

# Engage & Lead Responsibly

## 2021 Corporate Responsibility Progress Report



Altria



Altria has a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. Altria's Vision by 2030 is to responsibly lead the transition of adult smokers to a smoke-free future (Vision). 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 have the opportunity to shape a better future for adult tobacco consumers, our employees, shareholders and society.

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 we believe 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.



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## What's in this report?

In 2021, we announced six responsibility focus areas, each with associated 2025 goals, as an output of our in-depth 2020 responsibility materiality assessment. We believe these are the most important areas to guide our actions toward achieving our Vision and to our long-term sustainability and success. Importantly, these areas are aligned with stakeholder 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. It highlights how we practice continuous learning, engage with stakeholders and govern to drive accountability across our businesses. It also provides examples of progress in 2021 and outlines plans for 2022.

*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 reporting vehicles and formats designed to meet the needs of multiple stakeholders, all available through our website.

### Focus Area Progress

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



**ENVIRONMENTAL**



**SOCIAL**



**GOVERNANCE**



### Reporting Disclosures\*

*Read more about our disclosures through the links below.*



\* 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 CEO

It's a dynamic and exciting moment in Altria's history. When I joined the company 27 years ago, I couldn't have imagined the changes – and the opportunities – that are before us today.

We have an unprecedented opportunity to transform our industry for the better. As the industry leader in the U.S., we're leading the way in *Moving Beyond Smoking™* – moving from a tobacco company to a tobacco harm reduction company. I believe doing so will benefit adult tobacco consumers, our business, shareholders, the thousands we employ and society at large.

Responsibility is a core tenet of our Vision: to *responsibly* transition adult smokers to a smoke-free future. We're committed to being a good corporate citizen and making a positive impact where we can. Last year, we shared the results of our latest responsibility materiality assessment and identified the environmental, social and governance (ESG) issues we believe are most critical to our business. Much of the scope of these responsibility focus areas are already integrated into our long-term plans, employees' day-to-day work and our compensation structures. In less developed areas, we're working to do so.

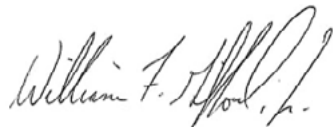
Through this integrated approach, we made exciting progress toward our Vision in 2021, delivered outstanding business results and made important progress within each of our responsibility focus areas. You can read more about our business results and ESG progress in our 2021 Annual Report, proxy statement for the 2022 Annual Meeting and most recent corporate responsibility reports on [Altria.com](https://www.altria.com).

We also made recent leadership changes, which I believe advance both inclusion, diversity and equity and ESG integration more broadly.

- Kathryn McQuade is the first woman to serve as Board Chair. She was elected independent Chair of our Board in May 2021, following the unfortunate passing of our former Chair, Tom Farrell. Kathryn brings a wealth of knowledge and 10 years of Altria Board experience to her leadership role, including as previous Chair of the Nominating, Corporate Governance and Social Responsibility Committee.
- This year, we named Jennifer Hunter, Senior Vice President of Corporate Citizenship, as our first Chief Sustainability Officer. Jennifer has spent most of her 28-year career at Altria leading critical work that supports our ESG strategies and progress, including underage prevention and cessation support, community impact, corporate responsibility and – more recently – inclusion, diversity and equity. Jennifer leads with humility and a commitment to inclusive engagement and partnerships to drive collective progress.

While I'm proud of our progress to date, we certainly have opportunities for further improvement. And as we work to transform our company and industry, we'll face uncertainties and challenges that will require patience, grit and determination to overcome. But I know we will rise to these challenges together. It's been a difficult few years, and I couldn't be more proud of how our employees demonstrated strength and resiliency throughout the pandemic and delivered strong business results despite significant personal challenges. Our operating companies' manufacturing employees are the backbone of our success, and they showed up each day to make sure our companies' products were available for adult consumers amidst strict COVID safety guidelines. Their dedication inspired us all.

