

Drive Responsibility Through Our Value Chain 2023 Progress

Scope

- Responsible sourcing, distribution and retail
- Supplier diversity
- Grower support and agricultural sustainability
- Human rights
- Ethics and compliance

UN SDG Alignment:



2025 Goals

- Support the financial viability of our supplier base and trade partners.
- Source goods and services responsibly and in a way that optimizes business value.
- Improve diversity, inclusion and equity in our value chains.
- Deliver continuous improvement on environmental and social issues in our tobacco supply chains.

“We are committed to responsibility and believe it is a collective effort. We are focused on operational excellence, and we continue to transform our value chains - from our tobacco growers and our suppliers to our retail and trade partners - through the adoption of new technologies and enhanced data and analytics. As we pursue our Vision, our businesses have evolved and expanded their value chains to include new and different partners. With this broadened global network, we remain focused on responsible business.

I am excited to see our teams continue to raise the bar and drive responsibility throughout our value chains. Together, we believe we will continue to make meaningful progress towards a sustainable future.”



Jodie Clarke
Vice President Procurement, Altria Client Services (ALCS)

“New tools and enhanced analytics provide greater visibility and insights into our operations. With new technologies, we are able to drive efficiencies, lower costs, increase value and reduce our carbon footprint across our customer network. For example, we’re partnering with our retail customers to consolidate freight and reduce the number of shipments. We also remain committed to promoting inclusion, diversity and equity throughout our value chains. Our dedicated employees and valued partners share accountability for driving positive change throughout our value chains, and together, we believe we will continue to advance our responsibility goals.”



Wilson Friend
Vice President, Customer Supply Chain, Altria Group Distribution Company (AGDC)

Grower Support and Agricultural Sustainability

Driving Sustainability with Collaboration & Technology: We are actively enhancing the accessibility of operational and logistical data through automation and process improvements. We expect this will enable us to monitor our value chain more effectively, reduce redundant requests to our suppliers and promote ongoing advancements within our operations.

GAP Connection's (GAPC's) Tobacco Certification Program requires a grower to attend annual training on responsible crop, environmental and labor practices, complete an annual self-assessment and receive passing scores on the farm audit conducted by an approved third-party monitoring firm.

100% of our contracted tobacco growers **completed the training.**

Tobacco Grower Participation in GAPC's Tobacco Certification Program

Year	% of Grower Base Participation	% of Program Participants Achieving Certification
2021	100%	~98%
2022	100%	~98%
2023	100%	~97%

* In 2023, 30 contracted growers did not achieve certification. 17 of those were removed from our supply chain before marketing leaf. 13 were denied certification and Corrective Action Plans were implemented to allow leaf marketing. Some growers may be unable to complete the audit due to reasons beyond their control, including environmental-induced crop failure.

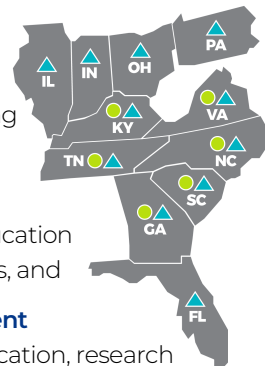
100% leaf supplier participation in the **Sustainable Tobacco Program (STP)**; an industry initiative that seeks to enable agricultural supply chain due diligence and accelerate positive impacts on social and environmental footprints.

During our leadership as STP's rotating chair in 2023, STP achieved significant membership growth, implemented new supplier risk assessment methodology, and initiated program expansion to include tobacco grown for nicotine extraction. These changes support our Vision and commitment to drive sustainability through our value chain.

Investing in the Future of Agriculture

We partnered with **seven** universities across U.S. tobacco regions to sponsor:

- 30+ research projects** aimed at improving crop quality, profitability and reducing environmental impact,
- 10+ outreach programs** that provide education and training to growers and communities, and
- 70+ undergraduate and graduate student scholarships** to advance agricultural education, research and innovation.



