

Equity and Civil Rights Assessment Report 2024

About Altria

Altria Group, Inc. (Altria) has a leading portfolio of tobacco products for U.S. tobacco consumers age 21+, and our Vision is to responsibly lead the transition of adult smokers to a smoke-free future. We are working towards Moving Beyond Smoking™ by offering adult smokers who can't or won't quit smoking with FDA-authorized smoke-free product choices that present potentially less risk. This harm reduction strategy presents a substantial opportunity for adult tobacco consumers, our employees, our shareholders and society.

Our wholly owned subsidiaries include leading manufacturers of both combustible and smoke-free products. In combustibles, we own Philip Morris USA Inc. (PM USA), the largest U.S. cigarette manufacturer, and John Middleton Co. (Middleton), a leading U.S. cigar manufacturer. Our smoke-free portfolio includes ownership of U.S. Smokeless Tobacco Company LLC (USSTC), the leading global moist smokeless tobacco (MST) manufacturer, Helix Innovations LLC (Helix), a leading manufacturer of oral nicotine pouches, and NJOY, LLC (NJOY), an e-vapor manufacturer with a commercialized product portfolio fully covered by marketing granted orders from the U.S. Food and Drug Administration (FDA). Additionally, we have a majority-owned joint venture, Horizon Innovations LLC for the U.S. marketing and commercialization of heated tobacco stick products.

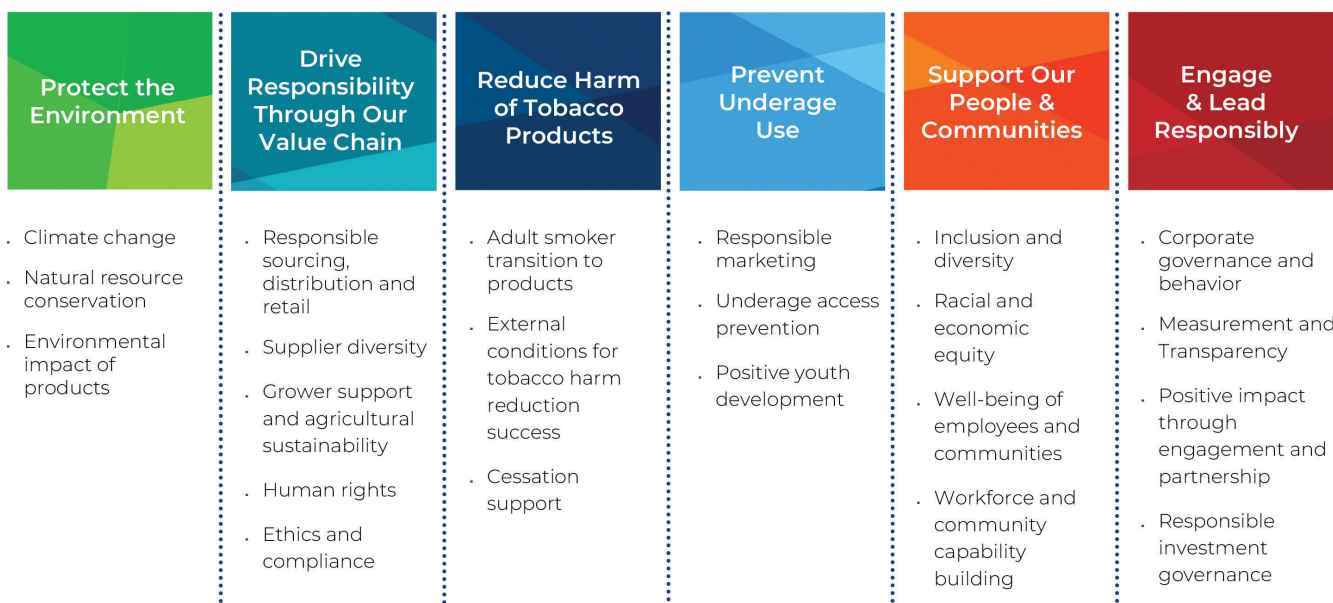
Our equity investments include Anheuser-Busch InBev SA/NV (ABI), the world's largest brewer, and Cronos Group Inc. (Cronos), a leading Canadian cannabinoid company.

	Smokable Companies	Smoke-Free Companies	Complementary Assets
Altria's Companies	<p>Philip Morris USA an Altria Company</p> <p>Largest cigarette company in the U.S. that manufactures <i>Marlboro</i>, the largest-selling cigarette brand for over 45 years</p> <p><i>John Middleton</i> an Altria Company</p> <p>Leading producer of one of the best-selling tipped machine-made large cigars sold in the U.S., <i>Black & Mild</i></p>	<p>HELIX INNOVATIONS an Altria Company</p> <p>Manufacturer of <i>on!</i> nicotine pouches</p> <p>U.S. Smokeless TOBACCO CO. an Altria Company</p> <p>Leading producer and marketer of moist smokeless tobacco, including <i>Copenhagen</i> and <i>Skoal</i></p> <p>NJOY an Altria Company</p> <p>E-vapor portfolio fully covered by marketing granted orders from the FDA</p>	
Joint Venture & Investments		<p>HORIZON INNOVATIONS</p> <p>Joint venture with Japan Tobacco for U.S. marketing and commercialization of heated tobacco stick products</p>	<p>CRONOS GROUP</p> <p>~41% equity investment in Cronos Group, a leading Canadian cannabinoid company</p> <p>AB InBev</p> <p>~8% equity investment in Anheuser-Busch InBev, the world's largest brewer</p>

The brand portfolios of our operating companies include *Marlboro*®, *Black & Mild*®, *Copenhagen*®, *Skoal*®, *on!*® and *NJOY*®. We operate and sell our products principally in the United States. Substantially all our net revenues are generated from sales in the U.S.

We have been committed to responsibility for decades. This commitment is embedded in all our business practices and fundamental to our future. To achieve our Vision, we must pursue initiatives designed to promote long-term sustainability

and benefit our businesses, supply chains, trade partners, operating and grower communities and the environment. The issues we believe are most important to drive this progress – our “responsibility focus areas” – are reflected below.



When used in this report, terms referring to diverse geographies or communities is in relation to race/ethnicity and based on the proportion of the population in each zip code that is White-non-Hispanic (WNH). Since the majority of the US population is WNH, **we characterize zip codes that are comprised of predominantly WNH individuals (51% or more) as less racially/ethnically diverse geographies or communities (“less diverse”) and those that are comprised of smaller proportions WNH individuals (0-50%) as more racially/ethnically diverse geographies or communities (“more diverse”).**

When used in this document, the terms “Altria,” “we,” “us” and “our” refer to either (i) Altria Group, Inc. and its consolidated subsidiaries or (ii) Altria Group, Inc. only and not its consolidated subsidiaries, as appropriate in the context. Unless otherwise noted, this document includes data and progress for Altria Group, Inc. and its wholly owned subsidiaries for the scope period 2020 – 2022, including Philip Morris USA Inc. (cigarettes and IQOS), John Middleton Co. (cigars), U.S. Smokeless Tobacco Company LLC (smokeless tobacco), and Helix Innovations (oral nicotine pouches). Altria did not have a wholly owned e-vapor subsidiary during the scope period. Therefore, we did not assess the impact of e-vapor on communities of color and youth. 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.

This report contains statements that may be forward-looking or aspirational in nature, and these statements may involve risks or uncertainties. Such statements are indicated by the use of terms such as “expect,” “plan” and “believe” and may relate to “goals,” “commitments,” “initiatives” or “targets.” These statements speak only as of the date of this report, as we assume no obligations to provide any revision to, or update, any forward-looking statements contained in or implied by this report.

All references to tobacco consumers or consumers within a specific tobacco category or segment refer to existing adult tobacco consumers 21 years of age or older.

Table of Contents

Message from Altria’s Board of Directors	4	APPENDICES	49
Message from External Advisory Review Board	5	Appendix A: Assessing for Progress	50
Introduction and Executive Summary	6	Appendix B: External Advisory Review Board Bios	64
A Discussion of Our Conclusions	10	Appendix C: Assessment Methodology	65
Closing Reflections & Our Commitments	39	Appendix D: Governance Maturity Assessment	69
Independent Assurance Report	41	Appendix E: Results of External Stakeholder Engagement	72
		Appendix F: Additional Resources	77

About this Report

This report is a direct result of a shareholder proposal. At our 2022 Annual Meeting of Shareholders, a shareholder proposal requesting that our Board of Directors (Board) commission a civil rights equity audit garnered over 62% support of shares voting. In response to the shareholder vote, we conducted an Equity and Civil Rights Assessment (“Assessment”). This Assessment was led by Altria, overseen by an independent external advisory review board, informed by stakeholder engagement and assured by a third party.

This Assessment reviewed Altria’s policies, practices, programs and services intended to address the harm associated with tobacco use and the effectiveness of our harm reduction efforts – including underage use prevention programs, tobacco cessation support, responsible marketing practices and regulatory engagement and public policy advocacy – and evaluated impacts on communities of color and youth. It also included a progress update on our Inclusion, Diversity and Equity (ID&E) efforts.

The Assessment focuses on Altria’s operating companies and their manufactured and/or sold tobacco products from 2020 – 2022, including cigarettes (Philip Morris USA), cigars (John Middleton Co.), smokeless tobacco (U.S. Smokeless Tobacco Company LLC) and oral nicotine pouches (Helix Innovations LLC). During this time, Altria also had exclusive U.S. commercialization rights to Philip Morris International’s IQOS tobacco heating system and *Marlboro HeatSticks*. Altria did not own and operate an e-vapor company during the scope period. Therefore, we did not assess the impact of e-vapor on communities of color and youth.

While the Assessment scope period was limited to 2020-2022, it was necessary to evaluate key findings and conclusions in light of the current tobacco marketplace and regulatory environment, in order to make decisions about how to best act on the findings in the future. Therefore, some references to current conditions are included, to put our opportunities and commitments in context. This includes the present-day influence of e-vapor.

This report and its Appendices set forth our Assessment approach, conclusions and key findings and commitments to making tobacco harm reduction available *equitably* to all.

Message from Altria's Board of Directors

Thank you for your interest in Altria's Equity and Civil Rights Assessment. This Assessment is in response to a 2022 shareholder vote to conduct a third-party civil rights and equity audit. We are proud of Altria's commitment to leading responsibly. At the same time, we acknowledge the importance and value of credibly responding to the shareholder vote.

Altria's management, supported by the Board, thoughtfully considered the best approach to address the concerns raised by the shareholder proponents, while mitigating potential risks. Management sought external support and governance perspective, took into consideration emerging practices and civil rights audits conducted by other companies, and engaged with shareholders, including the shareholder proponents, to seek perspective on a proposed approach.

Three key considerations informed the analysis of potential approaches for this Assessment:

1. Topics raised in the proposal are subject to active and pending litigation involving our companies' tobacco products. For decades, Altria's tobacco companies have operated in a unique and highly complex litigation environment. This is an important distinction between Altria and most other companies that make products for consumers. Statements in a report written by a third-party auditor that is not immersed in the issues and history of this litigation could be taken out of context and misconstrued in litigation, which could create risk for Altria and our shareholders.
2. The societal impacts of tobacco product are well-known and documented. Given that, this Assessment should focus on the effectiveness of Altria's efforts to address those impacts.
3. In direct engagement calls with top shareholders, we heard a desire to assess and validate Altria's progress in key responsibility areas, identify gaps, and engage with stakeholders on these topics.

We believe the approach of this Assessment best responds to the shareholder vote and mitigates potential risks. It was led by senior Altria leaders, overseen by an independent external advisory review board with relevant expertise (in civil rights, ID&E, legal, law enforcement, public policy, and youth development), informed by robust stakeholder engagement, and assured for publication by a respected third-party assurance firm. The Board's Nominating, Corporate Governance and Social Responsibility committee provided Board-level oversight of the Assessment.

Altria's management led the Assessment with integrity, introspection and transparency. As this Assessment concludes, please know how proud we are of the work that's been done, and the commitments made. We believe this undertaking has identified opportunities to accelerate progress toward our Vision and 2025 Corporate Responsibility focus area goals while enhancing stakeholder alignment and transparency. We expect Altria's progress towards these commitments to drive shareholder value and positive change for its business, employees, and society at large.

We thank you for your investment in Altria and encourage you to read this report with curiosity and an open mind.

Sincerely,
Your Board of Directors

Message from External Advisory Review Board

In response to the passage of a 2022 shareholder proposal, Altria conducted an equity and civil rights assessment. This advisory board was assembled in an effort to solicit thoughtful input from community leaders with diverse professional experiences on the assessment process and final product. While we recognize that there is no one standard for approaching this type of work, our objective was to provide feedback to ensure a thoughtful process that included considerations from perspectives outside of the company. The advisory board members convened with Altria executives from the start to end of this process. We provided feedback on the overall approach, the scope, the selection of the third-party assurance firm, the stakeholder Assessment pool and methodology, the collection and presentation of data, and the final report. We challenged assumptions and provided perspectives in an effort to help the Assessment team produce a report that met the requirements of the shareholder proposal but also provided a review that could improve business practices and build stronger relationships with stakeholders.

We chose to join this advisory board because we saw an opportunity to create change and positively impact tobacco harm reduction efforts, ultimately aiming to save lives. As community leaders serving on the advisory board, we began our journey with uncertainty, concern, and trepidation about the industry and the health issues surrounding tobacco, particularly within communities of color and among youth. Frankly, the tobacco industry is controversial, marked by a long-troubled history and established negative societal preconceptions. The Assessment identified Altria efforts that were mitigating impacts on youth and communities of color. Moreover, this Assessment highlighted areas for continued improvement in harm reduction. The report includes specific recommendations that Altria can implement to help improve the outcomes. We hope that the company will give sufficient attention to follow through on the commitments it made in the report.

Moreover, we recognize that Altria operates as one actor in a diverse set of companies in this sector, not all of which operate within the required regulatory framework or go to market with the same responsibility practices. In order for widespread harm reduction to be achieved, there is the need for heightened regulatory alignment for the sector as a whole, and improved support mechanisms for individuals seeking to quit tobacco use.

Our collective societal effort to reduce harm transcends any one company's actions, and encompasses the wider industry, advocacy groups, and regulatory authorities.

As we navigate the complexities of impact of tobacco use on society, we recognize the collective responsibility we bear in affecting meaningful change. By embracing innovation, accountability, and empathy, we can collectively strive towards a future where health equity and civil rights are safeguarded for all. We encourage you to read the report with an open mind, continue to ask questions, and hold the industry and regulators accountable.




General Thurbert Baker



Stephanie Murphy



Tonya Veasey



Rhonda Mims



Patrick Tolan

Introduction and Executive Summary

by Jennifer Hunter, Altria Client Services LLC, Senior Vice President and Chief Sustainability Officer

Over the past two years, I have had the privilege to lead our response to a proposal, approved by shareholders in 2022, that called for Altria to conduct a civil rights and equity audit. The result is this Equity and Civil Rights Assessment. Commencing in July 2023, the Assessment was overseen by an independent external advisory review board, informed by stakeholder engagement, and assured by an independent third-party. I've been on this journey with colleagues across Altria's family of companies, all who were fully committed to executing a credible review of our companies' policies, practices, products and services in response to the shareholder vote. I don't typically speak for my colleagues, but in this instance, I can say with confidence that this was one of the more challenging and rewarding experiences of our careers.

Going into this Assessment, we fully anticipated the challenges. The tobacco industry is controversial. While the health effects of tobacco use are well known and documented, and adult cigarette use continues to decline year over year, it remains that cigarette smoking is addictive, causes harm and leads to tobacco-related diseases and deaths.

Moreover, there is deep distrust and ongoing concerns about historical industry conduct and the societal impact of tobacco product use – particularly on communities of color and youth. For instance, headlines have centered around the health impact of menthol cigarettes on Black smokers, the delay in FDA's anticipated menthol cigarette ban, and youth use of newer tobacco and nicotine products, like e-vapor and nicotine pouches.

Given this backdrop, we respectfully considered the shareholder proposal to use a third-party auditor to lead this Assessment. Our decision to lead it ourselves, but with extensive third-party perspective and involvement, was well-informed and balanced the importance of responding to the shareholder proposal with potential risks, including litigation, to Altria and its shareholders. Management and the Board accepted that some stakeholders, including the shareholder proponents, would be skeptical of our approach. We were encouraged when the same proposal, re-submitted by the proponents in 2023, was defeated indicating that a substantial majority of shareholders support our approach.

With eyes wide open to the challenges, we committed ourselves to conducting a credible Assessment that will stand up to scrutiny. Let's talk about our journey.

In 2020, we introduced our Vision to responsibly transition adult smokers to a smoke-free future. Concurrently, we introduced our cultural aspiration and Inclusion & Diversity Aiming Points. We completed our responsibility materiality assessment, which led to our 2025 Corporate Responsibility focus area goals, and announced our commitment to address racial, economic and social equity. Collectively, these actions lit the path forward for Altria and better positioned us to realize the opportunity of tobacco harm reduction for millions of adult tobacco consumers. Thus, 2020 marks the appropriate starting point for this Assessment. And 2022, the year that the shareholder proposal passed, is its appropriate ending point.

"Harm reduction" is a well-accepted public health strategy. *Tobacco* harm reduction recognizes the growing public health community consensus that smoke-free tobacco products present less risk than combustible tobacco products – such as cigarette smoking, the most dangerous form of tobacco use. We believe that a comprehensive and holistic approach to tobacco harm reduction is one in which:

- the industry is operating within science-based regulation;
- underage tobacco use continues to decline;
- adult smokers who decide to quit can access expert resources to support their success; and
- adult smokers who can't or won't quit are moving to smoke-free alternatives authorized by the U.S. Food & Drug Administration (FDA).

As part of this Assessment, we hope to better understand the effectiveness of our efforts to support tobacco harm reduction from 2020 - 2022. The scope areas include the critical elements of our tobacco harm reduction efforts:

- **Underage Use Prevention** to prevent youth use of tobacco and support continued decline of youth use;
- **Responsible Marketing** to support operating responsibly and within science-based regulation;

- **Cessation Support** to help adult smokers who have decided to quit have access to expert resources to support their success; and
- **Regulatory Engagement and Public Policy Advocacy** to create a diverse market of FDA-authorized, smoke-free alternatives and encourages adult smokers to transition to them.

Our goal was to address four key questions about these efforts:

- *What is the **impact** of our policies and practices on youth and communities of color?*
- *What was the **impact** of initiatives executed during the scope period on youth and communities of color?*
- *What is the **effectiveness** of our policies and practices in supporting intended outcomes?*
- *What was the **effectiveness** of activities and initiatives executed during the scope period toward supporting intended outcomes?*

To answer these questions, we created an organizing framework to guide our work and leveraged traditional audit processes. In the planning phase, we inventoried current business programs, practices, policies and data. Next, we conducted fieldwork – assessing our governance maturity, engaging with stakeholders and procuring data and analyses needed to answer the key questions. We synthesized the results, compiled a list of opportunities and developed action plans. Lastly, we compiled this Assessment, reviewed by the external advisory review board and assured by an independent third-party firm, to communicate the results. The external advisory review board and the Nominating, Corporate Governance and Social Responsibility Committee of Altria’s Board of Directors reviewed our approach and methodology, and monitored progress throughout the Assessment.

While this Assessment focused primarily on our efforts to address the harm of tobacco use, we also understood that most traditional civil rights equity audits evaluate internal practices supporting ID&E. Therefore, we took this opportunity to better understand our progress and opportunities related to key components of our ID&E strategy, which are:

- Community Impact;
- Inclusion & Diversity Aiming Points;
- Pay & Benefits Equity; and
- Supplier Diversity.

In the [Appendix](#), you will find an update of our ID&E progress in each of these areas. You will also find a detailed description of the [Assessment methodology](#), a full report of the [governance maturity assessment](#), and detailed results of our [external stakeholder engagement](#).

In executing a credible Assessment, we faced the challenge of asking and answering questions we’ve never addressed before. For example, there are demographic data we simply don’t collect – data unknown to us because we *avoid* collecting information that could be perceived as or lead to “targeting” youth or communities of color. Yet, this Assessment pushed us to look at different types of data and conduct different kinds of analyses to truly understand our presence and impact in diverse communities. Similarly, it afforded us the opportunity to hear from diverse stakeholder groups, including some who typically don’t meet with us, about the impact and effectiveness of Altria’s efforts to reduce the harm associated with tobacco use.

In short, we stepped outside our comfort zone – not just by a little, but by a lot. And it was worth it. The insights we gained will help us work more impactfully toward a smoke-free future for ALL adult tobacco consumers.

Specifically, this Assessment yielded compelling conclusions that shed light on our strengths, identified opportunities for improvement, and paved the way for transformative actions.

- **We believe our efforts to prevent underage use positively contribute to the overall reductions of youth tobacco use, and we recognize opportunities remain to support continued success – particularly as new tobacco products enter the market.** Cigarette, cigar and smokeless tobacco use among youth are at historically low levels. Meanwhile, e-vapor has emerged as the predominant tobacco product used among youth. Surpassing the prevalence of all other tobacco products in 2014, e-vapor use peaked in 2019 before declining in recent years. We believe our comprehensive approach to underage use prevention has been effective in contributing to these results. In addition to our access prevention and responsible marketing efforts, our practices have focused on supporting positive youth development, successful public policy advocacy, and timely research and reporting to effectively monitor and detect progress.

- **We believe our sales force presence and involvement at retail stores, through monthly or periodic visits, is correlated with positive results for underage access prevention and the availability to sell potentially reduced-harm tobacco products to adult consumers; however, our more limited presence in retail stores in more racially/ethnically diverse geographies may lead to unintended negative impacts.** We see positive correlations between the degree of our presence and involvement with retail stores and their success with underage access prevention, including compliance with legal age of purchase laws. At the same time, data show that Altria's sales force services fewer stores, in number and proportion, in more racially/ethnically diverse geographies than in less diverse geographies. We believe our relatively lower engagement with retailers in communities of color could be a barrier to more successful underage access prevention and wider tobacco harm reduction initiatives for adults, and as we consider retailer engagement to support adult smokers switching to smoke-free products, enhancing our presence with retailers in those communities may improve access to smoke-free products and accurate information about them.
- **We believe our responsible marketing practices have been effective in preventing use of our tobacco companies' products among non-users and youth, and in preventing targeting toward specific tobacco user populations, including communities of color.** We have strong internal and external controls of our marketing executions – through documented internal processes, vendor contract requirements, the Tobacco Master Settlement Agreements and FDA – and robust enterprise policies and training. We believe these controls appropriately limit reach to non-users and youth audiences. Data show that Black smokers are much more likely to smoke menthol cigarettes than any other race, and the race/ethnicity of Black & Mild cigar consumers aligns with the overall category, with a slight skew towards Black consumers. However, Black smokers are under-represented among *Marlboro* consumers, and Altria operating companies' volume share is lower in stores in more racially/ethnically diverse geographies than in less diverse geographies.
- **We believe we are not making enough progress on tobacco harm reduction, especially for adult smokers.** Our efforts to support cessation for adult tobacco users who have decided to quit are an important pillar of our tobacco harm reduction strategies; and research shows that while millions of adult smokers have been successful at quitting, Black adult smokers do not see success at the same rates as other demographic groups. For those who can't or won't quit, it's important to cultivate a well-regulated market of smoke-free alternatives that present lower risk and appeal to adult smokers, including those among communities of color. Most smokers have misconceptions about the health impact of nicotine, including large majorities of Black and Hispanic smokers, which can hinder their willingness to switch to smoke-free products. Equitable access to *both* smoke-free alternatives and accurate information about them is crucial to reducing tobacco-related harm in these populations.
- **We believe achieving equitable tobacco harm reduction will take collaboration between many stakeholders, including trusted leaders in diverse communities and others.** External stakeholders highlighted a persistent skepticism and distrust of the tobacco industry, particularly within communities of color, that, if not sufficiently addressed, poses a headwind to the credibility of tobacco harm reduction as a public health strategy and threatens to undermine the success of equitable tobacco harm reduction. External stakeholders emphasized that Altria must approach this work with transparency and integrity, understanding the limitations of how a tobacco company can and should credibly participate. Achieving equitable tobacco harm reduction will take collaboration between the industry, its regulators, public health and scientific communities, policymakers, trusted leaders in diverse communities and others.

We are committed to our Vision to responsibly lead the transition of adult smokers to a smoke-free future. The Assessment helped us better understand where we need to stay the course and where we have room to improve. We believe the biggest opportunity to accelerate progress toward our Vision and corporate responsibility focus area goals is to address tobacco harm reduction, *equitably*.

A successful harm reduction strategy must consider multiple aspects of diversity across all communities of adult tobacco consumers. *All* consumers must have access to accurate information about the differentiated risks of nicotine consumption, to make informed choices. *All* consumers must have access to cessation support when they decide quitting is the best option to pursue. *All* consumers who can't or won't quit must have access to lower risk, smoke-free alternatives that are affordable, appealing, and FDA-authorized. We are committed to being there to support these consumers through that journey.

There are several factors that must be harmonized for equitable tobacco harm reduction to succeed. We believe we can have direct and positive impact in some areas and understand that there are others we can influence but ultimately lie beyond our control. We are committed to doing our part in the following ways:

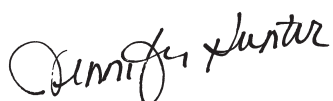
- **Establish a Formalized Approach to Equitable Tobacco Harm Reduction at Altria:** We believe we have more work to do in defining “equitable tobacco harm reduction” and the strategy to achieve it. This will require us to maintain a holistic view of tobacco harm reduction, while implementing new approaches and engaging new stakeholders. Specific opportunities include enhancements to data collection policy and procedures, responsible marketing policy and procedures, smoke-free product development, and cessation support tailored to promote success for adult smokers of all demographic backgrounds.
- **Enhance Our Smoke-Free Tobacco Product Portfolio:** Adult smokers who can’t or won’t quit and want to switch from smoking to something less harmful, must have products they will adopt and enjoy. Support for tobacco harm reduction as an effective public health strategy, however, remains uneven; and we continue to operate in a challenging regulatory environment in which very few tobacco products have been authorized by FDA despite having been under review by the agency for several years. We continue to build out our smoke-free product portfolio – which now includes FDA-authorized e-vapor products and other smoke-free products with pending FDA applications. We will continue to engage with adult smokers to understand how product preferences may vary across diverse adult smoker populations, and advocate for more expedient FDA application reviews and authorizations.
- **Continue to Advocate for Adult Tobacco Consumers:** For tobacco harm reduction and our Vision to succeed, we believe it is important to continue to create understanding of adult tobacco consumers – particularly those in historically excluded communities – and bring their voices into the center of the discussion.
- **Continue to Advocate for the FDA and Public Health to Correct Nicotine Misperceptions:** The majority of adult smokers, particularly Black and Hispanic smokers, incorrectly believe that nicotine is as harmful as exposure to smoke in causing tobacco related death and disease. This poses a harm reduction barrier for these smokers – a gap in “reason to believe” in the potential benefits of switching from the most harmful form of tobacco use to a smoke-free product.
- **Integrate Assessment Commitments into Altria’s Corporate Responsibility Focus Areas and Goals, Measurement, and Transparent Progress Reporting:** In 2025, we will conduct our next “responsibility materiality assessment” – a comprehensive, formal approach to identify the most impactful responsibility/ESG issues that promote long-term sustainability and success. The work of this Assessment, and the opportunities identified, will be a key input to this review. We will establish Altria’s 2026 – 2030 responsibility focus areas, as well as goals and metrics within each focus area, that will guide our actions over the next several years – inclusive of the commitments we’re making in this Assessment. We will continue to seek and address stakeholder expectations and transparently communicate our progress.

Altria is a leader in a rapidly transforming tobacco industry. As a regulated U.S. tobacco company, we believe a well-regulated industry that pursues harm reduction, not prohibition, will reduce the risks associated with tobacco use – for all communities. Today, not all smokers are realizing the benefits of a smoke-free future. And we can’t solve this alone. So, a final learning from this assessment: **We need to fill more seats at the table to help address the opportunities highlighted in this report.**

This was a challenging and rewarding experience. And I believe we are better prepared to lead our industry in responsibility because of this Assessment. I know people will read this report with a critical eye to the work that we did, the conclusions we drew and the opportunities we identified. I ask you to read this report with curiosity, *and* an open mind. I also ask you to consider what role you might play in helping us bring these commitments to life. We have an important opportunity to work together – as industry, regulators, the scientific and public health community, and community leaders – to reduce the harm of tobacco use for millions of adult tobacco consumers.

Thank you for your interest.

Sincerely,



A Discussion of Our Conclusions

- **We believe our efforts to prevent underage use positively contribute to the overall reductions of youth tobacco use, and we recognize opportunities remain to support continued success – particularly as new tobacco products enter the market.**

Key Findings:

- Our approach to underage use prevention is comprehensive, evidence-based and anchored in Positive Youth Development theory.
- Our public policy advocacy successfully supports our underage use prevention outcomes.
- Cigarette, cigar and smokeless tobacco use among youth are at historically low levels.
- Menthol cigarette smoking prevalence is very low among youth across race and ethnicity.
- Youth of color in most cases are not over-represented among tobacco product users, except Black youth who are over-represented among cigar users.

Underage tobacco use is a complex issue and requires a comprehensive, multi-faceted approach. While youth use of cigarettes, cigars and smokeless tobacco are at historically low levels, e-vapor has emerged as the predominant tobacco product used among youth – surpassing the prevalence of all other tobacco products in 2014. E-vapor use peaked in 2019 before declining in recent years. In addition to our access prevention programs and responsible marketing practices (to be discussed in the conclusions that follow), our underage use prevention practices also focus on supporting positive youth development, successful public policy advocacy, and timely research and reporting to monitor and detect progress.

