

# Supporting Our People & Communities 2020-2021



Altria

Corporate Responsibility Progress



Altria's tobacco companies are the undisputed market leaders in the U.S. tobacco industry, with profitable premium products, iconic brands and a strong American heritage stretching back more than 180 years. As the leader in an evolving industry, we have the duty and the opportunity to shape a better future for adult tobacco consumers, our employees and shareholders. **Over the next 10 years, our Vision is to responsibly lead the transition of adult smokers to a non-combustible future.**

To achieve our Vision, we will pursue initiatives designed to promote the long-term welfare of our company, our stakeholders, society at large and the environment. We believe the actions we are taking will create a different Altria – and a different tobacco landscape that will benefit today's adult tobacco consumers, our businesses and the thousands we employ. Our responsibility focus areas address the issues we believe are most important to drive this progress.

## Altria's Responsibility Focus Areas



| Scope  | Why it Matters   | 2025 Goals  |
|--|--|---|
| <ul style="list-style-type: none"> <li>▪ <b>Inclusion and diversity</b></li> <li>▪ <b>Racial and economic equity</b></li> <li>▪ <b>Positive impact through engagement and partnership</b></li> <li>▪ <b>Well-being of employees and communities</b></li> <li>▪ <b>Workforce and community capability building</b></li> </ul> | <p>We expect to achieve our Vision by remaining an employer of choice in a rapidly evolving talent market – providing experiences that help our workforce achieve their full potential and doing what's right in our communities – investing, volunteering and collaborating to drive positive change.</p> | <ul style="list-style-type: none"> <li>• Increase the diversity of our organization and leadership team while building an inclusive and equitable culture.</li> <li>• Address systemic racism and advance social and economic equity in the communities where we live and work.</li> <li>• Drive business and social impact through engagement and partnership with a diverse portfolio of stakeholders.</li> <li>• Contribute to the well-being of our workforce and community stakeholders.</li> <li>• Build the capability of our workforce and communities to successfully navigate an uncertain and rapidly changing environment.</li> </ul> |

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**Reporting Disclosure.** This disclosure is guided by the Global Reporting Initiative (GRI), the leading sustainability reporting framework, and the disclosure standards set forth by the Sustainability Accounting Standards Board (SASB). You can find our 2020 [GRI](#) and [SASB](#) disclosure indices and tables<sup>1</sup> on [Altria.com](#).

<sup>1</sup>Updated July 2021.

**Notes:**

Some images in this report feature unmasked employees who are not maintaining 6 feet of physical distance. These photos were taken prior to the beginning of COVID-19 impacts in Richmond, VA, which began in mid-March, 2020.

Throughout, metrics reported for inclusion and diversity and from *Our Voice* employee survey do not include Ste. Michelle Wine Estates. All *Our Voice* employee survey metrics represent only salaried employees – hourly workforce data was still being analyzed at the time of publication due to a separate data collection method.

## What’s in this report?

Through our 2020 materiality assessment, we identified *Supporting Our People & Communities* as a key responsibility focus area to make progress toward our 10-Year Vision. Supporting our people and communities has always been an area of importance for our business. In 2020, we continued progress toward these goals while accelerating our efforts with increased focus and intention.

Over the next five years, it is important for us to lead the way through our own actions and collaborate with our trusted partners to drive responsibility progress within and beyond our walls – among our employees and with our communities.

## What’s not in this report?

This report is not designed to provide a comprehensive review of the progress against all our responsibility focus areas. We will provide updates on our remaining focus areas throughout the year through a series of individual “focus reports.” Our website, [Altria.com](#), provides additional responsibility content including our most recent *Engage and Lead* report.



# A Note from Charlie Whitaker

As I reflect on the challenges of the past year – challenges to Altria’s businesses and in the work and personal lives of our employees – I am in awe of our employees’ agility, stamina and resilience. Mostly, I’m impressed with how they supported each other and met those challenges together. We are a high-performing organization, committed to strong results and to achieving them while pursuing Our Cultural Aspiration – no matter how difficult the circumstances. I am proud to work with thousands of colleagues, whether in manufacturing centers, office buildings or in the field sales force, who strive to **shape our future, do what’s right, care for each other, deliver for our consumers and customers, and rise to the challenge, together** – the five components of Our Cultural Aspiration.

Amidst the year’s challenges, we re-examined our focus on responsibility in the context of how we will achieve our 10-year Vision and the expectations of our employees, community partners and other stakeholders. Our compensation, benefits, culture and commitment to community investment and volunteerism have long helped us attract, retain and engage the best employees. And we know to achieve our 10-year Vision, we must continue to invest in our employees to help them perform their best. However, employees increasingly expect their companies to help solve societal issues, both those closely linked to their business and those that affect their lives in ways that can prevent them from bringing their complete selves to work. So we reaffirmed our focus on developing talent and culture and connected that focus to the work we do in our communities. That work is driven by the dimensionality of our people – as employees, community members and passionate citizens of the world. Together, our commitment to improve our communities, our Inclusion and Diversity (I&D) Aiming Points and Our Cultural Aspiration will create the organization and culture necessary to achieve our long-term success.

Another evolution in 2020 was our decision to broaden our focus on inclusion and diversity to include equity. More than ever, investors, consumers and employees are holding companies accountable in their response to certain societal issues and expect businesses to take action. This is certainly the case with issues of race and equity, which have come to the forefront in our country. Altria has committed to address systemic racism and advance social and economic equity, both internally and externally. We’ll pursue a multi-year community investment strategy, improve our employee experience by making progress toward our I&D Aiming Points and continue to identify additional actions where Altria can contribute to lasting, positive impact on these important issues.

Our responsibility focus area to *Support Our People & Communities* recognizes that our community includes our talented workforce, our business partners, our suppliers and customers, and citizens in the communities where we operate. I am proud of the progress we’ve made. And our sustained efforts, championed by our incredible employees, will help us continue making advances in *Supporting Our People & Communities* for years to come.

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“This work is driven by the dimensionality of our people – as employees, community members and passionate citizens of the world. Together, our commitment ... will create the organization and culture necessary to achieve our long-term success.”

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## Charlie Whitaker

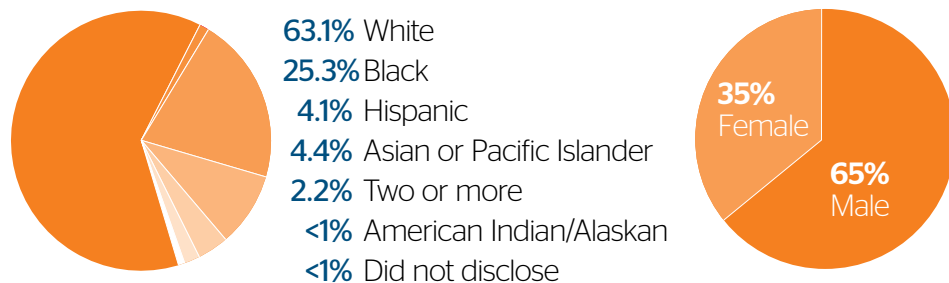
Senior Vice President  
Chief Human Resources Officer  
Chief Compliance Officer  
Altria Group, Inc.



# 2020 Performance Snapshot

## Inclusion and diversity

### Employee Demographics<sup>1</sup>



### Pay Equity<sup>2</sup>



In 2020, salaries of Altria's female employees were

**99.4%** equal to those of their male colleagues performing the same or similar duties.

In 2020, salaries of non-white Altria employees are

**99.6%** of white employees' salaries



### Board Composition and Representation<sup>3</sup>

| Board Composition   | 2019              | 2020              | 2021              |
|---|-------------------|-------------------|-------------------|
| <b>Total Directors</b>  | <b>11</b>         | <b>11</b>         | <b>11</b>         |
| <b>Female</b>   | <b>27.2% (3)</b>  | <b>27.2% (3)</b>  | <b>36.4% (4)</b>  |
| <b>Male</b>   | <b>72.7% (8)</b>  | <b>72.7% (8)</b>  | <b>63.6% (7)</b>  |
| <b>Average Age</b>  | <b>64.7 Years</b> | <b>65.7 Years</b> | <b>65.8 Years</b> |
| <b>Overall Diversity</b><br>(Women & Racially/<br>Ethnically Diverse<br>Combined) | <b>54.5%</b>      | <b>54.5%</b>      | <b>66.7%</b>      |
| <b>Average Board Tenure</b>   | <b>7.2 Years</b>  | <b>8.2 Years</b>  | <b>8.3 Years</b>  |

<sup>1</sup>Data as of Dec. 2020 and excludes Ste. Michelle Wine Estates. [See page 9](#) for progress against our I&D Aiming Points.

<sup>2</sup>Based on analysis conducted November 2020 and after adjusting for factors generally considered to be legitimate differentiations of salary, such as performance and tenure.

<sup>3</sup>Board Composition and Diversity data is current as of the date of the filing of Altria's proxy statements with the SEC in 2019, 2020 and 2021.

