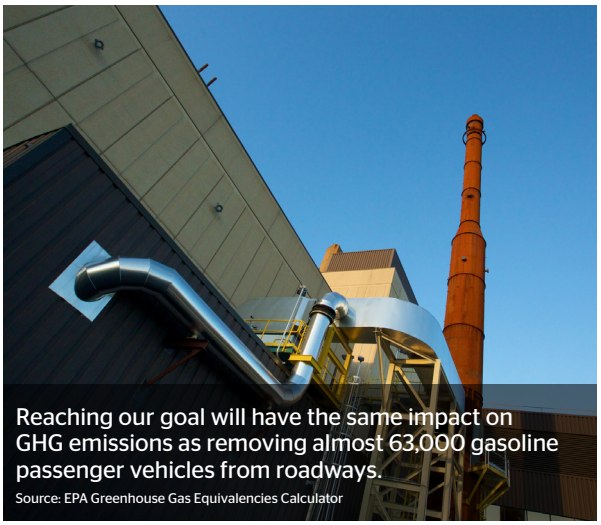




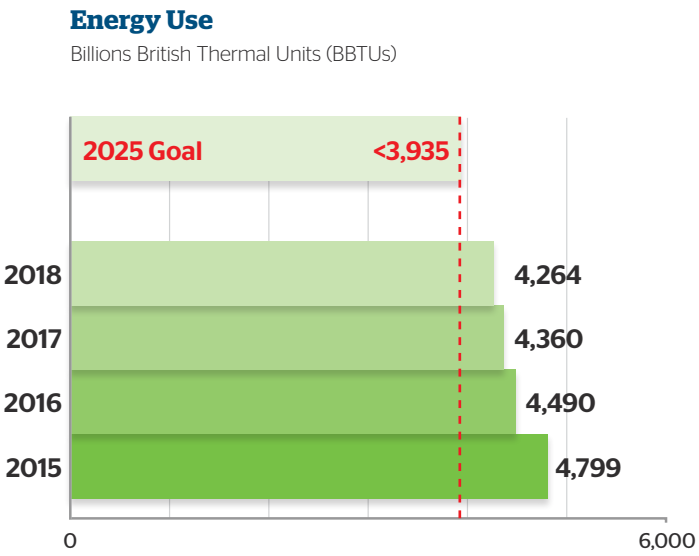
Reduce absolute Scope 3 greenhouse gas emissions by 15% by 2030



We update Scope 3 emission data using a hybrid life cycle assessment methodology biannually and estimate using shipment volumes in between updates."



Cut absolute energy use by 18% by 2025





Our operating companies continue to replace lighting and equipment in their facilities with more energy-efficient options.

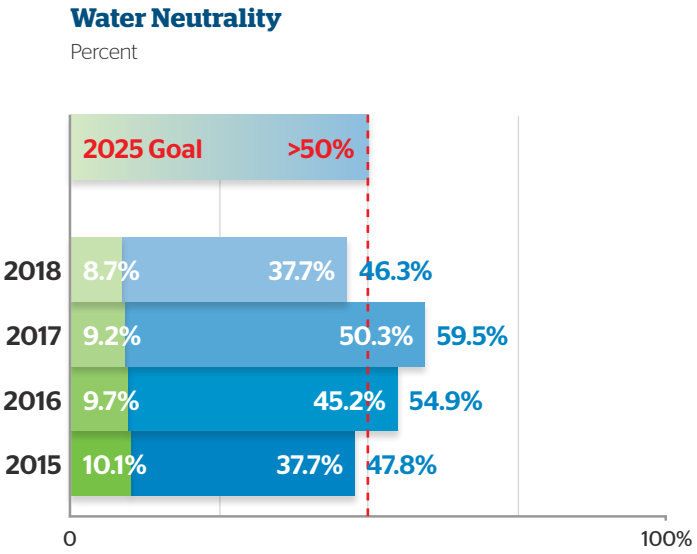
Reduce waste sent to landfill by 25% by 2025

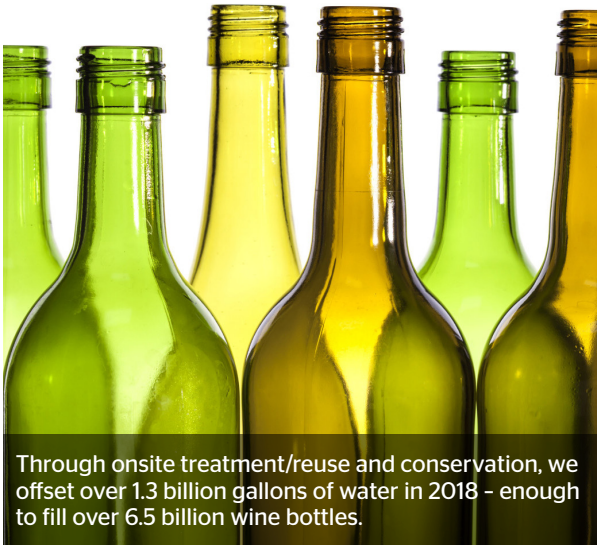




In 2018, we stopped selling bottled water in our cafeterias at our Richmond office facilities, and encouraged the use of reusable cups, to reduce plastic waste.