I'm confident that our talented employees, outstanding portfolio of premium brands and core commitment to responsibility will continue propelling us forward in our journey toward *Moving Beyond Smoking™*. And while this brief letter only scratches the surface, I invite you to learn more in the following pages about what fuels my belief in Altria, our leadership and our Vision.



Billy Gifford  
Chief Executive Officer  
Altria Group, Inc.

**"We have an unprecedented opportunity to transform our industry for the better. ... we'll face uncertainties and challenges that will require patience, grit and determination to overcome. But I know we will rise to these challenges together."**

**Billy Gifford**  
Chief Executive Officer  
Altria Group, Inc.



## From Our Chief Sustainability Officer

More than two years – and what feels like a lifetime – have passed since our reality was turned upside down with the onset of the COVID-19 pandemic. Today, we're still grappling with uncertainties around the future and the deep-seeded political, environmental and social issues that events of the past two years surfaced. From the humanitarian impacts of climate change, to the centuries-deep harm caused by systemic inequities, society is calling for businesses, governments and other institutions to reckon with these challenges.

It's in this context that the role of companies is elevated – from “do no harm” to “contribute positively and proactively to the world.” The 2021 global Edelman Trust Barometer shows that business is the most trusted institution and the only one seen as both ethical and competent. This trust comes with a leadership responsibility I believe companies are called to honor with their actions. I'm proud of how Altria is meeting that call.

This year, I write to you as both our Senior Vice President, Corporate Citizenship and first Chief Sustainability Officer. The connection of these titles and this work is intentional and important. “Corporate Sustainability” has graduated beyond the traditional definition associated solely with environmental impact. At Altria, “sustainability” is the long-term success we set out to achieve for all our stakeholders when we drive well-managed progress toward the most important environmental, social and governance issues for our businesses. It's the integration of our responsibility as a corporate citizen and our commitment to stakeholder capitalism.

As a leader in the U.S. tobacco industry, we understand our primary responsibility is to drive positive change through our Vision – for our adult tobacco consumers, employees, communities, society and the industry. I believe our 2020 responsibility materiality assessment set us on the right path. However, our world and our businesses are not static, so our discovery is never “done.” We routinely monitor and assess our stakeholders' expectations, regulatory developments and ESG trends. We stay on track by incorporating what we learn and evolving our focus and goals as we go.

In 2021, we strengthened our internal structure to better support our ESG leadership aspirations. We added more talent to the corporate citizenship team; upskilled employees on ESG; formed executive-led steering committees for each responsibility focus area; and enhanced governance of our ESG reporting. In addition, we completed an internal assessment of Altria's readiness for future third-party assurance of ESG information. We've also expanded our disclosures to increase transparency – publishing our inaugural Task Force on Climate-Related Disclosures report, our EEO-1 disclosure and our first ESG Data Tables to make it easy for stakeholders to assess our progress over time.

I believe that the steps we've taken have positioned us well to meet the evolving expectations of our stakeholders – including our regulators (as I write this letter, the U.S. Securities and Exchange Commission has issued a proposed rule to require and standardize climate change disclosure across companies). And yet, there's always room to improve.

That's why we talk about this work as a journey. We make progress and reach important milestones, but there's no “final destination.” It's what makes our work challenging, and very exciting. Driving positive change while creating value for stakeholders – with a finish line that keeps moving – requires dedicated, passionate and resilient people. Altria's competitive advantage – and the true strength of our leadership – lies in the caliber of our incredible employees. They push us to be better, more innovative and accountable for progress toward our Vision. And, they understand the power of strategic partnerships, inviting others to the table to help us address our toughest issues. We believe we're better equipped to navigate these societal challenges because of the strength of our people and partnerships. Together, we'll keep journeying toward our Vision, responsibly. Sustainably.

I'm proud of how far we've come and energized by where we're headed. As always, thank you for your interest.

