



Engage & Lead Responsibly

2022 Corporate Responsibility Progress Report



Altria has a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. Our Vision is to responsibly lead the transition of adult smokers to a smoke-free future. Altria is *Moving Beyond Smoking™*, leading the way in moving adult smokers away from cigarettes by taking action to transition millions to potentially less harmful choices. We are seizing the opportunity to shape a better future for adult tobacco consumers, our employees, shareholders, and society.

To achieve our Vision, we are pursuing initiatives designed to promote long-term sustainability. We believe the actions we are taking are creating a different Altria - and a different tobacco landscape. We believe these actions will benefit our businesses, supply chains, trade partners, operating and grower communities and the environment. Our responsibility focus areas address the issues we believe are most important to drive this progress.



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What's in this report?

In 2021, we announced six responsibility focus areas as an output of our in-depth 2020 responsibility materiality assessment, each with associated 2025 goals. We believe these are the most important areas we can address to help us achieve our Vision and drive long-term business value. Importantly, these areas are aligned with our stakeholders' expectations of companies broadly and tobacco companies specifically.

This report provides an overview of Altria's commitment to Engage and Lead Responsibly across our businesses and within our industry. At Altria, we are committed to being good corporate citizens and making a positive impact where we can. This report highlights how we practice continuous learning, engage with stakeholders, and drive accountability across our businesses. It also provides examples of progress in 2022. As we move toward our 2025 goals, it outlines our focus for 2023.

Note: When used in this report, the terms "Altria", "we", "us", and "our" refer to Altria Group, Inc. and its consolidated subsidiaries, unless otherwise noted.



Beyond This Report

This report is not designed to provide a comprehensive review of progress across all our responsibility focus areas. We share progress toward our focus area goals, including important metrics and data, in a series of reports and snapshots designed to meet the needs of multiple stakeholders. All of these documents are available through our website, Altria.com.

Focus Area Progress

Click below to learn more about our focus areas on Altria.com



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Protect the Environment

Drive Responsibility Through Our Value Chain

Reduce Harm of Tobacco Products

Prevent Underage Use

Support Our People & Communities

Engage & Lead Responsibly

Reporting Disclosures*

Read more about our disclosures through the links below.

SASB

GRI

TCFD

CDP
[Climate](#) | [Forests](#) | [Water](#)

ESG Data Tables

EEO-1 Report

* This disclosure is guided by the Global Reporting Initiative (GRI) Core option and the standards set forth by the Sustainability Accounting Standards Board (SASB).

From Our Chief Executive Officer

Engaging and leading responsibly is critical to our Vision of *Moving Beyond Smoking™* and to creating a more sustainable future. As we move from being a tobacco company to a tobacco harm reduction company, we're guided by our adult tobacco consumers and building a robust portfolio of smoke-free products with the potential to reduce risk – one of our most urgent responsibility priorities. While we continue our journey, we know it's critical that we listen to and address stakeholder expectations across all of our responsibility focus areas. And it's important that we transparently report our progress and areas of opportunity. That's why, each year, our responsibility report focuses on how we seek to engage and lead responsibly. Importantly, this report shows how we hold ourselves accountable and how our stakeholders can hold us accountable as well.

I have never been more optimistic about our future. Across our six responsibility focus areas, we have made and expect to continue making significant progress. I take great pride in our employees' achievements and the opportunity to share them with you.

Notably:

- In 2023, we celebrate 25 years committed to preventing underage use of tobacco products – a critical public health priority. During those years, underage smoking declined by 93% from a height of 28.3% in 1997 to only 2.1% in 2022. To continue our support, we invested approximately \$25 million in evidence-based prevention programs to support positive youth development reaching more than 17 million kids in 2022.
- We've made significant progress expanding our portfolio of smoke-free products for the millions of U.S. adult smokers seeking potentially less harmful alternatives. We now have full control of our path to achieve our Vision. In 2022, we formed a joint venture with Japan Tobacco to commercialize and market heated tobacco stick products in the U.S. Upon completion of our pending acquisition of NJOY Holdings, Inc., we will have full global ownership of FDA-authorized products in the e-vapor space. In March 2023, we unveiled new and exciting modern oral and heated tobacco capsule products in development.
- In March of 2023, we introduced 2028 Enterprise Goals to more clearly define where we are headed. They include corporate financial metrics, specific U.S. smoke-free volume and revenue targets – which are directly linked to our responsibility focus on reducing the harm of tobacco products – and our desire to move beyond the U.S. nicotine space. These goals assume the successful completion of the NJOY acquisition. Going forward, we expect to incorporate these goals into our executive compensation program.
- We are accelerating progress toward our environmental targets through investments in renewable electricity. With our first virtual power purchase agreement, energy produced by a newly operational wind farm in Texas will bring additional renewable energy to the electricity grid, contribute to positive climate action, and help us to achieve our targets ahead of schedule.

- Since setting our Inclusion and Diversity (I&D) Aiming Points in 2020, we've made strong progress toward building a diverse organization in which all employees feel included, seen and heard. As of December 2022, we have achieved several of our I&D Aiming Points and remain committed to continued progress.

For tobacco harm reduction to succeed, we must continue to actively engage with external stakeholders, the FDA, and policymakers to advocate for policies that promote harm reduction and include the opinions of adult smokers in the discussion. We are focused on these key areas:

- We continue to encourage the FDA to make more and faster progress for the benefit of adult tobacco consumers. That means authorizing reduced-risk product applications in a reasonable timeframe and exercising appropriate enforcement actions for manufacturers that fail to comply with regulations.
- We need to educate adult smokers about the relative risks of various tobacco products and the benefits of switching to smoke-free alternatives. We believe tobacco consumers deserve this information and regulators have a duty to provide it.
- For harm reduction to become a reality, we believe policymakers – including the FDA – have to say “no” to calls for prohibition-based policies – like broad-based flavor bans – that will send us in the wrong direction. We have seen that prohibition does not work in other contexts and that it creates unregulated markets with negative unintended consequences.

Visit our website to learn more about our **2028 Enterprise Goals.**

Change won't happen overnight, but we will continue to do our part by leading responsibly. That means demonstrating through our actions that we are invested in addressing the issues people care about the most. Through our commitment to *Moving Beyond Smoking™* and engaging and leading responsibly, I believe we can deliver for adult tobacco consumers, our investors and society over the long term. I take great pride in the progress our employees make every day across our six responsibility focus areas. Thank you for taking time to read this report.



Billy Gifford
Chief Executive Officer
Altria Group, Inc.



Since launching our Vision, completing our materiality assessment and introducing our responsibility focus area goals, our teams have made tremendous progress. [Read about stories of progress.](#)

From Our Chief Sustainability Officer

Each year, I feel privileged to write this letter. It is an important time of reflection for me, about how far we've come, what we've learned and where we're headed - in the context of what matters most to our business, our stakeholders and the impact we have outside our walls.