Achieve 50% water neutrality by 2025





CDP A LIST 2018 WATER

Altria responds annually to CDP's questionnaires on climate change and water. Our 2018 scores are reported below.

Climate Change: A-
Water: A



Appendix A: Environmental Supplement

Taking a Stand to Prevent Cigarette Litter

Team *Marlboro* is a community-fueled platform that inspires and empowers adult smokers 21+ to protect the land that we all call home. In 2018, Team *Marlboro* partnered with Keep America Beautiful's Cigarette Litter Prevention Program on a new promotion, Stand for the Land, where adult smokers 21+ can make a positive impact in their communities by suggesting where to place 10,000 cigarette litter stands nationwide. They can also take a pledge not to litter their cigarette butts and, in return, will receive a car litter device. Since 2012, more than 1 million adult smokers have pledged to property dispose of their cigarette butts.

Through a skills-based volunteer program known as CreateAThon, a team lead by our brand management employees developed a marketing and communications campaign for the Cigarette Litter Prevention Program. The materials developed will be piloted in 2019 through a Behavior Change Media Campaign. This pilot will test variable methods of messaging to determine the most effective communications models that encourage cigarette litter prevention.

Since 2002, we've supported Keep America Beautiful with over $10 million in charitable grants.

Piloting Alternative Fuel Fleet Vehicles to Reduce Our Environmental Impact

Amanda Hamm, Procurement Analyst, Altria Client Services

As a leader in our industry, it is important that we take strides to reduce our environmental impact. One of our long-term environmental goals is to reduce greenhouse gas emissions by 20 percent by 2025. If we can reduce our fleet's reliance on traditional gasoline, we can reduce the emissions impact of the 2,300 vehicles in our fleet. We evaluated different options and concluded that a plug-in hybrid would have a large impact on our emissions, without inhibiting our employees from completing their daily responsibilities.

In the summer of 2018, we provided Chrysler Pacifica plug-in hybrids to about 20 volunteers who were eligible for a new company vehicle. The Pacifica runs about 30 miles on electricity then switches to gas. Volunteers had to plug in the vehicle nightly and report energy usage data. After we conclude the pilot and analyze the data, we will make a recommendation of how to best integrate Alternative Fuel Vehicles into our fleet.

We have already learned a lot in the few months drivers have had the cars. We had one driver who put 1,200 miles on their car before having to fill it with gas. On average, our Pacifica drivers are getting 36 miles per gallon, with one driver getting as much as 83 mpg! This compares to an average of 20 mpg with a traditional fleet vehicle. While we have had success so far, we have encountered some challenges. For example, some counties are adopting "surge pricing," where electricity is more expensive when more people are using it, increasing the cost of charging. Also, the monitors we have been using to track electricity usage have caused some reduction in charging efficiency. We are excited to continue to learn about the emissions impacts and we hope to be able to share more learnings as the pilot continues!



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 2018 consolidated data as set out in Section 1 of Altria's CY2018 Environmental Metrics assertion (attached as an Appendix to this statement).

Engagement Summary	

Scope:	Whether the consolidated corporate data for calendar year 2018 set out in Section 1 of the attached 'Altria CY2018 Environmental Metrics' assertion for the following indicators are, in all material respects, appropriately presented in accordance with the reporting criteria:
	• Total Energy Use (Billions of BTUs)
	• Total GHG emissions (Metric tonnes CO_2e):
	  ○ 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_2e)
	  ○ Scope 2 Indirect GHG emissions from purchased electricity (Metric tonnes CO_2e)
	  ○ Scope 3 Other Indirect GHG emissions from global air travel and rented vehicles (Metric tonnes CO_2e)
	• Waste disposed to landfill (Millions of pounds)
	• Waste recycled, composted, converted to fuel or reused (Millions of pounds)
	• Hazardous waste generated (Short tons)
	• Water Consumption (Millions of US gallons)
	'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 formula, conversion factors, estimates and assumptions).

Reporting Criteria used:	Altria's internal environmental reporting processes, including GHG data based on the World Resources Institute and the World Business Council for Sustainable Development (WRI/WBCSD) GHG Protocol (2004)
Assurance Standard used:	ERM CVS's assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level:	Limited assurance
Respective responsibilities:	Altria is responsible for preparing the **'Altria 2018 CR Progress Report'** and for the collection and presentation of the data within it, including disclosure of the reporting criteria and boundary. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the consolidated corporate data for calendar year 2018 for the indicators listed under 'Scope' above, and set out in Section 1 of Altria CY2018 Environmental Metrics, 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 selected data.
- A review of the calculations undertaken, including conversion factors and emission factors used
- A visit to the Richmond CRT offices, including a live review of the EMIS database and vendor data management, in-depth interviews with representatives of Ste Michelle Wine Estates (SMWE), and a visit to the Richmond MC manufacturing site to interview relevant staff and review source documentation for the selected indicators.
- A review of the consolidated year end data submitted by all sites for the selected indicators, and follow up of queries.

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.