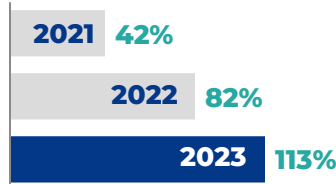
▲ Tobacco growing states ● States with University partnerships

Responsible Sourcing, Distribution and Retail

Driving Efficiencies with Data & Technology: We partnered with [SupplyShift](#) to begin screening suppliers' ESG initiatives in our non-tobacco supply chain. We believe this partnership will allow us to understand our suppliers' ESG commitments, aid in data collection for reporting and drive responsibility in our value chain.

Increased key direct and indirect supplier participation in CDP's Climate Change, Forests and Water Security questionnaires by **113%** from 2020 baseline.

Increase from 2020 Baseline



Recognized as a member of the **CDP 2023 Supplier Engagement Leaderboard** for **climate change**, highlighting our work in sustainable supply chain management. Our Supplier Engagement Rating positions us amongst leading companies who completed CDP's full Climate Change questionnaire.



Optimized our domestic distribution network; Identified opportunities to consolidate freight through a 4-week pilot program with 15 direct customers, resulting in a 17% reduction in total miles driven for the pilot participants.

Our operating companies' manufacturing operations are **focused on loss prevention and eliminating inefficiencies** to reduce cost and maximize profitability while creating capacity for future smoke-free products.

Inclusion, Diversity and Equity (ID&E)

With Diverse Suppliers

Our Supplier Diversity & Inclusion Program is an important aspect of our business success and demonstrates our commitment to ID&E by engaging women, LGBTQ+, veterans, ethnically diverse and disabled-owned businesses.

We focused on **building infrastructure, formalizing processes and developing metrics** to enhance our Supplier Diversity & Inclusion Program. This included:

- Strengthening key program documents and resources,
- Enhancing supplier requirements and process for Self-Certification Affidavit,
- Establishing diverse supplier portal on Altria.com, and
- Implementing a management database for efficient recordkeeping.

	2021	2022	2023
Number of Diverse Suppliers	280	262	280
Percentage of Spend on Diverse Suppliers (2030 Diverse Spend Goal: 15%)	8.9%	10.5%	12.4%

At Retail

AGDC is committed to supporting trade partners in their efforts to promote ID&E. Through its **Stronger Together Fund**, AGDC invested **\$250,000** across **10 customers** and **2 industry partners**. In 2023, the fund sponsored various initiatives, including:

- support for retailers establishing their own **Employee Resource Groups**,
- **training sessions** and guest speakers at customer conferences,
- the **creation of a new industry event called C-Store Women** aimed at improving the environment for women in the industry,
- a Pride Festival, and
- the engagement of an ID&E consultant to develop a progress journey for one of AGDC's largest distributors.

Human Rights, Ethics and Compliance

Supplier Code of Conduct

Our code sets expectations for all of our suppliers, which includes **complying with legal obligations and operating as good corporate citizens**.

We have updated the Supplier Code of Conduct to include enhanced sections on supplier diversity, information management, ESG reporting and conflicts of interest.

Minimum Age Provision: The standards we set for our growers exceed the standards of U.S. labor law.

	Our Contract Tobacco Growers	U.S. Labor Law
Agricultural Employment	16 years*	12 years
Perform Hazardous Duties	18 years	16 years

* Our Tobacco Leaders Program Grower Contracts address age of labor and all related exceptions in accordance with the U.S. Department of Labor

We **enhanced our marketing compliance training programs** to help employees and suppliers understand the **Master Settlement Agreement**, how it applies to our marketing practices and the importance of compliance.

Affiliate member of the **Responsible Business Alliance**, a nonprofit industry coalition committed to supporting the rights and well-being of workers and communities worldwide affected by the global supply chain.



Learn more about our [Human Rights Framework](#).

This report is a summary of our progress with respect to our tobacco harm reduction goals and is not exhaustive of all information on this topic. Some statements may be forward-looking or aspirational in nature, and these statements may involve risks or uncertainties. Such statements are indicated by use of terms such as "expect" and "believe" and may relate to "goals," "objectives" or "targets." These statements speak only as of the date of this report, and we assume no obligations to provide any revisions to, or update, any forward-looking statements contained in or implied by this report. All third-party trademarks remain the property of their respective owners.