The atmosphere around corporate responsibility, sustainability and ESG carries a different energy these days. There is a debate underway around the value of a company's investment of time and resources toward these efforts. Some believe it's a distraction from a company's obligation to return value to shareholders. I believe - done thoughtfully and with pragmatism - it is the path to increasing shareholder value and business sustainability over the long term. And this is the path Altria is pursuing.

Throughout our decades-long commitment to responsibility, we've strategically managed the risks we face - primarily, reducing the harm of tobacco use and preventing underage use. This year, we celebrate 25 years of commitment to preventing underage tobacco use. In 1998, Philip Morris USA (PM USA) established a Youth Smoking Prevention department. As our business evolved, we expanded our focus to helping prevent underage use of *all* tobacco products. And today, with investments outside of tobacco, we take an even broader view - helping to prevent underage use of products intended for adults 21+. These years have shaped my belief in the fundamental practice of "corporate responsibility" - *what* we do is important; *how* we do it matters just as much.

We're preserving our "license to operate" and driving progress in the areas where our companies can have the greatest positive impact. We remain focused on the ESG topics important to our investors while also keeping pace with other important stakeholders' evolving expectations of us as a corporate citizen.

I firmly believe we are focused in the right areas to achieve our Vision. In his CEO letter, Billy shared his immense pride in our progress. I echo his sentiments. And we have more to do - expectations continue evolving and the bar is rising. We've also experienced setbacks along the way. So, as we approach the halfway point toward our 2021-2025 responsibility goals, we're taking stock, learning and adapting.

- We've strengthened our responsibility governance structure and processes to drive focus, faster progress and greater accountability. Our Board of Directors has assigned accountability to its committees to oversee different bodies of work, and expects to receive regular updates throughout the year. Altria's executive leadership team provides centralized oversight of our ESG-aligned strategies and initiatives. Steering committees for each focus area provide oversight of progress toward our 2025 goals. We also continue to evolve our approach to best meet the needs of the business. For example, this year, we formed two new steering committees in response to emerging environmental regulations.
- The need for employee upskilling and connection to this work has never been more apparent. In 2022, we launched an employee training course - "Tying it All Together: Corporate Responsibility, ESG and You." In the coming years, we'll expand upon this training and offer other opportunities to build responsibility knowledge and skills across the enterprise.
- We're also working to further integrate responsibility considerations into critical enterprise systems and processes. For example, we're working with our colleagues to formally integrate environmental considerations into the product and packaging development process - as we've done with underage use prevention and tobacco harm reduction for many years. We continue to learn the best ways to improve this infrastructure and formalize this type of integration across other areas.

- We've had some big wins in the environmental space, particularly in our journey toward 100% renewable electricity. But we've also had slowdowns, as changes in the regulatory environment and a rapidly rising bar set by the Science Based Targets initiative and others, have led us to reassess priorities. In particular, U.S. Securities and Exchange Commission's (SEC) proposed rule on climate-related disclosures and various states' extended producer responsibility legislation that arose in 2022 influenced us to pause some initiatives so we could evaluate the potential impact of future regulations on our plans.
- Earlier this year, we announced that we will conduct an equity and civil rights assessment in response to a 2022 shareholder proposal receiving support from a majority of our shareholders at our Annual Meeting of Shareholders. The proposal recommended Altria commission a civil rights equity audit. We believe the assessment will identify opportunities to accelerate progress toward our 2025 Corporate Responsibility focus area goals, enhance stakeholder alignment and promote transparency. Our experience has taught us the value of this type of engagement, and we desire to create business and social value through the assessment.
- We also continue to improve how we communicate with our stakeholders. In response to feedback, we've simplified our responsibility reporting, clarified several of our 2025 responsibility goals, and communicated new enterprise goals to track and communicate progress toward our Vision.

Over the past few years, we've worked to increase the visibility, prioritization, and integration of responsibility initiatives across the organization. Today, our business is better aligned to drive progress, faster. And we continue to listen and learn - for ways to enhance our programs, optimize our infrastructure, maximize value for our stakeholders and our long-term success, and best meet the rising bar of expectations.

Twenty-five years has given us the gift of lessons learned that can only come with time and experience - success, mistakes, reflection and a commitment to do better. In only a few, short years of driving progress toward our 2025 responsibility focus area goals, I am overwhelmingly proud of our colleagues and the progress we've made. I look forward to learning, growing and improving, together, with each passing year.



Jennifer Hunter
Senior Vice President
Corporate Citizenship &
Chief Sustainability Officer
Altria Client Services



Corporate Profile

	Smokable Companies	Smoke-Free Companies	Complementary Assets
Altria's Companies	<p>Philip Morris USA an Altria Company</p> <p>Largest cigarette company in the U.S. that manufactures <i>Marlboro</i>, the largest-selling cigarette brand for over 45 years</p> <p><i>John Middleton</i> an Altria Company</p> <p>Leading producer of one of the best-selling tipped machine-made large cigars sold in the U.S., <i>Black & Mild</i></p>	<p>HELI INNOVATIONS an Altria Company</p> <p>Manufacturer of <i>on!</i> nicotine pouches</p> <p>U.S. Smokeless TOBACCO CO. an Altria Company</p> <p>Leading producer and marketer of moist smokeless tobacco, including <i>Copenhagen</i> and <i>Skoal</i></p>	<p>CRONOS GROUP</p> <p>~41 percent equity investment in Cronos Group, a leading Canadian cannabinoid company</p> <p>AB InBev</p> <p>~10 percent equity investment in Anheuser-Busch InBev, the world's largest brewer</p>
Joint Venture & Investments	<p>HORIZON INNOVATIONS</p> <p>Joint venture with Japan Tobacco for U.S. marketing and commercialization of heated tobacco stick products</p>	<p>CRONOS GROUP</p> <p>~41 percent equity investment in Cronos Group, a leading Canadian cannabinoid company</p> <p>AB InBev</p> <p>~10 percent equity investment in Anheuser-Busch InBev, the world's largest brewer</p>	