Key Finding: Our approach to underage use prevention is comprehensive, evidence-based and anchored in Positive Youth Development theory.

Our underage use prevention efforts are based on positive youth development theory. This theory suggests that emphasizing protective factors and reducing risk factors in kids' lives will help them make healthy choices and avoid risky behaviors like tobacco use.

Research guides all our underage use prevention efforts. For regulatory purposes, Altria leverages several national datasets from reputable organizations to glean insights about underage tobacco use. And we supplement those data by conducting more timely surveillance to understand if trends are changing.

Youth tobacco use is associated with a range of personal, social, and environmental factors, of which many are commonly associated with risk-taking behavior in general. For example, data from the 2022 National Youth Tobacco Survey show any tobacco use is more prevalent among middle and high school students experiencing psychological distress, with the rates of use escalating in tandem with the severity of distress (Figure 1a). The survey also indicates greater prevalence of any tobacco use among students who identify as gay, lesbian, or bisexual (16.0%) compared to heterosexual students (9.7%) (Figure 1b). Further, there is a clear trend where the prevalence of any tobacco use increases as academic performance decreases (Figure 1c). Specifically, students with higher grades show lower instances of any tobacco use, while those with lower grades have higher usage rates.



ADOLESCENT SUBSTANCE USE BEHAVIOR DOES NOT OCCUR IN A VACUUM... ATTEMPTS TO UNDERSTAND ADOLESCENT SUBSTANCE BEHAVIOR WITHOUT THE IMPLEMENTATION OF AN ECOLOGICAL PERSPECTIVE IS LIKELY TO PROVIDE AN INCOMPLETE PICTURE GIVEN THAT RISK BEHAVIOR AMONG ADOLESCENCE IS NESTED WITHIN MULTIPLE SYSTEMS.

– TRUCCO EM. A REVIEW OF PSYCHOSOCIAL FACTORS LINKED TO ADOLESCENT SUBSTANCE USE. PHARMACOL BIOCHEM BEHAV. 2020 SEP;196:172969. DOI: 10.1016/J.PBB.2020.172969. EPUB 2020 JUN 18. PMID: 32565241; PMCID: PMC7415605



Figure 1a. Prevalence of any tobacco use among middle and high school students by psychological distress (NYTS, 2022)

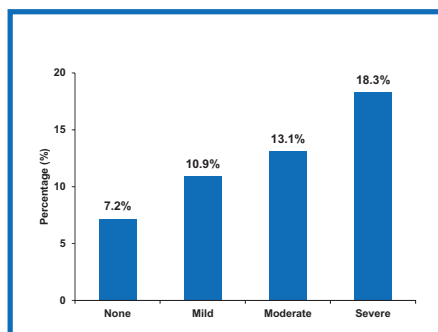


Figure 1b. Prevalence of any tobacco use among middle and high school students by sexual orientation (NYTS, 2022)

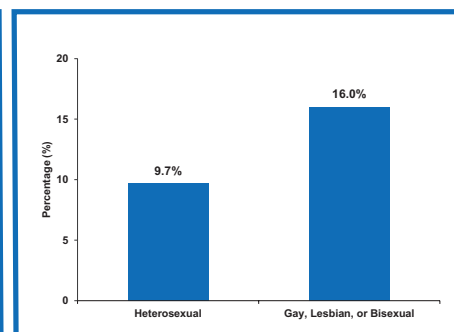
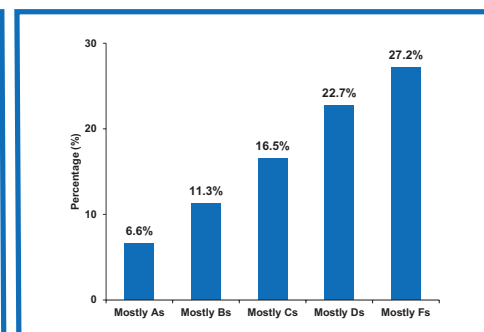


Figure 1c. Prevalence of any tobacco use among middle and high school students by achieved grades in school (NYTS, 2022)



Source, Figures 1a-c: Park-Lee, E; Chunfeng, R; Cooper, M; Cornelius, M; Jamal, A; Cullen, KA. [Tobacco Product Use Among Middle and High School Students — United States, 2022](#). MMWR Morb Mortal Wkly Rep 2022; 71:pages 1429-1435. Data from National Youth Tobacco Survey, NYTS, 2022. For Figure 1a: Psychological distress was assessed with a composite scale comprised of four questions: “During the past two weeks, how often have you been bothered by any of the following problems?” 1) “Little interest or pleasure in doing things”; 2) “Feeling down, depressed, or hopeless”; 3) “Feeling nervous, anxious, or on edge”; and 4) “Not being able to stop or control worrying.” Complete data from all four questions (n = 24,251) were summed (range = 0-12) and categorized.

It follows that addressing the root causes of risk-taking behaviors is an important component of preventing underage tobacco use. That’s why Altria invests in a variety of organizations and programs that support positive youth development. Collectively, our grant partners reach more than 17 million kids with a range of programs, including mentoring, adolescent substance abuse prevention and tobacco cessation programs. In 2020, we supported our prevention and cessation grantees to pursue an integrated approach to programming and direct service interventions and prevention in an expanded geography of 20 states. Additionally, through the University of Colorado Center for the Study and Prevention of Violence, LifeSkills Training was initiated in high schools in nine states, reaching more than 18,000 students in the first year of implementation. This reach spanned across 41 school districts and 87 schools.

We are also making it possible to monitor progress and detect emerging trends in closer to real time. In 2020, Altria launched the Underage Tobacco Use Survey (UTUS) to gather more timely and comprehensive data on underage tobacco use compared to existing public health surveys. UTUS covers all tobacco product categories and helps us monitor underage behavior to inform our efforts. We collect information on various measures, such as awareness of tobacco products, current and past tobacco use, demographics, preferred brands and flavors, and sources of access. We share this data with the FDA and make it publicly available on our Altria Science website, with updates every 6 months.

A critical component of this Assessment was an evaluation of our governance practices (“Governance Maturity Assessment”) performed by Altria’s Corporate Audit department across the scope areas, including underage use prevention. The Audit department inventoried and reviewed the defined governing policies and procedures and determined that standardized and documented controls exist, with proper oversight and support from Altria executives and the Board. Our Audit department also assessed how information, requirements and expectations are communicated to employees, and found that requirements and expectations are codified in company policies and procedures which are readily available and accessible to employees. Altria’s control environment includes defined policies and procedures: Standards for Underage Use Prevention, Altria’s Code of Conduct, Supplier Relationship Management Procedure and our Underage Use Prevention and Tobacco Cessation Information Policy. The Audit department’s Governance Maturity Assessment did not result in any recommendations directed at further strengthening governance for underage use prevention.

Key Finding: Our public policy advocacy successfully supports our underage use prevention outcomes.

Since 2019, we have advocated for federal and state legislation to raise the legal age of purchase for tobacco products from 18 to 21. We support “Tobacco 21” laws because data show that individuals under 18 primarily get tobacco products through “social sources” – that is, friends or siblings of legal age.¹ In December 2019, new federal legislation made Tobacco 21 the

¹ Based on ALCS analyses of 2022 National Youth Tobacco (NYTS) survey data, only 29% of youth e-cigarette users under the age of 18 reported that they got e-cigarettes by buying for themselves.

law of the land. During the scope period of this Assessment, our efforts focused on supporting compliance with the new law and encouraging more states to enact and enforce their own complementary Tobacco 21 legislation (Table 1).

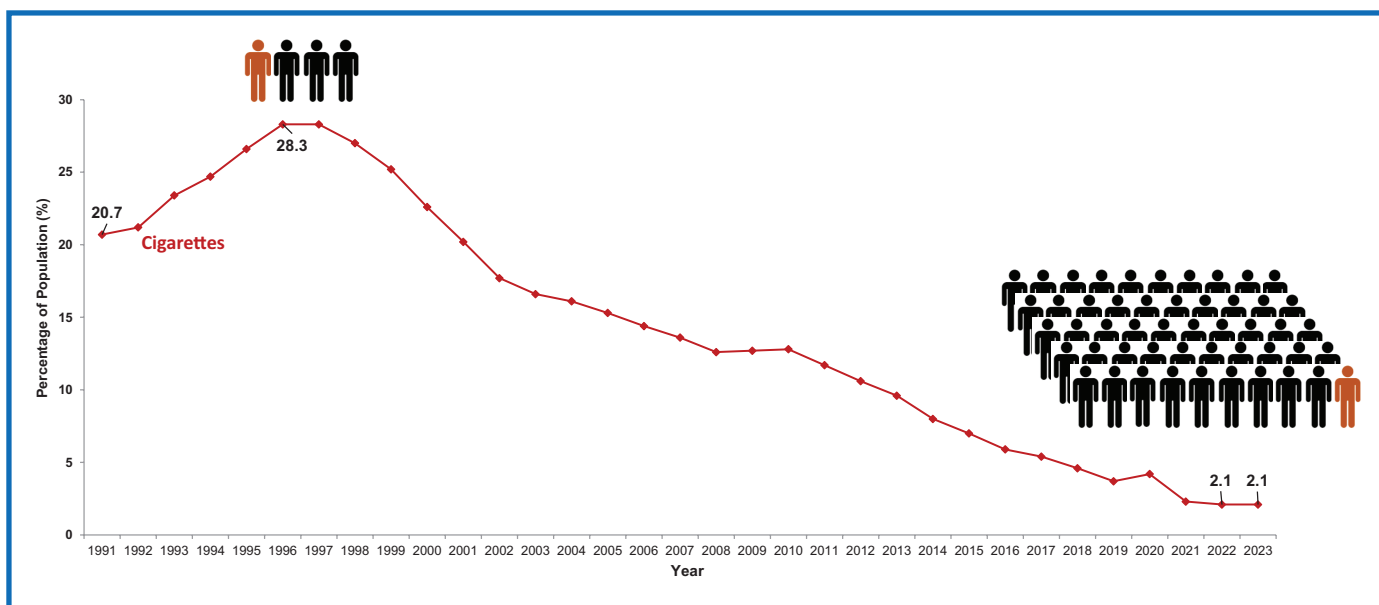
Table 1. Number of states where LAOP 21+ has been enacted and US population covered by these laws

	2020	2021	2022
States where LAOP 21+ has been enacted and US population covered by these laws	33 States + D.C. and 73% of US population	39 States + D.C. and 84% of US population	41 States + D.C. and 87% of US population

Key Finding: Cigarette, cigar and smokeless tobacco use among youth are at historically low levels.

Based on data from Monitoring the Future, only 2.1% of 8th, 10th, and 12th graders combined reported current cigarette smoking in 2022 (Figure 2). This represents a more than 90% decrease from a peak of 28.3% in 1997. In 1997, 1 in 4 of these students reporting smoking; but, by 2022, it had plummeted to 1 in 50.

Figure 2. Percentage of 8th, 10th, and 12th graders combined who report smoking cigarettes in the past 30 days (MTF, 1991-2023)



Source: 2023 Combined Tables ([monitoringthefuture.org](https://www.monitoringthefuture.org)), Percent of 8th, 10th and 12th graders combined reporting past 30-day use.

We acknowledge that *Marlboro* is the most common brand used among underage users across multiple national datasets. For example, among the 1.7% of 12-17-year-olds who report smoking cigarettes in the National Survey on Drug Use and Health (NSDUH) in 2021, 50% report usually using *Marlboro*, consistent with *Marlboro* being the top brand among 18-25 (41%) and 26+ year-olds (37%) who smoke.² Among non-Hispanic White youth who smoke (2.5%), 57% report *Marlboro* as their preferred brand; due to low smoking prevalence, the sample size for non-Hispanic Black and Hispanic youth smokers is too small to produce reliable estimates of *Marlboro* brand use.

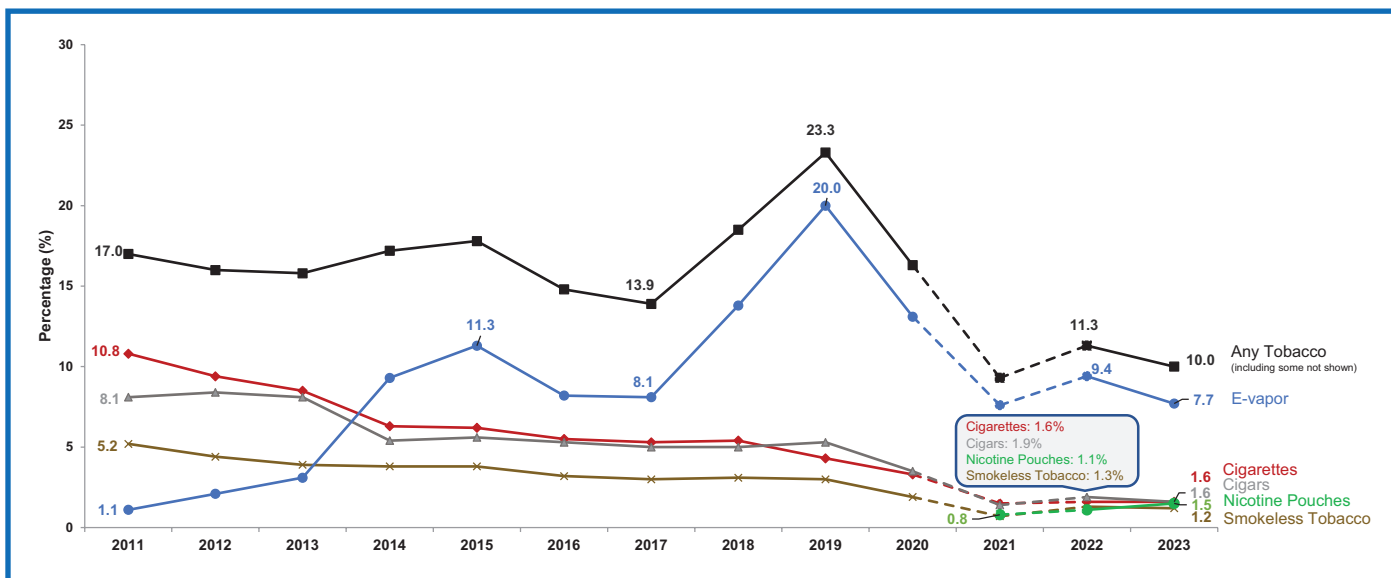
Consistent with the decline in smoking, youth use of cigars and smokeless tobacco have also declined significantly over time. From the National Youth Tobacco Survey, past 30-day prevalence of cigar use among middle and high school students combined declined from 8.1% in 2011 to 1.9% in 2022, and smokeless tobacco use declined from 5.2% to 1.3% over the same period (Figure 3).

² ALCS analyses of 2021 National Survey of Drug Use and Health (NSDUH) data.

While cigarette, cigar, and smokeless tobacco use among youth have declined, e-vapor has emerged as the predominant tobacco product used among youth. Surpassing the prevalence of all other tobacco products in 2014, e-vapor use peaked in 2019 before declining in recent years. In 2019, 27.5% of high school students reported current use of e-vapor, and by 2022, prevalence declined to 14.1%³. Across middle and high school students combined, 9.4% reported current use of e-vapor in 2022, while less than 2% reported current use of any other tobacco products (Figure 3).

Figure 3. Percentage of middle and high school students combined who report using tobacco products in the past 30 days (NYTS, 2011-2023)

Key Finding: Menthol cigarette smoking prevalence is very low among youth across race and ethnicity.



Source: Gentzke, AS; Creamer, MR; Cullen, KA; et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students – United States, 2011-2018*. MMWR Morb Mortal Wkly Rep 2019; 68:pages 157-164. Data from National Youth Tobacco Survey, NYTS, 2011-2018.

Wang, TW; Gentzke, AS; Creamer, MR; et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students – United States, 2019*. MMWR Morb Mortal Wkly Rep 2019; 68:pages 1-22. Data from National Youth Tobacco Survey, NYTS, 2019.

Gentzke, AS; Wang, TW; Jamal, A; et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students – United States, 2020*. MMWR Morb Mortal Wkly Rep 2020; 69:pages 1881-1888. Data from National Youth Tobacco Survey, NYTS, 2020.

Gentzke, AS; Wang, TW; Cornelius, M; et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students – United States, 2021*. MMWR Morb Mortal Wkly Rep 2022; 71:pages 1-30. Data from National Youth Tobacco Survey, NYTS, 2021.

Park-Lee, E; Chunfeng, R; Cooper, M; Cornelius, M; Jamal, A; Cullen, KA. *Tobacco Product Use Among Middle and High School Students – United States, 2022*. MMWR Morb Mortal Wkly Rep 2022; 71:pages 1429-1435. Data from National Youth Tobacco Survey, NYTS, 2022.

Birdsey, J; Cornelius, M; Jamal, A; et al., *Tobacco Product Use Among Middle and High School Students – United States, 2023*. MMWR Morb Mortal Wkly Rep 2023; 72:pages 1174-1182. Data from National Youth Tobacco Survey, NYTS, 2023. Dashed lines represent changes in methodology that prevent comparisons across the years.

Youth smoking declines have been consistent for both menthol and non-menthol cigarettes. Drawing again from NSDUH data, past 30-day prevalence of menthol cigarette use among 12-17-year-olds declined from 4.5% in 2009 to 0.6% in 2022 – an 87% decrease (Figure 4a). Similarly, prevalence of non-menthol cigarette use declined from 3.9% to 0.7% over the same time period (82% decrease).

³ Wang, TW; Gentzke, AS; Creamer, MR; et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students – United States, 2019*. MMWR Morb Mortal Wkly Rep 2019; 68:pages 1-22. Data from National Youth Tobacco Survey, NYTS, 2019.

Park-Lee, E; Chunfeng, R; Cooper, M; Cornelius, M; Jamal, A; Cullen, KA. *Tobacco Product Use Among Middle and High School Students – United States, 2022*. MMWR Morb Mortal Wkly Rep 2022; 71:pages 1429-1435. Data from National Youth Tobacco Survey, NYTS, 2022.

There is a misperception that menthol cigarette smoking among non-Hispanic Black youth is high. It is not. Declines in menthol cigarette use have occurred across race/ethnicities, and menthol cigarette smoking prevalence is very low among youth across race and ethnicity. Less than 1% of non-Hispanic Black youth report current use of menthol cigarettes in each year from 2016 to 2022 (Figure 4b). In fact, menthol cigarette prevalence was less than 1% across all major race/ethnicities in 2022, ranging from 0.2% among non-Hispanic Black and 0.5% among Hispanic youth to 0.7% among non-Hispanic White and non-Hispanic Other race/ethnicity youth.

Figure 4a. Percentage of 12- to 17-year-olds who reported past 30-day cigarette smoking, overall and by menthol/non-menthol type (NSDUH, 2002-2022)

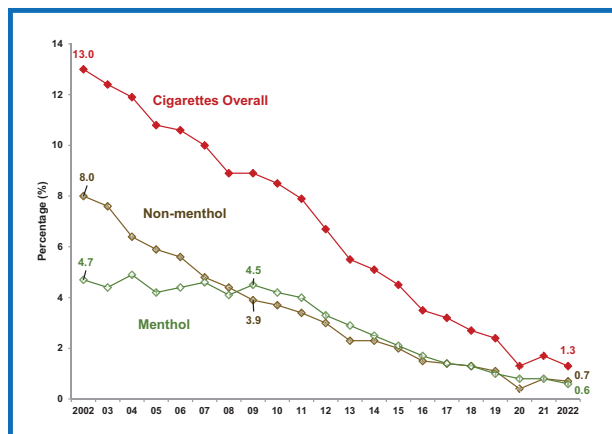
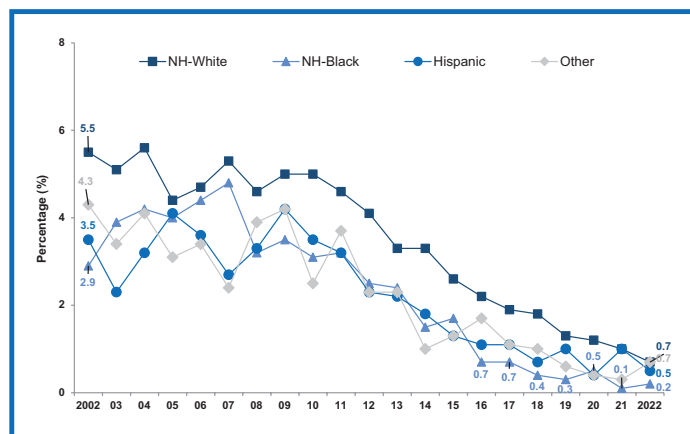


Figure 4b. Percentage of 12- to 17-year-olds who reported using menthol cigarettes in the past 30 days (NSDUH, 2002-2022)



Source. Figures 4a-b: ALCS analysis of National Survey on Drug Use and Health 2002-2022. Data before 2004 may not be directly comparable to post-2004 due to changes in the survey question. In 2002 and 2003, respondents were asked about smoking menthol or regular cigarettes most often, while from 2004 onwards, they were asked if the cigarettes smoked in the past 30 days were menthol (yes/no response). Caution should be used when comparing estimates between 2021 and prior years due to methodological changes. Dashed lines between 2019 and 2021 reflect those changes. For Figure 4b: Other Race category includes non-Hispanic Native American, Alaskan Native, Native Hawaiian, Other Pacific Islander, Asian, and/or more than one race.

Key Finding: Youth of color in most cases are not over-represented among tobacco product users, except Black youth who are over-represented among cigar users.

We compared the race/ethnicity distribution of youth tobacco users with the race/ethnicity distribution of the youth population overall to evaluate whether certain groups are over- or under-represented among tobacco users. Over-representation was defined as a proportion being ≥ 1.2 times larger than the proportion for that group found in the overall population, and under-representation was defined as a proportion being ≤ 0.8 times smaller than the proportion for that group found in the overall population. We used 2022 NYTS data combining middle and high school students for this analysis. Table 2 shows the race/ethnicity distribution of students overall, followed by the race/ethnicity distribution of students who reported current use of each tobacco product listed. Non-Hispanic Black youth are under-represented among students who use cigarettes, smokeless tobacco, and nicotine pouches, but they are over-represented among students who use cigars. For example, although they represent 12.4% of the population overall, non-Hispanic Black students are under-represented among students who smoke cigarettes, accounting for just 6.6% of those individuals. Among youth who use cigars, however, non-Hispanic Black youth are over-represented, accounting for 21.5% of those individuals. Proportions of Hispanic youth tend to mirror their representation in the population, while non-Hispanic Other youth are under-represented across product user groups. Non-Hispanic White youth are over-represented among nicotine pouch users.

Table 2. Race/ethnicity distribution of middle and high school students overall and within tobacco product user groups (NYTS 2022)

Race/Ethnicity	Overall Population	Current E-vapor Users	Current Cigar Users	Current Cigarette Users	Current Smokeless Tobacco Users	Current Nicotine Pouch Users
NH-White	54.1%	62.2%	53.2%	61.2%	63.9%	66.1%
NH-Black	12.4%	10.8%	21.5%	6.6%	6.0%	6.9%
Hispanic	26.9%	24.8%	24.5%	30.1%	26.3%	26.0%
NH-Other	6.6%	2.2%	0.7%	2.2%	3.8%	1.0%
Total*	100%	100%	99.9%	100.1%	100%	100%

Source: ALCS analyses of 2022 National Youth Tobacco Survey, NYTS, data

Notes: pink shade = percentage is > 1.2 times population percentage (over-representation); gray shade = percentage is < 0.8 times population (under-representation); “Non-Hispanic Other” includes non-Hispanic Asian, non-Hispanic American Indian and Alaskan Native, or non-Hispanic Native Hawaiian or Other Pacific Islander; *Totals may not sum to 100% due to rounding.

Areas for Improvement

- **We believe more can be done to encourage the utility, transparency and timeliness of underage tobacco use data amongst national datasets so that concerning underage tobacco use trends can be identified and corrective actions can be taken more quickly.** While the Underage Tobacco Use Study we implemented in 2020 allows us to better monitor early signs of youth adoption of tobacco products – data which we share with the FDA and publicly – we also rely heavily on national data sets to monitor the youth tobacco use and access landscape and to inform our strategies and tactics.
- **We will continue to look for opportunities to improve our support of underage use prevention, especially as new tobacco products enter the market.** For example, though youth use has declined in recent years, e-vapor is currently the leading tobacco product used by youth. While we didn’t own an e-vapor product in the scope period, we do today. We continue to look for innovations in youth prevention. For example, NJOY recently launched its Mystery Shop Program for stores signed to an NJOY Retail Trade Program Agreement that have not implemented age validation technology. Mystery Shops will be conducted quarterly by a third party to validate that stores are consistently checking IDs, in accordance with all applicable laws, to prevent underage access to tobacco products. Penalties for non-compliance will range from warnings up to termination of retail contracts for repeat offenses.

We believe these efforts, in combination with the areas for improvement described for our responsible marketing and retailing work, will help us to contribute further to the continued success of underage use prevention.

- **We believe our sales force presence and involvement at retail stores, through monthly or periodic visits, is correlated with positive results for underage access prevention and the availability to sell potentially reduced-harm tobacco products to adult consumers; however, our more limited presence in retail stores in more racially/ethnically diverse geographies may lead to unintended negative impacts.**

Key Findings:

- Our access prevention programs are robust; and, where implemented, are correlated with fewer retailer FDA compliance violations of legal age of purchase laws.
- Altria’s sales force does not disproportionately call on more stores in communities of color than in less diverse geographies.
- Altria’s sales force calls on fewer stores, in number and proportion, in more racially/ethnically diverse geographies than in less diverse geographies.

A key pillar of our Underage Use Prevention approach is to support trade programs, retailer training and legislative efforts that help prevent underage access to tobacco products. Moreover, our responsible marketing practices include working with retailers to merchandise tobacco products responsibly – examples of this include contractual obligations that retailers sell Altria’s tobacco operating companies’ products through non-self-service means such as behind the retail counter, and that any product signage is appropriately displayed. Altria Group Distribution Company (AGDC) employees, including its Field Sales Force, are a critical force in facilitating collaborative relationships with retailers, wholesalers and trade organizations to support the proper execution of our access prevention responsibility initiatives.

Key Finding: Our access prevention programs are robust; and, where implemented, are correlated with fewer retailer FDA compliance violations of legal age of purchase laws.

Our retail trade program includes features that help prevent underage access to tobacco products, like store clerk training, underage access prevention signage, and technological age-validation solutions. In some tobacco categories, we also offer financial incentives to retailers who refrain from placing any tobacco products or signs on top of or below the front of the selling counter. Our aim is to help make retail the most responsible place for legal-age adults to buy tobacco products.

Compliance Monitoring & We Card™ Support

In 2020, AGDC developed a comprehensive compliance data monitoring approach to support retailer responsibility. This includes a compliance violation communication to stores we service who fail FDA compliance visits by selling tobacco products to underage persons, reminding them of the serious potential repercussions of future violations, like suspending their financial incentives, terminating their contract or incurring FDA penalties.

In addition, Altria requires We Card™ and social source access prevention signage placement as part of our retail contracts. We measure compliance with this requirement through image captures and tracking done by our Field Sales Force during visits to retail stores (Table 3). We also provide access to free We Card™ training through our retail trade website. During the scope period, Altria collaborated with We Card™ to update materials, including Spanish language materials and adding e-vapor products to existing tobacco product signage, and supported We Card™ in piloting a social source access prevention campaign.

Table 3. Percentage of contractually obligated stores with prevention signage

	Goal	2020	2021	2022
% of contractually obligated stores verified to have We Card™ or underage prevention signs	92%	91%	93%	98%
% of contractually obligated stores verified to have Altria-provided social access prevention signs	92%	85%	89%	95%

Implementation of Age Validation Technology

In late 2019, AGDC announced a new retailer incentive program to further encourage responsible retailing through age validation technology (AVT) at the point of purchase. To participate in this program, retailers must install and use technology that enables an electronic scan of a consumer’s government-issued identification (e.g., driver’s license) prior to purchasing

any tobacco product. Scanning IDs for tobacco product purchases eliminates the need for store clerks to validate that the ID meets the minimum age requirement to purchase tobacco products and to confirm the ID is valid. In 2020, the program was validated in approximately 65,000 stores, which at the time represented 47% of PM USA volume and 58% of e-vapor category volume (Table 4). AGDC expanded the program throughout the scope period for this Assessment, increasing the participation goal to 120,000 stores and actual participation to ~137,000 stores.