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

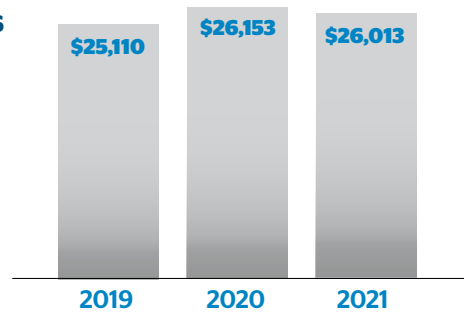
“At Altria, ‘sustainability’ is the long-term success we set out to achieve for all our stakeholders when we drive well-managed progress toward the most important environmental, social and governance issues for our business.”

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

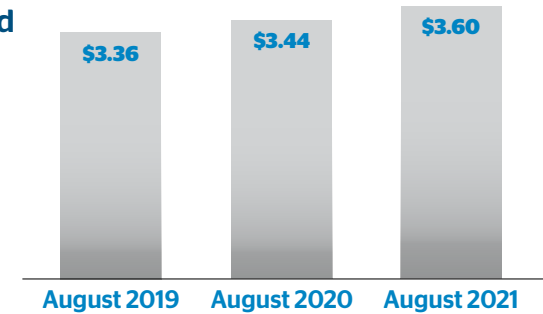


# 2021 Company Performance

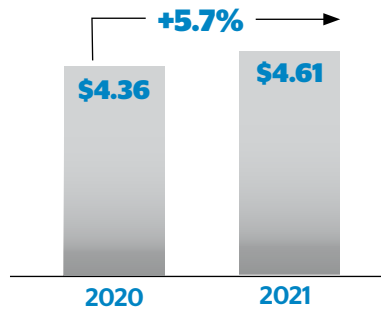
## Net Revenues (\$ in millions)



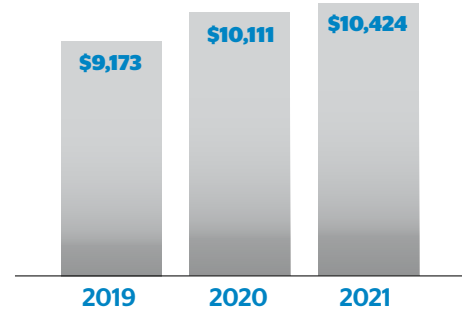
## Annualized Dividends per Share



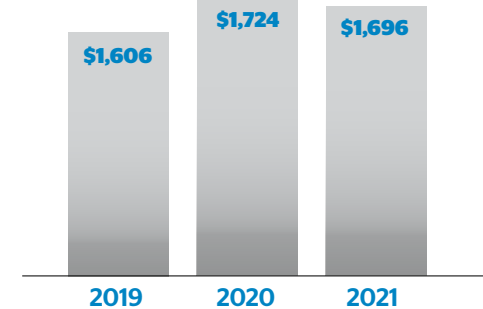
## Adjusted Diluted EPS<sup>1</sup> Performance



## Smokable Products Adjusted OCI<sup>1</sup> (\$ in millions)



## Oral Tobacco Products Adjusted OCI<sup>1</sup> (\$ in millions)



1. For reconciliation of non-GAAP to GAAP measures: 4Q/FY 2021 Earnings Release and 4Q/FY 2020 Earnings Release, which are available on Altria.com.

## Other Direct Economic Value<sup>2</sup>

**\$58.3M**

in cash contributions to communities

**\$278M**

in user fee payments to FDA

**\$4,902M**

in excise taxes on products sold

**\$6,446M**

in dividends paid on common stock

**\$569M**

paid against pension and post-retirement

**\$4.3B**

in charges to state settlement agreements

## Communities Where We Live and Work

**\$61M**  
donated

In cash and in-kind contributions<sup>3</sup> nationally



**92%**

of executives

Served on over 64 nonprofit boards<sup>4</sup>

**63.9%**  
of employees

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

2. Altria's Financial Statements and Earnings Release on Forms 8-K filed on 1/27/2022 which, is available on Altria.com

3. Includes equipment donations, facility use, services and wine giveaways  
4. Number of nonprofit boards data corrected on May 11, 2022