## Racial and economic equity

- Contributed **\$1 million** to the National Urban League to invest in its Equitable Justice and Democracy initiative, supporting individual civic action and participation, including voting-related efforts such as voter education and registration initiatives 
- Made contributions **totaling \$800,000** to several Richmond-based organizations supporting Black business recovery funds, entrepreneurship, access to capital and business technical assistance
- Altria Client Services (ALCS) Procurement department partnerships on new investments in regional and national supplier diversity organizations
- To help address inequities in basic household stability and resiliency through affordable housing, **gave \$1.75 million** to Richmond Better Housing Coalition 
- Contributed \$500,000** to help seed the Richmond Community Foundation's Amandla Fund for Social and Racial Justice, a new, Black-led philanthropy initiative to empower Black leaders in positive system change
- Partnered with **Government Affairs** to engage Virginia employees in supporting justice system reforms during a special General Assembly session, and all employees to participate in 2020 elections



## Positive impact through engagement and partnership

### Corporate Giving, Employee Community Engagement & Race and Equity Initiative Progress



**\$55 million** enterprise corporate giving, including a \$5 million initiative to help address systemic racism

**\$440k and \$200k** raised through the **Stronger Together** race and equity and COVID-19 giving campaigns, respectively

**56%** of employees engaged with their communities through the *act* (Altria Contributing Together) program

**96%** of executives served on more than 80 nonprofit boards of directors



## Well-being of employees

The *Our Voice* employee engagement survey uses the question “How happy are you working at your company?” as our measure of employee satisfaction.

|  | Benchmark for U.S. based companies | March 2019 | October 2019 | September 2020 |
|--|------------------------------------|------------|--------------|----------------|
| I am happy being myself at work. 😊       | 74                                 | 70         | 71           | 77             |
| I feel comfortable being myself at work. | 76                                 | 77         | 77           | 76             |
| My opinion seems to count.               | 68                                 | 76         | 76           | 82             |

The score listed is a weighted average of all employee responses on a five-point scale from Strongly Disagree (0), Disagree (25), Neutral (50), Agree (75), Strongly Agree (100). This data represents the response from salaried employees and does not include Ste. Michelle Wine Estates employees.

|   | 2018                      | 2019                      | 2020                      |
|---|---------------------------|---------------------------|---------------------------|
| Facility composite score for safety assessment performance  | 95%                       | 96%                       | 96%                       |
| OSHA recordable injury rate; compared to U.S. Beverage and Tobacco Product Manufacturing benchmark* | 2.2, lower than benchmark | 1.9, lower than benchmark | 1.9, lower than benchmark |
| OSHA lost day rate; compared to U.S. Beverage and Tobacco Product Manufacturing benchmark*          | 1.2, lower than benchmark | 0.8, lower than benchmark | 1.0, lower than benchmark |

\*Industry benchmark determined by Bureau of Labor Statistics.

- Increased Dependent Care Reimbursement Program from **\$1,000** to **\$5,000** for full-time employees in 2020

## Workforce capability building

**87,100 hours** of myPath training and development completed in 2020

The Altria Educational Refund Program provided continued education tuition reimbursement totaling **\$6.3 million** in 2020



## Our Approach

Stakeholders expect, now more than ever, businesses to address both causes and effects of social, economic and global-health crises. The unique challenges and pressures of 2020 invited corporations to evaluate their commitments toward advancing individual health and community wellness, interpersonal connectivity and isolation, and social and economic inequities. The complexity of these challenges demand that public and private institutions work together on a diverse set of solutions. Investors, consumers and employees are watching how companies respond in crisis – to judge whether the actions match the words.

The updated scope of our *Supporting Our People & Communities* focus area is an acknowledgement that we must be as intentional about supporting progress and driving change in the community as we are inside our walls. The values our employees demonstrate at work every day and the things we hold important must match our actions, including how we interact with our community. Supporting our people and communities is a commitment we have long taken seriously. This commitment depends on our building an inclusive, diverse and equitable culture at Altria and its companies, helping to address racial and economic inequities in the communities where we operate, and building the capability and supporting the well-being of both our workforce and the community. These elements in our *Supporting Our People & Communities* focus area are intertwined and call for a balance of internal and external action. This report underscores the progress we made over the last year toward these commitments.

In order to advance the *Supporting Our People & Communities* goals, we rely on established infrastructure, employee resources, and shared accountability across a variety of business functions. This approach enables our success in supporting our people and communities:

## Our Cultural Aspiration

## Our Code of Conduct

### KEY FUNCTIONS

- Inclusion, Diversity & Equity (“ID&E”)
- Compliance & Integrity
- Talent Acquisition
- Learning & Development
- Compensation & Benefits
- Change Leadership
- Corporate Communications
- Community Impact
- Safety, Health & Environment
- Corporate Responsibility

### KEY SYSTEMS

- Altria Diversity Council
- Altria Talent System
- hr now
- Total Rewards
- myPath Learning & Development
- Open Talent Marketplace
- Employee Job Referral
- *act*
- Snap Employee Recognition
- Yammer Social Platform
- Safety Incident Reporting
- Employee Resource Groups

### KEY POLICIES

- [Diversity and Non-Discrimination](#)
- [Harassment-Free Work Environment](#)
- [Workplace Safety](#)
- [Workplace Conduct](#)
- [Charitable Giving](#)

When it comes to our business, we know how we achieve our goals is just as important as achieving them. Every employee at Altria has ownership in positively contributing to our business, and our Cultural Aspiration and Code of Conduct outline the expectations for how Altria employees show up – both internally and externally.

Our Cultural Aspiration is the articulation of who we are and what we value collectively. It is a set of commitments we make together, to each other and to our external partners and stakeholders. It is integrated into the way we evaluate and reward employees through our performance system and peer-to-peer recognition tools.

Our long-established Code of Conduct continues to provide a framework for operating with integrity, providing guidance for how we work and how we behave. It reflects Altria's expectations of how we conduct our businesses. Our Code is part of our enterprise-wide Compliance and Integrity (C&I) Program supported by the Altria Board and by the management of Altria's companies.

Our C&I Program promotes a culture that encourages both ethical conduct and a commitment to compliance to drive performance. Altria's Chief Compliance Officer, along with key compliance personnel, work diligently to provide training and communications for all employees about our Code of Conduct, our workplace policies and important C&I metrics.

Our employees are required to understand and follow the Code and recognize that all individuals, regardless of position or function, have an obligation to speak up. We hold ourselves accountable; 92% of all employees completed compliance training in 2020. Our employees have access to 24-hour-a-day, seven-day-a-week resources to raise concerns, ask questions, and report compliance incidents when they occur. We are proud to have built a culture where 97% of salaried employees believe their manager supports a culture of compliance and integrity.<sup>4</sup>

Our dedicated leadership roles and functional resources are responsible for the enterprise strategies that help support progress toward our Cultural Aspiration and Aiming Points, including our Chief Inclusion, Diversity, and Equity Officer and the ID&E department, our network of Employee Resource Groups and the Altria Diversity Council – re-formed in 2020 to tackle evolving internal and external expectations.

<sup>4</sup> Source: *Our Voice* Survey Results, October 2020

## Compliance & Integrity Actions

In 2020, our C&I team investigated **247** compliance-related allegations. These investigations resulted in **142** confirmed violations and ultimately **35** employee separations.



# Inclusion and Diversity

In 2016, we set a four-year aspiration that our positions Vice President and higher be comprised of 20% women and 20% people of color by 2020. By the end of 2020, we had achieved ~34% women and ~19% people of color in positions of Vice President or higher<sup>5</sup>. With the introduction of Inclusion & Diversity (I&D) Aiming Points, we retired this 2020 goal and set our sights on more inclusive and comprehensive ambitions for representation at the director level and above.

## Our Path Forward

In the past, our employees' leadership and passion to succeed have enabled our companies to create and grow some of the biggest brands in the largest tobacco categories, maintain superior trade relationships and drive shareholder value. To win in the future, we need to build on that passion to transform our business, talent and culture. That's why, when we launched Our Path Forward in the beginning of 2020, we included our 10-year Vision, Our Cultural Aspiration and the I&D Aiming Points.

<sup>5</sup> Source: 2021 Proxy Statement



O U R P A T H F O R W A R D

### Our Cultural Aspiration

By showing up and leading Our Cultural Aspiration we will create the organization and culture necessary to achieve our long-term vision.

We shape our future.

We do what's right.

We care for each other.

We deliver for our consumers and customers.

We rise to the challenge, together.

## INCLUSION & DIVERSITY

In line with and in support of our 10-year Vision and business strategies, we aim to reach the following aspirational Inclusion and Diversity Aiming Points as soon as possible.

Aiming Points:

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 Directors.

Increase our VPs and our Directors who are Asian, Black, Hispanic or two or more races to at least 30%.

Increase our VPs and our Directors who are LGBTQ+, a person with a disability or a veteran.

Have diverse leadership teams that reflect the organizations they lead.

# 10-YEAR VISION

Responsibly lead the transition of adult smokers to a non-combustible future.

Altria

## Inclusion & Diversity Aiming Points

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Have diverse leadership teams that reflect the organizations they lead.