Table 4. Number of retail stores with validated adoption of age validated technology (AVT) and corresponding percentage of PM USA volume covered

	2020	2021	2022
# of Retail Stores Participating in Responsible Retailing Incentive Program with Validated Adoption of AVT	~65,000	~104,000	~137,000
% of PM USA volume covered by AVT	47%	62%	80%

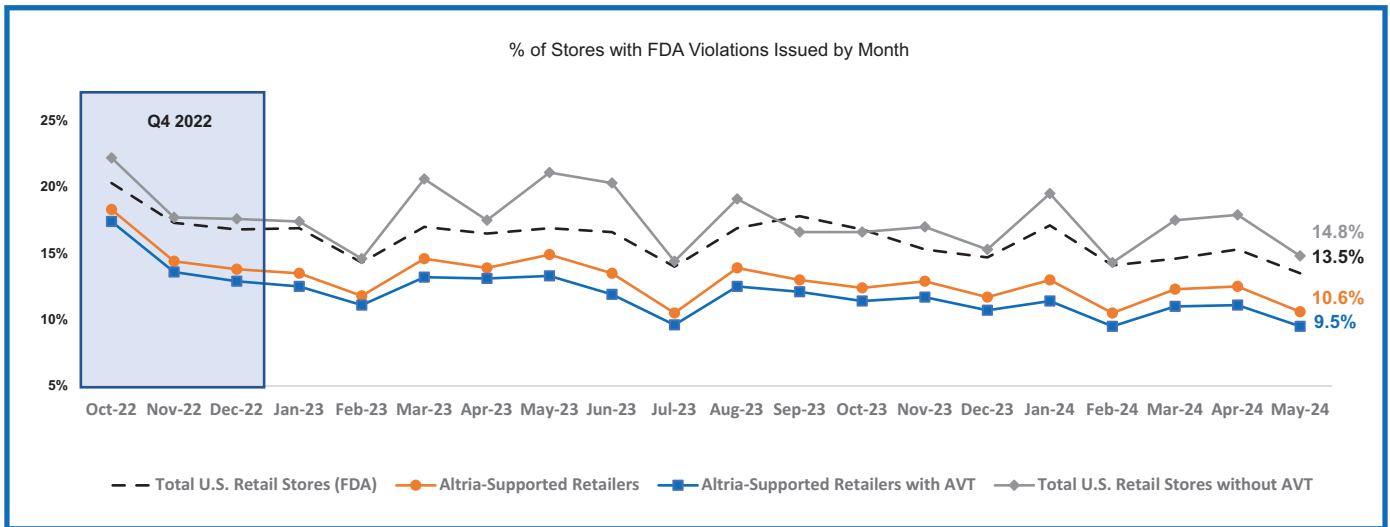
One of the ways we measure the success of our underage access prevention initiatives is through our desired outcome to see high national retailer compliance rates with legal age of purchase laws that remain stable or improve over time. In 2020 we established a goal of 90%-95% national retailer compliance. The onset of the Covid-19 pandemic impacted FDA methodologies for measuring retailer compliance and we saw retailer compliance drop during the 2020-2022 scope period (Table 5).

Table 5. Total U.S. retailer compliance rates

	Goal	2020	2021	2022
Total U.S. retailer compliance rates based on federal data sources, including SYNAR and FDA Compliance data	90%-95%	90%	~87%	82%

This two-year period also coincided with our initiatives to increase retail stores’ adoption of age-validation technology (described above). In 2022, we achieved wide adoption of this technology amongst retailers Altria’s sales force supports, and we established a measurement process to help us understand whether AVT was having the desired impact of improving retailer compliance with legal age of purchase laws. Data from 2022 through May 2024 shows a positive correlation between AVT adoption and fewer FDA compliance violations at retail stores (Figure 5).

Figure 5. Retail store violation rates with legal age of purchase laws (minor involved) for retailers within AGDC’s total US store list



Source: FDA CTP Violation Report from 10/2022-5/2024. AGDC Total US Store List as of 6.18.24. Salesforce FOCUS reporting as of 6.18.24. Stores in AGDC database were matched to FDA database by matching certain elements of a store’s address. Only data from successfully matched stores is included in the AVT and Non-AVT store data. Stores represented are identified as a match from both data sets FDA (total US) and AGDC (total US workload and non-workload stores). “AVT Stores” are stores within total US (workload / non-workload) with Salesforce FOCUS reporting indicator of AVT implementation and identified as a match from both data sets FDA (total US) and AGDC (total US workload and non-workload stores). Violation rates were calculated by AGDC based on Decision Date reported.

We regularly engage with trade partners, including as part of this Assessment. They expressed appreciation for Altria's commitment to underage access prevention and advocated for ongoing investments in training for retail store employees – particularly as the turnover rate for retail clerks is high, which creates an almost year-round need for trainings. They also acknowledged the value in ID scanning technology, like our AVT program, citing that these systems are particularly important in eliminating potential clerk subjectivity in conducting age-restricted product transactions.

Key Findings:

- AGDC's sales force does not disproportionately service more stores in communities of color than in less diverse geographies.
- AGDC's sales force calls on fewer stores, in number and proportion, in more racially/ethnically diverse geographies than in less diverse geographies.

Assessing Altria's Footprint at Retail

Altria maintains a database of the ~357,000 retail stores selling tobacco, including information as to whether the store participates in one of its tobacco operating company's retail trade programs and the amount of tobacco volume sold through the store. Altria's database does not, however, include information about the demographic characteristics of the communities where these stores are located. To understand our retail footprint in the context of and solely for the purpose of this Assessment, we created a separate database and amended it with select US Census data. More specifically, in this separate database we linked individual retail store-level data with race/ethnicity data from US Census zip code tabulation areas (ZCTA) by matching store zip code with its ZCTA. This amended datafile enabled us to investigate two research questions relevant to the Assessment:

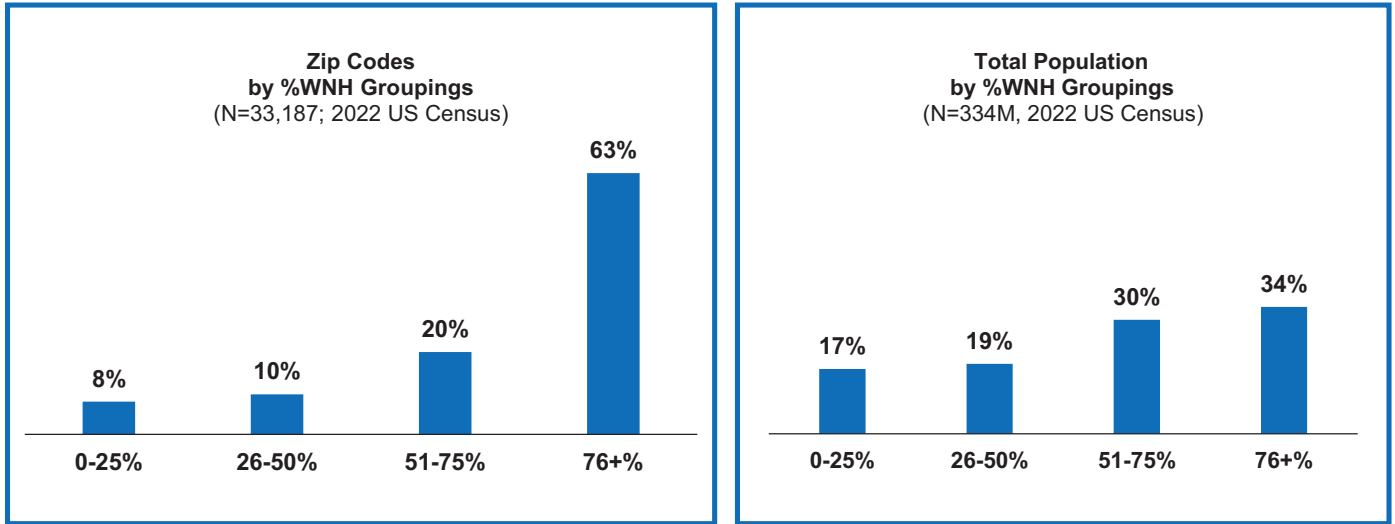
- *Does Altria disproportionately service more stores in communities of color?*
- *Does Altria account for disproportionately higher volume share in communities of color?*

Diversity of Communities

There is an array of individual characteristics and attributes that make people diverse. In these analyses, "diversity of community" is in relation to race/ethnicity and based on the proportion of the population in each zip code that is White-non-Hispanic (WNH). Since the majority of the US population is WNH, we characterize zip codes that are comprised of predominantly WNH individuals (51% or more) as less diverse geographies or communities and those that are comprised of smaller proportions WNH individuals (0-50%) as more diverse geographies or communities. More specifically, we segmented the stores into one of four groups based on the proportion of the population in each store's zip code that is WNH, ranging from 0-25% WNH (i.e., most diverse communities), 26-50% WNH, 51-75% WNH, to 76%+ WNH (i.e., least diverse communities).

Prior to segmenting the stores, we inspected the distribution of zip codes and corresponding population counts based on these four diversity groupings. Eighty-Three Percent (83%) of the country's zip codes cover areas where the proportion of WNH residents is 51% or greater (Figure 6). These areas are home to 64% of the US population. Seventeen percent (17%) of the country's population lives in those zip codes where the proportion of WNH residents is 25% or less, and another 19% of the population lives in areas where the proportion of WNH residents is 26-50%.

Figure 6. Percentage of zip codes and total US population by %WNH Groupings

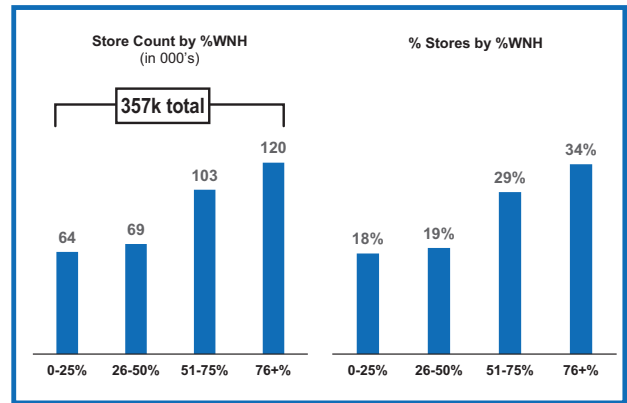


Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024; totals may not add to 100% due to rounding

When segmenting the stores by the four diversity groupings, we observe that the distribution of stores selling tobacco products aligns closely with the population distribution. Namely, of the roughly 357,000 stores selling tobacco products, 18% are in zip codes that are 0-25% WNH (Figure 7), consistent with 17% of the population living in these zip codes, and 19% are in zip codes that are 26-50% WNH, on par with the 19% of the population that lives in these zip codes. The remaining 63% of stores are in zip codes that are 51% or greater WNH, consistent with 64% of the population living in these zip codes.

This analysis shows that the number of stores that sell tobacco products in each grouping of zip codes based on diversity of residents is in proportion with the size of the population residing in those zip code groupings, regardless of its racial composition. Put another way, these results demonstrate that stores selling tobacco products are not disproportionately concentrated in communities of color.

Figure 7. Number of stores and percentage of stores selling tobacco products by %WNH Groupings



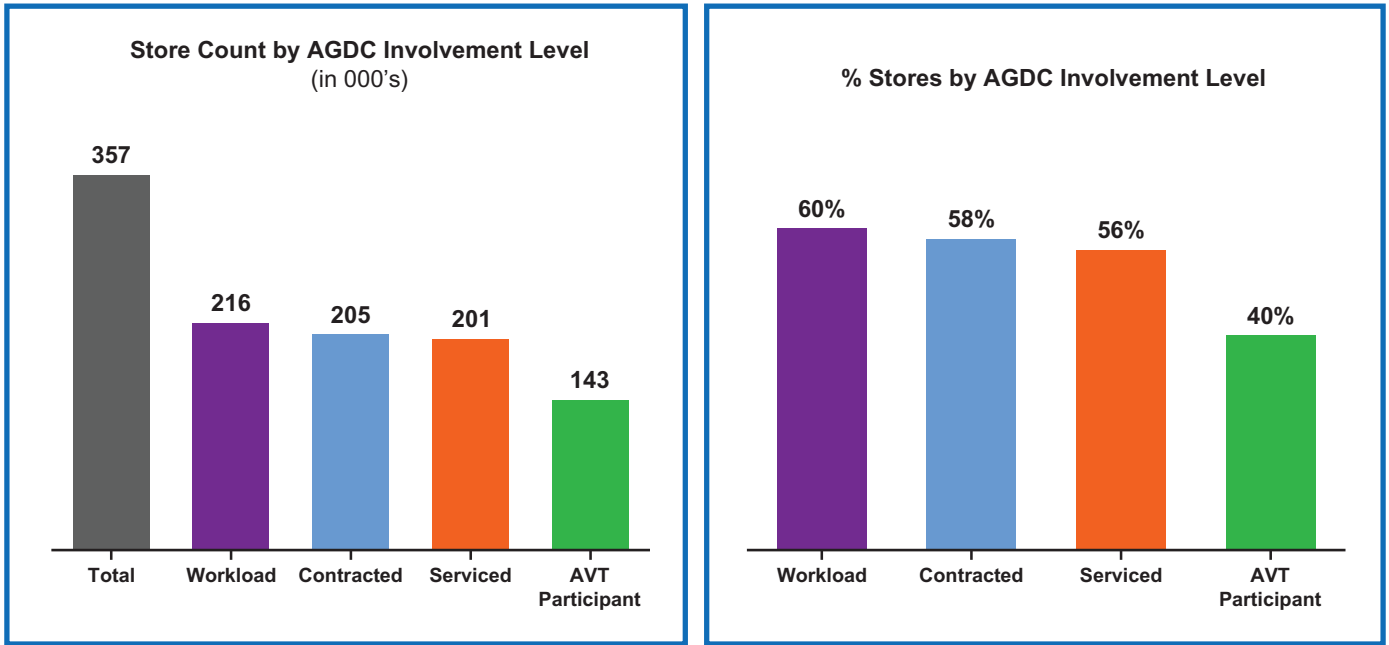
Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024

Altria’s Store-Level Engagement in Diverse Communities

AGDC, including its Field Sales Force, works to support retailers in the responsible sale of Altria’s tobacco operating company brands. The relationship between AGDC’s Field Sales Force and retailers they support varies in terms of level and type of support – from relatively light touch support through call centers; to additional levels of support for stores who have contracts with one or more of Altria’s tobacco operating companies (“Contracted” stores); to stores that our Field Sales Force visits in person (“Serviced” stores); to stores that receive additional support because they have elected to adopt AVT, supporting the electronic scan of a consumer’s government-issued identification (e.g., driver’s license) to purchase any tobacco product (“AVT Participant”).

Through AGDC, from 2020-2022, Altria had an active relationship with 216,000 (60%) of all US tobacco-selling stores – described as “workload” stores in Figure 8 below. Of those “workload” stores, 205,000 were Contracted stores, 201,000 Serviced stores, and 143,000 stores – representing 40% of all US stores selling tobacco – were AVT Participants.

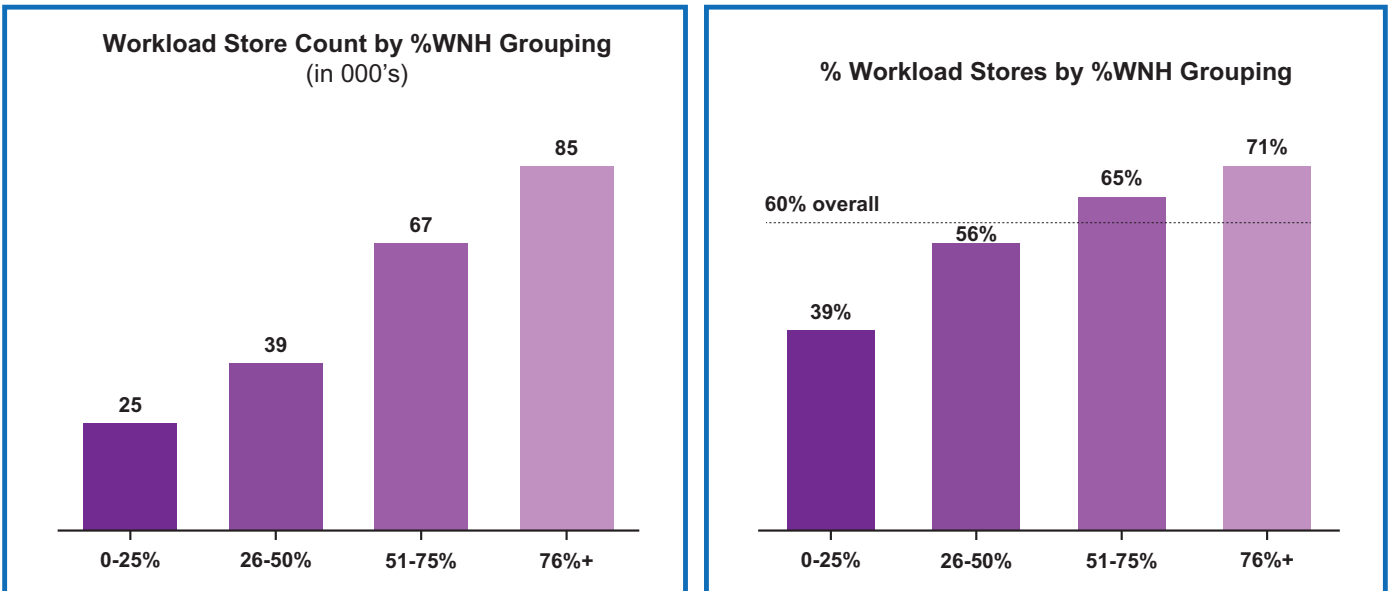
Figure 8. Number of stores and percentage of all stores selling tobacco covered at each level of Altria Group Distribution Company (AGDC) involvement



Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024

In terms of both number of stores and percentage of coverage, Altria’s store-level involvement is higher in stores located in less diverse geographies than in those in more diverse areas, with our percentage of coverage increasing as geographical diversity decreases. For example, Altria’s workload stores include roughly 85,000 stores located in zip codes where 76% or more of the residents are WNH (i.e., the least diverse geographies) and only about 25,000 stores in zip codes where 0-25% of the residents are WNH (i.e., the most diverse communities) (Figure 9).

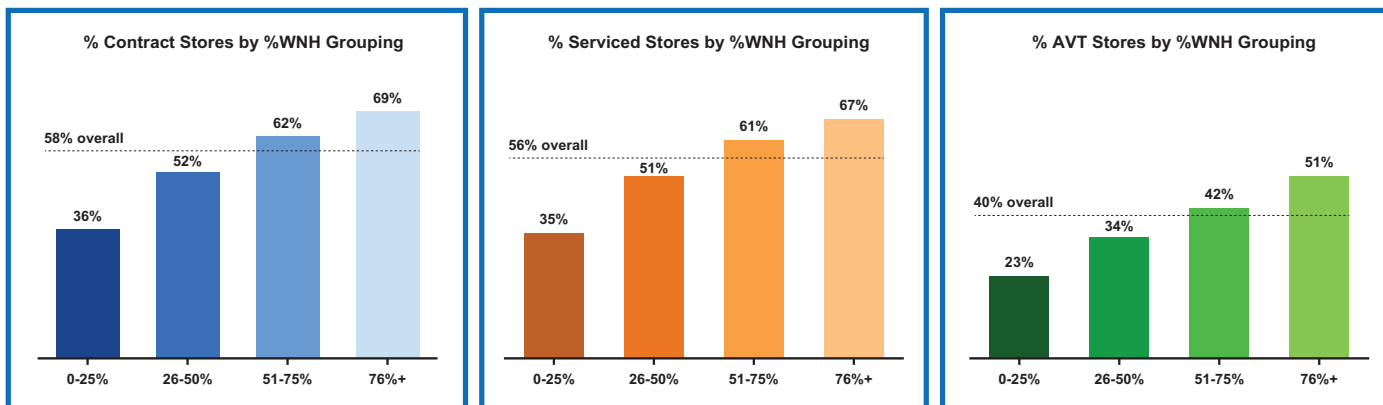
Figure 9. Altria Group Distribution Company (AGDC) workload stores in number and percentage of all stores selling within each %WNH Grouping



Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024

Accounting for the total number of stores selling tobacco in those geographies, the picture remains the same. Altria’s workload stores cover 71% of the stores selling tobacco in the least diverse geographies; whereas Altria’s workload stores cover just 39% of the stores selling tobacco in the most diverse geographies (Figure 9). This pattern is consistent across the other levels of Altria store engagement: contracted, serviced and AVT (Figure 10). Altria store-level involvement – workload, contracted, serviced and AVT – is higher, in terms of number of stores and percentage of coverage, in stores located in less diverse geographies than in those in more diverse areas.

Figure 10. Altria Group Distribution Company (AGDC) contract, serviced and AVT stores as percentage of all stores selling within each %WNH Grouping



Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024

Areas for Improvement

- We believe there is opportunity to encourage adoption of AVT at more stores and in more racially/ethnically diverse communities.** According to our trade partners, implementing these technologies is cost-prohibitive for many retailers. Altria’s support in incentivizing the transition has been and will continue to be welcome. We see positive correlations between the degree of our presence and involvement with retail stores and their success with underage access prevention, including compliance with legal age of purchase laws.
- We believe our relatively lower engagement with retailers in communities of color could be a barrier to more successful underage access prevention and wider tobacco harm reduction initiatives for adults, and there is perhaps more that we can do to support retailers in these communities.** Data shows that Altria’s sales force services fewer stores, in number and proportion, in more racially/ethnically diverse geographies than in less diverse geographies. As we consider retailer engagement to support adult smokers switching to smoke-free products, enhancing our presence with retailers in communities of color may improve access to smoke-free products and accurate information about them.
- We believe there is opportunity to strengthen our understanding and use of FDA compliance data.** There are many “unknowns” in the compliance data available through the FDA, including 1) clarity around the brand and product types that are associated with the compliance visits; 2) consistency in methodology and approach across each state conducting visits, including the type and location of stores selected; and 3) delays in timing for the reporting of data. Clarity around these data may produce additional insights to help us create more effective underage access prevention solutions to help us achieve the 90 – 95% retailer compliance goal.

- **We believe our responsible marketing practices have been effective in preventing tobacco product use among non-users and youth, and in preventing targeting toward specific tobacco user populations, including communities of color.**

Key Findings:

- Altria's responsible marketing practices include robust infrastructure that focuses on compliance with legal and policy requirements, policies, mandatory training, and internal and external controls that prevent targeting youth and diverse communities.
- Altria's operating companies' products do not account for disproportionately higher volume share in communities of color than in less diverse geographies.
- Altria operating companies' volume share is lower in stores in more racially/ethnically diverse geographies than in less diverse geographies.
- Cigarette smoking among adults has declined over time, and no race/ethnicity is disproportionately over-represented among cigarette users.
- Black smokers are much more likely to smoke menthol cigarettes than any other race/ethnicity but are under-represented among *Marlboro* consumers.
- The race/ethnicity distribution of *Black & Mild* consumers is generally in-line with the distribution for the large machine-made cigar category, although it skews toward non-Hispanic Black consumers.

The focus of our tobacco companies' marketing programs across brands is to responsibly grow market share by enhancing brand awareness, rewarding loyalty and driving adult tobacco consumers to switch from competitive brands to our smoke-free products – all while limiting our reach to unintended audiences, including adult non-users and those under the legal age to purchase tobacco products.

Our tobacco companies' marketing is intended to appeal to current adult tobacco consumers and have broad appeal across that population, with the exception of Virginia Slims which is positioned to appeal to female adult smokers. As with any consumer product, it is important for our tobacco operating companies' brands to connect with the consumers of those brands or competitive tobacco product brands, and our tobacco operating companies do so through several traditional means employed by other consumer packaged goods companies. However, as a product intended only for current adult tobacco consumers, it's important that these brand connections with consumers are executed in the most responsible ways possible. Examples of our tobacco companies' responsible marketing practices include:

- connecting with age-verified adult tobacco consumers through direct mail, email, websites and retailer apps (e.g., to offer coupons, price promotions and rewards programs);
- supporting product launches in adult-only facilities;
- working with retailers to merchandise tobacco products responsibly (e.g., to ensure non-self-service retail displays and appropriately placed signage);
- denying requests to use their brands in movies, television, video games and other entertainment media; and
- advertising only in publications that meet the FDA's proposed criteria for an adult publication.

Key Finding: Altria's responsible marketing practices include robust infrastructure that focuses on compliance with legal and policy requirements, policies, mandatory training, and internal and external controls that prevent targeting youth and diverse communities.

We work hard to instill a culture of responsibility throughout our brand management and sales organizations and with our business partners, including third party marketing vendors and advertising agencies. Our marketing practices comply with all applicable laws and regulations, restrictions and requirements in the 1998 Tobacco Settlement Agreements, as well as all FDA regulations and requirements specified in FDA marketing granted orders where appropriate.

The Audit department's Governance Maturity Assessment inventoried and reviewed the defined governing policies and procedures for Responsible Marketing and determined that standardized and documented controls exist, with proper oversight and support from Altria executives and the Board. Our Audit department also assessed how information, requirements and expectations are communicated to employees, and found that requirements and expectations are codified in company policies and procedures which are readily available and accessible to employees.

Examples of Altria's control environment include:

- **Defined Policies and Procedures:** Our Responsible Marketing practices are governed by several internal policies, including Altria's Code of Conduct, Product Communication Policy, Supplier Relationship Management Procedure, and Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy. The

Audit department's Governance Maturity Assessment found that proper oversight and support from Altria executives and the board was evidenced and codified policies and procedures exist across all scope areas. They also observed that the "Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy" addresses requirements for only traditional tobacco products only. The Audit department recommended developing a new marketing policy for "innovative" tobacco products, which include any outside of the named products in the existing policy.

- **Employee and Supplier Training:** All marketing employees, key personnel, marketing vendors and advertising agencies are required to undergo initial training on our Marketing policy and practices, followed by mandatory refresher training on a regular and planned schedule. The Governance Maturity Assessment acknowledged a robust training and knowledge building process for Responsible Marketing. Corporate Audit also observed that some training is performed manually (not systematically) and, in some cases trainings and policies have not been updated to incorporate changes in our businesses. The Audit department recommended utilizing systematic training for all training where possible and performing a review of policies and procedures to incorporate changes in our businesses into trainings in a timely manner.
- **Responsible Data Collection that Mitigates Risks of Targeting and Reaching Unintended Audiences:** For the purposes of connecting one-on-one with adult tobacco consumers, Altria retains a database of age-verified adult tobacco consumers in what we call the "Adult Tobacco Consumer Database" (ATCD). Identity data on individuals known to be under age 21 is not collected or stored. Before any individual's information is added to the ATCD, they must pass an Electronic Age and Identity Verification process, performed by a third party, to verify they are at least 21 years of age and that they are who they say they are. The individual also confirms that he or she is a current tobacco consumer. The third party maintains and manages the ATCD, collecting and storing personally identifiable information, such as name and address; however, race/ethnicity and gender information are not collected. As such, some data analyses are unavailable to us, including understanding the race/ethnicity of consumers in our database who receive one-to-one marketing materials such as coupons or information about rewards programs.

We also store consumers' brand preferences in the ATCD. Our internal policies and guidelines limit sharing of that information between tobacco operating companies, based on the continuum of tobacco product risk. For example, PM USA marketing employees may *only* access ATCD information for consumers who have indicated they are current smokers. They cannot access ATCD information for smokeless or smoke-free product consumers. However, marketing employees of our operating companies that manufacture and market smoke-free products may contact current smokers in the database with information or materials encouraging switching to smoke-free products. Systematic access provisioning allows employees to only access data that is relevant to their role and the operating company they work for, preventing them from viewing restricted information.

Our Regulatory Sciences researchers collect adult tobacco consumer demographic information, including race/ethnicity data, for the purposes of supporting FDA filings and informing our tobacco harm reduction strategies. This information is walled off and systematic access controls allow only employees with designated Regulatory Science roles to access the data.

- **Marketing Compliance Review Process:** Our compliance review process includes controls designed to maintain adherence of marketing materials to all legal, regulatory and internal policy requirements in the development of consumer advertising materials. We conduct annual education sessions for employees in our operating companies, AGDC and ALCS so that they are well-informed about efforts to prevent underage use. Codified policies and procedures require employees to:
 - create marketing materials and programs that comply with all legal requirements, our code of conduct, 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 representations about our companies' products before making such representations; and
 - never market our companies' products to underage persons.

The Master Settlement Agreement (MSA) requires that participating cigarette manufacturers, including PM USA, restrict certain advertising, sponsorship, lobbying, and litigation activities, particularly certain activities seen as targeting youth (like tobacco billboards, cartoon advertising and event sponsorship). A separate Smokeless Tobacco Master Settlement Agreement (STMSA) similarly restricts the activities of USSTC. State Attorneys General monitor and enforce the MSA and STMSA. Neither PM USA nor USSTC have ever been the subject of an enforcement action under these settlement agreements, including between 2020 and 2022.

Additionally, the FDA provides important oversight of tobacco companies' marketing practices. As part of our premarket tobacco product applications (PMTAs) for new tobacco and nicotine products, we submit information about potential future marketing plans to the FDA. If a new product receives FDA authorization and is placed on the market, the FDA requires us to regularly submit post-market surveillance reports, which include extensive information about how the new product is marketed, sold and used. These reports generally must include, among other things, a description of any targeting of specific groups by age or other demographic characteristics like race/ethnicity. These reports help identify potential issues related to the product or its marketing at an early stage, so that prompt corrective action can be taken. We continue to advocate for FDA to impose consistent, high standards for marketing of all tobacco and nicotine products.