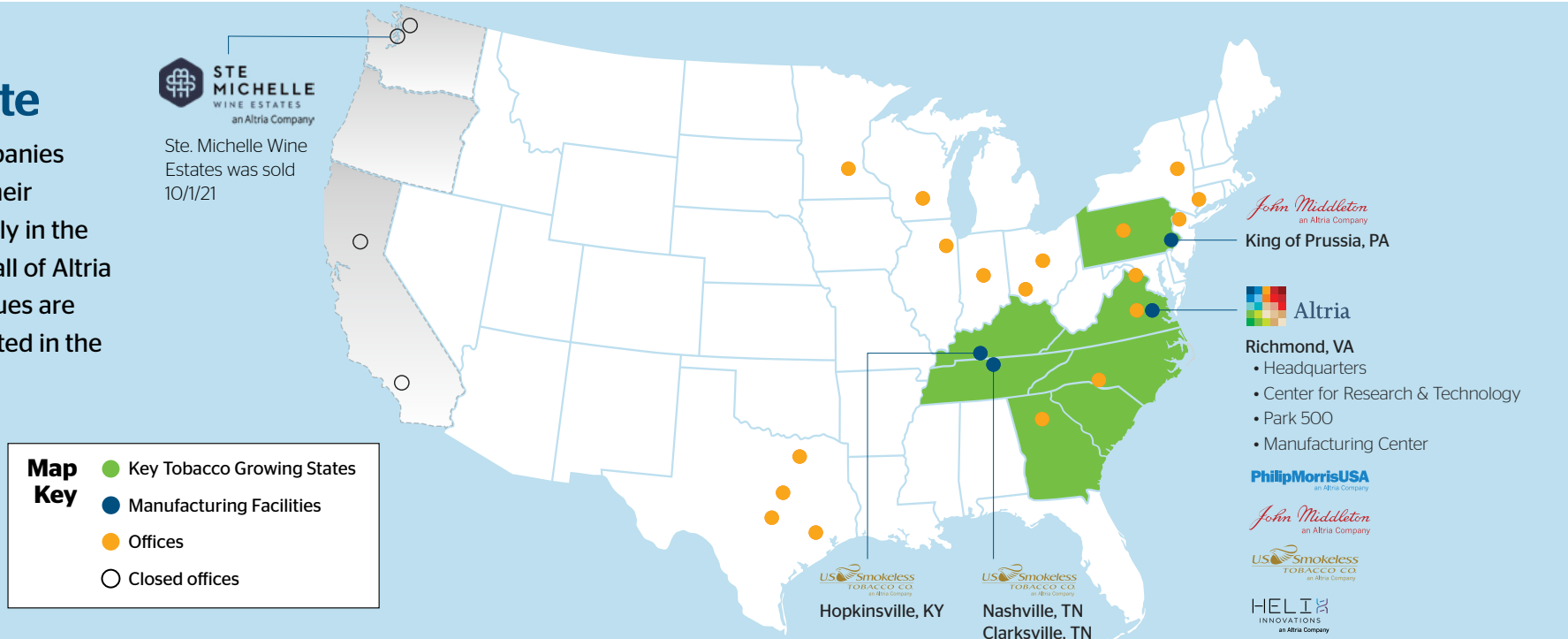
# Corporate Profile

Altria's Companies		
Smokable	<p><b>Philip Morris USA</b> an Altria Company</p> <p>Leading cigarette manufacturer in the U.S. for over 45 years and maker of <i>Marlboro</i> cigarettes</p>	<p><i>John Middleton</i> an Altria Company</p> <p>Leading producer of one of the best-selling tipped large machine-made cigars sold in the U.S., <i>Black &amp; Mild</i></p>
	<p><b>HELI</b> INNOVATIONS an Altria Company</p> <p>Manufacturer of <i>on!</i> nicotine pouches</p>	<p><b>U.S. Smokeless TOBACCO CO.</b> an Altria Company</p> <p>World's leading producer of moist smokeless tobacco, including <i>Copenhagen</i> and <i>Skoal</i></p>
Complementary Assets		

Investments	
<p><b>JUUL LABS</b></p> <p>~35 percent equity investment in <i>JUUL</i>, the U.S. leader in e-vapor</p>	
<p><b>CRONOS GROUP</b></p> <p>~40 percent equity investment in Cronos Group, a leading global cannabinoid company</p>	<p><b>AB InBev</b></p> <p>~10 percent equity investment in Anheuser-Busch InBev, the world's largest brewer</p>

## Where We Operate

Altria and its companies operate and sell their products principally in the U.S. Substantially all of Altria Group's net revenues are from sales generated in the United States.