## I&D Progress

|       | Aiming Point | 2020 - % VP+ | 2020 - % Director |
|-------|--------------|--------------|-------------------|
| Men   | 50%          | 65%          | 59%               |
| Women | 50%          | 34%          | 41%               |

|                | Aiming Point | 2020 - % VP+ | 2020 - % Director |
|----------------|--------------|--------------|-------------------|
| White Men      | 35%          | 54%          | 45%               |
| White Women    | 35%          | 27%          | 29%               |
| Black Men      | 6%           | 4%           | 6%                |
| Black Women    | 6%           | 4%           | 6%                |
| Hispanic Men   | 5%           | 6%           | 2%                |
| Hispanic Women | 5%           | 0%           | 2%                |
| AAPI Men       | 4%           | 2%           | 4%                |
| AAPI Women     | 4%           | 4%           | 3%                |
| Two+ Men       | 2%           | 0%           | 1%                |
| Two+ Women     | 2%           | 0%           | 1%                |

|                          | Aiming Point | Jan 2020 - % VP+ | Jan 2020 - % Director |
|--------------------------|--------------|------------------|-----------------------|
| LGBTQ+                   | 8%           | 2%               | 4%                    |
| People with Disabilities | 7%           | 4%               | 7%                    |
| Veterans                 | 6%           | 0%               | 3%                    |

Data as of Dec. 2020. Percentages are rounded to whole numbers and may not add up to 100.

**We believe that achieving all our I&D Aiming Points will likely take between five and ten years. It will require commitment, transparency and accountability through the following actions:**

### Measure and Share



We will measure our progress and broadly share at least twice a year how we're doing in areas critical to driving our success as well as our progress in reaching our aiming points.

### Build the Best, Most Diverse Teams



We will work to narrow gaps in underrepresented groups by developing talent acquisition and onboarding strategies and goals at both the enterprise and functional levels.

### Develop the Pipeline



We will invest in leader and employee development to build a diverse talent pipeline prepared and willing to lead at every level.

### Hold Ourselves Accountable



We will leverage organizational plans, the Altria Diversity Council, Employee Resource Groups, external partnerships and people systems to help us deliver these results.

# Holding Leaders Accountable

Accelerated by the national conversation about race and the experience of Black Americans, our leaders initiated a series of on-going conversations to better understand the Black employee experience at Altria. Following multiple listening sessions, survey feedback from salaried Black employees and conversations with Black senior leaders, we learned that many of our Black employees were looking for additional support for their development and more advancement opportunities. This motivated us to prioritize and take action to improve the Black employee experience at Altria.

As an example, we introduced an Inclusion, Diversity and Equity (ID&E) Rating to drive accountability for cultural fluency among people leaders. In order to drive progress toward our Aiming Points, every people leader at Altria will receive an ID&E Rating that will be documented as part of that leader’s performance assessment. This rating is determined with input from direct reports, skip-level employees where applicable, peers, and managers and assessed on the rating scale below.

In 2020, the ID&E Rating was factored into performance assessments for all executives (VP+). Executives needed to be assessed with an “Ally” or “Advocate” ID&E Rating to be eligible to earn the top performance rating. Each executive was expected to develop and measure progress against a personal Inclusion and Diversity plan for the year.

According to Altria’s September 2020 *Our Voice* survey, employees largely indicated feeling “**a sense of belonging at my company,**” with an overall score of 75 out of a possible 100.

**In 2021, all people leaders will be assessed using this rating and, beginning in 2022, only those leaders who are rated an Ally or Advocate can earn the top performance rating or be eligible for a promotion.**



|                   | Inactive  | Aware  | Ally   | Advocate   |
|-------------------|---|--|--|--|
| Description       | Does not demonstrate support for change to advance inclusion, diversity, and equity.  | Recognizes the need for change to advance inclusion, diversity and equity.   | Supports change to advance inclusion, diversity and equity.  | Proactively leads change to create a more equitable and inclusive environment, and helps others deepen their advocacy.   |
| Example Behaviors | <p>Does not participate in programs or initiatives that help advance inclusion, diversity and equity.</p> <p>Does not participate in discussions about issues related to inclusion, diversity and equity.</p> <p>Does not participate in trainings that help deepen cultural fluency.</p> | <p>When asked or encouraged, participates in programs and initiatives that help advance inclusion, diversity and equity.</p> <p>When asked or encouraged, participates in discussions about issues related to inclusion, diversity and equity.</p> <p>When asked or encouraged, participates in trainings that help deepen cultural fluency.</p> | <p>Actively participates and helps develop programs and initiatives that help advance inclusion, diversity and equity.</p> <p>Actively participates in discussions about issues related to inclusion, diversity and equity.</p> <p>Actively participates in trainings that help deepen cultural fluency.</p> | <p>Takes a leadership role in developing and championing programs and initiatives that help advance inclusion, diversity and equity.</p> <p>Proactively initiates and leads discussions about issues related to inclusion, diversity and equity.</p> <p>Proactively builds own and helps other’s build cultural fluency.</p> |



## Examining Talent Disparities and Barriers

In 2020, the Altria Leadership Team spent considerable time reviewing our talent system and data in the following areas: hiring; performance ratings; compensation; promotion rates; engagement and inclusion survey results; development opportunities; and separations. An evaluation of our development, advancement, and talent system was an important step in making progress toward the organization's inclusion and diversity initiatives. With the objective of removing any barriers to advancement and development, enhancing fair opportunity, and reducing bias, the Altria Leadership Team committed to several enhanced talent practices:

- Reviewing all promotion-ready employees on our executive succession plans
- Identifying and challenging barriers to advancement
- Tracking progress against specific development plans and actions
- Ensuring promotion-ready employees are included when job opportunities and development experiences are available
- Supporting Black employees and creating specific hiring and development strategies to address functions with significant Black employee representation gaps.

Any talent disparities will be monitored and evaluated, in collaboration with HR and Law, on an ongoing basis. Through ongoing listening sessions with employee groups across various dimensions of identity, we are working toward a more inclusive workplace where all employees feel they have opportunities for development and growth.

To address bias and enhance access to development opportunities, we are launching an internal Open Talent Marketplace (OTM). The OTM enables any employee to apply for relevant full-time job openings or learning positions 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. With increased communication about available roles and continued interview preparedness resources, the OTM aims to encourage a broader pool of qualified applicants.

### Open Talent Marketplace Success



94% of those who participated in the Open Talent Marketplace pilot agreed it was a positive experience.

## EMPLOYEE SPOTLIGHT

### ID&E Listening Sessions

#### Claudia Mills, Director of Inclusion, Diversity and Equity, ALCS

Part of us advancing our I&D Aiming Points is truly understanding our employees and their experiences. We have these Aiming Points, and most people think that it's just a matter of making decisions and moving people into the right places, but it is more than that.



[+ Read more about Claudia's story of our Aiming Points.](#)

Additionally, we have introduced Learning Experiences as an opportunity for employees to connect with short-term, project-based roles across the company. Learning experiences are intended to increase access to functions across the business and to support career development for our talented employees.

We also introduced an Altria Interview Masters program, which will leverage ERGs to participate in the hiring process. The goal is to increase diversity representation within the panel interview stage, creating an inclusive candidate experience.

### Courageous Conversations

Throughout the year, our ID&E team facilitated a series of company-wide courageous conversations that directly and transparently explored how ID&E impacts our evolving employee and consumer expectations, the ways in which we can advance our ID&E progress, situations that illustrate a lack of ID&E and more. In 2020, we discussed three topics:

1. Veterans in Corporate America
2. Being LGBTQ+ in Corporate America
3. People with Disabilities in Corporate America

## Updates from our ERGs

Last year presented a handful of obstacles and challenged us to work differently. However, our ERGs rose to the occasion and supported each other and their members as never before. In 2020, 50% of Altria's total salaried population participated in ERGs.

In addition to our ERG programming, the leaders of each ERG also collaborated to drive the ID&E conversation further as members of our Altria Diversity Council (ADC). Quarterly, ERG leaders meet with a cross-section of the Altria Leadership Team to review and provide perspective on enterprise feedback, ID&E opportunities and accomplishments. The ADC provides a platform for the ERG leaders to advocate on behalf of their membership directly to the Altria Leadership Team to identify opportunities for further action toward our ID&E goals.



## EMPLOYEE SPOTLIGHT

### Launch of Rise

**Laura Coleman, Senior Manager  
Materials Purchasing and Rise  
ERG Co-Chair**



Last year, Rachel Nichols and I started the Rise ERG. There is so much to learn when it comes to disabilities in the workplace. I am still learning. It's a journey.

[+ Read more about Laura's story of starting the Rise ERG.](#)

## ID&E Recognition



## CEO Commitments



This transformational diversity and inclusion initiative was launched by Catalyst – a global thought leader and partner in accelerating the progress of women at work for over 50 years.



CEO Action for Racial Equity is a fellowship that provides the opportunity for CEO Action signatories to advance racial equity through public policy. Using CEO Action as a platform, it will mobilize the business community collectively across industries and regions to enact change.



A global CEO community revolutionizing disability inclusion through business leadership and opportunity.

By joining The Valuable 500, Altria commits to ensure that disability inclusion is on our senior leadership agenda, make at least one firm commitment to action and share our commitment with the business and the world.