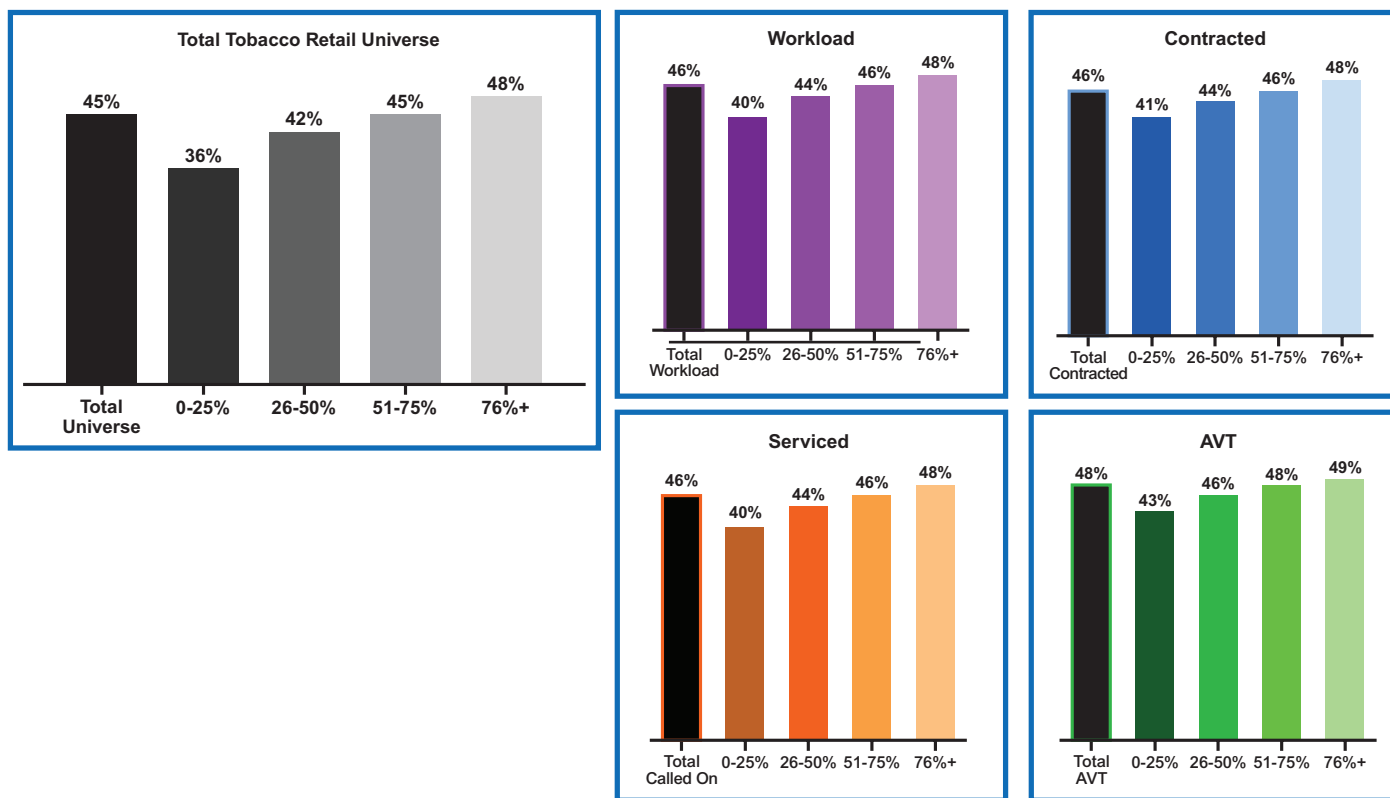
Key Findings:

- Altria's operating companies' products do not account for disproportionately higher volume share in communities of color than in less diverse geographies.
- Altria's operating companies' volume share is lower in stores in more racially/ethnically diverse geographies than in less diverse geographies.

Note: The following findings rely on the analysis discussed in the prior section which assessed Altria's footprint at retail from 2020-2022

Altria volume share across all stores selling tobacco and by each coverage type – workload, contract, in-person visits, and AVT – is higher in stores in less diverse geographies than in more diverse areas. For all tobacco product categories combined (cigarettes, oral tobacco and large machine-made cigars) across all stores selling tobacco, Altria's tobacco operating companies accounted for 45% of total volume (Figure 11). When segmenting stores by diversity of store location, Altria's volume share is highest (48%) in stores in the least diverse geographies and lowest (36%) in the most diverse geographies. Likewise, across all store coverage types, Altria's volume share is consistently highest in the least diverse geographies and lowest in the most diverse geographies.

Figure 11. Altria volume share* overall and within each %WNNH Grouping: Total tobacco retail universe and by each coverage type (workload, contracted, serviced, and AVT)

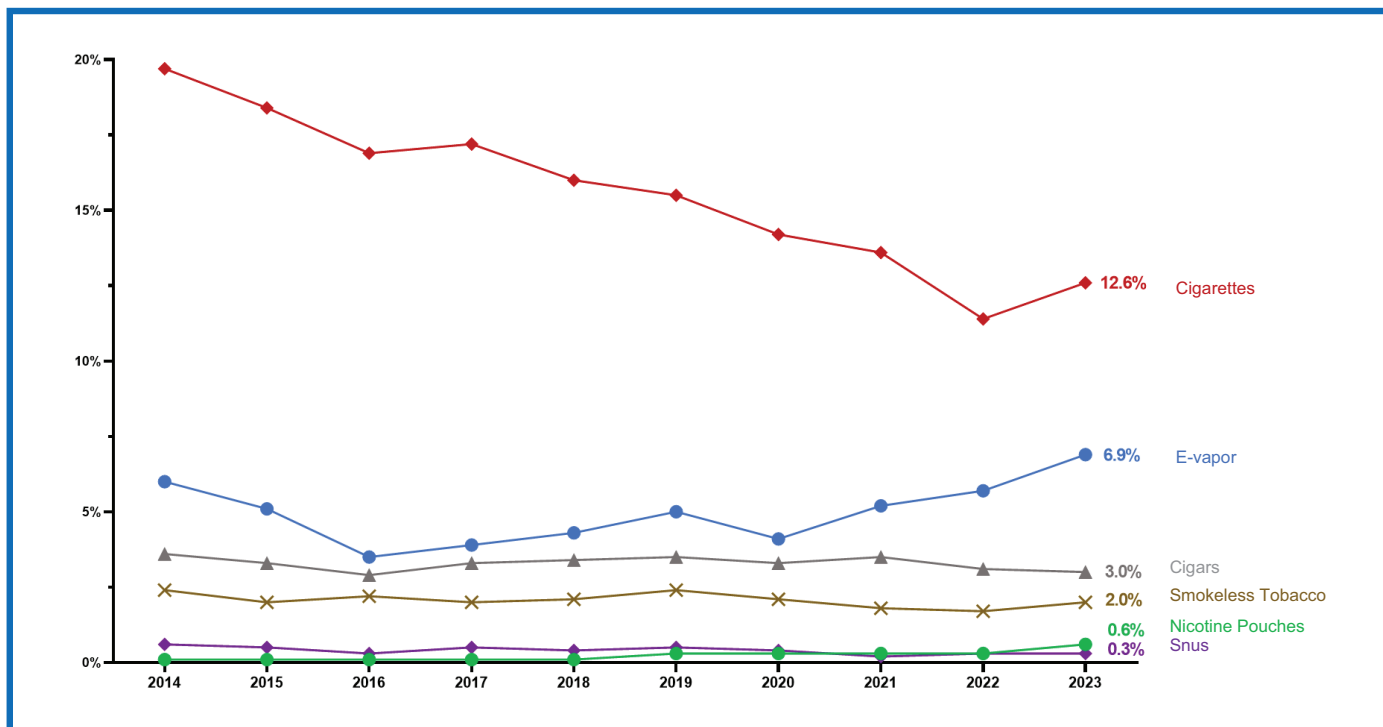


*Source: ALCS Technical Report – Store Data Assessment in Support of Internal Equity Assessment Initiative, February 2024; *volume based on equalized volume share of cigarette, oral tobacco and large machine (LM) cigar industries*

Key Finding: Cigarette smoking among adults has declined over time, and no race/ethnicity is disproportionately over-represented among cigarette users.

Based on data from Altria’s Adult Tobacco Consumer Tracker (ATCT)⁴, 12.6% of adults (21+) reported current smoking in 2023, down from 19.7% in 2014, representing a 36% decline (Figure 12). Cigar and moist smokeless tobacco use have remained fairly stable over this period, while e-vapor use declined from 6.0% in 2014 to 3.5% in 2016, before increasing over time to 6.9% in 2023.

Figure 12. Percentage of adults (21+) who report using tobacco products in the past 30 days (ALCS ATCT, 2014-2023)



Source: ALCS Adult Tobacco Consumer Tracker (ATCT), 2014-2023

Using data from ATCT, we took a similar approach as described earlier to examine whether certain race/ethnicities were over- or under-represented among adult (21+) tobacco users. The racial/ethnic distribution of adult tobacco users varies across tobacco products. However, no race/ethnicity is disproportionately over-represented among cigarette users (Table 5).

- Non-Hispanic White tobacco consumers are over-represented among MST users and under-represented among large machine-made (LM) cigar users.
- Non-Hispanic Black tobacco consumers are over-represented among cigar smokers (including the sub-category of LM cigars), and are under-represented among e-vapor, MST, and nicotine pouch users.
- Hispanic tobacco consumers are under-represented among cigarette smokers and MST users.

These findings reflect category-level data and are not specific to consumers of Altria’s products. We include LM cigars in our analysis because our leading cigar brand, Black & Mild, competes in that sub-category.

⁴ Our Adult Tobacco Consumer Tracker (ATCT) is a nationally representative, mixed-mode tracking survey designed to measure tobacco use prevalence and transition behavior by category and segment among civilian, noninstitutionalized adults in the U.S. The ATCT has been in continuous operation since July 2013.

Table 5. Race/ethnicity distribution of adults (21+) overall and within tobacco product user groups (ALCS ATCT, 2020-2022 combined)

Race/ Ethnicity	Overall Population	Current Cigarette Smokers	Current Cigar Smokers (all types)	Current LM Cigar Smokers	Current E-vapor Users	Current MST Users	Current Nicotine Pouch Users
NH-White	63.5%	68.2%	55.2%	45.4%	65.5%	83.7%	74.0%
NH-Black	11.9%	10.7%	18.4%	28.7%	6.9%	1.8%	2.0%
Hispanic	16.1%	12.7%	17.1%	16.0%	17.9%	7.4%	15.6%
NH-Other	8.6%	8.4%	9.3%	10.0%	9.7%	7.1%	8.4%
Total*	100.1%	100%	100%	100.1%	100%	100%	100%

Source: ALCS Adult Tobacco Consumer Tracker, ATCT, 2020-2022, 36-month combined data

Notes: pink shade = percentage is > 1.2 times population percentage (over-representation); gray shade = percentage is < 0.8 times population (under-representation). LM = large machine-made cigars. *Totals may not sum to 100% due to rounding.

Key Finding:

- Black smokers are much more likely to smoke menthol cigarettes than any other race/ethnicity, but they are underrepresented among *Marlboro* consumers.
- The race/ethnicity distribution of *Black & Mild* consumers is generally in-line with the distribution for the large machine-made cigar category, although it skews toward non-Hispanic Black consumers.

Eighty percent (80%) of non-Hispanic Black adult (21+) smokers report that they smoke menthol cigarettes. This is greater than the proportion of Hispanic (40%), non-Hispanic Other race/ethnicity (34%) and non-Hispanic White (25%) smokers who report smoking menthol cigarettes.

Table 6. Percentage of adult (21+) smokers who report use of menthol and non-menthol cigarette use, overall and within race/ethnicity (ALCS ATCT 2020-2022, 36-month combined data)

Menthol Status	Adult Smokers (21+) Overall	NH-White Adult Smokers	NH-Black Adult Smokers	Hispanic Adult Smokers	NH-Other Adult Smokers
Menthol	33%	25%	80%	40%	34%
Non-menthol	61%	69%	17%	54%	58%
No Usual/Don't know	6%	6%	3%	6%	8%

Source: ALCS Adult Tobacco Consumer Survey, ATCT, 2020-2022, 36-month combined data; percentages rounded to whole number

Our tobacco companies' brands *Marlboro*, *Copenhagen*, and *Skoal* are predominantly used by non-Hispanic White adult tobacco consumers generally on par with proportions in the respective categories as shown in the Table 7. Of note, only 2% of *Marlboro* consumers are non-Hispanic Black, much smaller than their representation in the cigarette category overall (11%). In contrast, 75% of *Marlboro* consumers are non-Hispanic White. In addition, when focusing just on *Marlboro* menthol consumers (not shown in Table), only 5% of those consumers are non-Hispanic Black (67% are non-Hispanic White).⁵ In sum, compared to their representation in the cigarette category overall, non-Hispanic Black adult smokers account for a disproportionately small share of *Marlboro* consumers regardless of whether they smoke menthol or non-menthol cigarettes.

In the cigar category, where Middleton competes with the brand *Black & Mild*, 45% of the category is non-Hispanic White, while a slightly smaller proportion (41%) of *Black & Mild* consumers are non-Hispanic White (Table 7). On the other hand, 29% of the category is non-Hispanic Black, while a slightly larger proportion (34%) of *Black & Mild* consumers is non-Hispanic Black.

⁵ ALCS Awareness and Usage Study, 2020-2022 data aggregated, Accessed March 2024

Table 7. Race/ethnicity distribution by tobacco category overall and by select brands, 2020-2022 combined

Race/Ethnicity	Adult (21+) Consumers in Cigarette Category	Adult <i>Marlboro</i> Consumers	Adult Newport Consumers	Adult Camel Consumers
NH-White	68%	75%	35%	68%
NH-Black	11%	2%	40%	4%
Hispanic	13%	14%	17%	18%
NH-Other	8%	9%	8%	10%
Race/Ethnicity	Adult (21+) Consumers in MST Category	Adult <i>Copenhagen</i> Consumers	Adult <i>Skoal</i> Consumers	Adult Grizzly Consumers
NH-White	84%	85%	82%	86%
NH-Black	2%	1%	2%	3%
Hispanic	7%	9%	10%	7%
NH-Other	7%	5%	6%	5%
Race/Ethnicity	Adult (21+) Consumers in LM Cigar Category	Adult <i>Black & Mild</i> Consumers	Adult Swisher Consumers	Adult Backwoods Consumers
NH-White	45%	41%	51%	49%
NH-Black	29%	34%	23%	23%
Hispanic	16%	17%	16%	14%
NH-Other	10%	8%	10%	14%

Sources: Category data – ALCS ATCT Study 2020-2022; Brand data – ALCS A&U Study 2020-2022, accessed March, 2024

Note: **Italicized text** denotes Altria tobacco operating company brands.

Areas for Improvement

- **We will implement a new marketing policy for “innovative” products – those that are not covered by our current “Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy”.** While our Governance Maturity Assessment acknowledged an adequate control environment for Responsible Marketing, Corporate Audit observed that the current marketing policy addresses requirements only for traditional tobacco products. Management confirmed that work is actively underway to implement a new marketing policy for innovative products.
- **We will extend responsible marketing training to all Altria employees, beyond marketing employees.** While our Governance Maturity Assessment acknowledged a robust training and knowledge building process for Responsible Marketing, Audit recommended utilizing systematic training for all training where possible, and performing a review of policies and procedures to ensure recent business changes are incorporated into trainings in a timely manner. Management agreed to implement these recommendations. In addition, management notified Audit that going forward, they will require Marketing Compliance training for all Altria employees, not just employees in specific roles.

➤ **We believe we are not making enough progress on tobacco harm reduction, especially for adult smokers.**

Key Findings:

- Our cessation support strategies are successful in supporting our intended outcomes, but there are opportunities to support more successful cessation for diverse populations – particularly among Black adult tobacco consumers who have lower success rates than White or Hispanic consumers.
- More needs to be done to support adult smokers in communities of color who can't or won't quit and are interested in switching to smoke-free products; particularly among Black smokers, who are under-represented among switchers, and also among Black and Hispanic smokers, who are more likely than others to misperceive the harm of nicotine.
- Altria's tobacco operating companies had very few innovative, smoke-free products on the market during the scope period, despite efforts to expand their portfolio of such products.
- Altria's regulatory engagement and public policy advocacy efforts are strategically aligned to support tobacco harm reduction; yet, the external environment, including regulatory challenges, poses barriers to success.

We believe Altria's efforts to advocate for harm reduction, not prohibition, as the proper framework for tobacco regulation are consistent with the growing public health community consensus that smoke-free products present considerably less risk than combustible tobacco products. For adult tobacco consumers concerned about the health effects of tobacco use, the best thing to do is quit. For adult smokers who can't or won't quit, reducing harm might mean switching from combustible cigarettes or cigars to a less harmful, smoke-free alternative.

The FDA has comprehensive regulatory authority over all tobacco and nicotine containing products. This regulatory framework is essential to ensuring that science-and- evidence based decisions by FDA determine which smoke-free products are appropriate for the protection of public health and warrant marketing authorization in the United States.

Key Finding: Our cessation support strategies are successful in supporting our intended outcomes, but there are opportunities to support more successful cessation for diverse populations – particularly among Black adult tobacco consumers who have lower success rates than White or Hispanic consumers.

Note: These findings are based on analyses of national datasets at the category level and are not specific to consumers who desire to quit Altria's products.

Quitting smoking is difficult. Stress/anxiety, withdrawal symptoms, and other factors are barriers to successful quitting.⁶ Nevertheless, over time, millions of adult smokers have quit. Approximately 60% of adults (21+) who were ever-established cigarette smokers are now former smokers.⁷

The quitting journey is often characterized by multiple quit attempts and high relapse rates. While many adult smokers are interested in quitting and do try to quit, much fewer are successful in doing so in a given year. Approximately 70% of adult smokers express interest in quitting and 55% attempt to quit, but only about 9% successfully quit each year.⁸ Additionally, in a 12-month period, about 70% of smokers who try to quit make more than one attempt, and for about two-thirds of these smokers their longest successful attempt is no more than one month.⁹

Altria's Cessation Support Strategy

We are committed to continuously evolving our cessation support strategy for adult tobacco consumers who want to quit. Principles of accessibility and equity guide our efforts. We strive to support the quitting journey of a diverse set of adult tobacco consumers who have decided to quit a range of different tobacco products – not just cigarettes. The cornerstone of our strategy is QuitAssist®, a free online resource, provided by Altria's tobacco operating companies and designed to help connect adult tobacco users who have decided to quit with expert quitting information.

⁶ 2021 ALCS Equitable Cessation Qualitative Research: a qualitative study among low SES current smokers planning to quit and recent former smokers

⁷ ALCS Adult Tobacco Consumer Tracker Regulatory Report; adults 21+, January to June 2023 6-month combined data; ever-established smokers are individuals who had ever smoked 100 or more cigarettes in their lifetime. 60% is based on 53.2M adult (established) former smokers among 88.6M ever established adult smokers.

⁸ VanFrank, B; Malarcher, A; Cornelius, ME; Schechter, A; Jamal, A; Tynan, M. Adult Smoking Cessation – United States, 2022. MMWR Morb Mortal Wkly Rep 2024; 73:pages 633-641. Data from National Health Interview Survey, NHIS, 2022. Percentages reported 67.7% interested in quitting, 53.3% attempted to quit in past year and 8.8% successfully quit.

⁹ Data from TUS-CPS 2014-2015, adapted from Table 2.14 of Smoking Cessation: A Report of the Surgeon General, 2020

In 2020, we added focused support to help adults ages 18-20, who wanted to quit now that they could no longer purchase tobacco legally due to the increase in the federal legal age of purchase to 21. We also aimed to provide resources for parents and caring adults to help young people quit tobacco use. To achieve these objectives, we invested more in digital advertising and online search to raise awareness of the expert tips and resources available on QuitAssist. Additionally, we revamped the QuitAssist website to offer updated resources and increase representation on the site of diverse adult tobacco consumers who have chosen to quit. We specifically focused on population groups with the greatest need for quitting resources, such as Black and LGBTQ+ adult tobacco consumers. Between 2020 and 2022, we successfully met our annual goals of increasing QuitAssist site visits year over year (Table 8).

While we had been successful in increasing site visits to QuitAssist year over year, we did not have the ability to distinguish between new and repeat visitors. We also observed that the average length of a visit to the website is less than one minute. This data was not concerning because the goal of QuitAssist is to make sure that adult tobacco consumers who have decided to quit are able to quickly and easily find expert public health resources that may help them do so. However, understanding this data helped us evolve our QuitAssist performance indicators to what we believe is a stronger measure of effectiveness: the click-through rate for the outbound links that take visitors to expert quitting resources. We introduced these measurements in 2021 and have been able to make progress toward our goals of increasing outbound link clicks (Table 8).

Table 8. QuitAssist® website goals and metrics 2020-2022

Goals	2020	2021	2022
Increase Annual QuitAssist® Site Visits, year over year – by 50% in 2020, and 100% in 2021 and 2022	~339k (+248%)	~808k (+138%)	~1.3M (+63%)
Increase Total Outbound Link Clicks	N/A	~34k	~125k
Increase Outbound Links Clicks on Adolescent Cessation Resources	N/A	623	~5k

Note: Prior to 2021, we tracked site visits as our primary metric of QuitAssist reach. In 2021, we began tracking outbound link clicks as a metric of the site’s effectiveness in connecting visitors to expert quitting resources. N/A indicates a year in which a performance metric was not assessed.

In 2020 we also evaluated and updated our holistic cessation support strategy for 2021 through 2025. We began implementing this strategy in 2021. With a data-informed approach, we aimed to reduce barriers to cessation resources and information for Black and LGBTQ+ adult tobacco consumers who have decided to quit. We piloted a grant initiative in Richmond, Virginia in 2022 to deepen our understanding of the individual, social and environmental barriers that prevent people, including Black and LGBTQ+ populations, from successfully quitting tobacco and to inform strategies for reducing these barriers.

Successful Cessation for Diverse Populations

Success in quitting differs across population groups. Based on 2022 data from the National Health Interview Survey (NHIS) examining quitting behavior over the prior 12 months, the percentage of non-Hispanic Black smokers who succeed in quitting (7.3%) is lower than that for non-Hispanic White (8.7%) and Hispanic smokers (10.9%) (Table 9). Adult smokers at low and middle income levels have lower quitting success (7.5% and 7.8%, respectively) than those at the high income level (11.9%), and successful quitting is generally associated with higher education attainment, ranging from 4.0% among adult smokers without a high school diploma to 16.8% among those with graduate degrees. Younger adult smokers have higher quitting success than older smokers, ranging from 15.3% among 18–24-year-olds down to 5.6% among those 45 years old or older. Adult smokers without health insurance tend to have lower quitting success (6.2%) than those who are insured.¹⁰

¹⁰ The exception is in comparison to adult smokers ≥ 65 years of age who have Medicare only, of whom only 5.3% report successful quitting.

Table 9. Smoking cessation indicators among adults smokers (18+) by demographic and socioeconomic characteristics (NHIS, 2022)

Characteristic		Interested in Quitting	Past-Year Quit Attempt	Recent Successful Cessation
TOTAL		67.7%	53.3%	8.8%
Sex	Men	67.1%	53.4%	8.7%
	Women	68.5%	53.1%	8.9%
Age Group, yrs	18-24	56.5%	74.4%	15.3%
	25-44	70.2%	57.9%	12.4%
	45-64	69.9%	47.5%	5.6%
	≥65	60.1%	48.6%	5.6%
Race and Ethnicity	Black, non-Hispanic	70.3%	57.1%	7.3%
	White, non-Hispanic	68.4%	50.9%	8.7%
	Hispanic or Latino	64.2%	56.0%	10.9%
Level of Education (among adults aged ≥25)	≤12 yrs, no diploma	64.3%	47.7%	4.0%
	High school diploma	69.2%	51.3%	7.4%
	Some college (no degree)	69.0%	52.5%	9.4%
	Associate degree	73.6%	51.5%	8.3%
	Bachelor's degree	68.4%	55.8%	14.8%
	Graduate degree	67.8%	64.9%	16.8%
Income to Poverty Ratio (Income Level)	0-1.99 (low)	65.6%	52.9%	7.5%
	2.00-3.99 (middle)	68.8%	52.8%	7.8%
	≥4.00 (high)	70.0%	54.4%	11.9%
Health Insurance Coverage	Private	70.9%	54.7%	10.0%
	Medicaid (including dual eligibility)	66.0%	53.5%	9.2%
	Medicare only (aged ≥65)	62.4%	50.0%	5.3%
	Other public insurance	64.5%	52.8%	8.2%
	Uninsured	64.3%	49.5%	6.2%

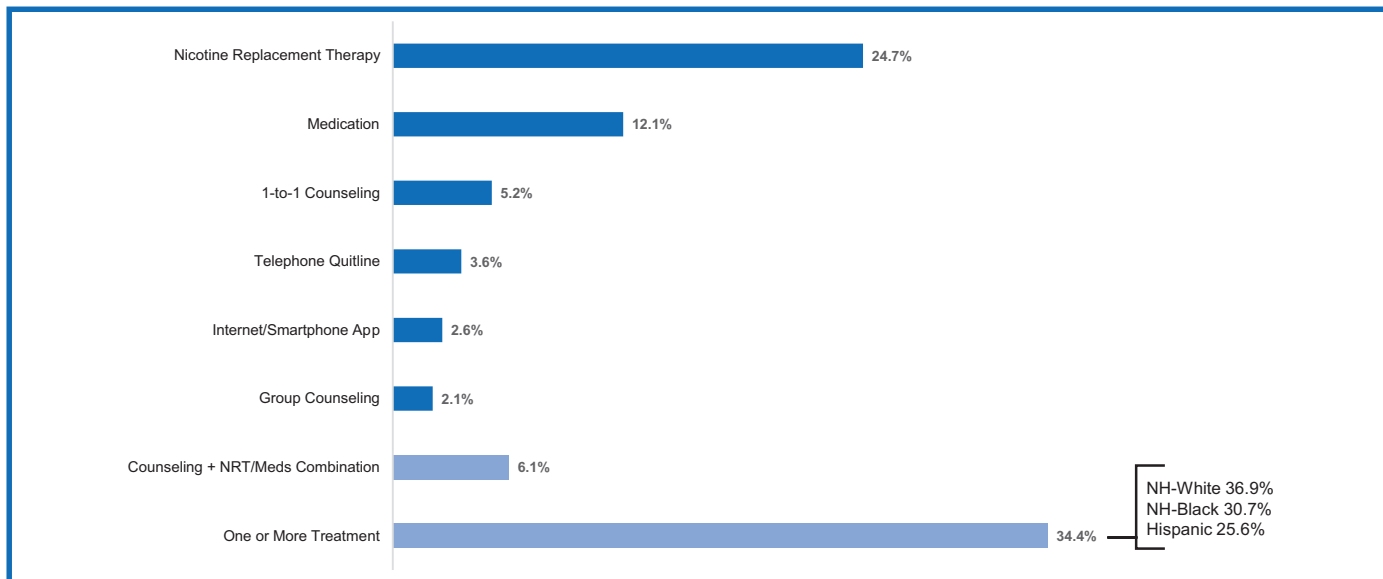
Source: Adapted from Table 1 reported in VanFrank, B; Malarcher, A; Cornelius, ME; Schechter, A; Jamal, A; Tynan, M. Adult Smoking Cessation – United States, 2022. *MMWR Morb Mortal Wkly Rep* 2024; 73:pages 633-641. Data from National Health Interview Survey, NHIS, 2022.

There are several facilitators to successful quitting, such as positive support networks and stress management.¹¹ Access to cessation aids and resources is another important facilitator to quitting, and many smokers use one or more treatment methods to help them quit (Figure 13). There are demographic differences in the use of cessation treatments. Overall, about one-third of smokers attempting to quit use at least one treatment method (e.g., nicotine replacement therapy, medication, counseling, web/smartphone app). However, non-Hispanic Black (30.7%) and Hispanic smokers (25.6%) are less likely to use a cessation treatment than non-Hispanic White smokers (36.9%) (Figure 13).

The available data clearly indicates demographic differences in successful quitting and utilization of cessation treatments. More research is needed to understand the root causes for these differences.

¹¹ 2021 ALCS Equitable Cessation Qualitative Research: a qualitative study among low SES current smokers planning to quit and recent former smokers

Figure 13. Prevalence of quitting strategies among adult smokers trying to quit (TUS-CPS, 2018-2019)



Source: Leventhal AM; Dai, H; Higgins, ST (2022). Smoking Cessation Prevalence and Inequalities in the United States: 2014-2019. JNCI J Natl Cancer Inst, 114(3). Data drawn from pooled analyses of TUS-CPS 2018-2019 and reported in Table 5); analytic sample includes quit attempters and former smokers who quit in past year.

Key Finding: More needs to be done to support adult smokers in communities of color who can't or won't quit and are interested in switching to smoke-free products; particularly among Black smokers, who are under-represented among switchers, and also among Black and Hispanic smokers who are more likely than others to misperceive the harm of nicotine.

For smokers who can't or won't quit, switching to FDA-authorized smoke-free products can reduce the health impacts of combustible tobacco product use.

Approximately 17% of lifetime adult smokers (i.e., current adult tobacco consumers who have smoked 100+ cigarettes in their lifetime) who reported current use of tobacco, reported current use of only smoke-free tobacco products, based on ATCT data.¹² However, like quitting, switching varies across different demographic and socioeconomic groups. For example, non-Hispanic Black smokers comprise 10.3% of all lifetime smokers who reported current use of tobacco but only 4.8% of all switchers (i.e, lifetime smokers who reported current use of only smoke-free tobacco products) (Table 10). Non-Hispanic White lifetime smokers, in contrast, comprise 68.5% of all lifetime smokers who reported current use of tobacco and 72.7% of all switchers. Like non-Hispanic Black smokers, older and lower income lifetime smokers are also under-represented among switchers.