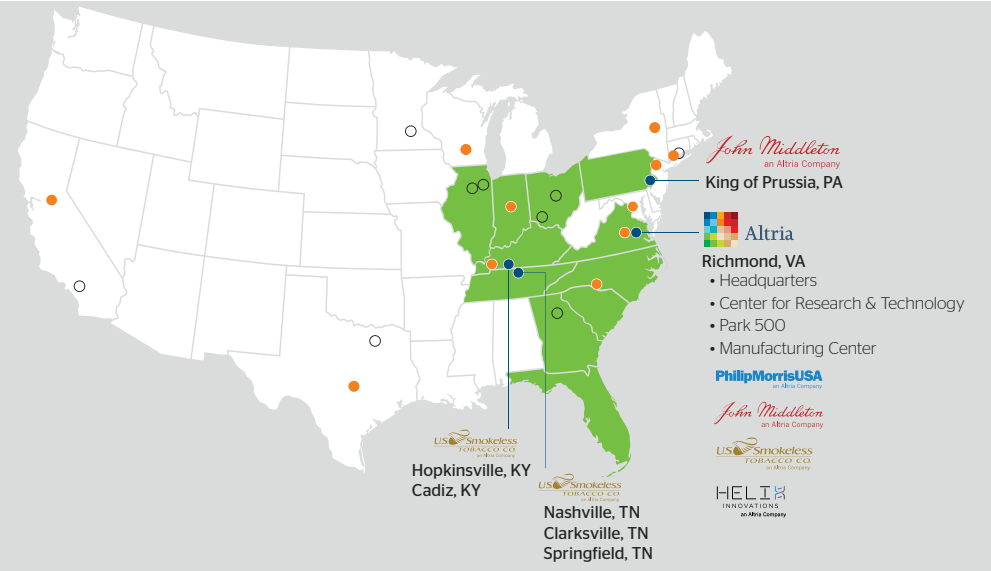
*As of March 3, 2023, Altria Group, Inc. announced we have exchanged our entire minority economic investment in JUUL for a non-exclusive, irrevocable global license to certain of JUUL's heated tobacco intellectual property. On March 6, 2023, Altria Group, Inc. announced that we have entered into a definitive agreement to acquire NJOY Holdings, Inc. subject to customary closing conditions.

Where We Operate

We operate and sell our products principally in the United States. Substantially all of Altria's net revenues are from sales generated in the United States.

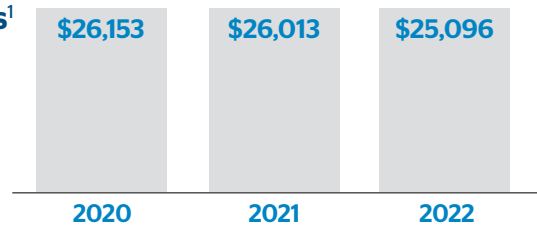
Map Key

- Key Tobacco Growing States
- Manufacturing Facilities
- Offices
- Offices Closed in 2022

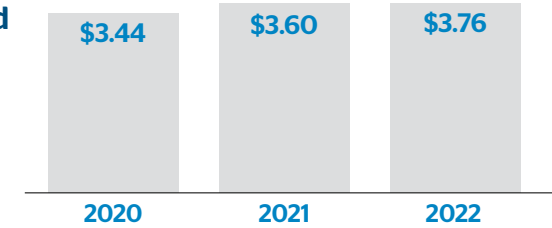


2022 Company Performance

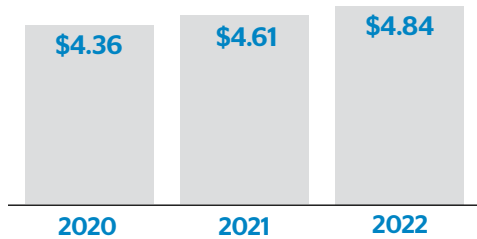
Net Revenues¹ (\$ in millions)



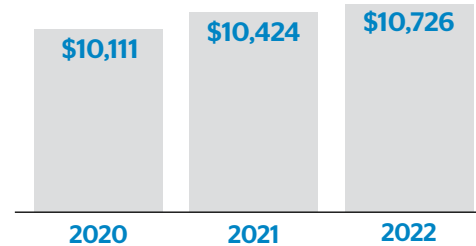
Annualized Dividends per Share²



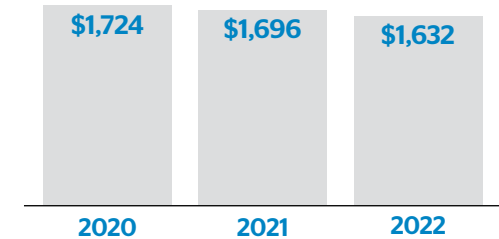
Adjusted Diluted Earnings Per Share³



Smokable Products Adjusted Operating Company Income³ (\$ in millions)



Oral Tobacco Products Adjusted Operating Company Income³ (\$ in millions)



Other Direct Economic Value¹

\$4.4B

in excise taxes on products sold

\$6.6B

in dividends paid on common stock

\$549M

paid against pension and post-retirement

\$3.9B

in charges to state settlement agreements

\$275M

in user fee payments to FDA⁴

Communities Where We Live and Work

~\$57.5M
donated

in cash and in-kind contributions⁵ nationally



75%
of executives
served on
nonprofit boards

62%
of employees

engaged through volunteering and/or donating to at least one 501(c)3

1. Altria's Financial Statements included in 2022 Form 10-K, filed with the SEC on February 27, 2023.

2. Annualized dividend per share calculated using annualized quarterly dividend per share as of December 31st of each year.

3. Included in Altria's 2022 and 2021 Form 10-K, filed with the SEC on February 27, 2023 and February 25, 2022, respectively.

4. Altria's Q4/FY 2022 Earnings Release furnished as Exhibit 99.1 to Altria's Form 8-K filed with the SEC on February 1, 2023.

5. Includes cash and equipment donations, facility uses, and services

2022 Recognition



Recognized by the National Business Inclusion Consortium for the fourth year, as one of the **Best-of-the-Best Corporations** for **Inclusion** and is recognized as one of the top corporations that are **constantly striving to strengthen and celebrate diversity**. The Best-of-the-Best designation honors corporations for their commitment to America's diverse employees and business owners, which includes LGBTQ+ people, people of color, women, and people with disabilities.



Altria is proud to be recognized as an **Employer of Choice winner** for the Mid-Atlantic Region by the Minority Corporate Counsel Association. The award honors corporate legal departments who have made meaningful commitments to creating more inclusive and diverse workplaces.



In 2022, The Center for Political Accountability **ranked Altria 5th** among the Russell 1000 on the CPA-Zicklin Index and for the seventh consecutive year designated Altria as a **trendsetter** in this area. The CPA-Zicklin Index measures political transparency among Russell 1000 companies and their voluntary disclosures of political spending.



Altria achieved a place on the 2022 Supplier Engagement Leaderboard for the second year in a row. CDP's Supplier Engagement Rating (SER) this year positions Altria in the **top 8%** of companies who disclosed to CDP's full climate questionnaire. The SER provides a rating for how effectively companies are engaging their suppliers on climate change.



For the third year in a row, Altria earned a national recognition as a Great Place to Work-Certified™ company. Using validated employee feedback, certification confirms **86% of employees** who participated in the survey **say Altria is a great place to work** compared to 57% of employees at a typical U.S.-based company.



For the 10th year, Points of Light listed Altria among **America's most community-minded companies** in The Civic 50, an annual survey of the nation's 50 most community-minded companies. The Civic 50 sets the standard for corporate civic engagement and creates a roadmap for companies seeking to best use their time, talent and resources to improve the quality of life in the communities where they do business.