## Our CEO Addresses Systemic Racism with Our Employees

The senseless deaths of Black Americans propelled conversations about race and equity to the forefront. Our ERGs banded together to provide programming that educated on and amplified the importance of equity and social justice while UNIFI, Altria's Black Employee Network, partnered with management to understand and improve the Black employee experience through courageous conversations and focus groups. Our executive leadership was committed to taking significant steps to drive long-lasting change. In a memo to the organization, our Chief Executive Officer, Billy Gifford, shared the following:

“For years we've been clear that Inclusion and Diversity is both a moral and a business imperative, and that it must be a focus for all employees at all Altria companies – not just those who believe they are personally affected by it. This is not about advancing a political agenda or mounting a feel-good campaign. This is about creating an environment where all employees can thrive, contribute their best and realize their full potential. Unfortunately, many of our Black colleagues feel they are unable to do so today. They're hurting deeply, facing violence and systemic racism in our communities and feeling disempowered and isolated at work.

- “While we can't change society overnight, we owe it to our Black colleagues to do our part, within all our companies. This requires intentionality and focus, and it requires ALL of us.
- “We have a shared responsibility to make our companies better and more inclusive places to work. We have important and difficult work ahead of us, and many of us are excited and ready to drive change. Let's do this together.”

To make progress against our workplace cultural aspiration for inclusion, diversity, and equity without acknowledging the significant calls to action for racial equity in our society would have been a disservice to our employees and stakeholders. The national dialogue surrounding race and equity prompted a swift examination of our opportunities to positively contribute in our communities and live our enterprise values outside our four walls.



# Racial and Economic Equity

We have found ourselves in an important moment in history. We're in the midst of a mass societal movement against racial injustice. Given the current climate, employees, consumers and other stakeholders are asking companies to speak up on issues of race and equity. The national dialogue surrounding race and equity prompted a swift examination of our opportunities to positively contribute in our communities and live our enterprise values outside our four walls.

With Altria's long history of commitment to racial equality – dating back to the 1930s – we are committed to showing up with humility as we address systemic racism and advance social and economic equity. We hope to lend our voices and help drive necessary change.

In 2020, we took several steps to aid and advance the national movement for racial equity. We recognized Juneteenth as a paid “day of healing” and raised the Juneteenth flag at our facilities – an important step in honoring a momentous occasion in our nation's history. We voiced our support for the responsible removal of Confederate monuments in our headquarters community, Richmond, Virginia. And our CEO sent a letter to Virginia Governor Ralph Northam expressing Altria's support of the Commonwealth's Special Sessions to address criminal justice reform as well as our commitment to efforts to eliminate racial disparities in education, employment and entrepreneurship.

The company tapped a diverse, cross-functional advisory board of passionate and thoughtful Altria leaders to identify areas of focus for our work in the race and equity space. They conducted research and engaged with our Black colleagues and diverse community partners to recommend investment areas that reflect the interests of our business, people and communities and will have the greatest impact.

In June 2020 we announced our Race & Equity Initiative, which included \$5 million in contributions to non-profits working to address systemic racism faced by Black Americans and advance social and economic equity. The investments included \$800,000 to Central Virginia organizations supporting Black-owned businesses and entrepreneurs, \$1.75 million to support the development of affordable housing in Richmond, a \$1 million grant to the National Urban League's Equitable Justice and Democracy Initiative, and other significant investments.



Our tobacco operating companies also took a stand, communicating to their adult tobacco consumers their commitments to stand against racism and inequality. For example, John Middleton Co. (Middleton) announced its Black-Owned Business Initiative focused on supporting, elevating and amplifying Black-owned businesses and entrepreneurs. In addition to our initial \$5 million corporate contribution, Middleton contributed \$1 million to two nonprofits that support Black-owned business development – The Enterprise Center in Philadelphia, and Growth Opps in Cleveland. Middleton is also focused on raising awareness of specific Black-owned businesses through its marketing programs.



**The principles of the Race and Equity initiative are:**

- Listening and responding to our Black colleagues and other diverse voices within our company and communities
- Creating sustainable investments and growth over time
- Collaborating across sectors including businesses, academic, public officials and activists

**E M P L O Y E E S P O T L I G H T**

**Juneteenth Day of Healing**  
**Kyle Green, Sr. Manager, IQOS**  
**Commercialization and**  
**Vice-Chair of Altria's Black**  
**Employee Network (UNIFI)**



For me, and for a lot of folks, 2020 was a whirlwind. About a month into the pandemic, the world experienced this social awakening to the inequities in the Black community.

[+ Read more about Kyle's story of Juneteenth.](#)



# Altria's Race & Equity Initiative

\$5 million to establish a community investment strategy to address systematic racism faced by Black Americans and advanced social and economic equity.



**Criminal Justice Reform**



**Black-Owned Business Development**



**Police Reform**



**Changing Drug Policy**



**Short-Term Business Recovery**



**Business Support**



**Wealth Creation**



**Employee Activism**



**Professional Services**



**Embed Equity in Core Giving Portfolio**

**Success 360°**

**Environment**

**Inclusive Community & Culture**

**Workforce & Economic Growth**

**Align pro bono services and policy engagement with focus areas**

## Criminal Justice Reform

We are investing in organizations working to reform policing and change drug policy, two areas that have a sharply disproportionate impact on Black Americans and other people of color.



### Why This Matters

We believe criminal justice reform is critically important to addressing racial injustice – an issue that deeply affects our employees and communities – and that impactful and sustained reform will contribute to safer communities and help us attract and retain diverse talent.

### Desired Outcomes

- Reduce disproportionate impact of justice system on Black and Brown people
- Enable tiered emergency responses including social services for non-criminal situations

### Progress

- Significant policy progress through special session of Virginia General Assembly
- Invested in National Urban League's Equity, Justice & Democracy initiative
- Developing other new relationships through co-advocacy

## Black-Owned Business Development

We are investing in organizations helping Black and other diverse business owners recover, grow and thrive in ways that also support local economic growth.



### Why This Matters

Focusing in 2020 on the Richmond, Virginia, region, we believe this investment will help Altria with local supplier diversity efforts, strengthen diverse talent pipelines and workforce development in the region, contribute to community revitalization and advance economic equity in our community.

### Desired Outcomes

- More Black and Brown businesses are thriving
- Increase access to capital and financial acumen
- Increase ALCS diverse procurement spend with mid- to large-sized businesses and invest in supplier diversity organizations

### Progress

- Invested in business recovery, capital access and innovation ecosystem in Richmond
- \$1 million contribution by Middleton to support Black entrepreneurs

**Altria's 2020 Total Spend with Suppliers**

**\$3.56 billion**

**Spend with Diverse Suppliers**

**\$195 million**

**Spend with Black-Owned Businesses**

**\$14 million**

As part of the Race & Equity Initiative, Altria encouraged our employees to use their voices in social justice policy, engage in voting, and participate in learning and action on race and equity issues. This included, for example:

- leveraging our community action program – Altria Contributing Together (*act*) – to create opt-in learning modules about historical barriers to civic participation faced by the Black community because of underrepresentation and discriminatory laws – a timely topic given the November elections;
- offering relevant pro bono services with our equity focus areas including a skilled volunteering pilot to support strategic planning with small Black-owned businesses, and volunteering with election fairness hotlines during the 2020 election;
- encouraging Virginia-based employees to engage individually in civic action by voicing perspective on several criminal justice reform bills to their representatives during a Virginia General Assembly general session in 2020; and
- creating and launching an employee giving campaign focused on race and equity which raised \$440,000 to benefit the Innocence Project, the ACLU of Virginia, the Lawyers' Committee for Civil Rights Under the Law and Gideon's Army.



## CEO Action for Racial Equity Fellowship

In 2018, Altria signed the CEO Action for Diversity & Inclusion and pledged its commitment to building a more inclusive, diverse and productive workplace. In the midst of the racial justice movement this past summer, CEO Action created the CEO Action for Racial Equity Fellowship, which gives CEO Action signatories the opportunity to work collectively to advance racial equity through public policy. Through this partnership, Altria committed two employees to help advance policy and social well-being through the fellowship. Brandy Akins and May Nivar were selected to participate and have joined 250 other fellows full-time to identify, develop and promote scalable and sustainable policies and corporate engagement strategies that will address systemic racism and social injustice, and improve societal well-being. The fellows focus their efforts on four key areas: education, healthcare, public safety and economic empowerment. Brandy and May will lend their diverse experiences, skill sets and perspectives to help bridge gaps, collaborate and facilitate change in our communities.



By focusing on diverse small business owners as a pillar of our Race & Equity initiative, Altria is lengthening the reach of our long-standing Supplier Diversity efforts. With a 40-year track record including more than \$1 billion in spending with diverse suppliers, our companies still have opportunities to connect and contract with more businesses owned by people of color. That's why one goal of our enterprise Race & Equity initiative is to raise our supplier managers' awareness of local Black- and Brown-owned businesses as prospective suppliers in our communities and our employees' awareness as individual patrons. We believe these actions will drive progress toward our Supplier Diversity goals and contribute to thriving, diverse local supply chains for medium- and large-scale companies more broadly.

# Positive Impact Through Engagement and Partnership

Altria's commitment to investing in our communities has endured as a core element of our companies' culture for more than 60 years. We were proud to be named as one of the year's most community-minded businesses by the national service organization Points of Light in its 2020 Civic 50 recognition. Altria was also recognized for a second consecutive year as the Civic 50 Sector Leader for Consumer Staples.