¹² ALCS Adult Tobacco Consumer Tracker, ATCT Switching Landscape Report, Q3-Q4 2022 P30D Snapshot
2024 Equity & Civil Rights Assessment Report

Table 10. Demographic distributions of lifetime adult (21+) cigarette smokers who report current tobacco use and switchers

Demographic Characteristic		Lifetime Adult Smokers (Current ATCs who have smoked 100+ cigarettes in their lifetime) (34.6 million)	Switched to Smoke-Free (Current ATCs who have smoked 100+ cigarettes in their lifetime and reported current use of only a smoke-free tobacco product) (5.8 million)
Sex	Male	57.7%	62.8%
	Female	42.3%	37.2%
Age	Mean Age	47.6 years	40.0 years
	21-29	11.0%	25.1%
	30-49	44.5%	50.1%
	50+	44.5%	24.8%
Race/ethnicity	NH-White	68.5%	72.7%
	NH-Black	10.3%	4.8%
	Hispanic	12.6%	14.6%
	NH-Other	8.6%	7.9%
Education	HS Grad or Less	52.9%	52.6%
	Some College	28.2%	23.8%
	College Graduate	18.9%	23.6%
Household Income	Median (\$)	\$45.8	\$68.4
	Less than \$75K (%)	69.7%	54.5%
	\$75K or More (%)	30.3%	45.5%

Source: ALCS Adult Tobacco Consumer Tracker, ATCT Switching Landscape Report, Q3-Q4 2022 P30D Snapshot

With this understanding of differential rates of switching, in 2021 we established an internal working team to create a framework for how Altria might approach tobacco harm reduction equitably, meaning inclusive of all adult smokers from all demographic and socioeconomic backgrounds. At the time, Philip Morris USA had exclusive rights to commercialize *IQOS* and three *Marlboro HeatStick* variants. In addition to being authorized by the FDA as appropriate for the protection of public health, *IQOS* also has FDA authorization to market this product with a Modified Risk Tobacco Product (MRTP) reduced exposure claim including that switching completely from conventional cigarettes to the *IQOS* system significantly reduces your body’s exposure to harmful or potentially harmful chemicals.

We wanted to support all adult smokers, inclusive of diverse backgrounds and financial means, in switching from cigarettes to the *IQOS* product. For example, Philip Morris USA translated the MRTP claim to Spanish to help Spanish-speaking smokers have an accurate understanding of the science behind *IQOS*; and introduced a lending program for consumers to try the *IQOS* device for two weeks at a low introductory cost prior to making the decision to purchase, to help with affordability.

We also understand there are varying perceptions of nicotine harm among adult cigarette smokers of different demographic groups. In our analyses of Population Assessment of Tobacco and Health (PATH) data, we found that 63% of adult smokers incorrectly believe nicotine is the primary cause of smoking-related cancer (Table 11). However, more non-Hispanic Black (77%) and Hispanic (77%) adult smokers hold this erroneous belief than non-Hispanic White adult smokers (57%). Additionally, we observed an association between these perceptions and transitions from cigarette smoking to using smoke-free tobacco products. Adult smokers who correctly perceived that nicotine is “definitely not” the chemical that causes most of the cancer caused by cigarettes were mostly likely to transition (Table 11). The likelihood of transitioning was lower among those with misperceptions.

Table 11. Perceptions of nicotine harm among adult smokers (18+) by race/ethnicity and transition rates from cigarette smoking to smoke-free products associated with each perception

Adult Smokers Overall and by Race/Ethnicity	“Do you believe nicotine is the chemical that causes most of the cancer caused by smoking cigarettes”			
	Definitely Yes	Probably Yes	Probably Not	Definitely Not
Overall	19%	44%	30%	7%
NH-White	13%	44%	35%	7%
NH-Black	34%	43%	18%	5%
Hispanic	30%	47%	18%	5%
Other	19%	43%	31%	7%
Transition Rate	2.6%	3.1%	5.0%	8.4%

Source: Hannel et al. Modeling the population health impact of accurate and inaccurate perceptions of harm from nicotine. Harm Reduction Journal, In Press. Race and ethnicity proportions from Table 1. Overall perception and transition rates from Figure 2.

Note: Rows showing perception proportions may not add to 100 due to rounding.

Misperceptions about nicotine pose a harm reduction barrier for these smokers – a gap in “reason to believe” in the potential benefits of switching from combustible tobacco products, which are the most harmful form of tobacco use, to smoke-free tobacco products. We have asked the FDA to address these misperceptions by providing accurate information for adult tobacco consumers and curbing the perpetuation of misinformation. Unfortunately, however, these misperceptions about nicotine persist and the opportunity to correct them remains unaddressed.

We also know that many adult tobacco consumers are open to using smoke-free products but have not found the right product to meet their needs, which vary by gender, ethnicity, socioeconomic status and age. For tobacco harm reduction and our Vision to succeed, it is important to continue understanding adult tobacco consumers, build a diverse market of FDA-authorized smoke-free products that appeal to them, and bring their voices into the center of the discussion about tobacco harm reduction.

Key Finding: Altria’s tobacco operating companies had very few innovative smoke-free products on the market during the scope period, despite efforts to expand their portfolio of such products.

During the scope period, we took steps toward building our diverse smoke-free product portfolio. Helix filed PMTAs for the oral tobacco-derived nicotine product portfolio, *on!*, in May 2020. In 2021, we acquired the remaining 20% ownership stake in Helix and the global *on!* business and reached unconstrained manufacturing capacity. In October 2022, we formed a new majority-owned joint venture, Horizon Innovations LLC (Horizon), with Japan Tobacco International (JTI) to advance global harm reduction through the collaborative development and commercialization of smoke-free products. Horizon will be responsible for the U.S. marketing and commercialization of heated tobacco stick products, including JTI’s tobacco platform *Ploom* after it applies for and receives authorization from FDA.¹³

As described above, we maintain a robust Adult Tobacco Consumer Database (ATCD) and have developed unique consumer connections through loyalty programs. We enhanced these tools by working with our retail trade partners to increase the depth and breadth of point-of-sale purchase data. In 2022, we were able to analyze more than 4.5 billion adult tobacco consumer transactions at retail. These tools enable deeper understanding of purchasing behaviors and consumer journeys that inform product development to best meet the needs of adult tobacco consumers. We also worked to accelerate development of other smoke-free product platforms for future PMTAs. For example, in 2021, Altria conducted more than 40 consumer research studies involving thousands of adult tobacco consumers and performing more than 15,000 scientific analyses on prospective smoke-free products. Additionally, we obtained 370 patents related to our harm reduction efforts.

Despite these efforts, our smoke-free, in-market product portfolio fell short during the scope period. We did not manufacture or market any e-vapor product. Our distribution of *on!* oral tobacco-derived nicotine products, while growing, was limited. And, our ability to sell *IQOS* heated tobacco products was effectively cut short in 2021 due to litigation that prevented the importation of these products – which, at the time, were solely manufactured overseas – into the United States.

¹³ JTI plans to submit a PMTA application for *Ploom* to the FDA in 2025.

The slow pace of regulatory authorization continued to add uncertainty to efforts to expand our smoke-free product portfolio. In 2020, in accordance with a regulatory deadline, the FDA received millions of applications for innovative smoke-free products; however, very few have received authorizations and review of those applications is ongoing. In the scope period, we received PMTA authorizations for products we no longer manufactured or marketed (either due to business decisions or marketplace changes); and, four years later, despite submitting science-and evidence-based PMTA applications for the *on!* oral tobacco-derived nicotine products in 2020, FDA has yet to make a decision on those PMTA applications. In fact, as of the end of 2022, 42 SKUs representing only 13 smoke-free products had been authorized by FDA. Further, at the time of this report’s publication, 56 SKUs representing only 16 smoke-free products have been authorized.

Key Finding: Altria’s regulatory engagement and public policy advocacy efforts are strategically aligned to advancing support for tobacco harm reduction; yet, the external environment, including regulatory challenges, poses barriers to success.

Our approach to regulatory engagement is multi-faceted. We are working not only to broaden stakeholder support for harm reduction as the right regulatory framework, but also to create the conditions that will allow Altria to accelerate achieving our Vision to transition adult smokers to a smoke-free future. This work requires extensive engagement with numerous stakeholders in a dynamic and evolving external environment, including the public health and scientific communities, regulators, policymakers, academics and others. Examples of our advocacy include:

- **Advocating for FDA to Address Nicotine Misperceptions and Regulatory Challenges:** In 2021, we sent a letter urging FDA’s Center for Tobacco Products (CTP) to commit resources and expertise to correct public misperceptions regarding the health risks of nicotine, explaining that inaction could discourage adult smokers from switching to smoke-free products that may present lower risk. We met with the new FDA Commissioner and CTP Director that same year. In 2022, we sent a letter to the FDA Commissioner to continue advocating for FDA to take the lead in addressing nicotine misperceptions – a critical barrier to tobacco harm reduction. We also submitted comments on this and other topics to inform the Reagan Udall Foundation’s independent review of the effectiveness of FDA’s CTP. Altria’s regulatory filings are publicly available on our website.
- **Engaging to Expand Support for Tobacco Harm Reduction:** We conducted original research to understand perspectives on tobacco harm reduction and to demonstrate the reduced risk potential of smoke-free products for adult smokers that can’t or won’t quit. We engaged externally on those results to build the science base for tobacco harm reduction, including through scientific publications, posters, presentations, panel participation and keynote addresses at conferences (Table 12).

Table 12. Altria external engagement, 2020-2022

Metrics	2020	2021	2022
Tobacco harm reduction (THR) and regulatory compliance engagements with FDA, public health stakeholders, federal and state elected officials and policymakers	41	249	600+
External posters, presentations and keynotes	20	43	30
Panel Discussions	7	10	14
Publications	12	19	12

- **Launched Moving Beyond Smoking Campaign:** In late 2020, Altria launched a new corporate brand campaign called “Moving Beyond Smoking” (MBS). The campaign is intended to help key audiences, including policy influencers and opinion leaders, understand tobacco harm reduction and our Vision to responsibly lead the transition of adult smokers to a smoke-free future. Over time, the campaign has included print and digital paid media in select markets, earned media, social media, speaking engagements and other executions. Pre-market and in-market research revealed that the campaign positively shifted understanding of the concept of tobacco harm reduction and the role the industry plays in it.

There continue to be ongoing challenges to our success in tobacco harm reduction. Our assessment of the external environment further reinforces the importance of staying focused on our Regulatory Engagement efforts to advocate for a fully functioning and fully enforced federal regulatory framework.

Areas for Improvement

- **We will look for opportunities to expand our cessation support for adult tobacco users who have decided to quit, including those in historically excluded communities.** Research shows that while millions of adult tobacco consumers have been successful at quitting, Black adult tobacco consumers do not see success at the same rates as other demographic groups. More research must be done to better understand the barriers to quitting, especially for diverse tobacco consumers. We will also analyze how these consumers interact with the QuitAssist website, data that we don't collect or review today.
- **We will continue to build our product portfolio of smoke-free alternatives, including FDA-authorized e-vapor products.** In 2023, Altria acquired NJOY, an e-vapor manufacturer with a commercialized product portfolio fully covered by marketing granted orders from the U.S. Food and Drug Administration (FDA). We will continue to look for opportunities to expand our product portfolio, accelerate our investments in smoke-free product development and advocate for more expedient FDA application reviews and authorizations.
- **We will continue supporting a comprehensive enforcement program to curb growth in the illicit market that is undercutting the regulatory framework.** A well-regulated marketplace can deliver on harm reduction in the way Congress envisioned when it enacted the Tobacco Control Act in 2009. But, while we are following the rules, others are not. Since 2020, scores of foreign companies have flooded the market with illicit, smoke-free products (primarily, disposable e-vapor and synthetic nicotine products) made, distributed and sold in disregard of regulatory requirements. And illicit e-vapor products are a major contributing factor in underage rates that are significantly higher in this category than any others. FDA has committed to bringing this illicit market under control. FDA's success in this endeavor is critical to creating the conditions for tobacco harm reduction to succeed, in communities of color and beyond.
- **We will continue to advocate for FDA and Public Health to address nicotine misperceptions.** Black and Hispanic smokers may have misconceptions about the health impact of nicotine, which can hinder their willingness to switch to smoke-free products.
- **We will work to define “equitable tobacco harm reduction” and build on the foundation of our framework to advance progress.** Equitable access to reduced-risk alternatives and accurate information is crucial for adult smokers in communities of color. In 2021 we established an internal working team to create a framework for how Altria might approach tobacco harm reduction equitably, meaning inclusive of all adult smokers from all demographic and socioeconomic backgrounds. This framework was applied to the IQOS product which PM USA had exclusive rights to commercialize in the U.S. Unfortunately, our learnings were cut short due to litigation that prevented the importation of IQOS into the United States. However, it's important that we leverage the early learnings to support equitable tobacco harm reduction for adult smokers into the future. There is more work to be done to fully realize this opportunity.

➤ **We believe achieving equitable tobacco harm reduction will take collaboration between many stakeholders, including trusted leaders in diverse communities and others.**

Key Findings:

- Making progress toward health equity and harm reduction requires a holistic approach to addressing social determinants of health.
- Progress on *tobacco* harm reduction requires addressing challenges in the regulated marketplace and providing widely available, accurate information about the health risks of tobacco and nicotine products.
- Altria's primary role is to address the harm of tobacco products, within the boundaries of what is considered appropriate for a tobacco company.
- Achieving equitable harm reduction is not possible without building trusted relationships in communities of color where skepticism and distrust of the tobacco industry persists.
- Altria should create a health equity strategy with a focus on disadvantaged communities where the impacts of smoking are most acute.

We engaged with 39 external stakeholders, including civil rights organizations, policymakers, trade partners, scientists and other professionals in the public health community, and youth-serving organizations. In some cases, we were able to establish new relationships and engage with organizations that were previously inaccessible to us. Several common themes emerged from these engagements.

Key Finding: Making progress toward health equity and harm reduction requires a holistic approach to addressing social determinants of health.

At the top of our engagements with external stakeholders, we talked broadly about barriers and facilitators of health equity and harm reduction strategies that exist in public health. These discussions were important to building our understanding of the context within which tobacco use exists, including systemic gaps, and how tobacco harm reduction may complement other public health strategies in the future.

External stakeholders described inequities for patients perpetuated by the nature of the U.S. healthcare system and institutions, and medical professional education and training. Participants' descriptions of what they believed to be drivers of these inequities varied, but the more frequent comments included: healthcare professionals' lack of education and training regarding topics related to cultural differences; implicit bias; and social determinants of health that lead to inconsistencies in treatment of patients and disparate health outcomes for patients from different backgrounds and communities.

Participants also talked about facilitators of progress regarding health equity centered around addressing social determinants of health in a holistic way. Comments focused on improvements to a variety of systems and processes that support public health, including: research that focuses on health outcomes for more diverse communities; addressing disparate impacts of the criminal justice system for those who are more likely to suffer negative mental and physical health outcomes; ensuring patients and health care professionals have consistent and accurate health-related information; affordable housing and economic development for traditionally marginalized communities; and leveraging local, community-level organizations who are best situated to disperse and facilitate care for those in the most need.

Key Finding: Progress on *tobacco* harm reduction requires addressing challenges in the regulated marketplace and providing widely available, accurate information about the health risks of tobacco and nicotine products.

External stakeholder perspectives on barriers and facilitators of tobacco harm reduction largely centered around three common themes that go hand-in-hand:

Barriers to Tobacco Harm Reduction	Facilitators to Tobacco Harm Reduction
The illicit, unenforced e-vapor market	More action – from regulators, policymakers and industry – to responsibly address the e-vapor category
The lack of available FDA-authorized, smoke-free tobacco products in the market	Increasing the availability and accessibility of FDA-authorized, smoke-free tobacco products for adult tobacco consumers
Limited information available to adult tobacco consumers and health care professionals regarding the relative risks of nicotine and tobacco products	More widely available, accurate information regarding the risks of nicotine and tobacco products

Regarding accurate tobacco risk information, both the public health/scientific community and civil rights organizations/policymaker stakeholders emphasized the importance of credible, independent third-party sources to provide accurate information to the public regarding tobacco harm reduction. These stakeholders did not see the tobacco industry, standing alone, as an appropriate source for this information – due, in part, to historical allegations and distrust of the industry.

Key Finding: Altria’s primary role is to address the harm of tobacco products, within the boundaries of what is considered appropriate for a tobacco company.

Stakeholders emphasized throughout the engagements that Altria should focus on providing reduced-risk products, responsible marketing and access, and underage use and access prevention. Stakeholders want to see tangible activities that show our companies are serious about driving progress toward a smoke-free future.

Participants asked Altria to consider how we might pursue additional opportunities to address tobacco harm reduction in a credible way, including support for:

- Cessation in communities of color, with investments in new organizations that may also address other tobacco-related risks
- Tobacco-related research in the public health and scientific communities
- Facilitating cessation and switching to smoke-free products among adult tobacco consumers

Key Finding: Achieving equitable harm reduction is not possible without building trusted relationships in communities of color where skepticism and distrust of the tobacco industry persists.

Participants, primarily from civil rights/policymaker and public health/scientific community stakeholder groups, indicated communities of color have a deep-rooted skepticism and distrust of the tobacco industry – sentiments that could challenge the credibility of tobacco harm reduction as a public health strategy and undermine the success of equitable tobacco harm reduction. Stakeholders emphasized that there are limitations on how a tobacco company can and should credibly participate in the strategy, expressing that Altria should approach the work with transparency and integrity.

Due to this trust deficit, participants conveyed their belief that Altria can’t make progress alone. Achieving equitable tobacco harm reduction will take collaboration between the industry, its regulators, public health and scientific communities, policymakers, trusted leaders in diverse communities and others. Participants consistently stressed the importance of building trust – especially with leaders and organizations in disadvantaged communities where the impacts of smoking are most acute. Stakeholders encouraged Altria to engage with more and new stakeholders.

Key Finding: Altria should create a health equity strategy with a focus on disadvantaged communities where the impacts of smoking are most acute.

Participants emphasized the need for Altria to create a health equity strategy that focuses on tobacco risk education, awareness, access to less harmful products, and support for tobacco cessation and prevention in disadvantaged communities. Stakeholders indicated key components of an effective strategy include:

- engagement with trusted leaders in communities of color;
- equitable access to affordable and available products that are less harmful;
- widely available access to accurate health risk information from independent third-party sources;
- network of tobacco harm reduction supporters that consumers trust;
- support of local organizations in communities of color;
- equitable investments in non-profit organizations serving communities of color; and
- advocacy for policies addressing health inequities.

Areas for Improvement

- **We will work to expand our network of stakeholders, foster open and honest dialogue, and partner to collaboratively build solutions for the future.** External stakeholder engagement played a crucial role in this Assessment. By actively involving and listening to our stakeholders, Altria gained valuable insights that informed our conclusions and commitments. Achieving equitable tobacco harm reduction will take collaboration between the industry, its regulators, public health and scientific communities, policymakers, trusted leaders in diverse communities and others.

Closing Reflections and Our Commitments

At Altria, we strive for excellence in pursuit of our Vision to responsibly lead the transition of adult smokers to a smoke-free future. We pursue this Vision through practices, programs and policies that put tobacco harm reduction into practice: Underage Use Prevention, Responsible Marketing Practices, Cessation Support, and Regulatory and Public Policy Advocacy. This Assessment afforded us the opportunity to go deeper – to ask and answer questions, some we've never asked before, through new lenses and with different intention.

We sat down with internal stakeholders and critically questioned assumptions around our operating principles and the effectiveness of our programs. We asked external stakeholders, both close to and removed from the tobacco industry, to share their perspectives on what's working, what's not working, and what's possible. We reexamined and built upon research we've done with adult smokers to understand how it might better inform the way forward.

We leaned in, listened, and learned. And we realized that today, not all smokers are on course to benefit from a smoke-free future. Our conclusions revealed ways to help alter that trajectory.

- **We believe our efforts to prevent underage use positively contribute to the overall reductions of youth tobacco use, and we recognize opportunities remain to support continued success – particularly as new tobacco products enter the market.**
- **We believe our sales force presence and involvement at retail stores, through monthly or periodic visits, is correlated with positive results for underage access prevention and the availability to sell potentially reduced-harm tobacco products to adult consumers; however, our more limited presence in retail stores in more racially/ethnically diverse geographies may lead to unintended negative impacts.**
- **We believe our responsible marketing practices have been effective in preventing use of our tobacco companies' products among unintended audiences, and in avoiding the targeting of specific tobacco user populations, including communities of color.**
- **We believe we are not making enough progress on tobacco harm reduction, especially for adult smokers.**
- **We believe achieving equitable tobacco harm reduction will take collaboration between many stakeholders, including trusted leaders in diverse communities and others.**

We are clear-eyed on the opportunity before us: to make tobacco harm reduction available to all. We are committed to supporting all consumers through their tobacco harm reduction journey *equitably*. We will consider how best to address the areas of improvement identified in this Assessment. And, we understand that there are several important factors that must come together for equitable tobacco harm reduction to succeed – some within our direct control; some that lie beyond. To that end, we will work to:

- **Establish a Formalized Approach to Equitable Tobacco Harm Reduction at Altria:** We believe we have more work to do in defining “equitable tobacco harm reduction” and the strategy to achieve it. This will require us to maintain a holistic view of tobacco harm reduction, while implementing new approaches and engaging new stakeholders. Specific opportunities include enhancements to data collection policy and procedures, responsible marketing policy and procedures, smoke-free product development and cessation support tailored to promote success for adult smokers of all demographic backgrounds.
- **Enhance Our Smoke-Free Tobacco Product Portfolio:** Adult smokers who can't or won't quit and want to switch from smoking to something less harmful, must have products they will adopt and enjoy. We will continue to invest in developing a satisfying portfolio of smoke-free products that meets the range of preferences among diverse adult smokers and enhance our advocacy that FDA needs to accelerate the pace of smoke-free product authorizations.
- **Continue to Advocate for Adult Tobacco Consumers:** For tobacco harm reduction to succeed, we believe it is important to continue to create understanding of the adult tobacco consumer – particularly those in historically excluded communities – and bring their voices into the center of the discussion about tobacco harm reduction.

- **Continue to Advocate for the FDA and Public Health to Correct Nicotine Misperceptions:** The majority of adult smokers, particularly Black and Hispanic smokers, incorrectly believe that nicotine is as harmful as exposure to smoke in causing tobacco related death and disease. This poses a harm reduction barrier for these smokers – a gap in “reason to believe” in the potential benefits of switching from the most harmful form of tobacco use to a smoke-free product. We will also continue scientific engagements to educate healthcare providers about the role tobacco harm reduction can play for smokers who can’t or won’t quit.
- **Integrate Assessment Commitments into Altria’s Corporate Responsibility Focus Areas and Goals, Measurement, and Transparent Progress Reporting:** The work of this Assessment, and the opportunities identified, will be a key input as we establish Altria’s 2026 – 2030 responsibility focus areas, including goals and metrics within each focus area, that will guide our actions over the next several years. We will include the commitments we’re making in this Assessment, and transparently communicate our progress.

This was a challenging and rewarding experience. While the challenges remain, we are excited to pursue these commitments. However, we know some stakeholders will continue to question our intentions and practices. Which is why we can’t do this alone.

So, it’s worth repeating: **We need to fill more seats at the table to help address the opportunities highlighted in this report.** We have an important opportunity to work together to reduce the harm of tobacco use for millions of adult tobacco consumers. It will take *all* stakeholders to achieve *equitable* tobacco harm reduction – those already at the table and *new* stakeholders that aren’t yet here. Please consider this an invitation to lend your voice and expertise to help bring these commitments to life. Whether that role is small or large, we invite you to join us.

INDEPENDENT ASSURANCE REPORT

To: The Stakeholders of Altria

1. Introduction and Objectives of Work

Bureau Veritas UK Limited ('Bureau Veritas') has been engaged by Altria Client Services LLC ('Altria') to provide independent Type 1 Moderate level assurance over its internal Civil Rights & Equity Assessment Report (the 'Report'). The objective of our engagement is to provide assurance to Altria's stakeholders over the plausibility of the reported information, the nature and extent of the company's adherence to the AA1000 AccountAbility Principles and that it covers the issues material to the business and its stakeholders.

2. Scope of Work

The scope of our work was limited to assurance over data and information included in Altria's Civil Rights and Equity Assessment Report ('the Report') for the scope period 1st January 2020-31st December 2022 (the 'Selected Information'). Subject to the limitations and exclusions listed in the section below, our review included:

- The Report content, covering policies, practices, programs and services intended to address:
 - underage tobacco use prevention programs;
 - tobacco cessation support;
 - responsible marketing practices; and
 - regulatory engagement and public policy;
- An evaluation of these policies, practices, programs and services on communities of colour and youth;
- Altria's inclusion, diversity and equity (ID&E) progress;
- The governance maturity assessment conducted by Altria for the Report; and
- Altria's Stakeholder Engagement and Materiality Assessment (SEMA) governance processes informing the Report.

3. Reporting Criteria

The Selected Information has been prepared in reference to AA1000 AS v3 (2018), Altria's material focus areas defined within the company's 2030 Vision and internal definitions set by Altria for tracking and monitoring the progress against its Corporate Social Responsibility (CSR) performance indicators.

4. Limitations and Exclusions

Excluded from the scope of our work is assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by Altria and statements of future commitment);
- The following specific sections of the Report:

- 'About Altria'; 'Message from the Board of Directors'; 'Message from the External Advisory Review Board'; 'Appendix B: External Advisory Review Board Bios'; and 'Appendix F: Additional Resources';
- Data and information based on data from third-party national/federal databases; and
- Financial data and information based on data from Altria's Annual Report and accounts, which are subject to a separate independent audit process.

The following limitations should be noted:

- This Type 1 assurance engagement relies on a review of Altria's processes, systems and controls to assess the company's adherence to the AA1000 AccountAbility Principles without assurance of the reliability and quality of the reported information.
- This Moderate assurance engagement relies on a risk-based selected sample of sustainability data and the associated limitations that this entails.
- This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.
- Altria does not have a standard practice of keeping a written record of meeting minutes and in many places does not have formal documentation (i.e. policies/procedures) in place. Therefore, on several occasions the requested documentation was not available for review by Bureau Veritas. Areas in the Report where Altria refers to executive and management decisions, strategy planning and meeting outputs could not in every case be evidenced. In these instances, Bureau Veritas reviewed available evidence related to the relevant processes and controls, however related limitations include:
 - Altria has no corporate Stakeholder Engagement Policy or Materiality Assessment Policy in place so these could not be assessed for alignment with the AA1000 Principles;
 - Certain areas of the business such as Underage Access Prevention had written strategy documentation available for review which was not available for other areas such as Tobacco Harm Reduction or Responsible Marketing;
 - Management decisions taken as a result of the Governance Maturity Assessment and cited in the Report could not be evidenced;
 - The 2020 Materiality Assessment quantification process could not be fully evidenced;
 - Senior leadership, Nominating Corporate Governance and Social Responsibility (NCGSR) Committee and External Advisory Review Board feedback on the Report could not be fully evidenced; and
 - Minutes from discussions with the shareholder proponents contained only the shareholder questions without Altria's responses.
- In certain cases, evidence provided by Altria was a link to externally published information (for example, on the Altria website) which is an output rather source evidence for the processes and systems themselves.

5. Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Altria.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain Moderate level assurance about whether Altria acts in accordance with the AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and whether the Report was prepared in accordance with these Principles;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Altria.

6. Assessment Standard

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3 2018), Type 1 at a Moderate level of assurance.¹

7. Summary of Work Performed

As part of our independent assurance, our work included:

- Conducting 17 interviews with relevant personnel of Altria including those involved in the preparation of the report and data collection processes;
- Reviewing documentary evidence provided by Altria;
- Agreeing a selection of the Report content to the corresponding source documentation;
- Evaluating the design of internal systems, processes and controls to collect and report the Selected Information including assessing the appropriateness of assumptions made and reporting boundaries;
- Assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information;
- Reviewing the current Civil Rights & Equity issues that could affect Altria and are of interest to stakeholders;
- Reviewing Altria's overall approach to stakeholder engagement, including:
 - Review of internal and external stakeholder identification, selection and engagement for the Report;
 - Interviews with internal stakeholders engaged for the Report creation;
 - Review of relevant supporting documentation developed as a record of internal and external stakeholder feedback;
- Reviewing Altria's overall approach to materiality assessment, including:
 - Understanding the scoring methodology for the 2020 materiality matrix;
 - Interviews with senior management to understand 'Material impacts considered on business' determined via the 2020 process;
 - Review of scores/feedback provided to prioritise selected material topics and inform Altria's focus areas;
 - Review of final material topics and their scope and boundaries.

¹ Type 1 moderate level Assurance: an engagement in which the assurance provider reviews evidence of the use of relevant systems, processes and controls in order to assess the organisation's adherence to the AA1000 AccountAbility principles of Inclusivity, Materiality, Responsiveness and Impact and provides relevant findings and conclusions, without verifying the reliability and quality of the reported information. For further information see <https://www.accountability.org/standards/aa1000-assurance-standard>

With respect to quantitative data sampled, a 5% materiality threshold was applied to this assurance. It should be noted that the procedures performed in a Moderate level assurance engagement vary in nature and timing from, and are less in extent than for, a High level assurance engagement. Consequently, the level of assurance obtained in a Moderate level assurance engagement is substantially lower than the assurance that would have been obtained had a High level assurance engagement been performed.

8. Conclusion

Based on the scope of work and subject to the Limitations and Exclusions described above, a number of observations have been made by Bureau Veritas regarding Altria's alignment to the AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness and Impact. Qualitative misstatements identified during the assurance engagement were corrected prior to the Report being published.