For the fifth year in a row, Altria received a **perfect score of 100 in Human Rights Campaign's 2022 Corporate Equality Index** for LGBTQ+ -inclusive workplace policies and practices, and was recognized as one of the "Best Places to Work for LGBTQ+ Equality."



The Women's Business Enterprise National Council (WBENC) awarded Altria's Supplier Diversity and Corporate Citizenship Departments **America's Top Corporations: Resiliency** Edition, for unwavering commitment to Women's Business Enterprises (WBEs) throughout 2020 and 2021, which enabled WBEs and WBENC to continue a trajectory of support, business development, growth, and innovation.



Fortune and Great Place to Work® has **ranked Altria #6** on its list of the Best Workplaces in Manufacturing & Production™ for 2022.



Altria received the Association for Talent Development (ATD) BEST Award, placing **17th out of 72 honorees**. ATD's BEST Award is the talent development industry's most rigorous and coveted recognition, and the global program recognizes organizations that **demonstrate enterprise-wide success through talent development**.

Our Approach

We approach responsibility by 1) seeking to understand stakeholders' perspectives and evolving expectations, 2) aligning our business practices – strategically and pragmatically, and 3) measuring and transparently communicating our progress. Through this approach we foster positive relationships with stakeholders through meaningful engagement; understand the changing external landscape – through regulatory and societal lenses; and determine where we need to focus in order to drive long-term value – by mitigating risks and capitalizing on opportunities for our businesses.



Where We're Focused

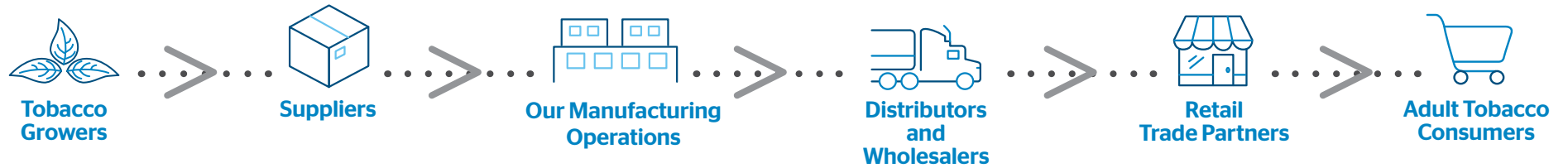
Altria's focus areas and initiatives are rooted in our responsibility materiality assessment process – a comprehensive, formal approach to identify the most impactful ESG issues that we believe promote long-term sustainability and success. In 2020, we executed this assessment – conducting a comprehensive review of stakeholder expectations and determining how those align with our business priorities. Through this exercise, we established Altria's responsibility focus areas, as well as goals and metrics within each that have guided our actions.

Altria's Responsibility Focus Areas



For historical progress or more information on our supporting governance structure, frameworks and policies, please visit [Altria.com/Responsibility](https://www.altria.com/Responsibility).

Stakeholder Engagement Across Our Value Chain



At Altria, we engage with stakeholders to accelerate progress on environmental and social issues that are relevant to our businesses and where we can have the strongest impact. We evolve and adapt to changing consumer interests, marketplace forces and societal expectations. Our value chain relationships play important roles in delivering premium brands to adult tobacco consumers – from sourcing high-quality tobacco, other materials and services for our operating companies’ products, to manufacturing, distributing, and selling our products through reputable channels to qualified adult tobacco consumers. This includes two-way dialogue with consumers, employees, investors, suppliers, trade partners, regulators, policymakers and community leaders. Regular engagement helps us understand the issues that present risks and opportunities for our businesses.

For example, in response to the approval of a shareholder proposal at our 2022 Annual Meeting of Shareholders, we will conduct an equity and civil rights assessment. In the second half of 2022, we contacted our top 30 shareholders – representing approximately 43% of our outstanding shares – to seek their views concerning the requested civil rights equity audit and our proposed approach to conducting the assessment. We believe the assessment will identify opportunities to accelerate progress toward our 2025 Corporate Responsibility focus area goals, enhance stakeholder alignment and promote transparency.

The following pages outline the importance of why we engage with each of these groups and examples of how we conduct those engagements.





Adult Tobacco Consumers

Why We believe our deep understanding of the consumers engaging with us will help us responsibly support adult smoker transition to smoke-free products.

We listen to and engage with our adult tobacco consumers to develop insights that will help deliver new and innovative products and brand experiences that are intended to exceed their expectations.

How

- Consumer insights research
- Brand and corporate websites
- Direct-to-consumer communications
- Customer care channels



Employees

Why Our companies employ approximately 6,300 talented individuals who are critical to our ongoing success.

We believe it's important to help employees understand Altria's strategies, the competitive landscape and how they contribute to our success. We seek input from and engage with our employees to improve their overall work experience and inspire them to innovate, do things more simply, be more inclusive and win in the marketplace.

How

- Town hall meetings led by senior leaders
- Engagement and pulse surveys
- Internal communications channels and apps
- Newsletters
- Functional, departmental and team meetings
- Labor negotiations
- Cultural Inclusion, Diversity and Equity discussions
- Employee Resource Groups



Investors

Why We engage with investors to understand their interests and expectations, to communicate our business results and how we achieved those results, including ESG performance and disclosures.

Through regular engagement, we gather valuable feedback from investors. Acting on investor input, we optimize our responsibility reporting and disclosure to provide more stakeholder-centric, timely and relevant content.

How

- Annual Shareholder Meetings
- Investor roadshows
- Meetings
- Conferences



Suppliers and Growers

Why Our value chain includes over 1,100 direct contracted tobacco growers and third party suppliers across the globe. While the majority of our tobacco suppliers are U.S.-based, we engage over 3,600 suppliers worldwide.

In order to promote the responsible procurement of high-quality products, services and materials that support our business objectives, it is important to convey our expectations and shared goals. We also work to understand and collaborate on effective ways to address risks and societal issues within the supply chain.

How

- Supplier scorecards
- Supplier Code of Conduct
- Supplier meetings
- Assessments, audits and surveys
- Agricultural organizations
- Meetings between company grower representatives and growers
- Workshops and training events



Trade Partners

Why Our businesses rely on a distribution network of over 300,000 retail stores along with a network of wholesalers to deliver our quality products to adult tobacco consumers.

Our intent is to help our retail and wholesale trade partners strengthen their businesses and ours. We do this by offering category management solutions to promote mutual success and responsible retailing, and to better understand marketplace dynamics and the preferences of adult tobacco consumers. We also work to understand feedback on retail and wholesale programs, including those that support the responsible sale and marketing of our products only to adults 21+.

How

- “Top-to-Top” meetings
- Online tools
- Visits with retailers
- Annual trade meetings



Public Health and Scientific Community

Why Our priority is to understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.

Science is at the core of Altria’s approach to tobacco harm reduction. Our scientists lead harm-reduction engagements across the public health and scientific communities to share research and evidence demonstrating that smoke-free tobacco products result in lower exposure to harmful and potentially harmful constituents and/or are lower risk when compared to conventional cigarettes.