An important element in the long-term success of our business is driving business and social impact through engagement and partnership with a diverse portfolio of stakeholders. We could not do this important work alone and are fortunate to have many excellent community partners as collaborators in our headquarter community and nationally.

After modernizing our philanthropic focus areas in 2019, we were compelled to take another look, as the national and local events of 2020 spurred new conversations about race and equity and the role of corporations to advance progress. We talked with existing partners about their work and its connections to equity, and we explored new partners to broaden the scope of our support. We also added new community giving principles, including: approaching the work with humility, flexing our support to respond to community partners' escalating challenges, listening and responding to Black colleagues and other diverse voices, collaborating actively with leaders across sectors and seeking to increase impact through grassroots support of groups driving progress. This equity focus is now, and will continue to be, embedded in our core portfolios. In 2020, we contributed \$55 million to nonprofit organizations that support our charitable giving focus areas.



## Employee-Community Engagement Progress

Employee civic engagement

**56%** of employees engaged through *act* (Altria Contributing Together)

Executive board service

**96%** of executives served on nonprofit boards

Innovative virtual volunteering

AGDC employees fielded a Virtual Volunteering Challenge, logging

**3,142 hours**

**60% participation**

### Corporate Giving and Community Impact Leadership Principles

- **Alignment:** Investments address business priorities and drive positive societal change.
- **Financial Stewardship:** We deploy our resources responsibly, considering our partners' opportunity and capacity.
- **Sustainability:** We work on long-term impact with leading organizations through proven, effective programs. Signature programs are evidence-based.
- **Impact Focus:** We prioritize impact and transparency over corporate brand visibility.

## Strategic Focus Areas

| PORTFOLIO NAME  | FOCUS  | DESIRED OUTCOMES  |
|---|--|---|
| <b>National Programs</b>  |  |   |
|  | Youth development  | Reduced underage use of adult products and other risky behaviors by middle- and high-school aged youth                  |
|  | Employee generosity and service                                | Increased employee satisfaction at work through employee engagement, learning and citizenship                           |
| <b>Targeted Programs</b>  |  |   |
| <b>Inclusive Community and Culture</b>  | Thriving communities that are equitable, vibrant and inclusive | Access to social stability and positive quality of life is broad, diverse and inclusive in local communities            |
| <b>Workforce and Economic Growth</b>  | Equitable economic opportunity and workforce systems           | Economic well-being in local communities is broad and inclusive, built on diverse workforce readiness and participation |
| <b>Environment</b>  | Environmentally responsible business and value chain practices | Reduced environmental impacts of business, sustainable natural resources in operating and value-chain communities       |

## Better Housing Coalition

As part of our strategic giving through the Race and Equity Initiative, Altria contributed \$1.75 million to the Richmond-based Better Housing Coalition (BHC) in 2020 and will invest an additional \$1.25 million to total \$3 million over the next two years. This investment, which is largest single contribution we've made to a Richmond-based nonprofit since relocating our headquarters in 2003, is intended to address social and racial housing disparities within the Greater Richmond region over the next three years. It will assist BHC in underwriting the development and preservation of at least 1,000 units of quality, affordable and service-enriched housing for modest-income families in the Richmond region.

BHC transforms communities by working to reverse systemic inequities in housing that have prevailed in metro Richmond and across the United States for generations, driven by longstanding discriminatory housing practices that disenfranchised people of color. Investing in BHC reflects Altria's commitment to help address racial and economic inequities and build a more inclusive and equitable community.



## COMMUNITY PARTNER SPOTLIGHT

### Greta J. Harris

#### President and CEO of the Better Housing Coalition



Even before the pandemic, in Richmond and across the country, we began to see signs of an affordable housing crisis. Cities are having a renaissance, and we are seeing mid-size cities like Richmond grow. It's great for any city to be growing, but the new development does not address the needs of our modest income neighbors.

In 2020, we saw the subsequent economic impact of the pandemic for front line and lower wage workers who lost their jobs by the tens of thousands. Safe shelter was critically important. Additionally, the racial awakening pulled back the curtain on the ongoing disparities and systemic barriers throughout our country, and there is no more concentrated set of policies, practices, and attitudes than in the housing arena that hold back people of color. There are host of different discriminatory policies and practices that have devastated the economic mobility of people of color.

When Altria decided to make a significant investment in affordable housing and address the need for greater racial equity in our region and our country, they provided the largest single donation the Better Housing Coalition (BHC) has ever received in our 33 year history. We haven't had anything quite like that before. Altria has been a great corporate citizen and supporter of the BHC for a number of years primarily through employee giving. They have been a major presence especially in the Richmond region. When we think about the thousands of units that we are going to build with the help of Altria, these resources are helping us to build good quality places for people to call home.

## Launch of Employee Civic Action

We have long supported employees in contributing their time and resources in communities where they live and work, encouraging individuals to become part of something bigger and instilling a greater sense of purpose in our culture. Service has always been at the core of our employees' DNA. It's now easier than ever for Altria employees to make an impact.

Our community action program is the way employees can be part of a common goal of helping others and giving to our neighbors. Altria Contributing Together (*act*) supports employees at the individual and group or community levels. Our nationwide network of employee ambassadors grow inclusion, create local connections and offer new perspectives through the programs they organize and lead.

Amid a global pandemic and societal movement against racial and economic inequities, *act* is responding by expanding opportunities for employees to go beyond volunteering and giving. In 2020, we evolved our employee community engagement program to create a civic action platform that encouraged us to use our voices for civic engagement, resulting in more than 1,000 activities by volunteers.

We launched "Take Action," a new feature of *act* that lets us explore important issues in society. Within this feature, employees can learn more about topics that matter to them, our communities and our business, and take action to create bigger impact.

Our first topic was Civic Voice in America: Election Day and Beyond, connected to Altria's Race and Equity Initiative. It allowed employees to dig deeper into voting, civic action and how to get involved.

Through Altria's well-established and effective resources to "get out the vote" for the 2020 election, employees were able to personally and professionally activate according to their interest and acquired knowledge. These resources worked together to align our culture and business strategies, and amplify other community support efforts.



## Virtual Volunteering

Volunteering is an aspect of community engagement in which many Altria employees take great pride. That's why, when the pandemic interrupted in-person volunteering, the *act* team created virtual volunteering opportunities that we can complete from anywhere, using a computer or smartphone. From virtual tutoring and mentoring organizations to crisis hotlines, there was something for any employee interested in getting more involved while safely volunteering from a distance.

In 2020, Altria's Rise ERG partnered with The Next Move Program, a local Richmond nonprofit, to fund a completely virtual internship program for adults with disabilities. The employee resource group supported 20 adults in the Richmond community with filmed on-the-job videos of Altria people working on various tasks, allowing neuro-diverse adults to learn about different skills. Rise was able to support the community, engage their members in virtual volunteering, and build a lasting impact in this internship platform that the organization can continue to leverage for years to come. While COVID-19 had previously suspended Next Move's programming, the grant enables the organization to continue providing a vital service in the community. The passion for this effort started in Philip Morris USA's Manufacturing Center, where our heavily scheduled manufacturing employees committed to volunteering extra time to complete the project. They created video content, worked through logistics and determined what would be most impactful for the Next Move Program participants all while navigating COVID-19 for the business.

### EMPLOYEE SPOTLIGHT

#### *act* Ambassador

**Stephanie Livingston-Thornton,  
Manager, Compliance and Integrity  
Communication, ALCS**

I have been volunteering and involved in community service my entire life. It's part of how I grew up, it's part of what my parents did, and I was brought up volunteering in soup kitchens and after-school programs.



[+ Read more of Stephanie's story as an \*act\* ambassador.](#)

## SCOTUS Title VII Ruling Support & the Virginia Values Act

Altria is committed to treating all its employees equally. We invest in a diverse workforce not only because our values proscribe discrimination in any form, but also because creating and maintaining a diverse and inclusive workplace benefits both the company and its employees. Our investments in our workforce will be undermined and ineffective if employees fear that they might be discriminated against in the future because they lack legal protection against discrimination.



In 2020, the Supreme Court of the United States ruled on important policy about LGBTQ+ rights. We added Altria's voice to this important national discussion about LGBTQ+ rights. Prior to the ruling, we prepared and filed an amicus brief with the Supreme Court of the United States because we firmly believed the law should be interpreted to prohibit workplace discrimination on the basis of sexual orientation and gender identity. For the same reason, we expressed our support of the Virginia Values Act. We want everyone to know where we stand, unequivocally.

In February of 2021, we signed onto the Business Statement on Anti-LGBTQ+ Legislation led by the Human Rights Campaign in partnership with Freedom for All Americans. The Business Statement expresses concern about bills being introduced in state houses across the country that single out LGBTQ+ individuals with exclusion or differential treatment and calls for public leaders to abandon or oppose efforts to enact this type of discriminatory legislation and ensure fairness for all Americans.

## Disaster Relief Efforts

Altria employees are community-minded and passionate about serving others. Despite hardship brought on by the pandemic and the abundant stress of 2020, many employees were still seeking ways to lend a hand to their neighbors in need.

When Middle Tennessee was hit overnight with severe storms and tornados, including at least one that touched down near our U.S. Smokeless Tobacco Company Manufacturing Facility last spring, Altria employees quickly rallied to send support to affected employees, their families, and the Tennessee community. As a result, Altria distributed \$50,000 of our annual commitment to the American Red Cross to support relief efforts.