Jennifer Iansen-Rogers, Partner

21 March 2019

ERM Certification and Verification Services, Inc.

www.ermcvs.com

Email: post@ermcvs.com

ERMCVS

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

(Page 1 of 3)

Appendix A: Environmental Assurance Letter

ALTRIA CY2018 ENVIRONMENTAL METRICS

Section 1: 2018 Metrics with Independent Assurance

Indicator	Amount	Unit of measure
Energy use	**4,264**	Billions of BTUs
Total GHG Emissions	**352,545**	Metric tonnes CO_2e
*Scope 1 GHG emissions**	**162,139**	Metric tonnes CO_2e
*Scope 2 GHG emissions***	**170,119 (location based)** **166,706 (market based)**	Metric tonnes CO_2e
*Scope 3 GHG emissions****	**20,286**	Metric tonnes CO_2e
Water consumption	**2,759**	Millions of gallons
Waste disposed at landfill	**21.0**	Millions of pounds
Waste recycled, composted, converted to fuel or reused	**61.2**	Millions of pounds
Hazardous waste generated	**165.6**	Short tons

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

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

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

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	21,114,758	hcf
Fuel Oil	21,222	gallons
Propane	1,727,763	gallons
Diesel	140,374	gallons
Gasoline	2,494,772	gallons
Jet Fuel	514,642	gallons

Fuel Consumption from Renewable Sources

Not applicable.

Electricity Consumption

Purchased Electricity	447,327	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	1,526,344	MMBtu	**Total**
Natural Gas	2,174,820	MMBtu	**4,264 Billion Btu**
Fuel Oil	2,929	MMBtu	
Propane	158,954	MMBtu	
Diesel	19,372	MMBtu	
Gasoline	311,846	MMBtu	
Jet Fuel	69,477	MMBtu	

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

ALTRIA CLIENT SERVICES
Safety, Health and Environmental

MARCH 15, 2019

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_2 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_2e]
Emissions from on-site fossil fuel combustion, refrigerant gases, fuel use from sales fleet and leased vehicles, and company-controlled aircraft (tonnes CO_2e).
Gases included in the calculation are CO_2, CH_4, N_2O, and refrigerant gases (CFCs, HCFCs, 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 (including refrigerant gases) 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_2e) [Location-based]
Emissions from purchased electricity.
Gases included in the calculation are CO_2, CH_4, and N_2O.

Source of Emission Factors
Location-based purchased electricity based on eGRID2016 (Released February 15, 2018).
GWP factors for the GHG pollutants based on IPCC Fifth Assessment Report (AR5 – 100 years).

Scope 2 Indirect GHG Emissions (tonnes CO_2e) [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_2e)
Emissions from global air travel and rented vehicles.
Gases included in the calculation are CO_2, CH_4, and N_2O.

Source of Emission Factors
GHG factors for mobile fuels and combustion fuels (USEPA Climate Leaders; last modified 4 April 2014).
GHG factors for air travel from UK Government Conversion Factors (DEFRA 2018 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	1.392	Re-use	0.0
Recycling	28.83	Recycling	1.45
Composting	29.22	Composting	0.0
Recovery, incl. Energy	1.536	Recovery, incl. Energy	107.15
Incineration	0.029	Incineration	56.03
Landfill	20.90	Landfill	0.999
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.	**81.9 Total**		**165.6 Total**

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)

790.6	Surface water, including water from wetlands, rivers, lakes, and oceans
974.8	Ground water
0	Rainwater
0	Waste water from another organization
993.7	Municipal water supplies or other water utilities
2,759	**Total**

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 CY2019.

ALTRIA CLIENT SERVICES
Safety, Health and Environmental

MARCH 15, 2019

Appendix B: Stakeholder Engagement

Stakeholder Group	Why We Engage	How We Engage

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

Suppliers/Growers	To convey our expectations and shared goals to promote the procurement of high-quality products, services, and materials that support our business objectives. We also work to understand and collaborate on effective ways to resolve risks and societal issues within the supply chain.	• Supplier scorecards • Supplier meetings • Assessments, audits and surveys • Meetings between company grower representatives and growers • Workshops and training events • Agricultural organizations
Government and Regulatory Agencies	To share our company's public policy positions on issues important to us. As our industries are subject to a range of laws and regulations, we engage constructively with government officials and regulatory agencies to maintain compliance and help achieve business objectives.	• Meetings with elected and appointed officials and staff • Regulatory submissions • Workshop participation • Facility tours • Trade associations • Public policy organizations
Public Health and Scientific Community	To understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.	• Meetings • Conferences and workshops • Research publications
Trade Partners	To help our Trade partners strengthen their businesses and ours by offering category management solutions that promote mutual success. We work to understand the Trade's feedback on retail and wholesale programs supporting the marketing of our products. We also work with them to better understand marketplace dynamics and the preferences of adult consumers.	• "Top-to-Top" meetings • Visits with retailers • Online tools • Annual trade meetings
Consumers	To listen and engage with our adult consumers to develop insights that will help deliver new and innovative products and brand experiences that exceed their expectations.	• Consumer hotlines • Consumer insights research • Brand and corporate websites • Direct-to-consumer communications

Appendix B: Stakeholder Engagement

Employees	To help employees understand the company's strategies, the competitive landscape and how they contribute to the company's success. We seek input from and engage with our employees to improve their overall work experience and inspire them to innovate, do things more simply, be more inclusive and win in the marketplace.	• Town hall meetings led by senior leaders • Engagement survey • Intranet communications, including interactive discussion forum • Newsletters • Functional, departmental and team meetings • Labor negotiations • Cultural & D&I discussions • Employee Resource Groups
Community Partners/Grantees	To collaborate on issues important to our communities so that we can invest our resources and time in a way that helps make our communities and businesses stronger. We work to address relevant social and environmental concerns in partnership with others.	• Meetings • Grantee forums • Service on boards and in other leadership roles • Employee volunteer service

Examples of outcomes from some of these engagements include:

Suppliers/Growers:

- In 2018, we launched a recognition program for our growers who have demonstrated leadership in the tobacco community. 38 growers received $10,000 each for their accomplishments in farm safety, labor management, and/or leadership within the farmworker community or the industry. AgSafe chaired an independent selection committee to award these recognitions which totaled $380,000 overall. This program will be offered again in 2019, with the goal of continuing to foster responsible safety and labor management practices across our grower communities.