How

- Meetings
- Research publications
- Conferences and workshops



Government & Regulatory Agencies

Why As our industries are subject to a range of laws and regulations, we engage constructively with government officials and regulatory agencies to share our public policy positions on issues important to us, maintain compliance and help achieve further business objectives including shaping a highly responsible and regulated cannabis market in the U.S.

Leading the U.S. in *Moving Beyond Smoking™* requires stakeholder collaboration. Our team identified the most important pathways to create the regulatory and policy conditions for harm reduction to succeed.

How

- Meetings with elected and appointed officials and staff
- Workshop participation
- Regulatory submissions and engagements
- Trade associations
- Public policy organizations



Community Partners and Grantees

Why We collaborate on issues important to our communities so that we can invest our resources and time in a way that helps to strengthen our communities and businesses. We work to address relevant social and environmental concerns in partnership with others.

We seek to build long-standing relationships with partners in our headquarters community and nationally who lead valuable efforts to strengthen their communities.

How

- Meetings
- Service on boards and in other leadership roles
- Grantee forums
- Employee volunteer service

How We Lead

Altria's CEO and senior management oversee our responsibility efforts. We engage with our Board on ESG strategies and issues at the Board level and through various committees. **The Nominating, Corporate Governance and Social Responsibility (NCGSR) Committee** oversees our public affairs, corporate reputation, governance and environmental and social responsibility strategies.

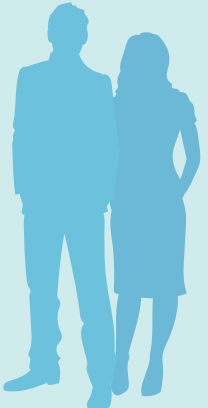


In addition to the NCGSR Committee, the Board has also delegated oversight responsibilities to committees for specific responsibility areas. For example, the **Innovation Committee** oversees our product innovation efforts and strategies that are critical to our harm reduction goals, as well as our efforts to reduce the environmental impact of our companies' manufacturing operations and products.

The Compensation and Talent Development Committee oversees initiatives, programs and processes related to talent development and culture through regular updates from management.

These updates include the review of topics such as:

1. executive succession and advancement planning
2. employee engagement survey results and management's responses to opportunity areas
3. progress toward our inclusion, diversity and equity ("ID&E") goals
4. key workforce metrics on recruiting, retention, turnover and promotion rates
5. actions taken to protect employee safety, health and wellness



The Audit Committee oversees our risk assessment and risk management policies and practices and our compliance with legal and regulatory requirements.

Altria's responsibility focus areas are integrated into enterprise planning, strategies and initiatives. For each focus area, we formed **Steering Committees** led by senior executives with accountability for strategic alignment of initiatives and investments, outcomes and progress toward 2025 goals. These committees convene regularly and are comprised of senior leaders from accountable functions, functional director-level employees and subject matter experts.

We acknowledge stakeholder expectations for transparent, decision-useful disclosures of our progress, and we took steps to further enhance governance of our ESG reporting by implementing improved processes for data and disclosure review, substantiation and reporting. An important element of this process is an **ESG Disclosure Working Group** with representation from Corporate Citizenship, Corporate Audit, Law, Finance and Corporate Communications. The ESG Disclosure Working Group is involved in the oversight and review of sustainability reporting and is focused on the accuracy and quality of our disclosure.

Management Oversight & Accountability

At Altria, everyone has a part in working toward our Vision. Each member of the Executive Leadership team contributes to Altria's responsibility efforts. We recognize this important work requires cross-functional collaboration. Here are the specific accountabilities of the members of our Executive Leadership team:



Billy Gifford
Chief Executive Officer
Altria Group, Inc.

As the CEO, Billy has ultimate accountability for progress toward our Vision, including how management of our responsibility focus areas and ESG enable that progress.



Jody Begley
Executive Vice President
Chief Operating Officer
Altria Group, Inc.

In Jody's role as the COO, he leads our operating companies, Altria Group Distribution Company, and Altria Client Services' Operations teams. He also serves as co-Executive Sponsor of Altria's Environment & Value Chain Steering Committee. Among other responsibilities, Jody is accountable for further developing our companies' smoke-free product portfolios, responsibly marketing our companies' products and helping prevent underage access and use, and promoting environmental sustainability in manufacturing, product/packaging design and our distribution system.



Sal Mancuso
Executive Vice President
Chief Financial Officer
Altria Group, Inc.

Sal leads Altria's finance, investor relations and procurement organizations. He also serves as co-Executive Sponsor of Altria's Protect the Environment Steering Committee. Among other responsibilities, he is accountable for driving responsibility in our supply chains through our Supplier Code of Conduct, supplier engagement on Scope 3 emissions, grower sustainability and human rights, and supplier diversity. He is also accountable for our ESG engagement with debt and equity investors and other related initiatives.



Murray Garnick
Executive Vice President
General Counsel
Altria Group, Inc.

Murray leads Altria's Law department and Corporate Secretary office, which oversees Altria's Corporate Governance and Board of Directors engagement. He also leads Altria's Regulatory Affairs organization, which helps to advance harm reduction through science, advocacy and regulatory submissions.



Olivier Houpert
Chief Innovation and Product Officer
Altria Client Services

As Chief Innovation and Product Officer, Olivier oversees Altria's long-term product pipeline and is building a comprehensive innovation system inclusive of partnerships and internal capabilities. He has centralized responsibility for all product development and innovation, consumer and marketplace insights, and systems that supports innovation needs for smoke-free and future growth opportunities. He also serves as co-Executive Sponsor of Altria's Environment & Value Chain Steering Committee.



Jennifer Hunter
Senior Vice President Corporate Citizenship
Chief Sustainability Officer
Altria Client Services

As the Chief Sustainability Officer, Jennifer is accountable for setting ESG strategy for the enterprise. This includes strategy and programs that support inclusion, diversity and equity, community giving and volunteerism, underage use prevention, adult tobacco cessation, environmental initiatives, and internal and external communications and reporting. She serves as an Executive Sponsor of Altria's People & Communities, Prevent Underage Use, Protect the Environment, and Harm Reduction Policy & Engagement steering committees.



Heather Newman
Senior Vice President
Chief Strategy and Growth Officer
Altria Group, Inc.

Heather leads Altria's long-term strategy, data and technology, international and corporate development functions. She is accountable for driving responsibility and ESG considerations and requirements through Altria's portfolio of investments.



Todd Walker
Senior Vice President
Government Affairs
Altria Client Services

Todd leads Altria's federal and state government affairs functions and is accountable for engaging on policy positions across a broad range of topics spanning our responsibility focus areas. He also serves as co-Executive Sponsor of Altria's Harm Reduction Policy & Engagement Steering Committee.