# Recognition 2021



**Consumer Staples Section Leader** among America's most community-minded companies in The Civic 50.



**For the fourth year**, Altria received a perfect score of 100 in Human Rights Campaign's 2021 Corporate Equality Index for LGBTQ-inclusive workplace policies and practices, and was recognized as one of the "Best Places to Work for LGBTQ Equality."



Recognized by the National Business Inclusion Consortium as **Best-of-the-Best Corporations** for **diversity and inclusion** across all communities. Altria earned the designation from the National LGBT Chamber of Commerce and its partners in the National Business Inclusion Consortium.



**Earned a national recognition as a Great Place to Work-Certified company.** 88% of employees who participated in the survey say Altria is a great place to work compared to 59% of employees at a typical U.S.-based company.



## Forbes Green Growth 50 List

Altria was named to the inaugural Forbes Green Growth 50 list, which includes the only "big American corporations that have managed to slash their greenhouse gas emissions, while simultaneously growing earnings."



**We received a double 'A' rating for tackling climate change** and protecting water security for the second year in a row.



**Ranked 4th and named as a "Trendsetter"** among the S&P 500 on the Center for Political Accountability Zicklin Index of Corporate Political Disclosure & Accountability, for voluntary disclosures of political spending. It's the sixth consecutive year we've earned this award.



## Chamber RVA and HYPE

Altria wins Chamber RVA's Young Professionals Workplace Award and is recognized as a company in the Greater Richmond Region that excels at attracting, retaining and developing young employees.



## Women's Business Enterprise Council Greater DMV

The Women's Business Enterprise Council (WBEC) Greater DMV awarded Altria the 2021 Outstanding Corporation of the Year Award in support of women-owned businesses.

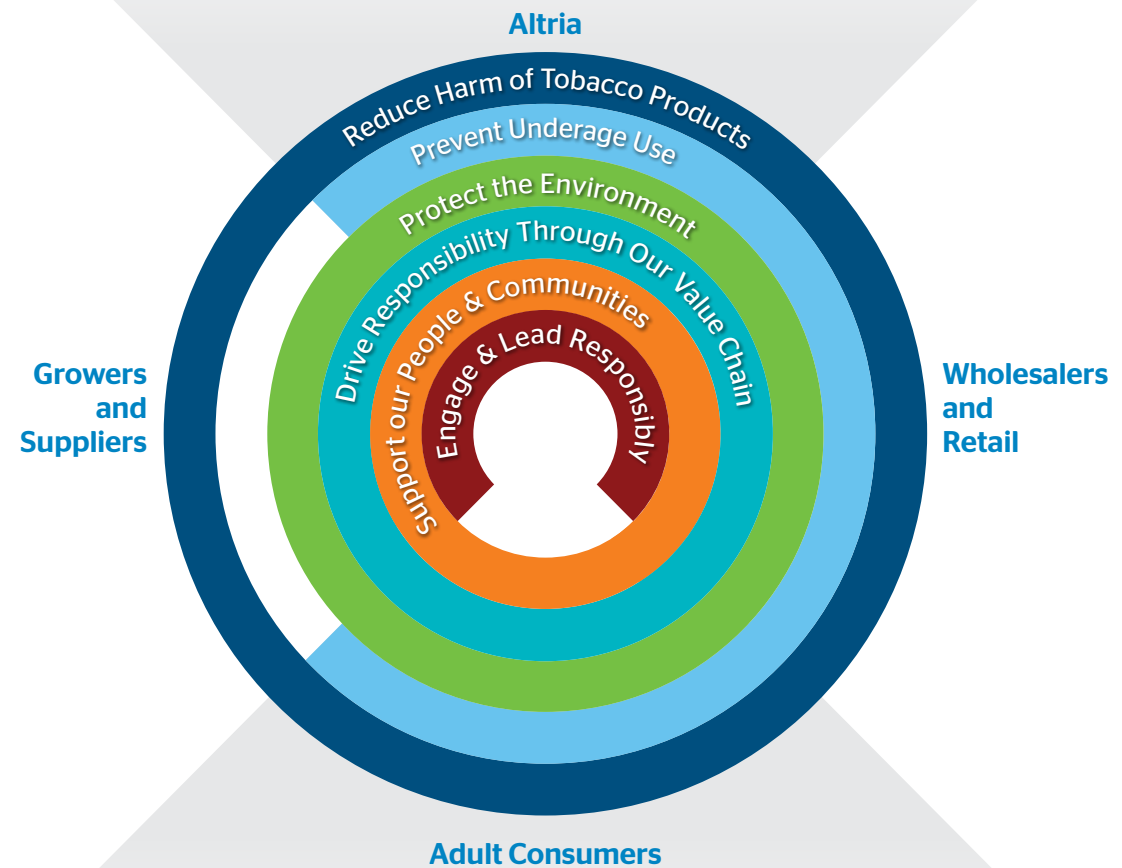
# Stakeholder Engagement Across Our Value Chain