- 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. In 2018, we executed new agreements with some retailers to carve out space behind the counter specifically for innovative tobacco products, like our e-vapor and oral nicotine products. Although we discontinued those products, we plan to use this space for JUUL e-vapor products as we capitalize on that investment.

Consumers: We use market and consumer research to deeply understand our consumers and their preferences. In 2018, we tested an innovative digital loyalty program through a promotion in Texas called *Points West*. The program was rolled out nationally as *Marlboro Rewards* in the beginning of 2019.

Employees: In 2018, we launched "Leadership Corner" on our intranet. Here employees can find Mic'd Up, our podcasts from senior leaders on cultural and business topics, watch replays of events, learn more about our leaders, and ask questions and see them answered.

Community Partners/Grantees: In 2018, nearly 50 Altria volunteers, including retirees, helped paint, landscape and beautify a local middle school in Richmond, VA. Skilled volunteers also contributed 215 hours to update and fix plumbing and structural problems at the school. Over a decade, Altria has invested more than $50 million dollars in Richmond Public Schools to support brighter futures for young people in our headquarters' community.

Appendix C: Analysis of Material Topics

Reducing the Harm of Tobacco Products	Marketing Responsibly
Aspects • Product Innovation • Science and Research • Regulatory Engagement • Health Communications • Tobacco Cessation • Underage Tobacco Prevention	**Aspects** • Marketing practices • Compliance
Business Case and Our Focus Most of Altria's revenue comes from the sale of its tobacco 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. To address stakeholder concerns and succeed in the future, we need to continue to work to reduce the harm of tobacco products. Developing less harmful products under the Food and Drug Administration's oversight, communicating health effects, helping prevent underage use and supporting cessation all can reduce the harm caused by tobacco products. Reasonable and science-based regulation that recognizes the importance of harm reduction will encourage product innovation and the development of lower-risk tobacco products that meet evolving adult tobacco consumers' preferences.	**Business Case and Our Focus** Altria's companies are owners of leading brands in their industries. At the same time, tobacco products are among the most heavily regulated consumer goods in the world. These products are subject to extensive federal, state and local licensing, registration, 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. To continue to be successful in the marketplace, our companies are focused on building relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences.
Internal Boundary • Altria's Tobacco Companies	**Internal Boundary** • All Altria Companies, except Philip Morris Capital Corporation
External Boundary • Consumers • Regulators • Public Health Community • Trade Partners • Youth and Youth-Serving Organizations	**External Boundary** • Consumers • Trade Partners • Marketing Suppliers

Appendix C: Analysis of Material Topics

Managing Our Supply Chain Responsibly	Developing Our People and Culture
Aspects • Relationship Management • Diversity • Standards and Compliance • Monitoring and Assessments • Labor Management and Human Rights	**Aspects** • Talent Attraction and Retention • Development and Capability Building • Diversity and Inclusion • Compensation and Benefits • Safety
Business Case and Our Focus Altria relies on thousands of suppliers to operate effectively and with quality. And, maintaining a diverse supplier base can encourage new 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. 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.	**Business Case and Our Focus** Altria's long-success is attributable to its culture and talented people. Our companies operate in highly regulated, dynamic and, in the case of tobacco, controversial industries. The tobacco industry is changing and growing more complex. Society continues to change and become more diverse. Generational shifts are occurring, and workplace norms are changing. In addition, our employees have shared feedback on ways to improve our organization and culture. These changes require new skills and perspectives. We're responding to employee feedback and equipping them to meet new challenges, including fostering a culture and building skills focused on innovation, simplification and diversity and inclusion. Our success depends on our ability to attract, develop and retain a diverse and talented workforce motivated and capable of meeting business challenges today and tomorrow.
Internal Boundary • All Altria Companies	**Internal Boundary** • All Altria Companies
External Boundary • Suppliers	**External Boundary** • Prospective Employees

Appendix D: Analysis of Other Topics

Environmental Management	Investing in Communities
Aspects • Environmental Management Framework • Environmental Goals • Agricultural Practices	**Aspects** • Corporate Giving • Employee Involvement
Business Case and Our Focus 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. 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 emissions and water sustainability. Goals and metrics can be viewed on our website, Altria.com, and in our submissions to CDP for Climate Change and Water.	**Business Case and Our Focus** 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. To continue to make a positive influence 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.
Internal Boundary • All Altria Companies	**Internal Boundary** • All Altria Companies
External Boundary • Regulators • Suppliers • Communities	**External Boundary** • Communities • Non-Profit Organizations

GRI Content Index

This report has been guided by the GRI framework. The index covers Altria's four responsibility priorities: Reducing the Harm of Tobacco Products, Marketing Responsibly, Managing Our Supply Chain Responsibly and Developing Our Employees and Culture. The index has also been extended to cover the environmental impact as well and links to content on Altria.com.