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

In Charlie's role leading Altria's human resources and compliance functions, he is accountable for recruiting, employee development and retention strategies to align a highly engaged workforce with the pursuit of our Vision. He is also accountable for continually strengthening our culture of compliance and integrity and advancing progress toward many of Altria's 2025 goals related to supporting our people and communities. He serves as co-Executive Sponsor of Altria's People & Communities Steering Committee.

What We're Learning

Since setting our responsibility focus area goals, our teams have learned a great deal and continue to evolve our approach to meet ever-changing standards and stakeholder expectations.

Increase Connectivity Across Focus Areas to Magnify Impact

We are aware of the intersectional nature of many environmental and social issues our focus areas seek to address. These intertwined focus areas require us to think differently about complex business and societal challenges, upskill our employees and engage experts in these spaces.

Equitable Harm Reduction - In early 2020, our materiality assessment revealed that the concept of equity was rising in importance to our stakeholders, and we reflected this importance in our focus area to Support Our People & Communities. As the national discourse on race and equity in the U.S. reached fever pitch later that year, we felt we were on the right track and were inspired to make sure we were taking a broader view - applying an equity lens across our other focus areas. We are exploring what it means to pursue equitable harm reduction - where a reduced-harm future is available to all smokers, inclusive of all demographic and socio-economic backgrounds. Research shows demographic disparities in adoption of smoke-free products and accurate understanding of relative product harms and nicotine risks. These barriers, left unaddressed, could stifle the momentum of responsibly leading the transition of adult smokers to a smoke-free future. In pursuit of our Vision, our scientists, engineers, product developers and consumer researchers are combining our deep knowledge of adult smokers, data analytics and behavioral science to better understand what would motivate and then help adult smokers transition to smoke-free products. We hope to utilize data and



market insights to improve access to product information and choice of quality smoke-free products so that the benefits of the harm reduction efforts are realized equitably.

Total Social Investment - We have traditionally measured our companies' positive community impact through focused strategic charitable contributions and employee community engagement. We also recognize that other business activities and company resources can create additional social and business value.

For example, increasing the diversity of our supplier base and engaging with our retail trade partners on inclusion, diversity and equity practices have not traditionally been measured as community impacts. As defined by Chief Executives for Corporate Purpose®, Total Social Investment (TSI) sums up all resources (operational expenses, staff time, and more) the company uses to advance the "S" in ESG efforts. This emerging framework has encouraged us to explore new ways to measure investments in the community, and we continue to investigate the best ways to track and quantify our companies' broader impact.

Sustainable Product Development and Value

Chains - As we work to advance our harm-reduction

goals, we can also work to advance our environmental goals in parallel. For example, we're investing in an expanded portfolio of smoke-free alternatives for adult smokers looking to reduce the harm of tobacco use. We're partnering with new suppliers, business partners, etc., and we're exploring new manufacturing processes, materials and technologies. As we develop our product portfolio, we can do so with an eye toward reducing the environmental impact of our companies' products and packaging.



Continue to Gauge Stakeholder Understanding to Improve Engagement

As described earlier in this report, gathering our stakeholders' perspectives to inform, aligning business practices and measuring and communicating our progress are fundamental to our responsibility approach. We are committed to continuous improvement. Since setting our 2025 Focus Areas and Goals, we have refined our focus area goal language to drive clarity. While the scope of our work remains the same, we have identified new and improved ways to communicate our progress across a variety of channels, including a more concise, direct expression of our 2025 goals.

Our reporting approach is now simpler, better designed to meet stakeholder needs and includes easily digestible and succinct two-page "snapshots" to provide up-to-date, relevant progress for each of our focus areas.

We also continue to expand our disclosures to increase transparency. Beginning in 2021, we've added a variety of new reporting vehicles to our public disclosure, including our Task Force on Climate-Related Disclosures report, an annual Lobbying and Political Activity Transparency & Integrity Report, our annual EEO-1 disclosure, a SASB Agricultural Products index (in addition to the Tobacco index) and our ESG Data Tables to make it easy for stakeholders to assess our progress over time.



Later this year, we will feature **snapshots of our 2022 progress** for each focus area. Continue reading for our 2025 goals, how our leaders are thinking about our focus areas and some 2022 progress highlights.

Establish the Integrated Infrastructure & Governance Needed to Accelerate Progress

Since our 2020 materiality assessment, we've reflected on the systems and processes in place to support our responsibility approach. We've expanded personnel and infrastructure to more effectively manage responsibility accountability across the enterprise, oversight of key initiatives, and transparent and accurate data collection and reporting. Creating Altria's first Chief Sustainability Officer role demonstrates the increasingly important and growing impact of our corporate responsibility initiatives. The dual title and role of Senior Vice President, Corporate Citizenship and Chief Sustainability Officer emphasizes the integration of our responsibility as a corporate citizen and our commitment to stakeholder capitalism. We recognize sustainability has evolved beyond the traditional definition associated solely with environmental impact to creating long-term value for shareholders while making a positive impact as a good corporate citizen.

In order to lead this important work, we expanded our Corporate Citizenship function to increase capacity, capability and reach. In addition to Corporate Responsibility, Community Impact, and Underage Prevention and Cessation Support, the Corporate Citizenship team now includes Inclusion, Diversity & Equity and Corporate Communications - a recognition of these functions' shared accountability to create long-term business value, shape Altria's reputation and make significant cultural contributions through responsibility programs and communications.

Our teams continue to optimize the way we engage internally to align with best practices and collaborate more effectively. This includes the way our steering committees meet to govern our focus area progress and how our business teams stay connected to drive the important work. We've strengthened our internal responsibility data infrastructure, including selection of a new responsibility data collection and auditing software system.

Reduce Harm of Tobacco Products

Why it Matters

The use of tobacco products is a significant public health concern. To meet evolving adult smoker expectations and address stakeholder concerns, we need to continue to work to reduce the harm of tobacco products and develop a deep understanding of adult smokers' mindsets, to more effectively and equitably transition smokers to potentially less harmful alternatives.

Goals

- Accelerate investments in innovation, science and regulatory support for new smoke-free product platforms.
- Establish harm reduction, not prohibition, as the proper framework for tobacco regulation in the United States.
- Provide access to expert quitting information for those who have decided to quit.

Developments We Are Monitoring

- Public health
- Human rights
- Equity issues
- Waste regulations

UN SDG Alignment



Executive Message



Paige Magness
Senior Vice President
Regulatory Affairs
Altria Client Services

At Altria, our focus is on *Moving Beyond Smoking*[™]. We're developing a portfolio of smoke-free alternatives, guided by science, to meet adult tobacco consumers' evolving expectations. We're also generating the evidence necessary to seek FDA authorization to market these products. After that authorization, we look forward to actively encouraging adult smokers to transition to them from cigarettes. We have focused our advocacy to be abundantly clear: we believe harm reduction – not prohibition – is the appropriate framework for tobacco regulation in the U.S. In support of tobacco harm reduction, we've engaged with FDA and policymakers on important regulatory approaches, including how best to address the damaging effects of nicotine misperceptions, the ineffectiveness and unintended consequences of prohibition-based proposals like a menthol ban, and the importance of enforcement so that all products available for sale have been properly authorized and regulated. We also successfully advocated for FDA to close the loophole for synthetic nicotine products, which threatened progress on both underage tobacco prevention and harm reduction for adult tobacco consumers. We believe FDA, the public health community and tobacco manufacturers all have a role to play in advancing tobacco harm reduction, and we look forward to continuing to do our part.