Findings and conclusions concerning adherence to the AA1000 AS v3 2018 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

Inclusivity²

'Understanding Stakeholders' Perspectives' is embedded within Altria's approach to Corporate Responsibility and is published in their Engage & Lead Responsibly 2023 report. Altria engages with its stakeholder network on an ongoing basis through various channels across its material focus areas. Altria's Corporate Responsibility team works with teams across the business who engage stakeholders to report progress against goals which have been set across the business's focus areas, however there are no metrics in place to measure the success of the company's stakeholder engagement itself. Stakeholder engagement appears to be well integrated into Altria business operations and interviews with internal stakeholders supported this, however processes are not uniformly formalised or documented across all business areas.

It is clear that stakeholder engagement is 'embedded' in Altria's operations, however at the corporate governance level Altria has no documented policy guiding stakeholder engagement. There is no company-wide system or tools in place for tracking stakeholder identification and selection, documenting engagement strategies or tracking the engagement which occurs. In some business areas Altria uses metrics to track stakeholder engagement, however evidence was not available to demonstrate internal metric/goal setting related to stakeholder engagement at the company level to guide or evidence how Altria understands their engagement is successful.

As part of the 2020 materiality assessment which defined Altria's focus areas and informed the Report, the exact number and identity of internal and external stakeholders engaged to establish the most pressing issues for the organisation was unknown by Altria. A small group of internal stakeholders including Altria's Responsibility Leadership Board were involved in the development of the materiality matrix and final determination of the material focus areas.

² **Inclusivity** is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Altria's stakeholder identification and selection process for the Civil Rights & Equity Assessment Report was clear and documented. 108 internal stakeholders were engaged from across the business and 39 external stakeholders were engaged spanning the following groups: Trade Partners/Trade Organisations, Civil Rights Organisations/Policyholders, Youth-Serving Organisations and Public Health/Scientific Community. It should be acknowledged that organisations and individuals in the Public Health sector appear to be largely hesitant to engage with Altria and several declined the company's requests to be engaged for the report. Several new external stakeholders were engaged for the Report, indicating Altria's efforts to build new stakeholder relationships. All the stakeholder engagement sessions for the Report were evidenced by Altria via minutes and discussion guides.

Recommendations

- While stakeholder engagement appears to be embedded in Altria's day-to-day operations, Bureau Veritas recommends the formalisation of processes, guidelines and systems (in part via the creation of a Stakeholder Engagement Policy) to ensure a robust, documented, repeatable and reproducible approach to stakeholder engagement across the company.
- Altria could consider whether it would be beneficial to set metrics to formally measure the effectiveness of stakeholder engagement conducted.
- In future, Altria may benefit from formalising the stakeholder engagement and materiality assessment processes within a Policy to ensure an inclusive approach to materiality assessment.

Materiality³

Altria conducts a materiality assessment every 4-5 years, the last of which was conducted in 2020. Senior management are largely familiar with the process undertaken and third-party published Materiality Assessment Guidance was followed to guide the 2020 process. However, the process was not fully documented by Altria or clearly defined in documentation prior to the materiality assessment being undertaken. The company has no formal materiality assessment policy or procedure in place.

Altria's materiality determination process involves senior leadership and various business areas liaising with their stakeholder groups. The company conducts peer benchmarking, desktop research and stakeholder engagement to determine the initial list of topics for consideration. The two key criteria used to subsequently define the business's materiality matrix are 'importance to stakeholders' and 'importance to Altria in order to achieve its vision'. It should be noted that different teams conducted the 2016 and 2020 assessments without a documented or formal quantification methodology in place to ensure consistency in the approach. Final decision-making is conducted by a small group of internal stakeholders.

An overview of the material topic prioritisation was disclosed in Altria's 2021 Engage and Lead Report. Altria's latest defined material topics largely align with those identified by external and internal stakeholders and reflect the evolving context of the tobacco industry

³ **Materiality** is determining the relevance and significance of an issue to an organisation and its stakeholders.

(when compared to the company's prior material topics identified in its 2010 vision). Altria considers forward-looking information within its material focus area 'Reduce Harm of Tobacco Products', which includes the goal to reduce the harm from tobacco use and transition away from combustible products to innovative smoke-free alternatives.

The material topics/key focus areas within the Civil Rights & Equity Assessment Report were pre-determined by Altria's 2020 materiality assessment and the company's published 10-year vision. No specific materiality assessment work was done with relevant stakeholders to guide the content of the Report. It should be noted that Altria largely defines 'responsible marketing' as an underage use issue although marketing to specific minority groups was raised by external stakeholders and the shareholder proponents as an additional and related concern.

Recommendations

- Altria would benefit from the creation of a group-level Materiality Assessment Policy and definition of a written methodology to formalise the end-to-end approach taken to materiality assessment and ensure consistency between years.

Responsiveness⁴

Responding to stakeholders is enshrined in Altria's NCGSR Committee Charter and Altria remains responsive to stakeholder concerns through the annual publication of its CSR Report and reporting of key performance indicators for each of its identified material topics on its website. Direct responses to stakeholders are generally managed by the owner of the stakeholder relationship and the method of response therefore often differs based on business area.

The Civil Rights & Equity Assessment Report in itself is a response to a shareholder proposal passed in 2022 requesting that Altria conduct "a third-party civil rights equity audit to review [Altria's] corporate policies, practices, products and services, above legal and regulatory matters; to assess the impact of the Company's policies, practices, products and services on BIPOC (Black, Indigenous and people of color) and Latinx/a/o/e communities, including youth)".

It should be noted that:

- The shareholder proposal requesting the report was discussed internally and Altria decided to encourage stakeholders to vote against it in both 2022 and 2023.
- Stakeholders voted in favour of the proposal, compelling Altria to respond. Owing to the risk of litigation the company decided that a third-party audit would not be feasible and instead determined they would conduct a Civil Rights & Equity Assessment led by themselves and overseen by an independent external advisory review board.
- This approach was not satisfactory to the original shareholder proponents who re-raised their original proposal calling for a third-party audit in 2023. This second proposal did not pass, indicating that Altria's self-led approach was considered acceptable to the majority of company shareholders.

⁴ **Responsiveness** is the extent of an organisation's response to stakeholder issues and is realised through decisions, actions, and communication with stakeholders.

While Altria has committed resources to completing this assessment and has communicated their proposed approach publicly, Altria's approach to the Report does not indicate full responsiveness to the stakeholder concerns expressed in the shareholder proposal and its supporting statement:

1. Altria's decision to conduct the assessment in-house does not align with the shareholder request for an independent third-party audit.
2. A material topic in the shareholder's supporting statement which Altria has not responded to in the Report is the company's 35% holding in e-cigarette company JUUL, which was still held during the Report scope period of 2020-22. E-vapor was deemed by Altria to be outside the scope of the report.

Altria has taken the opportunity to demonstrate progress in additional CSR areas by including an overview of ID&E activities in the scope period in the Civil Rights & Equity Assessment Report (Appendix A). A copy of the Report has not been shared with the shareholder proponents and stakeholders engaged during the process for review or input prior to publication. As a result, it is unclear whether the Report can be considered a response from Altria which appropriately addresses stakeholder needs, concerns and expectations.

Recommendations

- While stakeholders are regularly responded to as part of Altria's operations, it may be beneficial to formalise this process in a company Stakeholder Engagement Policy which outlines official methods of responding to stakeholders and means of tracking and documenting these activities.

Impact⁵

Altria's vision to "responsibly lead the transition of adult smokers to a smoke-free future" has been distilled into 2025 CSR Goals and 2028 Enterprise Goals related to the company's impact. These have been further distilled into quantitative and qualitative metrics and targets connected to the company's material focus areas for the purpose of tracking progress and public reporting.

Impact assessment is embedded in strategy development and performance management including the linkage of management remuneration to progress on Altria's material topics. Progress against strategic impact initiatives is outlined in Altria's Proxy Statement and Annual Meeting of Shareholders and is reported on publicly each year via Altria's Engage and Lead Reports and Focus Area Snapshots.

Altria has detailed in the Report the impact of their underage use prevention and tobacco harm reduction initiatives within the scope period, and the stakeholder discussions conducted during the report creation sought to understand stakeholder views on the company's negative impacts and how Altria could increase positive impact. Unintended impacts are also acknowledged and assessed in the Report.

⁵ **Impact** relates to the organisations approach to monitor, measure and be accountable for how their actions affect their broader ecosystems.

Recommendations

- Altria may benefit from documenting their impact assessment processes into a business-wide Impact Assessment Policy to ensure that the approach taken is documented and consistent across the business.

9. Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified⁶ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, quality reviews and applicable legal and regulatory requirements which we consider to be equivalent to ISQM 1 & 2⁷.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)⁸, across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. We consider this to be equivalent to the requirements of the IESBA code⁹. The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Altria.



Bureau Veritas UK Ltd
Registered in England & Wales, Company Number: 1758622
Registered Office: Suite 206 Fort Dunlop, Fort Parkway, Birmingham,
B24 9FD

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⁶ Certificate available on request

⁷ International Standard on Quality Management 1 (Previously International Standard on Quality Control 1) & International Standard on Quality Management 2

⁸ International Federation of Inspection Agencies – Compliance Code – Third Edition

⁹ Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants

Appendices

Appendix A: Assessing for Progress	50
Appendix B: External Advisory Review Board Bios	64
Appendix C: Assessment Methodology	65
Appendix D: Governance Maturity Assessment	69
Appendix E: Results of External Stakeholder Engagement	72
Appendix F: Additional Resources	77

Appendix A:

Assessing for Progress

The 2020 national dialogue surrounding race and equity prompted a swift examination of Altria's opportunities to drive positive change within and beyond our walls. This examination led to our commitment to address racial, economic and social equity, and launch our *2020 Race & Equity Initiative*. At the same time, our 2020 materiality assessment identified *Supporting Our People & Communities and Driving Responsibility Through Our Value Chain* as a key responsibility focus areas to make progress toward our Vision and embed inclusion, diversity and equity.

Altria has a long history of commitment to inclusion and diversity – dating back to the 1930s. We continue to believe that ID&E is a strategic enabler of our long-term success and intentionally embed it across our business strategies. Our ID&E efforts included important stakeholder groups, including our consumers, value chain partners, our people and our communities and society at large.

Our governing policies, cultural aspiration, corporate responsibility focus area goals, and People & Communities Steering Committee help guide our focus and hold us accountable for this work. The second part of this assessment aims to provide a progress update on our inclusion, diversity, and equity initiatives: 1) Community Impact; 2) Inclusion and Diversity Aiming Points; 3) Pay and Benefits Equity; and 4) Supplier Diversity.

To assess progress in these areas, the working team engaged subject matter experts to gather background information and understand the current landscape and priorities. They inventoried business practices, policies, programs, functional goals, metrics of success and governing principles. The team compiled a list of key activities that occurred during the 2020-2022 scope period and obtained analyses from Altria's Workforce Analytics department to assess progress against the priorities. The team then documented its assessment of progress and opportunities for continuous improvement.

This report is not designed to provide a comprehensive review of every action and opportunity within these areas. Our website, Altria.com, provides additional responsibility content, including our most recent *Supporting Our People & Communities and Driving Responsibility in Our Value Chain 2023 Snapshots*.

Community Impact

Scope Area Description

Altria has invested in its communities for more than six decades. We understand that our stakeholders expect us to lead responsibly, act transparently and be strong partners. That's why Altria's approach to community investment starts with a commitment to make a positive impact and be responsive to changing needs in our communities. Our community activities align with our Vision and help drive progress toward our Responsibility Focus Areas.

We are fortunate to work with many excellent partners in our headquarters region and nationally who lead valuable efforts to strengthen their communities. We invest with them to drive positive change. And we're proud to support our network of employee volunteers, donors and civic contributors who actively engage with the communities where they live and work.

Altria is guided by our Community Impact Leadership Principles and five focus areas that reflect shared priorities of our businesses, employees, and communities.

Community Impact Leadership Principles:

- **Alignment:** Investments address business priorities, align with our employees' interests and drive positive change in communities.
- **Financial Stewardship:** We deploy our resources responsibly, considering our partners' capacity and supporting their growth.
- **Sustainability and Impact:** We work on long-term impact with leading organizations through proven, effective programs. Signature programs are evidence-based. We will also partner with emerging organizations making promising impact in our focus areas.

- **Partner Purpose:** We value our partners' expertise and prioritize their purpose over our corporate brand visibility. We engage and listen to our partners with transparency, humility, and mutual respect.

Focus Areas:

- **Success 360:** Investing in leading national and local organizations with a proven record of helping kids in middle and high school avoid risky behaviors, including tobacco use.
- **Altria Contributing Together, or “act” (employee community investment):** Driving business and social impact by helping Altria employees engage with diverse community partners for positive social change.
- **Environment:** Investing in partners who support the sustainability of natural resources and promote business success.
- **Workforce & Economic Equity:** Working with communities to develop a diverse talent pipeline for local job opportunities, sustain a healthy economy and address systemic wealth imbalances in historically excluded communities.
- **Equitable & Vibrant Communities:** Supporting basic community priorities that help all residents thrive.

Our commitment to advancing racial, social and economic equity is embedded across all these areas.

2020-2022 Activities

- **Responded to Covid-19:** Altria facilitated a total of \$9 million in special responses to help address community impacts of the coronavirus pandemic in our headquarters, operating company and grower communities. This included repurposing past financial support to community partners for Covid-related needs, donating supplies and equipment needed for community Covid responses, and incremental cash relief contributions.
- **Implemented a Race & Equity Initiative:** In response to national protests against racial injustice and building on our existing strategic infrastructure, Altria stood up a 1-year Race & Equity Initiative to focus an incremental \$5-million commitment among nonprofits working to address systemic racism and advance social and economic equity. After extensive research and engagement with Black employees and community partners, a cross-functional team recommended impactful investments for activities in several impact areas not previously included in our portfolio structure: affordable housing in Richmond, Va.; Black-business development and community empowerment in Central Virginia; and national and regional partners supporting criminal justice reform and addressing inequitable impacts of the justice system in Virginia.
- **Expanded Our Altria Contributing Together (act) Program to Incorporate Civic Action and Learning:** As part of the Race & Equity Initiative, civic learning was established as a permanent third pillar of the act platform, alongside the traditional volunteering and group giving components. To support this new pillar, Altria created incentives supporting employee civic action and voice, including a civic learning module focused on elections and voting tied to our internal get-out-the-vote campaign as well as a partnership with Government Affairs to engage Virginia-based employees in supporting justice system reforms during a special General Assembly session. As the pandemic continued and opportunities remained limited to engage in-person with community organizations, a “21 in '21 Challenge” offered voluntary activity modules in a “read-watch-do” format to help employees learn about cultural differences in the workplace and society.
- **Created a New 5-year Community Plan:** Incorporating learning from the 2020 Race & Equity Initiative, the Corporate Citizenship team created a 2021-25 Community Impact Plan, embedding an ongoing commitment to racial, economic, and social equity into our strategic giving and employee community engagement. In addition to building on the 2020 act enhancements, this plan publicly articulated the above Community Impact Leadership Principles for the first time; updated our giving portfolio structure (redefining the Workforce & Economic Growth portfolio as Workforce & Economic Equity and the Inclusive Community & Culture portfolio as Equitable & Vibrant Communities); and committed additional resources to establish investments in the outcomes and strategies named in the plan, many building upon the 2020 Race & Equity investments.
- **Executed 2021-25 Community Impact Plan Initiatives:** Including finishing a \$3-million commitment to develop affordable rental and owner housing in Central Virginia; finishing a \$2.5-million investment in student STEM success and entrepreneurship programs at two Central Virginia HBCUs, Virginia State University and Virginia Union University; and creating a donor-advised fund for equitable workforce programming support in Nashville.

- **Continued Focus on Equity Investments:** Partnered internally to enable social-value investments supporting capital access for Black- and Brown-owned small businesses, including a \$1-million Local Impact Opportunity Note (LION) with Virginia Community Capital and \$5M to support the Advantage Capital Empower the Change Fund
- **CEO Action for Racial Equity (CEOARE)- Fellowship & Agile Teams:** Stemming from the 2020 Race & Equity Initiative, in 2021 Altria sponsored two employees to join a full-time, 250-person fellowship called the *CEO Action for Racial Equity*. The focus of the fellowship was to identify, develop and promote scalable and sustainable policies and corporate engagement strategies to address systemic racism and social injustice of Black Americans. Their involvement in CEOARE led Altria to support 4 agile teams of employees from across Altria’s companies to study and influence business community investments focused on: 1) fair-chance hiring of formerly justice-involved individuals; 2) creating a business diversity ecosystem to build value-chain diversity; 3) building more robust partnerships with HBCUs; and 4) addressing wealth inequities through CDFIs and other opportunity areas in the financial system. The learnings from these four teams helped to inform and elevate our community investment plans where there was alignment.
- **Developed a measurement framework for equity-focused investments:** Began work with an external consultant to develop a measurement framework to track progress of societal equity-focused charitable investments. Building on research and best practices, this framework identifies key indicators of progress and provides a structure for collecting and analyzing data on Altria’s investments in the focus areas of Workforce and Economic Equity and Equitable and Vibrant Communities.

Results

Altria achieved the following results through the actions undertaken and noted above during the scope period:

Community Impact Metrics:

Community Impact Metrics	2020	2021	2022
Enterprise Giving to Nonprofit Organizations	\$55M	\$61M	\$57.5M
Eligible Employees Participating in Altria Contributing Together (act)	56%	64%	62%
Executives Served on Nonprofit Boards	96%	92%	75%

Source: 2020, 2021 and 2022 Support Our People & Communities Progress Reports

2022 Grant Outcome Highlights:

Focus Area	Organization	Grant	Outcomes
Equitable & Vibrant Communities	<i>Better Housing Coalition</i>	<u>\$3M, 3-year Commitment</u> Develop affordable rental and owner housing in Central Virginia	Acquired sites for 1,123 units - 934 multi-family - 189 single-family Acquisitions for redevelopment included Lafayette Gardens - Distressed multi-family site 1.3 miles from PMUSA
Workforce & Economic Equity	<i>Virginia Union & Virginia State University</i>	<u>\$2.5M Over 3 Years</u> Student STEM success support, entrepreneurship program enhancement and scholarships	Began talent recruiting at VSU Altria executive serving as a VSU Trustee

Opportunities for Further Progress

Our primary opportunity is to advance our capabilities in measuring the impact of our efforts. This starts with applying the measurement framework developed for equity-focused investments and incorporating subsequent learnings from its implementation into our next multi-year Community Impact strategy. There is also an opportunity to strengthen the communication of our progress with key stakeholders, especially employees and community partners, that highlights both the societal and business significance of our community investments.

Inclusion & Diversity Aiming Points

Scope Area Description

At Altria, we recognize the power of diverse teams – unique individuals who don't think or look alike – working together to achieve our Vision. To win in the future, we need to build on our passion to transform our business, talent and culture. That's why in 2020, we developed our Inclusion & Diversity Aiming Points.

We recognize the critical importance of inclusion, diversity and equity in pursuing our Vision and believe in the value of a workforce composed of a broad spectrum of backgrounds and cultures. Our aspiration with the I&D Aiming Points has been to build an organization in which everyone feels included, seen and heard; for our leadership ranks to reflect the diversity of the U.S. professional labor market from which we recruit; to remove barriers to equal opportunity in compliance with applicable law; and for our leadership teams to reflect the diversity of the organizations they lead. To that end, the I&D Aiming Points aspire to the following:

- Be an inclusive place to work for all employees, regardless of level, demographic group or work function.
- Have equal numbers of men and women among our VPs and our Director-level employees.
- Increase the representation of our VP and our Director-level employees who are Asian, Black, Hispanic or two or more races to at least 30%.
- Increase our VPs and our Director-level employees who are LGBTQ+, a person with a disability or a veteran.
- Have diverse leadership teams that reflect the organizations they lead.

2020-2022 Activities

- **Conducted Employee Experience Assessments:** Beginning in 2020, Altria conducted 12 Employee Experience Assessments across various facets of identity, including race, gender, sexual orientation, disability, veteran status and generation. After conducting 67 listening sessions, engaging in 134 hours of feedback, speaking with 2,000+ employees, and sharing both qualitative and quantitative insights with the CEO and Leadership Team, this initiative provided the opportunity to understand employees on a deeper level and address their needs in creating an inclusive and equitable culture for all employees.
- **Launched the Open Talent Marketplace:** To enhance access to career and development opportunities, Altria launched an internal Open Talent Marketplace (OTM) in 2021 with the objective of providing fair opportunity and removing perceived barriers to advancement and development. The OTM enables any employee to apply for relevant full-time job openings or learning experiences across the enterprise. The intention of this model is to increase awareness of, and access to, new opportunities, empower individuals in navigating their career, and drive a more diverse talent pool for each job posting.
- **Expanded Our Diverse Hiring Sources:** Talent Acquisition expanded the diversity of their hiring sources, including incremental digital sources; building talent pipelines at schools where we recruit; establishing new partnerships with diversity organizations to build pipelines for high velocity roles; and using an employee referral program with a focus on diverse talent.
- **Implemented Inclusive Leadership Ratings:** Starting in 2020, all people leaders receive an Inclusive Leadership Rating as part of their annual performance assessment with input from direct reports, skip level employees, where applicable, peers and managers. Only leaders who are rated an "Ally" or "Advocate" can earn the top performance rating or be eligible for a promotion.
- **Expanded Our Employee Resource Groups:** Three new Employee Resource Groups were created during the scope period, supporting employees with disabilities, our experienced workforce and our interfaith employee group.

- Conducted Annual Employee ID&E Surveys:** Holding ourselves accountable to “Be an inclusive place to work for all employees, regardless of level, demographic group or work function”, Altria began conducting annual ID&E employee surveys in the summer of 2020. Employees are asked to score their response to 5 statements that aggregate into an *Inclusion Composite Score* (including sentiment around sense of belonging, equal opportunity, ID&E authenticity, valued input, and managers seeking diverse perspectives). Our Aiming Point aspiration for inclusion is to reach a minimum of 80% employee favorability for this composite score.
- Expanded Diversity for our Board of Directors:** The Nominating, Corporate Governance & Social Responsibility Committee has a long-standing commitment to diversity and is guided by our diversity philosophy in its review and consideration of director nominees. In this regard, our Board and the Committee view diversity holistically and are committed to recruiting directors who help achieve the goal of a well-rounded, diverse Board. Our Corporate Governance Guidelines require that women and people of color be included in any search for potential new directors.

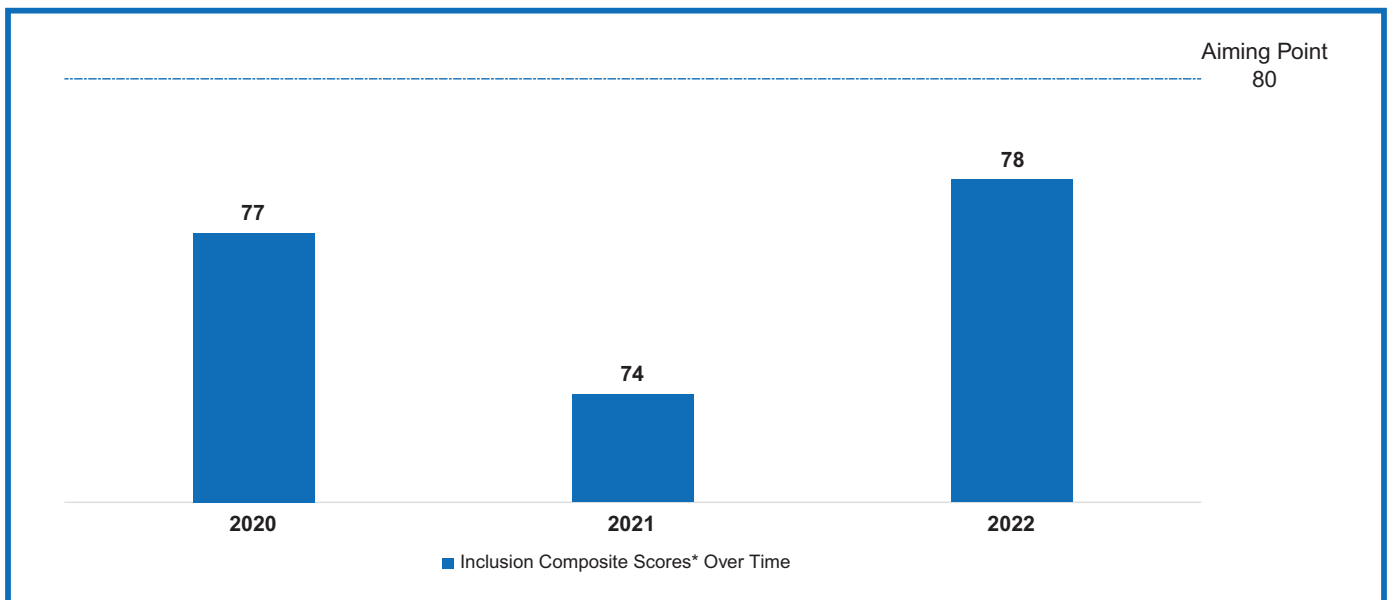
Results

Altria achieved the following results through the actions undertaken and noted above during the scope period:

I&D Aiming Point: Be an inclusive place to work for all employees, regardless of demographic group or work function.

Altria’s Inclusion Index Score has increased since we began tracking in 2017. The Inclusion Index reflects employee sentiment regarding sense of belonging, comfort being oneself, equal opportunity, diverse perspectives and the value of opinions. Altria’s target score is 80.

Inclusion Composite Scores* Over Time



*Glint Inclusion Composite Score represents an unweighted average of the rounded results of five inclusion related questions
 Source: *Glint Employee Engagement Survey: all Salaried Respondents, excluding NSTC*

I&D Aiming Point: Have Equal Numbers of Men and Women at VP and Director-Levels

The extensive activities described above have not translated into meaningful changes in the representation of women employees at the VP and Director level. We believe this dynamic reflects the facts that our employment levels have not increased in this time period, and we have had limited hiring activity.

Representation of Women at VP & Director Levels

	Aiming Point Aspiration %	2020 %	2021 %	2022 %
Director Women	50	41	41	41
VP Women	50	34	32	34

Source: Data as of January 2023. Percentages are rounded to whole numbers.

I&D Aiming Point: Increase our VPs and Director-Level Employees who are People of Color to at Least 30%

	Aiming Point Aspiration %	2020 %	2021 %	2022 %
Director POC	30	26	26	26
VP POC	30	19	24	21

Source: Visier extracted on 7/23/24; Standard, Salaried Exempt and Non-Exempt Employees. Percentages are rounded to whole numbers.

Note: POC is calculated as employees whose race/ethnicity is not White or unknown (includes AAPI, AllAN, Black, Hispanic, and Two+)

I&D Aiming Point: Increase our VPs and our Director-Level Employees who are LGBTQ+, a Person with a Disability, or a Veteran

We have made progress in the representation of people with disabilities, but less progress with representation at senior levels of LGBTQ+ and Veteran employees.

		2020 %	2021 %	2022 %
LGBTQ+				
	Director	4	5	6
	VP	2	2	2
People with Disabilities				
	Director	7	10	10
	VP	4	7	9
Veterans				
	Director	3	4	5
	VP	0	0	0

Source: Data as of January 2023. Percentages are rounded to whole numbers.

I&D Aiming Point: Have Diverse Leadership Teams that Reflect the Organizations They Lead

This is a broad-based aspiration that we expect each leadership team to evaluate but is not measured at a granular level. Below is the current diversity composition of the executive leadership team, which shows a continued opportunity for the team to reflect the composition of the total salaried population:

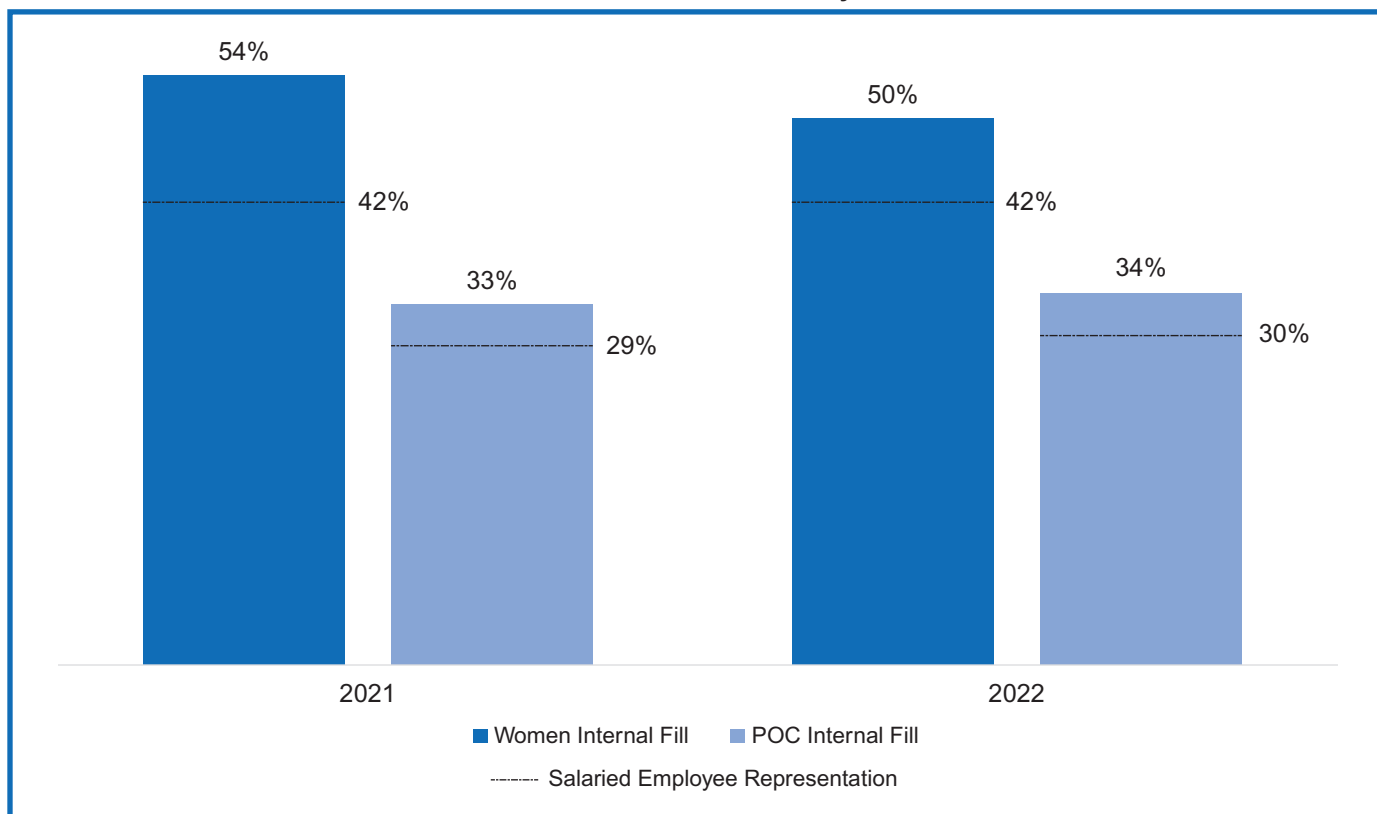
	2020 % Executive Leadership Team	2020 % Total Salaried Altria	2021 % Executive Leadership Team	2021 % Total Salaried Altria	2022 % Executive Leadership Team	2022 % Total Salaried Altria
Women	25	42	25	42	25	42
POC	13	28	13	29	13	31
LGBTQ+	0	3	0	3	0	3
PWD	0	7	13	9	13	10
Veteran	0	6	0	5	0	6

Source: Visier extracted on 7/23/24; Standard, Salaried Exempt and Non-Exempt Employees.