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organizational Profile				
102-1	Altria Group, Inc.			Name of the organization
102-2	Corporate Profile (pages 6-9) Marketing Responsibly (pages 28-35) Reducing the Harm of Tobacco Products (pages 14-27) Appendix C (page 67-68) Combating Illicit Trade (Altria.com)			Activities, brands, products, and services
102-3	6601 W. Broad St., Richmond, VA 23230			Location of headquarters
102-4	Corporate Profile (pages 6-9)			Location of operations
102-5	2018 Form 10-K (Altria.com) (pages 1-4)			Ownership and legal form
102-6	Corporate Profile (pages 6-9)			Markets served
102-7	Corporate Profile (pages 6-9)			Scale of the organization

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
102-8	Corporate Profile (pages 6-9) Developing Our Employees and Culture (pages 44-55) Appendix C (page 67-68) Total Salary – 4958 Female – 2069 Male – 2889 Total Hourly – 2563 Female – 715 Male – 1848 Total Temp – 454 Female – 218 Male – 236 Total Full-Time – 7352 Female – 2665 Male – 4687 Total Part-Time – 623 Female – 337 Male – 286	Employees outside of our SAP HR data system are not included in this break down.		Information on employees and other workers
102-9	Corporate Profile: Our Value Chain (page 8)			Supply chain
102-10	2018 Form 10-K (Altria.com) (Part 1, Item 1 Business, page 1)			Significant changes to the organization and its supply chain
102-11	Environmental Management (Altria.com)			Precautionary Principle or approach
102-12	Human Rights Framework (Altria.com) Our Approach (page 10)			External initiatives
102-13	Engaging with Others (Altria.com)			Membership of associations
Strategy				
102-14	Chairman's Letter (page 2)			Statement from senior decision-maker
Ethics and Integrity				
102-16	People & Culture: Compliance & Integrity (Altria.com) Standards for Compliance & Integrity (Altria.com) Our Approach (page 10-13)			Values, principles, standards, and norms of behavior

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Governance				
102-18	Board Committees: Nominating, Corporate Governance & Social Responsibility Committee (Altria.com) Our Approach (page 10)			Governance structure
Stakeholder Engagement				
102-40	Our Approach: Understanding Stakeholder's Perspectives (page 11) Appendix B (pages 64-66)			List of stakeholder groups
102-41	Developing Our Employees and Culture: Maintaining Strong Labor Relations (page 52)			Collective bargaining agreements
102-42	Our Approach: Understanding Stakeholder's Perspectives (pages 11-12) Appendix B (pages 64-66)			Identifying and selecting stakeholders
102-43	Our Approach: Understanding Stakeholder's Perspectives (page 11-12) Appendix B (pages 64-66) Managing Our Supply Chain Responsibly (pages 36-43) Marketing Responsibly (page 29)			Approach to stakeholder engagement
102-44	Appendix B (pages 64-66) Our Approach (pages 10-13)			Key topics and concerns raised
Reporting Practice				
102-45	2018 Form 10-K (Altria.com) (pages 1-4) About this Report (inside cover)			Entities included in the consolidated financial statements
102-46	Our Approach (pages 10-13) Appendix C (page 67-68) Appendix D (page 69)			Defining report content and topic Boundaries
102-47	Our Approach (pages 10-13) Appendix C (page 67-68)			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

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
102-50	About this Report (inside cover)			Reporting period
102-51	21-May-18			Date of the most recent report
102-52	Annual			Reporting cycle
102-53	Contact Us (Altria.com)			Contact point for questions regarding the report
102-54	About this Report (inside cover) GRI Context Index (page 70)			Claims of reporting in accordance with the GRI Standards
102-55	GRI Context Index (pages 70-93)			GRI content index
102-56	Appendix A (pages 61-63) Managing Our Supply Chain Responsibly (pages 36-43)			External assurance

GRI 201: Economic Performance 2016

GRI 103: Management Approach 2016

103-1	Our Approach (page 10-13) Appendix B (pages 64-66) Appendix C (page 67-68) Appendix D (page 69) Corporate Profile (pages 6-9) 2018 Form 10-K (Altria.com) (pages 2-3)			Explanation of the material topic and its Boundary
103-2	2018 Form 10-K (Altria.com) (pages 2-3) Our Approach (page 10-13) Altria's Responsibility Priorities and Goals (pages 4-5) Corporate Profile (pages 6-9)			The management approach and its components
103-3	2018 Form 10-K (Altria.com) Altria's Responsibility Priorities and Goals (pages 4-5) Our Approach (page 10-13) Corporate Profile (pages 6-9)			Evaluation of the management approach

Topic-Specific Disclosures

201-1	Corporate Profile (pages 6-9) 2018 Form 10-K (Altria.com) (page 13)			Direct economic value generated and distributed

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
201-2	2018 Form 10-K (Altria.com) (page 30) CDP.net 2018 CDP Climate Response (questions C2.3a, C2.4a)			Financial implications and other risks and opportunities due to climate change
201-3	2018 Form 10-K (Altria.com) (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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components
103-3	Developing Our Employees and Culture (pages 44-55) Our Approach (page 10-13) Appendix D (page 69)			Evaluation of the management approach