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. Two-way dialogue, based on open and honest communication, helps us understand the issues that present risks and opportunities for our businesses. This includes talking with employees, consumers, investors, suppliers, policy makers, regulators, trade partners and community leaders.

Our companies develop, manufacture and market tobacco products and provide jobs for approximately 6,000 employees in 50 states and Washington, D.C.

Our value chain includes over 1,200 direct contracted tobacco growers, third-party suppliers who purchase from growers across the globe, over 4,100 suppliers worldwide and a distribution network of over 300,000 retail stores along with a network of wholesalers.

When you make products for adults, society expects you to market responsibly, and we agree. In 2021, age-and-identity-verified adult tobacco consumers 21+ on our Adult Tobacco Consumer Database engaged with our tobacco operating companies' branded websites more than 44 million times. We believe our deep understanding of the consumers engaging with us will help us responsibly support adult smoker transition to smoke-free products.



# Why We Engage

## Investors

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

## Suppliers/Growers

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

## Government and Regulatory Agencies

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

## Public Health and Scientific Community

To understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.

Investors

Suppliers / Growers

Government and Regulatory Agencies

Public Health and Scientific Community



Altria

Trade Partners

Adult Tobacco Consumers

Employees

Community Partners / Grantees

## Trade Partners

To help our retail and wholesale trade partners strengthen their businesses and ours by offering category management solutions to promote mutual success, to better understand marketplace dynamics and the preferences of adult tobacco consumers. We also work to understand feedback on retail and wholesale programs supporting the responsible sale and marketing of our products only to adults 21+.

## Adult Tobacco Consumers

To better meet evolving expectations and develop a holistic view of adult smokers and their journey in switching to smoke-free products. We also listen and engage with adult tobacco consumers to develop insights that will help deliver new and innovative products and brand experiences that are intended to exceed their expectations.

## Employees

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.

## Community Partners/Grantees

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

# How We Lead

Altria's CEO and senior management oversee our responsibility efforts. We engage with our Board on ESG strategy and issues at the full Board level and through various committees. The Nominating, Corporate Governance and Social Responsibility (NCGSR) Committee provides core oversight to review Altria's environmental and social responsibility strategies, and oversees our public affairs activities, corporate reputation and governance. 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 oversight of our efforts to reduce environmental impact of our manufacturing operations and products. The Compensation and Talent Development Committee oversees our initiatives, programs and processes related to talent development and culture including ESG integration into executive compensation. And the Audit Committee oversees our risk assessment and risk management policies and practices and 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 driving progress toward 2025 goals. These committees convene regularly and are comprised of leaders from accountable functions, including 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 a process for data and disclosure review, substantiation and reporting. The core of this process is an ESG Disclosure Working Group with representation from Corporate Citizenship, Corporate Audit, Law, Finance, Corporate Communications and Investor Relations.