2022 Progress Highlights

Conducted over **600 tobacco harm reduction engagements** with federal and state elected officials and policymakers.

Filed **219 new patents** related to harm reduction efforts.

Our executives and subject matter experts delivered **30 keynotes, posters and presentations**, served on **14 panels** at scientific and tobacco-related conferences, and published **12 articles** in support of advancing tobacco harm reduction.

During its first full year of unconstrained manufacturing capacity, Helix made significant progress with *on!* in the U.S. market by **growing *on!* retail share of the oral tobacco category to 5%, an increase of 2.4 share points** versus the prior year and launching the new "Carry *on!*" equity campaign, which encourages adult smokers to make progress in their transition journey.



QuitAssist[®] website **visits** totaled approximately **1.3 million** in 2022, an **increase of 63%** compared to 2021.

Participated in **22 engagements** with public health stakeholders, including FDA, on harm reduction.

Prevent Underage Use

Why it Matters

The concepts of tobacco harm reduction and underage tobacco prevention are directly linked, and we remain committed to both as we lead the adult smoker transition to smoke-free products. We also recognize that our portfolio now includes a broad range of products intended for adults.

Goals

- Lead the industry in preventing underage use of products intended for adults 21 and over.
- Contribute to the healthy development of youth ages 12 - 18.

Developments We Are Monitoring

- Healthy development of youth
- Social Access
- Retail Technology Solutions

UN SDG Alignment



Executive Message

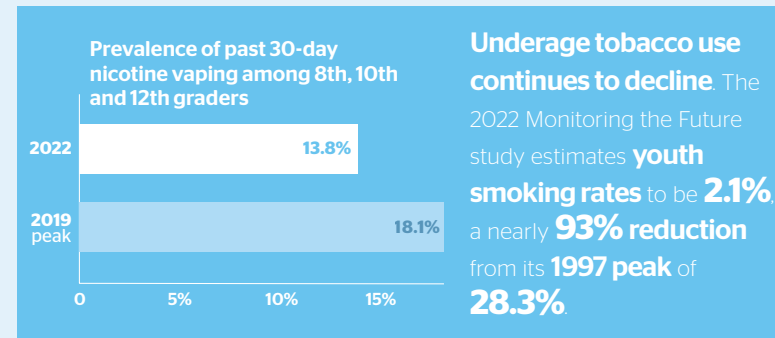


Jennifer Hunter
Senior Vice President
Corporate Citizenship
Chief Sustainability Officer
Altria Client Services

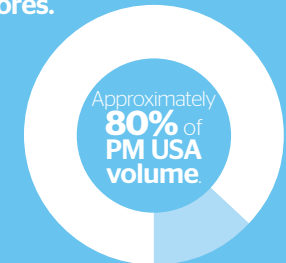
April 2023 marks 25 years of our commitment to preventing underage tobacco use. When we established our Youth Smoking Prevention department in 1998, youth smoking rates were 28.3%. Today, underage tobacco use is at the lowest levels in a generation. We remain committed to preventing underage use, and there is still more work to be done. Helping address critical business issues requires a variety of solutions and cross-functional collaboration. The incredible teams across our companies are continuing to invest in impactful evidence-based prevention programs and providing support for innovative technology solutions at retail. Our aim is for retail to be the most trusted place to responsibly sell tobacco products and hold ourselves to leading the industry in operating responsibly. Preventing underage use requires partnership from all stakeholders which includes effective, comprehensive federal regulation including exercising appropriate enforcement actions for manufacturers that fail to comply with regulations. In 2023, we will continue to advocate for these changes to FDA and key stakeholders to maintain the momentum on declining rates of youth tobacco use. I am proud of the progress we have made and the 25 years we have spent championing this business-critical work. I look forward to deepening our connection with our prevention partners and broadening our reach with responsible retail practices in the year ahead.

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2022 Progress Highlights



Increased adoption of **point-of-sale age validation technology** to more than **137,000 retail stores**.



In 2022, age-and-identity verified adult tobacco consumers 21+ on our **Adult Tobacco Consumer Database** engaged with our tobacco operating companies' branded websites more than **50 million** times.

Continued to support **Tobacco 21** laws, which have been enacted at the federal level and in **41 states**—**87%** of the U.S. Population.

Advocated for FDA to close the loophole for synthetic nicotine products, which threatened progress on both underage tobacco prevention and harm reduction for adult tobacco consumers.

Granted nearly **\$25 million** to **positive youth development** organizations from our Board allocated contributions.

Support Our People & Communities

Why it Matters

We intend to remain 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.

Goals

- Increase the diversity of our organization and leadership team while building an inclusive and equitable culture.
- Advance racial, social and economic equity, and help our communities thrive.
- Build employee capability and well-being to succeed in uncertain and rapidly changing environments.

Developments We Are Monitoring

- Social impact accounting
- “E&S” impacts as differentiators in a competitive talent landscape

UN SDG Alignment



Executive Message



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

Across the globe, companies are being called to deliver value to employees in new and different ways, to meet increasing expectations and to help solve the challenges of their communities. I am proud of the way our businesses have evolved to meet the needs of our employees and even more proud of the way my talented colleagues have

shown up to support and encourage each other in line with our cultural aspirations. Every day, our teams are scanning the external environment and listening to the needs of our employees to contribute to their well-being, build their capability and deliver an exceptional employee experience. These practices have fortified a strong and talented workforce that is able to navigate new challenges and opportunities across our businesses. We are committed to an inclusive work environment, where employees feel seen, valued, empowered and excited about the opportunity to have a vibrant and fulfilling career. We are hard at work to create talent pipelines that advance diverse talent and build a workforce that reflects the communities where we live and work.

Through strategic corporate investments, community partnerships and individual employee action, we are addressing important challenges for our businesses and in our communities.

Together, we are focused on attracting, developing and deploying the talent needed to achieve our Vision and fostering an exceptional employee experience that allows our organization to thrive.

2022 Progress Highlights

Inclusion & Diversity Progress

21%* of our **vice president-level** and **26%** of our **director-level** employees were people of color

Aiming Point 30%

Women represented **34%** of **vice president-level** and **41%** of **director-level** roles.

Aiming Point 50%

*as of December 31, 2022

Our **female employees'** salaries are **99.6%²** of male salaries

Salaries of **employees of color** are **100%²** of white employees' salaries.