Topic-Specific Disclosures

202-1	Altria Weighted Ratio of entry-level wage to minimum wage = 3.09 Female – 3.08 Male – 3.10	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

GRI 203: Indirect Economic Impacts 2016

GRI 103: Management Approach 2016

103-1	Our Approach (page 10-13)			Explanation of the material topic and its Boundary
103-2	Appendix D (page 69) Corporate Profile (pages 6-9) Managing Our Supply Chain Responsibly (pages 36-43)			The management approach and its components
103-3	Appendix D (page 69) Corporate Profile (pages 6-9) Managing Our Supply Chain Responsibly (pages 36-43)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Topic-Specific Disclosures				
203-2	Managing Our Supply Chain Responsibly (pages 36-43) Corporate Profile (pages 6-9)			Significant indirect economic impacts

GRI 204: Procurement Practices 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68)			The management approach and its components
103-3	Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68)			Evaluation of the management approach
Topic-Specific Disclosures				
204-1	Approximately 84.6 percent 2018 domestic supplier spend out of total 2018 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

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com)			The management approach and its components
103-3	Our Approach (page 10-13) People & Culture: Compliance & Integrity (Altria.com)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Topic-Specific Disclosures				
205-1	People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com)			Operations assessed for risks related to corruption
205-2	Our Approach (page 10-13) People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com) (pages 10-12, 25, 29, 32-36, 40, 62-63) Supplier Code of Conduct (Altria.com) Combatting Illicit Trade (Altria.com)			Communication and training about anti-corruption policies and procedures

GRI 206: Anti-Competitive Behavior 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix D (page 69) Code of Conduct (Altria.com) Supplier Code of Conduct (Altria.com) Combatting Illicit Trade (Altria.com)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Appendix D (page 69) Code of Conduct (Altria.com) Supplier Code of Conduct (Altria.com) Combatting Illicit Trade (Altria.com)			The management approach and its components
103-3	Our Approach (page 10-13) Appendix B (pages 64-66) Appendix D (page 69) Combatting Illicit Trade (Altria.com) Code of Conduct (Altria.com) Supplier Code of Conduct (Altria.com) 2018 Form 10-K (Altria.com) (pages 22-29)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Topic-Specific Disclosures				
206-1	2018 Form 10-K (Altria.com) (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	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix C (pages 67-68) Appendix D (page 69)			The management approach and its components
103-3	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix B (pages 64-66) Appendix C (pages 67-68) Appendix D (page 69)			Evaluation of the management approach
Topic-Specific Disclosures				
302-1	Environmental Management: Environmental Goals (Altria.com) CDP.net 2018 CDP Climate Response (questions C8.2a, C8.2c, C2.8e,C8.2f) Appendix A (pages 58; 61-63)		Yes, pages 61-63	Energy consumption within the organization
302-4	Environmental Management: Environmental Goals (Altria.com) CDP.net 2018 CDP Climate Response (questions CC3.36, CC12.1a) Appendix A (pages 58; 61-63) Appendix D (page 69)			Reduction of energy consumption

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
GRI 303: Water 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix C (pages 67-68) Appendix D (page 69)			The management approach and its components
103-3	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix C (pages 67-68) Appendix D (page 69)			Evaluation of the management approach
Topic-Specific Disclosures				
303-1	Environmental Management (Altria.com) CDP.net 2018 CDP Water Response (question W1.2h) Appendix A (pages 61-63) Appendix D (page 69)			Water withdrawal by source
303-2	CDP.net 2018 CDP Water Response (questions W1.2d, W1.2h, W3.3a, W3.3b, W3.3c) Appendix A (pages 61-63) Appendix D (page 69)			Water sources significantly affected by withdrawal of water

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
GRI 304: Biodiversity 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Preserving the Waterway (Altria.com) Environmental Management (Altria.com) Investing in Communities: Environment (Altria.com) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Preserving the Waterway (Altria.com) Environmental Management (Altria.com) Investing in Communities: Environment (Altria.com) Appendix D (page 69)			The management approach and its components
103-3	Preserving the Waterway (Altria.com) Environmental Management (Altria.com) Investing in Communities: Environment (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Evaluation of the management approach
Topic-Specific Disclosures				
304-2	Environmental Management (Altria.com)			Significant impacts of activities, products, and services on biodiversity
GRI 305: Emissions 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Explanation of the material topic and its Boundary

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-2	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			The management approach and its components
103-3	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Evaluation of the management approach
Topic-Specific Disclosures				
305-1	CDP.net 2018 CDP Climate Response (question C6.1) Appendix A (pages 61-63) Environmental Management (Altria.com)		Pages 61-63	Direct (Scope 1) GHG emissions
305-2	CDP.net 2018 CDP Climate Response (question C6.3) Appendix A (pages 61-63) Environmental Management (Altria.com)		Pages 61-63	Energy indirect (Scope 2) GHG emissions
305-3	CDP.net 2018 CDP Climate Response (question C6.5) Appendix A (pages 57; 61-63) Environmental Management (Altria.com)		Pages 61-63	Other indirect (Scope 3) GHG emissions
305-5	Environmental Management (Altria.com) CDP.net 2018 CDP Climate Response (questions C4.3a, C4.3b, C7.9a) Appendix A (pages 61-63)			Reduction of GHG emissions