In 2021, we reviewed our annual incentive compensation plan to assess whether employees were adequately incentivized to achieve our responsibility focus area goals.



We're privileged to serve as members of Altria's Board of Directors. The Board's primary responsibility is to foster Altria's long-term success by establishing broad corporate policies, setting strategic direction and overseeing management. To do so, we monitor performance against Altria's strategic priorities and oversee key risk areas, including Altria's ESG risks, priorities and initiatives. In my years of board service, I've had the honor to work alongside fellow directors who bring to the boardroom diversity, broad leadership experiences and deep subject matter expertise in a variety of areas. We believe the Board's diversity promotes effective oversight and rigorous decision making.



**Kathryn B. McQuade**  
*Chair of Board,  
Altria Group, Inc.*

## Governance Trends We're Monitoring

- ESG factors as core considerations in enterprise risk management
- Regulators' and policymakers' focus on ESG practice and disclosure (e.g. SEC)
- Expectations of management and board oversight
- Expectations for rigorous ESG data management and reporting
- ESG metrics tied to incentive compensation

## Adapting Our Approaches through Continuous Learning

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. Following our 2020 assessment, we established 2025 goals aligned with our business priorities and stakeholder expectations. Making progress toward achieving those goals includes continuous monitoring of emerging trends, soliciting feedback from stakeholders and adapting our approaches to mitigate risk and capitalize on opportunities for our businesses. In the last year, we conducted additional stakeholder research to guide our reporting of decision-useful data in line with stakeholder expectations. For example, we've seen a significant escalation in expectations and regulations associated with climate change and waste, which influenced our support of Task Force on Climate-related Financial Disclosures (TCFD), publication of our inaugural TCFD report, and additional focus on product packaging alternatives. We believe our approach to responsibility mitigates risks while positioning us to succeed in a rapidly evolving landscape.

## Management Oversight & Accountability



**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' Product Development and Operations teams. He also serves as co-Executive Sponsor of Altria's Protect the Environment Steering Committee. Among other responsibilities, Jody is accountable for further developing our companies' smoke-free product portfolio, responsibly marketing our companies' products and helping prevent underage access and use, and environmental sustainability in manufacturing, product/packaging design and in 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 through 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.



**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. She leads Altria's Inclusion, Diversity & Equity, Community Impact, Underage Prevention, Cessation Support and Communications functions, as well as ESG reporting and environmental strategy. She works closely with others across the enterprise and with community partners to drive progress toward our 2025 goals in each of the responsibility focus areas.



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

Heather leads Altria's enterprise long-term strategy, Innovation, Consumer and Marketplace Insights, Data and Technology, International and Corporate Development functions. She's accountable for driving responsibility for ESG considerations and requirements through enterprise long-term strategic planning, unlocking and applying data driven consumer research and technology trends to accelerate progress toward achieving our Vision and managing Altria's portfolio of investments while also scanning and scouting for strategic optionality, inclusive of smoke-free investees and adjacent opportunities.



**Todd Walker**  
Senior Vice President  
Government Affairs  
& Public Policy  
Altria Client Services

Todd leads Altria's Government Affairs and Public Policy function and is responsible for policy positions and engagement across a broad range of topics, including tobacco harm reduction, underage use prevention, protecting the environment and issues related to our enterprise focus on ID&E and Racial and Economic Equity.



**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's also accountable for continually strengthening our culture of compliance and integrity and progress toward many of Altria's 2025 goals related to supporting our people and communities. These goals include initiatives related to respecting the rights of all workers and creating a work environment and employee experience that encourages productivity, flexibility and care for one another.