On the afternoon of Aug. 4, 2020, disaster struck Beirut, Lebanon. In the aftermath, our EAST ERG colleagues drove awareness about relief efforts. During this time, there was an employee-wide effort to donate donating to the Lebanese Red Cross through Altria's charitable giving system, act.

Our Consumer Connections Center, the customer service hub for our branded products in Dallas, Texas, was hit hard by winter storms and freezing conditions in February 2021. Many customer service agents were left without electricity or water in their homes. Those with electricity continued to support our consumers from a safe and compliant web portal in their homes. In order to support our customer service agents during this time, our Customer Care department sent physical gift baskets with helpful items like paper towels, pasta and sauce, crackers and cheese, and more. This effort was a simple way to show support of the customer service leaders who take care of our consumers day after day.



# Well-Being of Employees and Communities

## Creating a Safe Workplace

All employees of Altria and its companies, both salaried and hourly, have responsibility for workplace safety and health, both individually and collectively. We are committed to designing and maintaining safe workplaces and facilities for our employees, contractors and visitors. Our priority is full compliance with all laws and regulations related to employee health and safety. We pursue excellence in our safety processes by:

- providing training and education in the safe method of performing assigned duties;
- requiring our companies' facilities to use a systematic approach to workplace safety and health;
- meeting or exceeding federal, state and local laws and regulations; and
- identifying and driving risk associated with workplace hazards and practices out of the business.

We are continually scanning for developments in safety and health standards, advancements in technology, and changes in market conditions to update our policies, procedures, and equipment.

All employees of Altria and its companies, both salaried and hourly, have responsibility for workplace safety and health. Across the enterprise our companies are focused on complying with safety requirements, looking out for their teammates, and are dedicated to maintaining an injury-free career.

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

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

For an Injury-Free Career  
**Safety Works**



## Our Response to COVID-19

The COVID-19 pandemic applied pressure to us all – professionally and personally – but we rose to the challenge, together. In the first quarter of 2020, we created Altria's COVID-19 Task Force – a cross-functional group of leaders that initially met every day to discuss emerging information, develop action plans, and make decisions relating to the health and safety of all of our employees.

### Employee Safety

Employee safety and well-being is a top priority. In the beginning of 2020, we took several steps to mitigate risk and protect the health of our employees, including travel restrictions, remote work for non-manufacturing salaried employees and contact tracing of positive COVID-19 cases. At the same time, employee productivity and well-being are important to our continued success. Some employees simply can't work effectively from home. By allowing a small number of salaried employees to return to our facilities while the rest of us continue to work remotely, we have been able to maximize productivity while minimizing health risk. For the rest of our employees, we will take a phased approach to re-opening our facilities. As of March 2021, the last phase of salaried employees will remain fully remote until at least September 2021.

In late March 2020, after a few employees tested positive for COVID-19, some of our companies took prompt action to temporarily suspend operations at some of their manufacturing locations. The COVID-19 Task Force, in partnership with our Safety, Health and Environment department and Union leadership, then deliberately and methodically planned a reopening process that carefully balanced and considered employee, community and facility readiness to make sure we did not put anyone in harm's way. This required creating protocols to maintain social distancing by minimizing the number of people in our facilities and installing additional safety and health measures to protect those who return to our facilities. Through partnership with Union leadership at our manufacturing facilities, we were able to navigate the difficulties of production during the pandemic.

From reopening in April until July, manufacturing employees were provided a free lunch as the cafeteria and other amenities were closed to limit close interaction. As we adjusted operations, we continued to pay manufacturing

employees who were quarantined, not scheduled to work, or had a compelling reason they were unable to work. For those who could work, we provided employees with time and one-half pay and additional bonuses through December 2020, depending on location.

We implemented a variety of safety protocols we still maintain today. Precautions start before employees arrive at a facility. Employees are responsible for verifying they do not have symptoms of and have not been exposed to anyone with COVID-19. Upon arrival each day, employees are screened and approved to enter the facility. Signage on the floors, across major walkways and walls remind employees of the importance of social distancing protocols.

In addition, workflow has been re-arranged to accommodate six-foot social distancing guidelines. Operating companies are also providing masks, gloves and other personal protective equipment for employees if they need to work in close proximity. Additional cleaning and sanitation practices have been implemented to deliberately bring facilities back online in a way that prioritized employee safety including a scheduled time for each facility to be cleaned between shifts.

**Do Often**

- Maintain **6 foot** minimum distance
- Wash hands for **20 seconds** each time you touch an unknown surface. **Wear gloves** when directed.
- Use **email, text, phone or video** to communicate when possible.

**Avoid**

- Others who are **coughing, feverish** or exhibiting signs of illness.
- Shaking hands**
- Meetings** that don't involve your direct team.

## Maintaining Strong Labor Relations

Altria's operating companies provide well-paying manufacturing and production jobs for employees in six states. We respect the rights of our companies' employees who choose to be represented by a union. In fact, 29% of employees within our family of companies were covered by collective bargaining agreements at the end of 2020.



## Technology Innovations

Kevin Harrup, Manager, Emerging Technologies, ALCS, and Mohammad Zafar, Associate Analyst, Technology, ALCS, spent the bulk of 2020 identifying and deploying new technologies to help protect Altria employees from COVID-19. One of their successful pilots was a technology called TraceTags™.



TraceTags™ are industrial-grade, wearable devices that emit an audible alert when people are less than six feet apart. Each employee has a designated device that logs the precise time and duration of their close-contact interactions while at work. This helps to reinforce social distancing protocols and also assists with contact tracing if an employee tests positive.

After piloting the technology in U.S. Smokeless Tobacco Company's Clarksville and Nashville facilities, the number of interactions within six feet dropped by more than 70%. Employees used the audible feedback to immediately self-correct their behaviors. Additionally, management was able to use TraceTag™ data to identify where they needed to strengthen existing safeguards. The team began to expand the manufacturing facilities of Altria's other tobacco manufacturing companies as quickly as possible.



## Enhanced Workplace Benefits & Policies

As the pandemic progressed, we added and enhanced benefits to help our employees and their families cope with the many challenges they faced and supported their financial, physical, and emotional well-being.

For example, Altria introduced an Enhanced Dependent Care Reimbursement Program to help pay for the additional costs of care related to pandemic interruptions. We expanded the program for 2020 and 2021 to cover primary and secondary school learning continuity expenses such as tutors, alternative in-home learning arrangements, education expenses and other qualified dependent care for eligible employees. In this enhanced policy, Altria also increased the reimbursement amount from \$1,000 to \$5,000 per full-time employee (\$2,500 per part-time employee).

We know the past year has required that we work differently in many ways. Through it all, we've sought to support and care for each other and to help ease the unexpected burdens brought on by the pandemic. Since March 2020, many of our employees transformed their initial remote workspaces into more comfortable and productive home offices by purchasing office furniture and equipment or upgrading their internet services. To help offset these unexpected one-time expenses, we provided qualified Richmond-based salaried employees with a one-time \$500 stipend.

We introduced a handful of other impactful benefits to support employees during this time, including:

- Flexible spending account relief
- Employer-paid student loan repayments (salaried employees only)
- Coverage for the COVID-19 Vaccine, Testing and Treatment
- \$200 COVID-19 vaccine incentive included in list of qualifying activities for company-provided Health Savings Account incentives
- Enhanced access to on-site EAP counseling services available by phone for Richmond-area employees

These policy enhancements reflect our commitment to making the most of this difficult moment and using this as an opportunity for growth.

We learned much about flexible work practices in 2020, and many employees would like to see them continue. We are committed to supporting distant remote work post-pandemic, as circumstances allow for employees. In 2020, we introduced the new HR Provision on Distant Remote Work. This outlines eligibility criteria as well as employee and management responsibilities for individuals who choose to work full-time from a non-company workspace located outside of a daily commuting proximity to a company facility.

## EMPLOYEE SPOTLIGHT

### Caregiving Benefits and the Sandwich Generation

**Tessie Reed, Territory Sales Manager, AGDC**

All the years I traveled for work, my mom was the one who helped take care of the kids. Roles flipped when she was diagnosed with Alzheimer's in 2018, and I took on the primary responsibility of taking care of her. As a Territory Sales Manager in my hometown of Hattiesburg, Mississippi, I have a lot of flexibility to balance my workday with the responsibilities of being a caregiver and the ability to go when I need to check on my mom.



[+ Read more about Tessie's story of balancing work and life.](#)

## Communities

Circumstances in our communities changed quickly as schools and businesses closed and demands rose on health care, emergency response agencies and other basic systems serving those most vulnerable. As a leader in the community, Altria was poised to step up as a corporate citizen and donor.

Together with our community partners and local governments, Altria identified emerging priority needs in our headquarters and our companies' manufacturing communities and contributed an incremental \$1 million to address immediate local relief needs through regional response funds around the country. This included supporting funds like the Central Virginia COVID-19 Response Fund established by the Community Foundation of Greater Richmond, supporting foodbanks serving our operating communities and providing support for nationwide first responses through the American Red Cross.