Percentages are rounded to whole numbers. POC is calculated as employees whose race/ethnicity is not White or unknown (includes AAPI, AI/AN, Black, Hispanic, and Two+). Executive Leadership Team is comprised of CEO and direct reports, excluding admin.

Open Talent Marketplace Results: Since Altria's launch of the Open Talent Marketplace in 2021, representation of employees of color and women who were selected for roles continues to exceed Altria's salaried employees for both full year 2021 and 2022:

Internal OTM Fill Diversity



Source: OTM Power BI dashboard filtered for requisitions with hire start dates in full year 2021 and 2022.

Board Diversity: While the efforts described in this section are primarily employee based, we also examine diversity at the highest level of our organization. From 2020 to 2022, we have seen board diversity increase by 20.5%:

	Female	Racially/Ethnically Diverse	White Male	Average
2020	3	3	5	54.5% Diverse
2021	4	4	3	66.7% Diverse
2022	5	4	3	75% Diverse

Source: 2020, 2021 and 2022 Notice of Annual Meeting of Shareholders and Proxy Statement- Board Composition and Board Diversity Table

Opportunities for Further Progress

We plan to assess, identify and address potential barriers to equitable opportunities for Hispanic, women and veteran talent. This includes identifying and implementing strategies that will improve employees’ sense of belonging at Altria. Additionally, there’s an opportunity to continue to expand our diverse talent pipeline and recruiting sources to improve attraction of potential Hispanic, female, and veteran employees. Lastly, there is an opportunity for more progress towards our Aiming Point aspiration of having “diverse leadership teams that reflect the organizations they lead”.

Pay & Benefits Equity

Scope Area Description

Attracting, developing, deploying and retaining the best talent with the skills to make significant progress toward our Vision is a key business priority. However, we recognize that the decreasing social acceptance of tobacco usage may impair our ability to attract and retain talent.

Our compensation and benefits programs are designed to help us attract, retain and motivate strong talent. We work to do so by, among other things, targeting total compensation packages to be above peer companies with which we compete for talent. Depending on employee level, total compensation includes different elements – base salary, annual cash incentives, long-term equity and cash incentives and benefits. We design our compensation program for both our salaried and union-represented employees to deliver total compensation at levels between the 50th and 75th percentiles of compensation paid to employees in comparable positions at our peer companies. Actual total compensation can exceed the 75th percentile or be below the 50th percentile depending on business and individual performance.

We are committed to pay equity across our companies. Altria has a long-standing practice of reviewing salaries to mitigate potential inequities. For more than 20 years, Altria’s Compensation team has engaged an independent consultant specializing in pay equity studies to run regular statistical analyses to identify unexplained pay discrepancies. We then address them with salary adjustments. Based on the annual analysis we conducted in December 2022, adjusting for factors generally considered to be legitimate differentiators of salary, such as performance and tenure, salaries of our female employees were 99.6% of those of our male employees, and salaries of our non-white employees were 100% of those of our white employees.

In addition to cash and equity compensation, we offer generous employee benefits such as significant company contributions to deferred profit sharing plans, consumer-driven health plan coverage, vacation and holiday pay, disability and life insurance, and up to 12 weeks paid parental and family leave for birth, adoption and foster placement and an additional six weeks paid leave for birth mothers. Our benefits also include physical, emotional and financial wellness programs and family creation assistance benefits, such as adoption assistance and coverage for fertility treatments. While there is some variability in employee benefits across our companies, the examples we provide are available to most employees.

We are also committed to investing in the educational development of our workforce through a generous tuition refund program for job-related courses or company-related degrees. We provide eligible employees with a company-funded contribution applied to the employee’s qualified higher education student loans to help reduce student loan debt. To maintain industry alignment and attractiveness, typically ever three years, Altria engages with independent consultants to benchmark our benefits to peer companies.

For our hourly associates, we offer paid family leave for bonding and hospice care, up to 10 weeks of paid maternity leave for birth mothers, and up to \$10,500 in annual tuition reimbursement for accredited higher education and trade school curricula.

2020-2022 Activities

Health Care Benefit Enhancements:

- COVID-19 testing, treatment, and related doctor visits covered at 100%
- Telemedicine (MD Live) visits to include virtual counseling for mental health covered at 100%
- Allowed mid-year election changes to Flexible Spending Accounts
- Added a travel benefit which covers eligible travel costs (up to a lifetime maximum of \$10,000) to obtain Medical and Behavioral services that cannot be obtained within a 60-mile radius of the member's home address by a Cigna contracted provider, or because of state legislative action.

Financial Assistance Resources:

- To help employees address the financial challenges of COVID, temporarily (2021 and 2022) increased the dependent care reimbursement amount from \$1,000 to \$5,000 and expanded the definition of eligible expenses to include tutoring or similar education support.
- Provided **tax-free** student loan repayment assistance
- For 2020 and 2021, allowed unlimited rollover of remaining dollars in a Flexible Spending Account
- For 2021, we added a \$200 COVID-19 vaccine HSA incentive to the list of qualified totalWELLness activities
- Enabled participants to access their 401(k) accounts via hardship withdrawals without penalty

Expanded Virtual Care Providers

- Omada is an online program that inspires healthy, long-term habits to help you lose weight and reduce your risk of type 2 diabetes and heart disease
- Talkspace provides on-demand mental health assistance, day or night, from licensed therapists or psychiatrists.
- Ginger – Work with a behavioral health coach 24/7 for help with a variety of mental health issues.
- Recovery One – Physical therapy from the comfort of home.

Offered Support Services:

- Webinars held on various topics to include coping through a crisis, grief and loss, depression, stress and anxiety and working remotely.
- Mental Health Awareness – Each year, during the month of May, we provide a variety of resources to help support employees' mental health.

Other Key Activities:

- In 2022, we researched and conducted an RFP for employee assistance program services. Our goal was to find a service provider which could deliver high quality, intuitive and fast access to therapy and mental health resources. Lyra was selected in 2022.
- In support of our financial wellness and readiness programs, in 2022, we improved the health savings account and flexible spending account experience, tools and education for our employees.
- In 2022, we fully integrated our wellness program (totalWELLness) within the AltriaTotalRewards site. Our goal was to drive wellness engagement by centralizing all resources into one platform to improve the user experience.
- Engaged an independent third-party company to benchmark Altria's 2022 benefits through a *Benefits Index Study* and a *DEI Benefits Assessment*.

Results

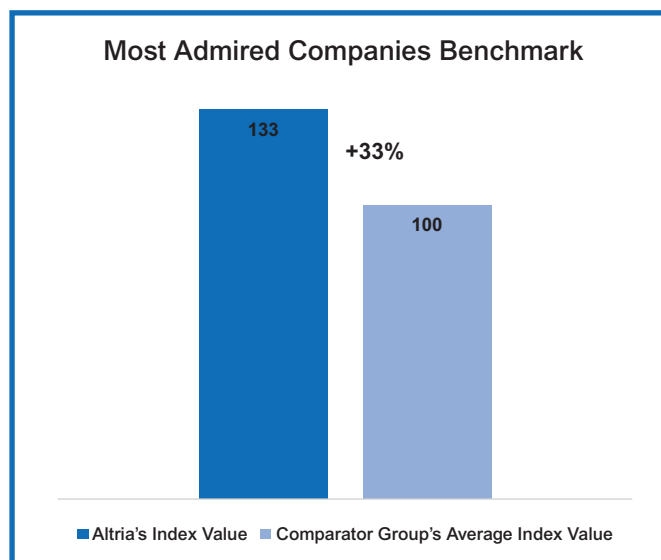
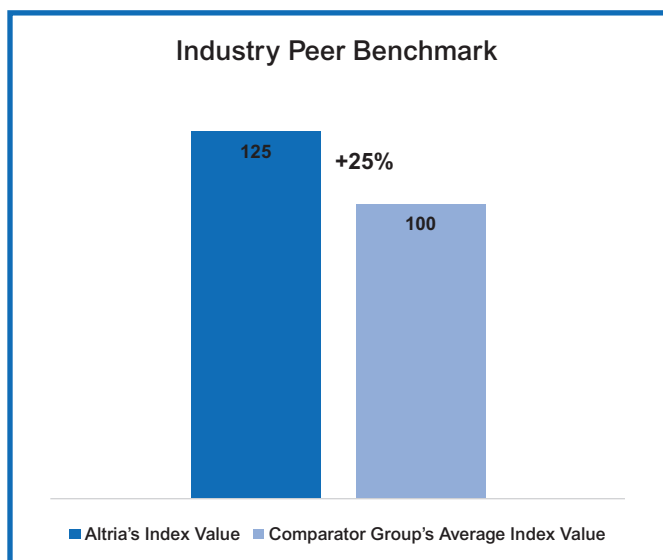
Altria achieved the following results through the actions undertaken and noted above during the scope period:

Pay Equity: For employees performing the same or similar duties

Pay Equity	2020	2021	2022
Ratio of Salaries for Altria's Female Employees Relative to Altria's Male Employees	99.4%	99.6%	99.6%
Ratio of Salaries for Altria's Employees of Color Relative to Altria's White Employees	99.6%	99.9%	100%

*Source: 2020, 2021 and 2022 **Support Our People & Communities Progress Reports**
Based on analysis conducted after adjusting for factors generally considered to be legitimate differentiations of salary, such as performance and experience.*

2022 Benefits Index Study: Benefit components in this study include retirement income, active health care, retiree health and welfare, active welfare, time off with pay and cash-based benefits.



*Source: Altria's **2022 Benefit Index Results** as of January 2023.*

2022 Benefits Index Study comparator groups included:

Industry Peer Group

1. 3M Company
2. Bristol-Myers Squibb Company
3. Campbell Soup Company
4. The Coca-Cola Company
5. Conagra Brands, Inc.
6. Dominion Energy, Inc.
7. Eli Lilly and Company
8. General Mills, Inc.
9. The Hershey Company
10. Kellogg Company
11. Kimberly-Clark Corporation
12. Merck & Co., Inc.
13. Molson Coors Beverage Company
14. Mondelez International, Inc.
15. PepsiCo, Inc.

Certain Most Admired

1. Accenture Ltd.
2. American Express Company
3. Bank of America Corporation
4. BlackRock, Inc.
5. Danaher Corporation
6. Disney
7. Goldman Sachs & Co.
8. International Business Machines Corporation
9. Johnson & Johnson
10. J.P. Morgan Chase & Co.
11. Marriott International, Inc.
12. Nestle USA, Inc.
13. Pfizer, Inc
14. The Procter & Gamble Company
15. Starbucks Corporation
16. United Parcel Service, Inc.

2022 DEI Benefits Assessment:

Benefit Component	Altria Score	Peer Score	Max Score
Retirement programs: eligibility and features that encourage retirement savings, offer flexibility, and support diverse households.	13	11.1	15
Financial wellbeing: strong financial wellbeing resources to help support employees across a broad array of financial needs.	11	5.9	15
Health Care: eligibility, affordable premiums, and recognition of different household structures.	20	17.5	25
Paid Time Off: more flexibility in how employees can take time-off and equity across job classes.	11	8.1	15
Family Benefits: benefit programs to support family building and the pressures employees face as parents and caregivers.	13	7.2	15
Active Welfare: standard programs for all employees that provide financial protection for the unexpected.	13	13.5	15
Total	81	63.3	100

Source: 2022 Altria DEI Benefits Snapshot- A look at Diversity, Equity, and Inclusion in Benefit Programs
Benefits are scored based on the inclusivity (flexible, affordable, accessible and consistent) and equity of benefits across our organization with 100 points being the maximum score a company can receive.

Opportunities for Further Progress

We need to continue to evaluate our employee benefits package against external and internal factors, market trends and benefits costs. There is also an opportunity to continue to identify and implement cost effective improvements to support the financial, physical, emotional, and mental wellbeing of employees and their families. This will help Altria to deliver high quality benefits that attract and retain the best talent in executing our Vision.

Supplier Diversity

Scope Area Description

Supplier Diversity and Inclusion (SD&I) is the business imperative of engaging and utilizing diverse-owned businesses (ethnically diverse, people with disabilities, LGBTQ+, veterans and women) to source goods and services for Altria. SD&I harnesses the power of diverse teams to promote innovation, drive competition, provide greater supply chain flexibility and align with societal expectations. Supporting a diverse value chain that resembles our adult consumers, culture and communities plays an important role to our future success.

Supplier Diversity and Inclusion also serves as a catalyst for community development and enhancement by creating economic opportunities locally, regionally, and nationally. When diverse businesses seize opportunities, it allows entrepreneurs to contribute to the economy which creates more jobs and the consumption of goods.

For Supplier Diversity Spend, Altria monitors Tier 1 (spend directly from a diverse supplier who provides materials or services directly to Altria), Tier 2 (calculation of spend from diverse subcontractors of a non-diverse supplier who provides materials or services directly to Altria) and spend attributed to the diversity of external legal teams supporting our Law Department.

2020-2022 Activities

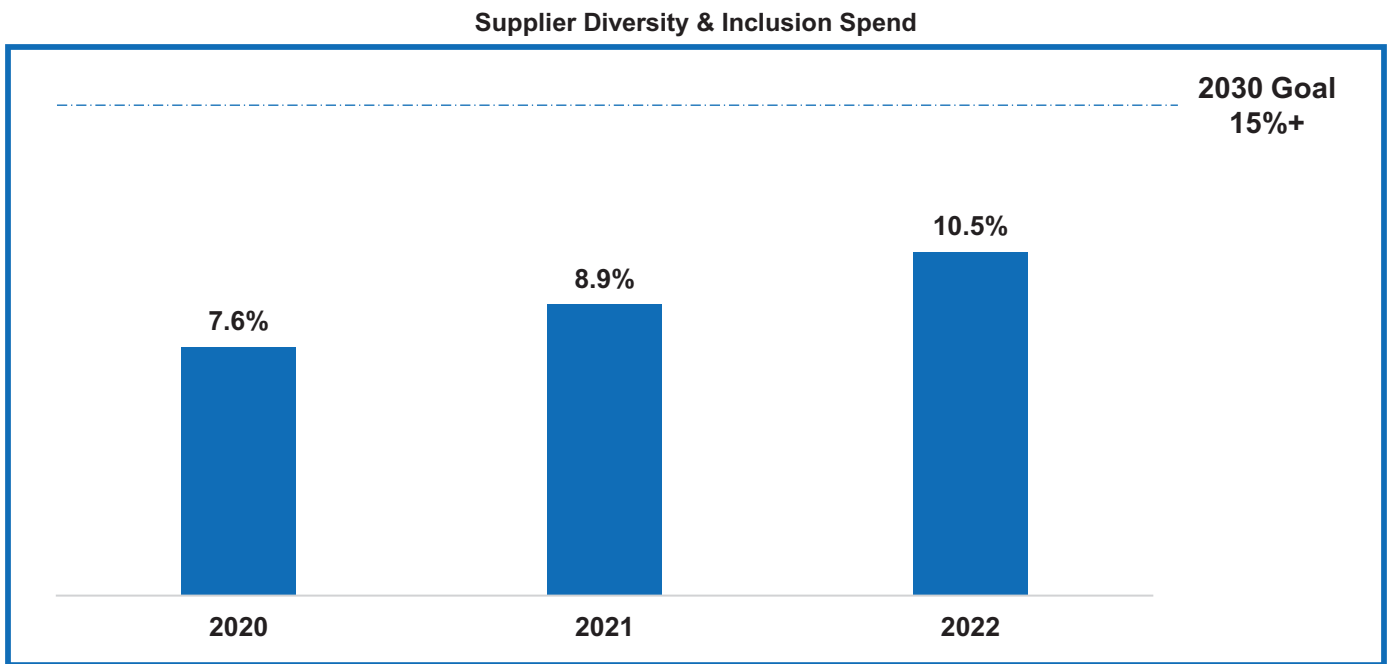
- **Established a New Diverse Spend Goal** – Altria recognized an opportunity to be more inclusive with its diverse spend approach and established a goal of increasing diverse spend to 15% or more by 2030.
- **Implemented *Supplier Explore* and *Supplier Portal*** – In 2022, an enhanced *Supplier Explorer* was launched as a database for employee use in searching for both domestic and global diverse suppliers (~6M suppliers included).
- **Support of Black-Owned Business Development** – Supplier Diversity’s guidance on how to enhance the capabilities of Black-owned businesses, played a key role in Altria’s 2020 Race & Equity Initiative and subsequent involvement in the *CEO Action for Racial Equity* (CEOARE).
 - The Race & Equity Initiative’s \$5 million contribution to non-profits, included \$675,000 to Central Virginia organizations supporting Black-owned businesses and entrepreneurs. Building off this initial contribution, John Middleton Co. contributed an additional \$1 million to further support Black-owned business development through two nonprofits: The Enterprise Center in Philadelphia, and Growth Opps in Cleveland. Middleton also focused on raising awareness of specific Black-owned businesses through their marketing programs.
 - With the support from Altria’s Supplier Diversity leaders, one of the CEOARE’s agile teams included a cross-functional cohort focused on creating recommendations to support a business diversity ecosystem and build value-chain diversity.
- **Enhanced our SD&I Program** – In 2021, Altria enhanced its SD&I program to increase visibility into the diverse supplier ecosystem. Through strengthened infrastructure and compliance requirements, we improved selection of diverse suppliers and mitigation of risks.
- **Emphasized Diversity, Inclusion and Equity at Retail** – In 2021, Altria launched a \$250,000 *Stronger Together* challenge to support industry-led, sustainable efforts toward inclusion, diversity and equity. We distributed the funds among eight projects submitted by trade partners, including retailers and wholesalers, for ID&E education, and training and development programs and platforms. This included Altria supporting the creation of the Convenience Store News’ D&I Advisory Board to continue ongoing emphasis and education on diversity, inclusion and equity amongst the retail community and within supply chains.
- **Partnered with Minority Supplier Development Councils** – Development councils serve as an economic growth engine for diverse businesses and create opportunities for these businesses to connect with corporations and other business owners. Altria partnered with national, global, regional and local councils.

- Launched an Employee Engagement Campaign** – The 2021 launch of *Supplier Diversity Amplified*, a program designed to provide a deep and narrow line of sight into the diverse supplier ecosystem, opened doors to increase engagement with internal leaders. As part of this new program, the Supplier Diversity team executed an internal employee resource group and functional leader roadshow to engage with decision makers and positively impact both their business and personal spend decisions within diverse communities (i.e., vendors for employee swag, heritage month speakers, external workshop suppliers, etc.).
- Management Roundtable Supplier Diversity Community of Practice** – The Supplier Diversity team participated in the Management Roundtable’s supplier diversity community of practice. This community of practice contributed to ChamberRVA’s strategy to support economic inclusion and supplier diversity by: 1) stewarding a regional economic mobility process and action plan; 2) developing and sharing best practices to reduce barriers faced by Black- and Brown-businesses; and 3) creating a Black- and Brown-business directory to better connect businesses to suppliers in the region.

Results

Altria achieved the following results through the actions undertaken and noted above during the scope period:

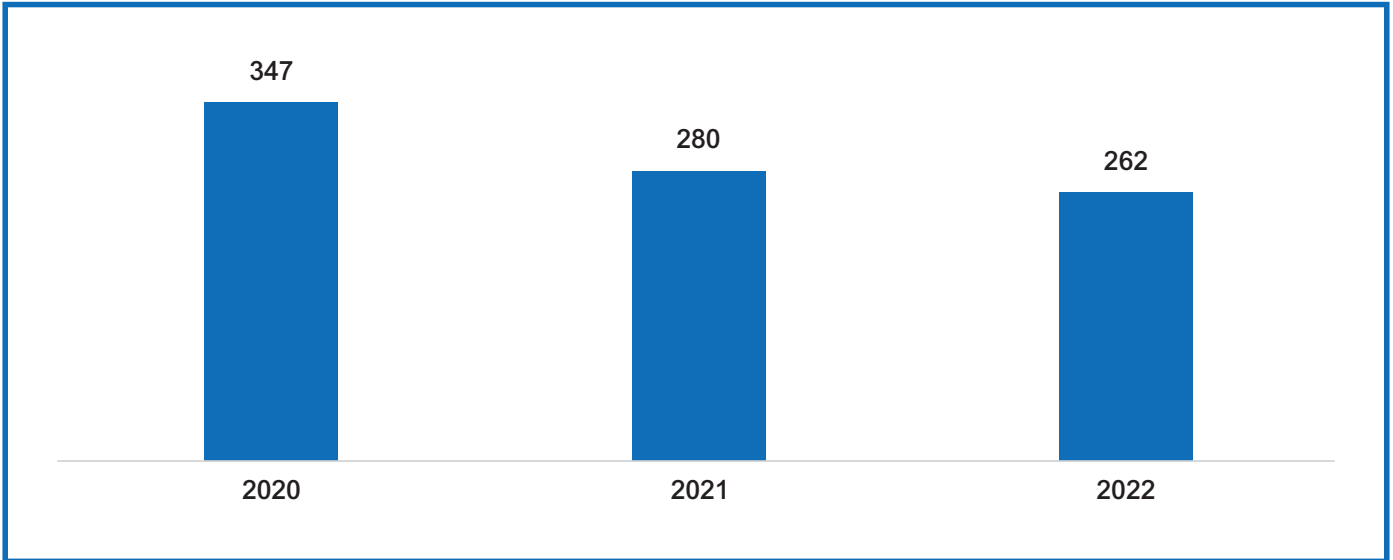
- Diverse Spend:**



Note: Percentages rounded to the nearest tenth. Suppliers of Ste. Michelle Wine Estates (SMWE) included in 2020 Supplier Diversity data. These suppliers are not reflected in 2021 to account for the 2021 sale of SMWE

- **Number of Diverse Suppliers:** The number of diverse suppliers decreased, however the amount spent on diverse suppliers increased as Altria engaged them on more complex and strategic projects.

Number of Diverse Suppliers



Note: This reflects diverse supplier utilization based on Altria's 2022 Business requirements. While the number of diverse supplier has decreased, we have increased the amount we spent on diverse suppliers by engaging them on more complex strategic projects.

Opportunities for Further Progress

Internally, there is an opportunity to deepen our spend analytics insights to proactively identify supply chain categories for diverse supplier sourcing opportunities. We can do this by enhancing our connectivity points to Procurement's sourcing processes. Externally, there is also an opportunity to continue to support capacity and skill building initiatives for diverse suppliers that enables their success.

Appendix B:

External Advisory Review Board Bios

Former Attorney General Thurbert Baker – General Baker serves as Partner and Global Vice Chair at Dentons and co-leads Denton’s nationally recognized U.S. State Attorney General practice. His practice focuses on corporate compliance and investigations, complex state legal and legislative matters, public policy and regulatory affairs, multi-state litigation, public sector procurements and regulatory matters. General Baker has served as Co-lead for Dentons’ U.S. Diversity & Inclusion Committee and serves on the Denton’s Global Diversity, Equity & Inclusion Council. Attorney General Baker served as the attorney general for the State of Georgia for 13 years under three different governors. *Expertise: civil rights, legal, law enforcement, ID&E and public policy*

Rhonda Mims – Mims most recently served as ICMA-RC’s (now MissionSquare Retirement) Senior Vice President, Chief Legal and External Affairs Officer where she led and directed the company’s legal, risk, and compliance activities. Previously, Mims served as Executive Vice President and Chief Public Affairs Officer for WellCare Health Plans, Inc., and Managing Director of Corporate Social Responsibility at Paul Hastings, LLP. Mims’ previous legal career is extensive and includes roles with the U.S. Department of Justice, the National District Attorney Association’s American Prosecutor’s Research Institute, and the South Carolina Office of the Attorney General. She serves on the Board of Directors of Big Brothers Big Sisters of America. *Expertise: civil rights, ID&E, legal, public policy, corporate social responsibility and community organizations*

Former Congresswoman Stephanie Murphy – Murphy is a three-term member of Congress (2017 to 2023), where she served as co-chair of the Blue Dog Coalition, a group of House Democrats focused on fiscal responsibility, a strong national defense, and a principled and pragmatic approach to legislating. She also served as a Chief Deputy Whip of the House Democratic Caucus and on the House Democratic Steering and Policy Committee. Murphy has served as an executive at an investment firm and a national security specialist. *Expertise: public policy*

Dr. Patrick Tolan – Tolan is the Emeritus Charles S. Robb Professor at the University of Virginia (UVA) in the School of Education and Human Development and Emeritus Professor of Psychiatry at the University of Illinois. His work on youth well-being and development has spanned theory, methods, practice, and policy during his 40-year career. He shifted to focus on positive youth development in the early 2000s and for his tenure at UVA. He retired from UVA in 2022, where he also held an appointment as Professor of Psychiatry and Neurobehavioral Sciences. Mr. Tolan is the founding director and now emeritus director of Youth-Nex: The UVA Center to Promote Effective Youth Development. *Expertise: youth development*

Tonya Veasey – Veasey spent more than 10 years in the public affairs industry, working for a state senator, a large nonprofit organization and a Fortune 500 company. As the CEO and President of the Congressional Black Caucus Foundation, Veasey collaborated with her Board of Directors and the representatives of the Congressional Black Caucus to amplify and ultimately expand the Foundation’s impact. Veasey led change management initiatives, historic fundraising campaigns and built a collaborative culture amongst the industry’s top leaders that drove landmark wins in the racial reckoning and unprecedented activism in 2020-2021. *Expertise: ID&E, public policy and community organizations*

Appendix C:

Assessment Methodology

In January 2023, Altria announced that it would conduct an Equity and Civil Rights Assessment following passage of the 2022 shareholder proposal requesting that our Board commission a civil rights equity audit.

Altria led the Assessment, overseen by an independent external advisory review board, informed by stakeholder engagement and assured by a third party, Bureau Veritas. The external advisory review board provided third-party perspective and oversight to guide Altria on the Assessment, including its scope, stakeholder engagement, findings and the report. The board was comprised of five independent members with relevant expertise in civil rights, ID&E, legal, law enforcement, public policy and youth development:

- Former Attorney General Thurbert Baker
- Rhonda Mims
- Former Congresswoman Stephanie Murphy
- Dr. Patrick Tolan
- Tonya Veasey

The Nominating, Corporate Governance and Social Responsibility (NCGSR) Committee of the Board provided oversight of the Assessment. The NCGSR committee oversaw the Assessment approach, selection of external advisory review board members and third-party assurance firm and stakeholder engagement plan. The NCGSR committee received regular updates on the Assessment. The NCGSR committee regularly reported Assessment progress to the full Board.

Management reviewed Assessment conclusions and recommended actions with the NCGSR committee and full Board.

Assessment Scope

In 2020, we introduced our Vision, cultural aspiration, Inclusion & Diversity Aiming Points and completed our responsibility materiality assessment. We also announced our commitment to address racial, social and economic equity. To align with these strategic priorities, the Assessment covers the time period from 2020 through 2022, the year that the shareholder proposal passes. It focuses on tobacco products manufactured and sold by Altria's operating companies during this time including cigarettes (Philip Morris USA), cigars (John Middleton Co.), smokeless tobacco (U.S. Smokeless Tobacco Company LLC) and oral nicotine pouches (Helix Innovations LLC). During this time, Altria also had exclusive U.S. commercialization rights to Philip Morris International's IQOS tobacco heating system and *Marlboro* HeatSticks. Altria did not own and operate an e-vapor company during the scope period. Therefore, we did not assess the impact of e-vapor on communities of color or youth.