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
GRI 306: Effluents and Waste 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			The management approach and its components
103-3	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Evaluation of the management approach
Topic-Specific Disclosures				
306-2	Environmental Management (Altria.com) Appendix A (pages 61-63)		Yes, pages 61-63	Waste by type and disposal method
GRI 307: Environmental Compliance 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix C (pages 67-68) Appendix D (page 69)			The management approach and its components
103-3	Environmental Management (Altria.com) Appendix A (pages 61-63) Appendix C (pages 67-68) Appendix D (page 69)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
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

GRI 308: Supplier Environmental Assessment 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Appendix A (pages 61-63) Appendix C (pages 67-68) Appendix D (page 69) Managing Our Supply Chain Responsibly (pages 36-43)			The management approach and its components
103-3	Appendix A (pages 61-63) Appendix C (pages 67-68) Appendix D (page 69) Managing Our Supply Chain Responsibly (pages 36-43)			Evaluation of the management approach
Topic-Specific Disclosures				
308-2	Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68)			Negative environmental impacts in the supply chain and actions taken

GRI 401: Employment 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Appendix C (pages 67-68) Developing Our Employees and Culture (pages 44-55) People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com) (page 47)			The management approach and its components

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	Our Approach (page 10-13) Appendix C (pages 67-68) Developing Our Employees and Culture (pages 44-55)			Evaluation of the management approach
Topic-Specific Disclosures				
401-1	**New Hires** Total Salaried/Hourly New Hires in 2018 – 641 Female – 254 Male – 387 Under 30 – 301 30-39 – 167 40-49 – 113 50+ – 60 American Indian/Alaskan – 3 Asian or Pacific Islander – 36 Black/Not Hispanic Origin – 146 Hispanic – 54 Two or more – 21 White/Not Hispanic – 356 Not Specified – 25 **Turnover** Total Turnover in 2018 – 572 Female – 234 Male – 338 Under 30 – 115 30-39 – 123 40-49 – 127 50+ – 207 American Indian/Alaskan – 3 Asian or Pacific Islander – 15 Black/Not Hispanic Origin – 98 Hispanic – 75 Two or more – 12 White/Not Hispanic – 365 Not Specified – 4	Not applicable: Region – nearly all employees are U.S. based		New employee hires and employee turnover
401-2	2018 Form 10-K (Altria.com) (page 46) People & Careers: Benefits (Altria.com) Developing Our Employees and Culture (pages 44-55)			Benefits provided to full-time employees that are not provided to temporary or part-time employees

GRI 402: Labor/Management Relations 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-2	Our Approach (page 10-13) Appendix C (pages 67-68) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com)			The management approach and its components
103-3	Our Approach (page 10-13) Appendix C (pages 67-68) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Code of Conduct (Altria.com)			Evaluation of the management approach
Topic-Specific Disclosures				
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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components
103-3	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			Evaluation of the management approach
Topic-Specific Disclosures				
403-1	Developing Our Employees and Culture (pages 44-55)			Workers representation in formal joint management–worker health and safety committees

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
403-2	Developing Our Employees and Culture (pages 44-55) Zero fatalities in 2018.	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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components
103-3	Our Approach (page 10-13) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			Evaluation of the management approach

Topic-Specific Disclosures

404-1	Developing Our Employees and Culture (pages 44-55)	We currently report overall training by annual spend.		Average hours of training per year per employee
404-2	Developing Our Employees and Culture (pages 44-55)			Programs for upgrading employee skills and transition assistance programs
404-3	Developing Our Employees and Culture (pages 44-55)			Percentage of employees receiving regular performance and career development reviews

GRI 405: Diversity and Equal Opportunity 2016

GRI 103: Management Approach 2016

103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components
103-3	Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Topic-Specific Disclosures				
405-1	Developing Our Employees and Culture (pages 44-55) Board of Directors At-A-Glance (Altria.com) 2019 Proxy Statement (Altria.com) (page 13) 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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68) Code of Conduct (Altria.com)			The management approach and its components
103-3	Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68) People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com)			Evaluation of the management approach
Topic-Specific Disclosures				
406-1	People & Culture: Compliance & Integrity (Altria.com) Code of Conduct (Altria.com)			Incidents of discrimination and corrective actions taken

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
GRI 407: Freedom of Association and Collective Bargaining 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68) Developing Our Employees and Culture (pages 44-55)			The management approach and its components
103-3	Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68) Developing Our Employees and Culture (pages 44-55)			Evaluation of the management approach
Topic-Specific Disclosures				
407-1	Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Supplier Code of Conduct (Altria.com) Code of Conduct (Altria.com)			Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
GRI 408: Child Labor 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			Evaluation of the management approach
Topic-Specific Disclosures				
408-1	Managing Our Supply Chain Responsibly (pages 36-43)			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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			The management approach and its components
103-3	Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68)			Evaluation of the management approach
Topic-Specific Disclosures				
409-1	Managing Our Supply Chain Responsibly (pages 36-43)			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	Our Approach (page 10-13) Appendix C (pages 67-68) Human Rights Framework (Altria.com)			Explanation of the material topic and its Boundary