Many of our valued nonprofit partners had been hard-hit by COVID-19, with disruptions to critical programs and funding streams. To help them through this time, we provided additional flexibility with the use of recent grant and sponsorship contributions to support general operating needs, and we accelerated some upcoming payments. Our special investment responses to support the community through this crisis totaled more than \$9 million.

Altria also helped lead fundraising efforts for the Community Foundation's COVID-19 Response Fund in Richmond. The COVID-19 Response Fund activated a collaborative regional emergency management and disaster response to provide rapid support to community organizations and public agencies that serve communities most affected by the COVID-19 pandemic. The fund was able to raise \$6.7 million in 2020, including a leadership-level investment by Altria.

These unprecedented times challenged us to be creative in how we show up for our neighbors and communities. Employees across our companies were eager to contribute. The *act* program launched an employee giving campaign to support five organizations – the American Red Cross, Team Rubicon, Americares, Meals on Wheels and Feeding America, with a one-to-one matching donation from Altria. By the end of the campaign, employees raised over \$200,000 for nonprofits providing critical support in the communities who need it most. The *act* team also identified virtual volunteer activities for

employees to engage with selected nonprofits responding to COVID-19-related needs.

In addition to financial support, our companies offered several facilities in Richmond and Nashville for emergency preparedness purposes and donated some specialty lab equipment and personal protective gear. One of Ste. Michelle's wineries partnered with another Seattle-based company to produce hand sanitizer.



### Tell Me Something Good

Our company and our people have a strong history of service to our communities, and we were able to share hope and highlight inspiring stories of action through our “Tell Me Something Good” video platform. The video platform provided regular good news stories from across the Altria family of companies including employees working to relieve face mask shortages in their local communities and managers who went above and beyond to support their direct reports in their time of need.



# Workforce and Community Capability Building

Employees want challenging, meaningful work. Our goal is to build the capability of our workforce and our community to successfully navigate an uncertain and rapidly changing environment. We provide opportunities for employees to develop their skills, positively contribute with their professional strengths and make the most of their career.

## Recruiting

We recruit people with strong leadership potential. Our companies have longstanding recruiting relationships with 13 universities nationwide. We also use digital outreach to enable our efforts at these schools and to reach additional students where we need to supplement our pipelines. Each year, we offer students paid co-ops or internships and many of these interns begin their careers with an Altria company after they graduate.

In addition to our valued university partnerships, we engage several organizations that support diverse students. Some of these partnerships include the Thurgood Marshall College Fund, the Hispanic Scholarship Fund, Association of Latino Professionals for America and Management Leadership for Tomorrow. We recruited 12 diverse intern candidates through these partnerships in 2020.

|  | 2020       | 2019       | 2018       |
|--|------------|------------|------------|
| <b>Number of paid interns</b>                  | <b>180</b> | <b>183</b> | <b>196</b> |
| <b>Eligible intern to full-time conversion</b> | <b>68%</b> | <b>47%</b> | <b>44%</b> |

Part of our strategy of building a diverse and capable talent pipeline includes our efforts to hire employees with demonstrated leadership capabilities. In 2020, we hired 339 new employees with previous professional experience, helping to address turnover, fill important skill gaps needed for the future and provide diverse, outside perspective to our functional teams.

In 2020, our ERGs continued to partner with our HR Talent team to contribute to the pipeline of diverse talent. For example, our Hispanic ERG, Sí!, amplified the enterprise-wide employee referral program through their +1 Campaign that encouraged Sí! members to play a role in helping recruit diverse and inclusive talent. SALUTE, Altria's Military Network, piloted the SkillBridge internship program by providing an internship to a service member before they separate from the military.



## Veteran Hiring Strategy

About 6% of Altria's total workforce self-reports as talent from the veteran population. In order to achieve our aiming points of 8% of veteran representation enterprise-wide, as well as 6% veteran representation at the director level and above, the ALCS Talent Acquisition (TA) team is focusing on three key areas: Recruiting, Communication and Training.

**Recruiting:** Through corporate giving and by building on Altria's established relationships with veteran organizations, the TA team identified resources to actively cultivate talent pipelines through a variety of ongoing outreach and transition programs, community partners and increased partnership at relevant military conferences. We are fortunate to work with two talent-focused community partners, HireHeroes and Virginia Values Veterans (V3), that support our military recruiting efforts.

**Communication:** The team made a strong push to promote the desire to assist and hire veteran talent to the external population as well. This included creating a veteran-specific landing page on the external facing Altria Careers site, designing and distributing veteran-specific recruiting material, working with military bases and transition programs to get company and job information in front of service members, and leveraging our participation in the Military Makeover TV segment as an awareness campaign.

**Training and Support:** To create a more inclusive culture for veterans employed by our companies, SALUTE is facilitating several programs designed to offer candidates and new employees support as they transition into their new roles.

From hosting opportunities for employees to learn more about veteran issues and unique professional qualities to creating an onboarding buddy program for new veteran hires, we believe SALUTE's work aids in the long-term retention and satisfaction of our veteran workforce.



## Virtual Internships in a Remote Environment

Plans for the 2020 intern program for 180 interns were continuing as normal until the COVID-19 pandemic upended it – like almost everything last spring.

Our Talent Acquisition team worked tirelessly to convert to a virtual experience. Altria Group Distribution Company’s Intern program, which typically involves engaging retailers in-person as a Territory Sales Representative for the summer, shifted to a calendar of virtual role plays, selling activities and strategic projects so all students could experience an equitable internship. A combination of collaboration tools like WebEx and Microsoft Teams brought the internship to life.

Despite moving to a completely virtual format, we believe we were still able to deliver a best-in-class experience for our interns and will take learnings forward to improve the virtual experience in 2021. In fact, in the engagement surveys completed during their internships, participants reported an overall satisfaction (eSAT) score of 95.<sup>7</sup>

<sup>7</sup> Source: ALCS Talent Acquisition, 2020 Intern Surveys

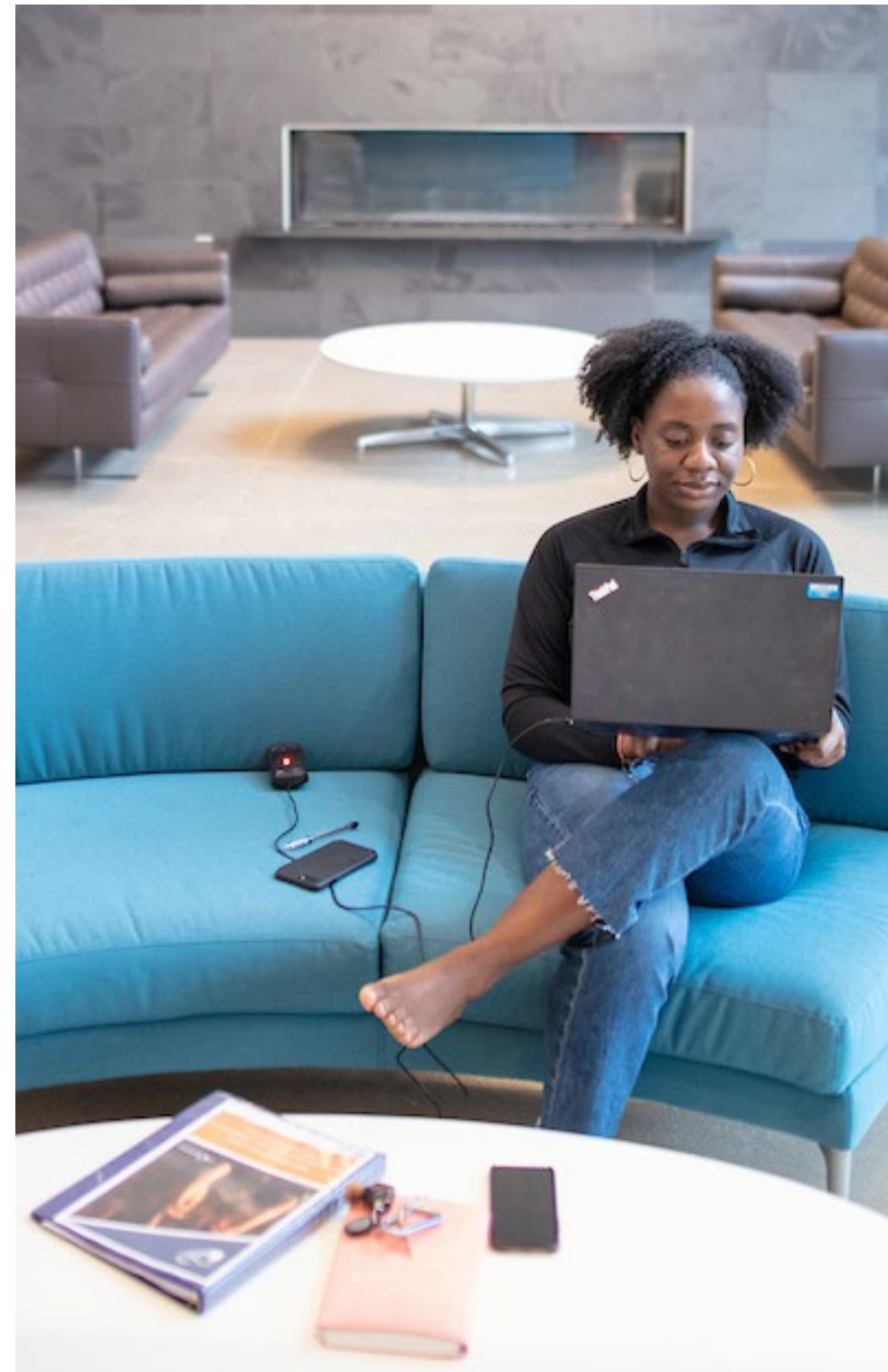
## Building a Diverse Talent Pipeline

Continued focus on diversity in our recruiting process resulted in our most diverse intern class ever – 58% of 2020 interns were people of color, a 16-percentage point increase from last year. This included partnership with diversity organizations at our focus schools, community partners, including Thurgood Marshall College Fund which focuses on students from public Historically Black Colleges and Universities (HBCU), and using digital tools for outreach to enhance diversity in our recruiting process. In 2020, we were joined by 28 interns from 9 HBCUs.