Committed **\$5 million** in the **“Empower the Change”** growth equity fund – a fund entirely dedicated to providing access to **capital to minority-owned businesses** and empowering and enabling entrepreneurs of color who are advancing innovation in America.

Contributed approximately **\$57.5 million** to **local and national nonprofit organizations** in five strategic focus areas as part of our five-year community impact plan.

Engagement scores
Altria Engagement 79
Industry benchmark **75**

The engagement index consists of two questions designed to understand how happy employees are working at Altria's companies and whether they would recommend Altria as a great place to work¹.

Engaged 62% of eligible employees in **community activities** through work, including volunteering, individual and group giving and other social-change action.

¹ The score is a weighted average of all employee responses on a five-point scale. This data represents the responses from salaried employees.

² Based on analysis adjusting for factors generally considered to be legitimate differentiators of salary, such as performance and experience.

Protect the Environment

Why it Matters

Climate change presents global risk, humans are the primary cause and inaction is not an option. We understand the effects our companies and their products may have on our environment, including climate change, changes to water quality and availability, and cigarette butt litter; as well as the effects changes in nature have on our companies - and the associated risks for our businesses.

Goals

- Manage climate change impacts and risks through science-based business practices.
- Conserve the natural resources on which our businesses and communities rely.
- Reduce the environmental impact of using our companies' products and packaging.

The goals above are supportive of our progress toward long-term, 2030 targets to:

- Reduce absolute Scope 1 & Scope 2 emissions by 55%
- Reduce absolute Scope 3 emissions by 18%
- Achieve 100% renewable electricity
- Reduce waste sent to landfill by 25%
- Achieve 100% water neutrality

Developments We Are Monitoring

- Net Zero by 2050
- Regulators, policymakers and investors focusing on financial impacts of climate change

UN SDG Alignment



Executive Message



Sal Mancuso
Executive Vice President
Chief Financial Officer
Altria Group, Inc.

You do not need to look beyond your own community to see the growing impact of climate change across the globe. We've seen the effects on our operations, and we also know our companies and their products have an impact on our planet. Our teams are focused on understanding potential climate change-related risks, reducing our operational environmental impact and sustaining the natural

resources we rely on to operate. Over the last year, we've been monitoring and preparing for emerging regulation and legislation that will ask our business to enhance our environmental disclosures and focus on minimizing the environmental impact of our companies' products and packaging - including a focus on recyclability, sustainable materials and consumer waste. We see the growing global conversation on the importance of limiting deforestation and understanding the nature-related impacts on our business. Underlying our ability to contribute positively is our ability to be informed by strong and accurate data that helps us drive decisions that are aligned with science. We are focused on how best to enhance our data collection and analytics capability to better understand where we are and where we are headed. Clear and decision-useful data is a critical input in achieving and resetting some of our environmental targets. We anticipate achieving some of our targets early, like our 2030 100% renewable electricity target through our renewable Virtual Power Purchase Agreement. This year we'll take a closer look at where we must increase our efforts and where we can set new targets to continue to push ourselves further.

2022 Progress Highlights

We expect to achieve two of our targets **ahead of schedule**:

We signed our **first Virtual Power Purchase Agreement** for energy produced by a wind farm project in Texas that became operational in January 2023.



100% renewable electricity by 2030



55% reduction in operational greenhouse gas emissions by 2030

Continued to demonstrate environmental leadership with **recognition from CDP Global**, a nonprofit organization that runs a global disclosure system on managing environmental impact, for **addressing climate change (A-)** and **protecting water security (A-)** and improved our rating for addressing the **drivers of deforestation (B)**.



Drive Responsibility Through Our Value Chain

Why it Matters

Responsibly sourcing the raw materials and services for our companies' products and supporting responsible retailing is not only a benefit for the communities with which we do business, but also necessary to sustain our businesses into the future.

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.

Developments We Are Monitoring

- Equity expectations for employees, consumers, suppliers and communities
- Emerging product, packaging and waste regulations

UN SDG Alignment



Executive Message



Jodie Clarke
Vice President Procurement
and Corporate Security
Altria Client Services

At Altria, we believe sustainability is everyone's job. That includes each person and business in our companies' value chains from our tobacco growers to our retail and trade partners. We are focused on operating high performing companies while also delivering a positive impact on our value chains' responsibility commitment and practices. Over the last few years, we have been on a journey to transform our companies through new technology, and improved data and analytics capabilities, which provides insights into our value chain that are helping us further refine and build upon our work with our value chain partners. We have championed inclusion, diversity and equity within and outside of our companies. In 2022, we recognized a growing awareness and interest in supply chain responsibility and risk management from our key stakeholders. In response to this important trend, we conducted a risk management assessment of our business-critical suppliers to optimize our working relationships and impact. We also have been focused on operational readiness and preparing future value chains, inclusive of new and diverse suppliers, for the smoke-free products in our development pipeline. This challenges us to think differently, to continue to evolve our risk management work to encompass these new suppliers and to increase awareness of our expanding global footprint. I am consistently impressed by the hard-working individuals who drive value for our premium brands through continuous improvement and partnership; I am excited for 2023 as they raise the bar, once again, to drive responsibility through our value chain.

2022 Progress Highlights

Achieved 10.5% diverse supplier spend against supplier diversity **goal of 15%** or more by 2030.

Increased our tobacco leaf purchase price during the 2022 season recognizing that our tobacco growers were operating in an extraordinary inflationary environment.

CDP Supply Chain Participation: Increased key direct and indirect supplier participation in CDP's Climate Change, Forests and Water Security questionnaires by **82% vs. first year, 2020.**

Maintained visibility of social and environmental responsibility within our supply chain through **100% contracted tobacco grower** participation in the **GAP Connections (GAPC) Certification Program** and **100% global leaf supplier** participation in the **Sustainable Tobacco Program** - an international industry organization aligned with relevant United Nations sustainable development goals.



Enhanced our supplier risk management infrastructure by implementing supply chain mapping **risk monitoring technology** for **100%** of our top tier suppliers.

About this Report

Unless otherwise noted, this report includes data and progress for Altria Group, Inc. and its consolidated subsidiaries for calendar year 2022. It includes Altria's tobacco operating companies, Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC and Helix Innovations, which represent more than 99 percent of Altria's net revenues. 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. Philip Morris Capital Corporation, Altria's subsidiary that maintained a portfolio of finance assets prior to December 31, 2022 is not in scope. Altria operates principally in the United States, and substantially all of Altria's net revenues are from sales generated in the United States.

This report is a summary of progress on Altria's responsibility priorities and is not exhaustive of all information on these topics. Some statements may be forward-looking or aspirational, and these statements may involve many risks or uncertainties. The term "materiality," "material," and similar terms, when used in this report are in the context of economic, environmental and social topics. These terms are defined in the referenced sustainability standards and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

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