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68) Code of Conduct (Altria.com) Human Rights Framework (Altria.com)			The management approach and its components
103-3	Managing Our Supply Chain Responsibly (pages 36-43) Developing Our Employees and Culture (pages 44-55) Appendix C (pages 67-68) People & Culture: Compliance & Integrity (Altria.com) Human Rights Framework (Altria.com)			Evaluation of the management approach
Topic-Specific Disclosures				
412-3	Managing Our Supply Chain Responsibly (pages 36-43) Supplier Code of Conduct (Altria.com) Code of Conduct (Altria.com) Human Rights Framework (Altria.com)			Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

GRI 413: Local Communities 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Appendix D (page 69) Investing in Communities (Altria.com)			The management approach and its components

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
103-3	Our Approach (page 10-13) Reducing the Harm of Tobacco Products (pages 14-27) Appendix B (pages 64-66) Appendix D (page 69) Investing in Communities (Altria.com)			Evaluation of the management approach
Topic-Specific Disclosures				
413-1	Our Approach (page 10-13) Corporate Profile (page 7) Managing Our Supply Chain Responsibly (pages 36-43) Reducing the Harm of Tobacco Products (pages 14-27) Appendix B (pages 64-66) Appendix C (pages 67-68) Appendix D (page 69) Investing in Communities (Altria.com)			Operations with local community engagement, impact assessments, and development programs

GRI 414: Supplier Social Assessment 2016

GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68)			The management approach and its components
103-3	Managing Our Supply Chain Responsibly (pages 36-43) Appendix C (pages 67-68)			Evaluation of the management approach

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
Topic-Specific Disclosures				
414-2	Managing Our Supply Chain Responsibly (pages 36-43)			Negative social impacts in the supply chain and actions taken
GRI 415: Public Policy 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix B (pages 64-66)			Explanation of the material topic and its Boundary
103-2	Disclosures & Transparency (Altria.com)			The management approach and its components
103-3	Disclosures & Transparency (Altria.com)			Evaluation of the management approach
Topic-Specific Disclosures				
415-1	Disclosures & Transparency (Altria.com)			Political contributions
GRI 416: Customer Health and Safety 2016				
GRI 103: Management Approach 2016				
103-1	Our Approach (page 10-13) Appendix C (pages 67-68) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Reducing the Harm of Tobacco Products (pages 14-27) Marketing Responsibly (pages 28-35) Appendix C (pages 67-68)			The management approach and its components
103-3	Our Approach (page 10-13) Reducing the Harm of Tobacco Products (pages 14-27) Marketing Responsibly (pages 28-35) Appendix C (pages 67-68)			Evaluation of the management approach
Topic-Specific Disclosures				
416-1	Reducing the Harm of Tobacco Products (pages 14-27) Tobacco Harm Reduction (Altria.com)			Assessment of the health and safety impacts of product and service categories

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
416-2	Marketing Responsibly: MSA Performance Indicator (page 34) Reducing the Harm of Tobacco Products (pages 14-27)			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	Our Approach (page 10-13) Appendix C (pages 67-68)			Explanation of the material topic and its Boundary
103-2	Our Approach (page 10-13) Marketing Responsibly (pages 28-35) Appendix C (pages 67-68)			The management approach and its components
103-3	Our Approach (page 10-13) Marketing Responsibly (pages 28-35) Appendix C (pages 67-68)			Evaluation of the management approach

Topic-Specific Disclosures

417-1	Marketing Responsibly (pages 28-35) Marketing Practices: Compliance (Altria.com) Marketing Practices: Federal Regulation (Altria.com) PM USA: Our Products & Ingredients (Altria.com) PM USA: Smoking & Health Issues (Altria.com) USSTC: Our Products & Ingredients (Altria.com) USSTC: Smokeless Use & Health Issues (Altria.com) John Middleton: Our Products & Ingredients (Altria.com) John Middleton: Smoking & Health (Altria.com) Marketing Responsibly: Ste. Michelle Wine Estates (SMWE.com) Nat Sherman: Smoking & Health (Altria.com)			Requirements for product and service information and labeling

General Standard Disclosures

Disclosure Number	Reference Location	Omissions	External Assurance	Disclosure Title
417-2	Marketing Responsibly: MSA Performance Indicator (page 34)			Incidents of non-compliance concerning product and service information and labeling
417-3	Marketing Responsibly: MSA Performance Indicator (page 34)			Incidents of non-compliance concerning marketing communications

GRI 419: Socioeconomic Compliance 2016

GRI 103: Management Approach 2016

103-1	Our Approach (page 10-13) Appendix B (pages 64-66) Appendix C (pages 67-68) Appendix D (page 69)			Explanation of the material topic and its Boundary
103-2	Marketing Responsibly (pages 28-35) Our Approach (page 10-13) Appendix D (page 69) Managing Our Supply Chain Responsibly (pages 36-43) People & Culture: Compliance & Integrity (Altria.com)			The management approach and its components
103-3	Marketing Responsibly (pages 28-35) Our Approach (page 10-13) Managing Our Supply Chain Responsibly (pages 36-43) Appendix D (page 69)			Evaluation of the management approach

Topic-Specific Disclosures

419-1	Marketing Responsibly (pages 28-35) Managing Our Supply Chain Responsibly (pages 36-43) 2018 Form 10-K (Altria.com) (pages 22-29)			Non-compliance with laws and regulations in the social and economic area