To achieve our Vision, to responsibly lead the transition of adult smokers to a smoke-free future, we are developing a portfolio of satisfying, smoke-free alternatives while working to create the conditions for tobacco harm reduction to succeed through external engagement, science and advocacy. This includes advocating for a harm reduction future in which the industry is operating within science-based regulation, underage tobacco use continues to decline, adult tobacco users who want to quit have access to expert quitting information, and adult smokers who can't or won't quit are moving to smoke-free alternatives that are authorized by the U.S. Food & Drug Administration (FDA). This Assessment reviewed Altria's policies, practices, programs and services intended to address the harm associated with tobacco use and the effectiveness of our harm reduction efforts toward our intended outcomes – including underage use prevention programs, responsible marketing practices, cessation support programs, and regulatory engagement and public policy advocacy. The Assessment also included an evaluation of the **impact** of these policies, practices, programs and services on communities of color and youth, as well as our inclusion, diversity and equity **progress**.

Assessing for Impact

Impact of harm reduction efforts on communities of color and youth:

- Underage Use Prevention
- Responsible Marketing Practices
- Cessation Support
- Regulatory Engagement and Public Policy

Assessing for Progress

Progress on Inclusion, Diversity and Equity efforts:

- Community Impact Portfolio
- I&D Aiming Points
- Pay & Benefits Equity
- Supplier Diversity

The Assessment did not evaluate the impact of our operating companies' tobacco products because those impacts are well-known and documented. For example, according to the Centers for Disease Control and Prevention, cigarette smoking is responsible for more than 480,000 deaths per year in the U.S. and over 80% of Black smokers smoke menthol cigarettes.

Organizing Framework

Altria developed an organizing framework to guide the work throughout the Assessment, providing a structured approach to understanding and addressing the issues:

What We Understand	What We've Done: Policies, practices, initiatives
<p>Tobacco-related risks, risk factors and impacts are grounded in science and evidence and well-documented.</p> <p>These risks/risk factors/impacts inform a Public Health perspective on effective levers to:</p> <ul style="list-style-type: none"> - prevent tobacco initiation among youth and non-users; - support cessation for adults who decide to quit tobacco; - minimize harm to adult tobacco consumers who choose to continue using tobacco 	<p>Altria's understanding of these risks, risk factors, impacts and effective levers has informed business strategies, policies, practices and initiatives across:</p> <ul style="list-style-type: none"> ■ Tobacco Harm Reduction ■ Cessation Support ■ Responsible Marketing Practices ■ Underage Use Prevention ■ Regulatory Engagement and Public Policy
Intention	Assessment Focus
<p>Our aim is to minimize negative impacts, mitigate risks and contribute to positive outcomes.</p>	<ul style="list-style-type: none"> ■ Have these business activities been effective in supporting intended outcomes? ■ What is the impact, if any, on youth and communities of color?

The organizing framework recognizes that tobacco-related risks, risk factors, and impacts are grounded in extensive scientific study and resulting evidence and are well-documented. This understanding forms the basis for a public health perspective on effective levers to address tobacco use, including preventing tobacco initiation among youth and non-users, supporting cessation for adults who decide to quit tobacco, and minimizing harm to adult tobacco consumers who choose to continue using tobacco.

Altria, in its efforts to address tobacco-related risks, has incorporated this organizing framework into its business strategies, policies, practices, and initiatives. These include initiatives related to underage use prevention, responsible marketing practices, cessation support and regulatory engagement and public policy advocacy. By aligning its activities with the organizing framework, Altria aims to minimize negative impacts, mitigate risks, and contribute to positive outcomes. This Assessment focused on evaluating the effectiveness of Altria's activities in supporting intended outcomes and assessing the company's impact on youth and communities of color.

Methodology

To conduct the Assessment, Altria assembled a cross-functional team with expertise in each scope area led by Corporate Audit, bringing the disciplined approach used for traditional audits. To assess the scope areas, the team conducted the following activities, aligned with traditional audit processes:

Planning	<ul style="list-style-type: none">■ Inventoried current business programs, practices and policies■ Inventoried current data collected, and analyses performed■ Developed Assessment key questions
Fieldwork	<ul style="list-style-type: none">■ Conducted internal stakeholder engagements■ Conducted external stakeholder engagements■ Procured data and performed analyses needed to answer key questions■ Performed governance maturity assessment■ Synthesized results and compiled list of opportunities■ Developed action plans
Reporting	<ul style="list-style-type: none">■ Compiled report to communicate results■ Obtained third party assurance of report■ Distributed final report

Planning

The team met with subject matter experts to gather background information and understand existing controls for each scope area. The information was documented in scope area issue summaries.

Each scope area issue summary consisted of the following elements:

- **Scope Team Members** – List employees with responsibility for oversight and leadership of the scope area.
- **Issue Articulation** – A succinct statement of the scope area.
- **Primary Stakeholders Impacted and Stakeholder Contribution** – The stakeholders impacted, the significance/importance of the scope area to each stakeholder group, and how they contribute to addressing the issue.
- **Methods of Engagement and Communication with Stakeholders** – How we currently engage with stakeholders on the topic.
- **Landscape Analysis** – Capture recent public opinion research, analyses that informed strategy and/or benchmarks reviewed to understand the issue area, and others’ efforts to address the issue.
- **Strategic Importance/Criticality for Business** – Alignment to Altria’s Vision and 2025 Corporate Responsibility focus area goals.
- **Strategic Importance Beyond Our Walls** – Identify potential economic, social and environmental impacts.
- **Associated Metrics and Established Goals** – Capture internal and external metrics and goals related to the scope area.
- **Company Policies and Procedures** – Identify existing business policies and procedures related to the scope area.
- **Programs and Services** – Capture existing programs and services related to the scope area.
- **Prior Audits and Results** – Capture audits that have been performed by Altria Corporate Audit related to the scope area and a summary of the results.
- **Key Activities 2020 – 2022** – List key activities performed during the scope period that helped Altria make progress in the scope area.
- **Additional Considerations** – Capture remaining questions or additional considerations.

Next, the team inventoried current data collected internally and analyses performed. A matrix was compiled to capture relevant supporting information including the source of the data, methodology for collecting the data, key metrics captured by the data, indication if data contains demographic information, frequency of collection, business purpose, where the data is stored, who has access to the data, and associated policies that govern the data.

The information compiled during planning was shared with the external advisory review board and internal stakeholders. Their input was solicited to identify and assemble the following list of key questions to be addressed by the Assessment:

- What is the effectiveness of Altria's policies and practices in supporting intended outcomes?
- What is the impact of Altria's policies and practices on youth and communities of color?
- What was the effectiveness of initiatives performed during the scope period in supporting intended outcomes?
- What was the impact of initiatives performed during the scope period on youth and communities of color?

Fieldwork

The team conducted internal stakeholder engagement sessions to validate or nullify information obtained in the planning phase. In most cases, sessions were moderated by an independent third party, but some were Altria-led. Sessions included employees with various tenures and grade levels, and representation from business functions across Altria, including Consumer Marketplace Insights and Innovation, Law, Government Affairs and Public Policy, Marketing, Regulatory Affairs, Altria Group Distribution Company, Corporate Citizenship, and Research, Development & Engineering. Separate sessions were held with key senior leaders for each respective scope area to assess the "tone at the top". Questions in the sessions focused on established policies, procedures and programs, employee expectations and training, intended outcomes, measuring compliance and efficacy, activities that occurred during the scope period, and addressing the key questions noted above. All sessions concluded with a discussion on gaps or opportunities to strengthen current practices.

We held external stakeholder engagement sessions with stakeholders in public health, scientific community, civil rights organizations, trade partners, policy makers and youth-serving organizations. Sessions were a mix of one-on-one in-depth interviews and focus group conversations that included multiple stakeholders. Sessions were either moderated by an independent third party or Altria-led. These discussions focused on expectations of the industry and Altria, facilitators of and barriers to progress towards [aspects of tobacco harm reduction] and opportunities for Altria to have a positive impact on communities of color and youth.

Data analysis was a critical component of this Assessment. Altria leverages national datasets to glean insights about underage tobacco use behavior, assess the potential public health impact of nicotine perceptions, and understand quitting behavior. Combined, these datasets provide information from diverse sources and help facilitate a comprehensive understanding of how our policies and practices may impact youth and communities of color.

Our analyses included data from several national datasets, such as the National Youth Tobacco Survey (NYTS), National Survey of Drug Use and Health (NSDUH), and the Population Assessment of Tobacco and Health (PATH). We also analyzed data from internal sources (e.g., Altria Client Services' Adult Tobacco Consumer Tracker). While our analyses related to responsible marketing focused on data from 2020-2022, we included data collected beyond the scope period to provide additional context for the underage use prevention, cessation support, and tobacco harm reduction and regulatory engagement.

To evaluate the system of policies, practices and processes that govern work in the scope areas, the Altria Corporate Audit Department performed a maturity assessment. Audit evaluated the current level of progress made in each of the scope areas related to program governance, including the control environment, risk assessment, information and communication and monitoring. Audit then evaluated the maturity level of the overall governance.

The team synthesized the information collected during fieldwork and compiled a list of opportunities and recommendations. The results were shared with the external advisory review board, the NCGSR Committee, Altria's leadership team and internal stakeholders.

Reporting

A summary of the results and opportunities identified through this Assessment are documented and disclosed in this report. Third party assurance of this report was provided by Bureau Veritas, conducted in accordance with the AA1000 Assurance Standard (AA1000AS v3). The assurance letter provided by Bureau Veritas is contained in this report.

Appendix D:

Governance Maturity Assessment

A critical component of this Assessment was an evaluation of Altria’s governance practices for the Assessment scope areas: underage use prevention, responsible marketing, cessation support and tobacco harm reduction and regulatory engagement. The Altria Corporate Audit Department (“Audit”) performed a maturity assessment of the infrastructure supporting the program governance for the scope areas. The purpose of a maturity assessment is to evaluate the company’s current level of maturity for a particular process in relation to the company’s risk tolerance to determine if the current level of risk mitigation is acceptable or if the company wants to advance its maturity level to further mitigate risk.

Audit assessed the governance maturity according to the Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework, a widely used and accepted framework that serves as the foundation of modern internal controls, supplemented with recently implemented COSO guidance for applying the Framework to ESG and sustainability reporting. To determine the program governance maturity level, Audit measured the current level of progress made in the following domains for the scope areas:

- Control environment
- Risk assessment
- Information and communication
- Monitoring

Control Environment

Audit inventoried and reviewed the defined policies and procedures that govern the scope areas to determine if standardized and documented controls exist. The chart below summarizes existing policies and procedures aligned to each of the scope areas. Audit also evaluated the oversight responsibility structure to assess executive and board support.

Policies and Procedures	Tobacco Harm Reduction	Regulatory Engagement	Underage Use Prevention	Responsible Marketing	Cessation Support
Altria Code Of Conduct	X	X	X	X	X
Consumer Clinical and Public Opinion Research Policy	X	X			
Non-Nicotine Category Consumer Research Policy	X				
Product Communication Policy	X	X		X	
Lobbying Activities and Communicating with Government Officials		X			
Gifts to Government Officials Policy		X			
Market Information Policy		X			
Guidelines for Requesting, Accepting, Collecting and Sharing Competitive Intelligence		X			
Information Governance Policy		X			
Records and Information Management Procedure for Functions		X			
Supplier Relationship Management Procedure	X	X	X	X	X
Underage Use Prevention and Tobacco Cessation Information Policy		X	X		X
Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy				X	

Audit Results – Proper oversight and support from Altria executives and the board was evidenced and codified policies and procedures exist across all scope areas. However, Audit observed that the current marketing policy (Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy) addresses requirements for traditional tobacco products only. Management confirmed that work is actively underway to implement a new marketing policy for innovative products.

Risk Assessment

Audit analyzed Altria’s processes to evaluate risks associated with the scope areas, including materiality assessments, evaluation of new laws and regulations and fraud analysis. Audit considered the adequacy of documentation, frequency of analysis, integration with the Enterprise Risk Management process, and cross-functional collaboration and input.

Audit Results – Risks are identified, evaluated and mitigated through various Altria business processes, including day-to-day activities, steering committees, the annual enterprise strategic planning process and the Enterprise Risk Management process. However, Audit observed the risk assessment process could be strengthened by establishing a more formal documented periodic risk assessment process for the scope areas. Management has agreed to implement this recommendation.

Information and Communication

Audit assessed how information, requirements and expectations regarding [the scope areas] are communicated to employees, including a review of established policies and procedures that are readily accessible to employees and current training processes and infrastructure.

Audit Results – Requirements and expectations are codified in company policies and procedures which are readily available and accessible to employees. The company currently has robust training and knowledge building processes and most training is provided systematically. Systematic training allows tracking of training completions and allows training to be pushed to employees based on their specific roles. However, Audit observed that some training is performed manually and, in some cases, training and policies have not been updated to incorporate changes to the business. Audit recommended utilizing systematic training for all training where possible, and performing a review of policies and procedures to incorporate recent business changes into trainings in a timely manner. Management agreed to implement these recommendations. In addition, management notified Audit that going forward, they will require Marketing Compliance training for all Altria employees, not just employees in specific roles.

Monitoring

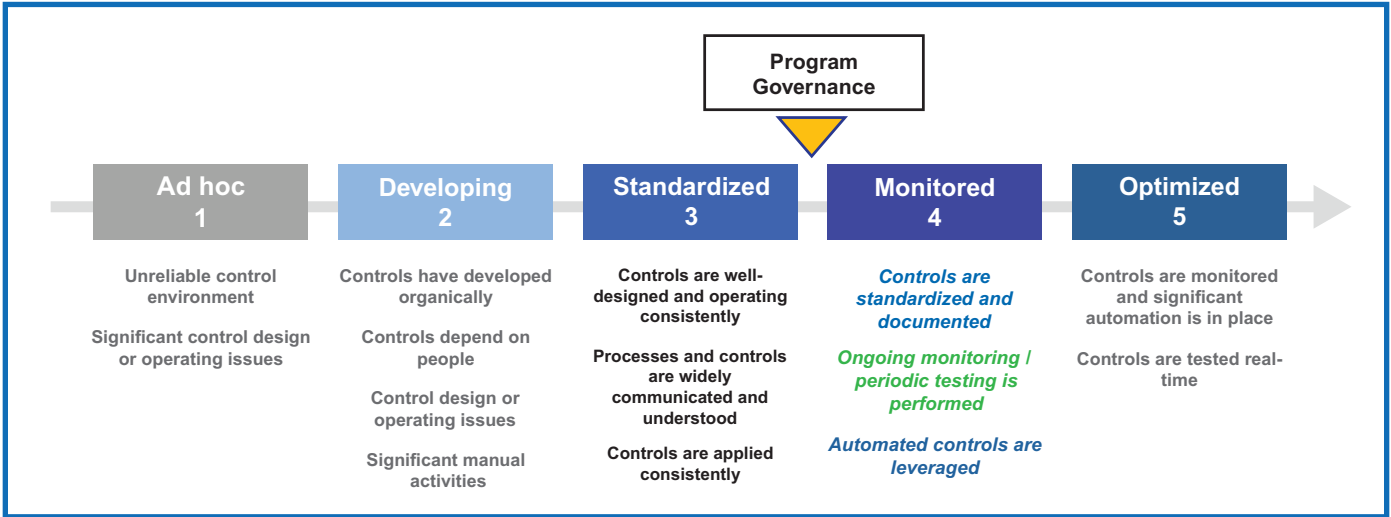
Audit assessed processes in place to monitor the effectiveness of governance for the scope areas. Periodic audits performed by Altria’s Corporate Audit Department are a critical component of monitoring. Audit uses a risk-based approach to prioritize audit resources. High-risk areas are audited on a 3-year schedule and medium-risk areas are audited every 6 years. Audit reports the results of each audit conducted to senior management and periodically provides updates to Altria’s Audit Committee. The chart below summarizes the number of audits related to each scope area performed by Audit over the past four years, or that are planned to be performed during the next 3 years.

Scope Area	# Audits Performed (2020 – 2023)	# Audits Planned (2024 – 2026)
Responsible Marketing	12	8
Underage Use Prevention and Cessation Support	2	2
Regulatory Engagement	5	1
Tobacco Harm Reduction	4	9

Audit Results - Audit concluded that periodic evaluation of design and operation of internal controls exists. Altria’s Corporate Audit Department has recently conducted audits across all scope areas, adequately monitoring the effectiveness of controls in these spaces. Audit’s most recent plan includes continued coverage across these areas over the next 3 years.

Maturity Assessment Conclusions

Upon evaluation of the current level of progress made in each of the areas related to program governance including control environment, risk assessment, information and communication and monitoring, Audit evaluated the maturity level of the overall governance using a 5-point scale ranging from the lowest level of maturity, level 1, to the highest level of maturity, level 5, as demonstrated by the diagram below. The results indicated the **maturity of the program governance is between level 3 “Standardized” and level 4 “Monitored”**.



Note: Level 4 activities in green have been fully implemented and those in blue have been partially implemented.

Audit concluded that Altria fully met all level 3 criteria for the scope areas, evidencing that controls are well-designed and operating consistently, widely communicated and understood and applied consistently. Although Altria met level 4 criteria for ongoing monitoring and periodic testing, the audit recommendations noted above in the areas of control environment, risk assessment and information and communication demonstrate opportunities for Altria to further advance its maturity towards level 4 “Monitored”.

Audit reviewed the results of this maturity assessment with the Altria leadership team and the NCGSR Committee. Overall, management agreed with the maturity assessment results and committed to implementing all recommendations made by Audit which we expect to further advance maturity towards level 4 “Monitored”. Altria may never fully achieve level 4 due to the required investments to automate controls across all scope areas. However, management is committed to seeking opportunities for continuous improvement to maintain strong controls in these areas.

Appendix E:

Results of External Stakeholder Engagement

To support the Assessment, we engaged 39 external stakeholders across these different audiences, 28 of whom agreed to let us disclose their names and organizations in this report.

Participants for whom we have permission to disclose participation includes:

Stakeholder Type	Participant Count
Civil Rights Organizations / Policymakers	10
Public Health / Scientific Community	6
Youth-Serving Organizations	9
Trade Partners / Trade Organizations	14

- **36 Lyn Refuel Station**, Lonnie McQuirter, Director of Operations
- **Asian Pacific American Institute for Congressional Studies**, Madalene Mielke, President & CEO
- **After School Alliance**, Jodi Grant, Executive Director
- **Bambury, Inc.**, Chris Bambury, President
- **Big Brothers Big Sisters of America**, Artis Stevens, President & CEO
- **Blueprints LifeSkills Training at the Center for the Study and Prevention of Violence – University of Colorado, Boulder**, Amanda Lain, Project Director
- **Casey’s**, Chris Stewart, Vice President - Merchandising
- **Congressional Black Caucus Foundation**, Nicole Austin-Hillery, President & CEO
- **Congressional Hispanic Caucus Institute**, Marco Davis, President & CEO
- **Convenience Distribution Association**, Kimberly Bolin, President
- **Forum for Youth Investment**, Mishaela Duran, President & CEO
- **The Hub Convenience**, Jared Scheeler, CEO
- **MENTOR**, Jermaine Myrie, CEO
- **National 4-H Council**, Jill Bramble, President & CEO
- **National Association of Convenience Stores**, Henry Armour, President and TruAge Chairman
- **National Minority Quality Forum**, Gary A. Puckrein, PhD, President and Chief Executive Officer
- **National Urban League**, Dennis Serrette, Executive Vice President & Chief Development Officer
- **Russell’s Convenience**, Raymond Huff, President
- **Search Institute**, Ben Houltberg, President & CEO
- **Strategic Alliance for Affiliated Store Owners of America**, Jigar Patel, Vice President
- **Tequidation**, Nathan Hirsh, Manager of Technology Solutions
- **TruAge**, Kyle McKeen, CEO
- **U.S. House of Representatives (D-LA)**, Congressman Troy A. Carter, Sr.
- **U.S. House of Representatives (D-VA)**, Congresswoman Jennifer McClellan
- **Wawa**, Jason Homola, Marketing Director of Category Management
- **We Card**, Doug Anderson, President
- **Y-Not Stop**, Anni Gauthier
- **Youth-NEX: The University of Virginia Center to Promote Effective Youth Development**, Nancy Deutsch, Associate Dean for Faculty Affairs, School of Education and Human Development at University of Virginia

We sought perspective from these external stakeholders for the purpose of:

- Gaining understanding of external stakeholder perceptions as to the facilitators of and barriers to progress for tobacco harm reduction – broadly (e.g., societal, regulatory, etc.), and specifically regarding Altria tobacco operating company activities;
- Informing future opportunities for Altria to drive progress toward realizing tobacco harm reduction for adult smokers, and that could help address gaps or findings coming out of this Assessment; and
- Further validating our own assessment of Altria’s impact on communities of color and youth, and effectiveness in driving progress toward our intended outcomes.

Nearly half of these engagements (n=21) were led by a third-party facilitator. This included all engagements with positive youth development partners and all but one engagement with civil rights organizations and policymakers. Of the engagements led by the third-party facilitator, no Altria employees participated in those with civil rights organizations and policymakers; and one Altria employee from our Corporate Audit team observed the focus groups that were conducted with the 14 youth-serving organization participants. For the remaining engagements – with trade partners and the public health and scientific community – we determined that Altria employees were best positioned to lead the discussions given either the nature of existing relationships and/or the comfort level of the participants involved.

Priority Topics for Engagement & Key Questions

For each stakeholder group, we worked with the third-party researcher to craft discussion guides that would help us answer key questions relevant to the various subject matter expertise and issues of most concern for each stakeholder group. While each set of questions was customized to the audience we engaged with (and these customizations are represented in the lists below), broadly speaking we wanted to understand:

- Facilitators of and barriers to progress with respect to various aspects of tobacco harm reduction
- Expectations of a tobacco company, generally, as it relates to various aspects of responsibility
- Expectations of Altria, specifically, as it relates to how Altria could have a greater positive impact on tobacco harm reduction; and/or actions Altria should continue/stop/modify
- Opportunities for Altria to have a greater positive impact on communities of color and/or youth, including specific actions Altria is/can/should be taking to pursue tobacco harm reduction equitably
- Participants’ own role in contributing to positive impacts/reducing negative impacts

	Civil Rights Organizations/Policymakers	Public Health/Scientific Community	Trade Partners/Trade Organizations	Youth-Serving Organizations
What are facilitators and barriers of progress with respect to...	...driving improved outcomes for health equity, broadly? And where do tobacco and nicotine issues fit into the broader outcomes of health equity?	...harm reduction? And tobacco harm reduction, in particular?	...effective programs or practices for underage tobacco prevention?	...efficacy of youth-serving programs toward reducing risky behavior? And understanding demographic or social differences in the population of youth served?
Custom Questions by Audience Type:	Based your organization’s mission, how might your organization contribute to helping to reduce the negative health impacts of tobacco use?	What are your thoughts around Altria’s active role in cessation support?	How does your organization contribute to underage tobacco prevention?	How do you know that you are serving the intended populations of youth in an equitable way?

There were several common themes we heard across these engagements. Below, we’ve summarized key insights that informed this Assessment.

We Asked participants to describe barriers to and facilitators of health equity and harm reduction broadly.

We Heard participants describe barriers to health equity and harm reduction, highlighting the inequities for patients perpetuated by the nature of the U.S. healthcare system and institutions, and medical professional education and training. Participants mentioned what they believed to be drivers of these inequities, including:

- Lack of education and training for healthcare professionals on cultural differences, implicit bias, and social determinants of health
- Uneven access to healthcare across diverse communities
- Insufficient focus on research, prevention, and treatment for conditions affecting communities of color
- Limited trust in traditional healthcare institutions among certain communities of color
- Negative bias/stigma associated with substance abuse conditions

We Heard participants identify facilitators of progress for health equity and harm reduction centered around addressing social determinants of health in a holistic way. Comments focused on improvements to a variety of systems and processes that support public health, including:

- Investments in research with equitable data collection
- Addressing disparate impacts of the criminal justice system on mental and physical health
- Improving access to accurate health-related information
- Investments in affordable housing and economic development for historically excluded communities
- Leveraging local, community-level organizations for care facilitation

We Asked participants to describe barriers to and facilitators of tobacco harm reduction, specifically.

We Heard participants describe barriers to tobacco harm reduction, highlighting the illicit e-vapor market, lack of available FDA-authorized, smoke-free tobacco products and lack of information on relative risks. Specifically, participants expressed concerns about:

- the flourishing illicit e-vapor market, inadequate enforcement, and the risks it poses to adult consumers and underage use.
- the slow regulatory process that has resulted in limited options for adult tobacco consumers seeking lower-risk alternatives to combustible cigarettes.
- the lack of accurate information for patients and healthcare professionals regarding the risks of nicotine and the continuum of risk for tobacco products, hindering the credibility of tobacco harm reduction as a public health strategy.

We Heard participants identify facilitators of progress for tobacco harm reduction, expressing a need for:

- more action to responsibly address the e-vapor category
- increasing the availability and accessibility of FDA-authorized, smoke-free tobacco products for adult tobacco consumers
- more widely available, accurate information regarding the risks of nicotine and tobacco products.

Both the public health/scientific community and civil rights organizations/policymaker audiences stressed the need for credible, independent third-party sources to deliver accurate information on tobacco harm reduction to the public. This emphasis is driven by historical allegations and distrust of the tobacco industry as a reliable source of information.

We Asked participants perspectives on where they believed Altria’s activities and focus were working well and should continue, and areas where Altria should consider doing something different.

We Heard participants tell us to keep doing the following activities:

- Continue to focus on underage prevention, including investments in evidence-based youth serving organizations; investments in training and technology for the retail community to support underage access prevention; and supportive legislative/policy advocacy.
- Continue providing support for adult tobacco consumer cessation through QuitAssist®.
- Act responsibly, regarding marketing and access, with e-vapor product portfolio.
- Talk openly and honestly about Altria’s Vision for tobacco harm reduction.
- Continue to be transparent with stakeholders about the products Altria is introducing in the marketplace and how Altria is navigating doing so responsibly.
- Engage transparently and responsibly with external stakeholders.

We Heard participants tell us to consider doing the following activities:

- Invest in new organizations that support cessation, and address other tobacco-related risks, for communities of color.
- Identify ways that Altria can support more tobacco-related research in the public health and scientific communities in a credible way.
- Support tobacco harm reduction education for adult tobacco consumers, including tobacco cessation. Our external stakeholders agreed that adult tobacco consumers are an audience with whom it would be most appropriate for Altria to communicate directly regarding tobacco product risk, cessation and switching.
- Identify ways that Altria can directly promote/facilitate switching to less harmful tobacco products for those consumers who won’t or can’t quit.
- Engage more and new stakeholders – Altria can’t solve the harms of tobacco on its own.

We Heard stakeholders emphasize throughout these engagements that Altria’s primary role is to address the harm of tobacco products with a focus on providing reduced-risk products, responsible marketing and access, and underage use and access prevention – tangible activities that show our companies are serious about driving progress toward a smoke-free future. Stakeholders did not offer feedback on any activities or focus they believed Altria should change or stop altogether.

We Asked participants what Altria should consider doing to drive positive outcomes for communities of color and/or youth regarding equitable tobacco harm reduction.

We Heard that Altria should create a health equity strategy that supports tobacco risk education, awareness, access to less harmful products, support for tobacco cessation and tobacco use prevention – particularly for those disadvantaged communities where the impacts of smoking are most acute. Participants encouraged Altria to consider these actions:

- Engage with communities of interest, particularly trusted leaders in these communities, to create meaningful connections and build trust
- Ensure those communities have equitable access to less harmful products, in terms of availability and cost
- Ensure diverse communities have access to accurate information about relative health risks (Altria would not be an appropriate or trusted source for this information).
- Cultivate a network of tobacco harm supporters that consumers, particularly in communities of interest, can trust. Stakeholders emphasized the importance of local organizations, such as local chapters of civil rights organizations, local community leaders and nonprofit organizations.
- Consider equitable investments in funding non-profit organizations that serve communities of color.
- Support and advocate for policies that address health inequities in communities of color.

We Heard participants, primarily from civil rights/policymaker and public health/scientific community audiences, offer an important perspective regarding the development and implementation of the health equity strategy recommended. While each perspective had unique variations, the general theme was this: there is a persistent skepticism and distrust of the tobacco industry, particularly within communities of color, that if not sufficiently addressed poses a headwind to the credibility of tobacco harm reduction as a public health strategy and threatens to undermine the success of equitable tobacco harm reduction. As such, stakeholders emphasized that approaching this work with transparency and integrity, understanding the limitations of how a tobacco company can/should credibly participate, and building trust – especially with leaders and organizations in disadvantaged communities – will be critical to realizing the potential positive benefits and outcomes of an equitable tobacco harm reduction strategy.

External stakeholder engagement played a crucial role in this Assessment. By actively involving and listening to our stakeholders, Altria gained valuable insights that informed our conclusions and commitments. In some cases, we were able to establish new relationships and engage with organizations that were previously inaccessible to us. We are encouraged by this opportunity to further expand our network of stakeholders, fostering open and honest dialogue, and collaboratively building solutions for the future.

Appendix F:

Additional Resources

[Altria's Adult Tobacco Consumer Tracker](#)

[Altria Code of Conduct](#)

[Altria's Corporate Responsibility Focus Area Reporting:](#)

- [Reduce the Harm of Tobacco Products](#)
- [Prevent Underage Use](#)

[Altria's Human Rights Framework](#)

[Altria Supplier Code of Conduct](#)

[Code of Conduct Principles](#)

[Domestic Combustible Cigarette, Smokeless Tobacco and Large-Mass Cigar Advertising and Marketing Policy](#)

[Standards for Compliance & Integrity](#)

[Standards for Underage Use Prevention](#)

[Product Communication Policy](#)

[Altria's Regulatory Filings](#)

[Altria's Underage Tobacco Use Survey](#)