### 2020 Intern Population by Demographic\*

|                         |      |
|-------------------------|------|
| Female                  | 46%  |
| POC                     | 58%* |
| Black                   | 26%  |
| Hispanic                | 17%  |
| Asian                   | 11%  |
| Two or More             | 4%   |
| American Indian/Alaskan | 1%   |
| Did not disclose        | 1%   |

\* Numbers do not add up to 100% due to rounding.



## Development

The Learning and Development team at Altria Client Services focuses on creating modern learning experiences that advance Our Cultural Aspiration and build capabilities for our employees. They focus on providing learning and development opportunities that align with individual employees' career and development plans and are designed to improve employee capability and productivity, contribute to Our Cultural Aspiration and drive business results.

In 2020, the Learning and Development team launched a new talent platform called myPath that brings together learning and development, performance, and career planning. The myPath platform includes almost 10,000 learning modules and videos that cover a myriad of topics from inspirational leadership to problem solving. The catalog includes access to popular TED Talks, LinkedIn Learning opportunities, internally created HR resources, and manages a roster for virtual and classroom trainings.

The platform also supports the annual development plan process for salaried employees by outlining and tracking progress toward their annual performance objectives and metrics that drive individual learning, performance and career planning. Accountability against performance objectives, alongside coaching and feedback from managers on at least a quarterly basis, empowers employees to take ownership and actively participate in their career plans.

Annually, management evaluates employee performance against their objectives. The results of these assessments determine a salaried employee's incentive compensation through our pay-for-performance model, which recognizes higher levels of performance with higher variable compensation awards.

The People Analytics team uses organizational and HR data to enable leaders to make data-driven decisions to support our Talent Planning process. They

use the Talent Planning process to evaluate and identify employees to advance into new positions and identify candidates for senior leadership roles. Most of our positions filled by external candidates are for entry level positions, to fill talent gaps identified in Talent Planning or to support new business initiatives. In 2020:

- 61% of employees who are director level and above had specific advancement plans.
- 92% of open jobs were filled by internal candidates (excluding entry level positions).
- 11% of salaried employees were promoted.

### EMPLOYEE SPOTLIGHT

#### Change Leadership

##### Steven Dillard, Senior Manager, Change Leadership, ALCS

The focus of the Change Leadership team is to accelerate the adoption of working differently across the enterprise. Right now, we have about 24 projects going. These projects spread transformation – meaning how to work differently – across the organization. If you want a company to transform, you have to have more than half of those people working differently – a tipping point – where more people are working in the new way than the old way.



[+ Read more of Steven's story about transformation.](#)

### **ELC's Leadership Development Week**

In August 2020, members of the UNIFI ERG and other company employees attended the Executive Leadership Council's Leadership Development Week. The Executive Leadership Council is the preeminent member organization for the development of global Black leaders. Their mission is to increase the number of successful Black executives – both domestically and internationally – by adding value to their development, leadership, and philanthropic endeavors throughout the life cycle of their careers, thereby strengthening their companies, organizations, and communities. The Leadership Development Week features core development programs that target each level of the pipeline. This platform provides Black corporate leaders from various industries, functional areas and locations, an opportunity for continued development, networking and mentoring.

### **Introduction of the STEM Network**

In 2020, the STEM Network was launched to recognize and empower diverse science, technology, engineering, and mathematics (STEM) focused talent in building Altria's future and making Altria their company of choice to realize their full career potential. The network's mission is to maximize the collective impact of STEM employees and foster a spirit of community across the enterprise. They are focused on:

- Fueling the pipeline of future STEM talent
- Creating engaging careers for STEM talent across Altria's companies
- Fostering and developing the current Altria STEM community
- Improving our enterprise contribution in STEM talent
- Learning from industry leaders
- Engaging communities and schools



## Rewarding & Recognizing Our Employees

Our compensation program helps us attract, retain and motivate world-class talent. Depending on level, total compensation can include different elements – base pay, annual cash incentives, long-term stock and cash incentives, and benefits. Our goal is to provide total target compensation packages between the 50th and 75th percentile of our peer companies, meaning our compensation is targeted to be better than a significant portion of companies we compete with for employees.

In addition to our compensation packages, there are several other ways we work to recognize employees for their tremendous contributions.

Our peer-to-peer recognition system, *Snap*, continues to serve as a tool to shine a spotlight on outstanding performance and everyday excellence. *Snap* enables employees across our companies to recognize each other for embodying Our Cultural Aspiration in how we show up for each other – and to our external partners and stakeholders. In 2020, employees gave or received a total of 118,328 peer-to-peer recognitions on *Snap*.

This difficult year called for ongoing encouragement to motivate and inspire teams while acknowledging the uncertainty of what the pandemic would bring. In the early days of the COVID-19 outbreak, our employees all faced new challenges at home and at work. And, in true Altria style, we faced them together.

Teams across the country shared kind words, support and gratitude for our manufacturing employees who came to work each day to keep our businesses strong. Manufacturing employees on the job heard these shoutouts and words of encouragement daily via video screens throughout the facility and yard signs as they entered their facilities. In the end, more than 3,000 messages came from employees across Altria's companies. Employees organized reverse parades in the manufacturing center parking lot. They held up signs and cheered as each shift drove out of the parking lot, earning honks from grateful teammates in return.

We held our first ever enterprise-wide holiday party. Delivered virtually, the holiday party was an opportunity for employees in all business functions across the country to connect and celebrate a year's worth of hard work. With music and entertaining performances, we were able to deliver our most inclusive year-end celebration yet, from the comfort of our own homes.

It is this sense of community that keeps employees motivated even in the most trying of times. Employees are recognized and rewarded for their commitment to the business, to the company's values, and to their support of each other. This is part of what makes Altria feel like *family*.



[Click here to learn more about our benefit offerings.](#)

### 2020 STEP Honoree

The Manufacturing Institute's STEP Ahead Initiative celebrates and recognizes the accomplishments of outstanding female leadership in all levels of manufacturing, from the factory floor to the C-suite, and serves as a platform for companies to select leaders for national recognitions.



Philip Morris USA's Business Unit Leader, Theressa "Nikki" Taylor, was recognized on Sept. 24, 2020, as a 2020 STEP Ahead Honoree for her outstanding work as a manufacturing employee and leadership within her community. Nikki rose from an hourly production position to a salaried analyst role, and she knows the importance of paying it forward and does everything she can to advance her colleagues' careers. We are proud of Nikki and all her hard work as she exemplifies Our Cultural Aspiration.

# Looking Forward

2020 was a year of tremendous challenge and growth for Altria. *Supporting Our People & Communities* plays an important role in delivering results for the enterprise. In 2021, we will shape our future by providing experiences that connect employees' individual purpose with our commitments to care for each other and do what's right for our communities. Employee listening sessions will provide the opportunity to understand our people on a deeper level and address their needs. We will build on our talent and culture initiatives that align with the 10-year Vision, Our Cultural Aspiration and the I&D Aiming Points, along with proven talent strategies and our ongoing commitment to learning and growth. Our actions to improve racial and economic equity in the communities in which we operate will continue to shine a light on our values as a business. It is through these efforts that our companies continue to remain employers where employees are proud to work and steadfast supporters of their local communities.

## About this Report

Unless otherwise noted, this report includes data and progress for Altria Group, Inc. and its wholly owned subsidiaries for calendar year 2020. It covers Altria's tobacco operating companies Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC, Helix Innovations, and wine company, Ste. Michelle Wine Estates Ltd, representing more than 99% of revenue of Altria's family of companies. The report also covers other Altria subsidiaries including Altria Group Distribution Company, which provides sales and distribution services to certain Altria operating companies, and Altria Client Services LLC which provides various support services in areas such as legal, regulatory, consumer engagement, finance, procurement, human resources and external affairs to Altria and its companies. Philip Morris Capital Corporation, Altria's subsidiary which maintains a portfolio of finance assets, is not in scope. Altria and its companies operate principally in the United States and substantially all of Altria's net revenues are from sales generated in the United States.

Certain statements in this report are "forward-looking statements" within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations and projections, and are not guarantees of future performance. They are based on management's beliefs, projections or expectations that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Altria undertakes no obligation to publicly update or revise any forward-looking statement in this report. The risks and uncertainties relating to the forward-looking statements in this report include those described in Altria's publicly filed reports, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

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