# Protect the Environment

## Scope

- Climate change
- Natural resource conservation
- Environmental impact of products

## Goals

- Align our operational and value chain business practices with science-based methodology to limit the damaging impacts of climate change.
- Conserve the natural resources on which our businesses and communities rely.
- Reduce the environmental impact of using our companies' products.
- 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 each year

## Supporting Governance Structure, Framework & Policies

- ▶ [Environmental Management Framework](#)

## Historical Progress

- ▶ [Our 2020-2021 Progress report on Protecting the Environment](#)

## UN SDG Alignment



## Trends We Are Monitoring

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

## Executive Message



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

In 2021, we made some great progress toward our 2025 goals. It's our priority to address the most relevant environmental issues for our business and then mitigate risk and capitalize on the opportunities. Last year, we examined those risks and opportunities through the climate-related scenario analysis included in our Task Force on Climate-related Financial Disclosures (TCFD) report. We developed an even stronger picture of the potential longer-term business impacts of climate change and more clarity on how we need to manage our transition to a low-carbon future. We're committed to building integrated environmental solutions across the enterprise, in areas such as product innovation, packaging and policy advocacy. We're also making progress toward our ambitious 2030 science-based targets. With the sale of our wine business, we need to review and reset those targets and assess what a 2050 net zero target would look like for our companies. We have strong teams leading this work and we remain committed to equipping them, making strategic investments and building the right partnerships to protect our 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.

## 2021 Progress Highlights

Released 1st TCFD report:  
**1st U.S. tobacco company**  
to join more than  
2,700 TCFD supporters



Signed a renewable VPPA\*  
to accelerate our progress to  
achieving our **2030 target of**  
**100% renewable**  
**electricity**

\*Virtual Power Purchase Agreement



**Double 'A'**  
CDP Climate  
& Water  
rating for 2nd  
consecutive year



CDP Supplier Engagement  
Leader for climate change,  
among the **top 8%**  
**of companies**  
for sustainable supply  
chain management



# Drive Responsibility Through Our Value Chain

## Scope

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

## Goals

- Enhance analytic and surveillance infrastructure that supports the financial viability of our supplier base and trade partners.
- Enhance trade participation in youth access prevention programs to establish retail and future sales channels as the most trusted place to responsibly sell and distribute tobacco products.
- Deliver continuous improvement in our tobacco supply chains to protect the rights of farm workers, build sustainable futures for farmers and their communities, and protect the environment.
- Improve diversity, inclusion and equity in our supply chain.
- Enhance infrastructure that supports our ability to responsibly source goods and services and optimize the value of those goods and services for our businesses.

## Supporting Governance Structure, Framework & Policies

- ▶ [Human Rights, Ethics & Compliance](#)

## Historical Progress

- ▶ [Our 2020-2021 Progress report on how we Drive Responsibility Through Our Value Chain](#)

## UN SDG Alignment



## Trends We Are Monitoring

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

## Executive Message



**Jodie Clarke**  
Vice President  
Procurement  
Altria Client Services

The way a company engages with its value chain is a reflection of its culture. Our cultural aspiration is that we shape our future, do what's right, care for each other, deliver for our consumers and customers, and rise to the challenge together. This approach guides our Value Chain commitments, too, and I'm incredibly proud of the teams who drive this work and how they get it done. I'm also amazed by what they accomplished in 2021 in a fast-paced external environment with various challenges. We know we wouldn't make progress toward our goals without a clear picture of our value chain operations. Through a number of initiatives, we've been able to gain valuable insight and a deeper understanding of our extended environmental footprint. This year, we plan to lean into technology solutions to improve visibility across our supply chain and enable valued retail and wholesale trade partners to do the same. I'm excited about strengthening our operations through automation and new technology and the opportunity to continue harnessing the power of 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.

## 2021 Progress Highlights

Launched a **\$250,000 Stronger Together challenge** to support industry-led, sustainable efforts toward inclusion, diversity and equity (IDE). Funded a range of projects submitted by trade partners.

**8.9%** diverse supplier spend against long-term goal of 15% by 2030.

**67%+** of our key suppliers submitted responses to CDP's Climate Change, Forest and Water Security questionnaires at our request.

**100%** leaf supplier participation in the Sustainable Tobacco Program (STP) self-assessment.

**100%** contracted tobacco grower participation in the Good Agricultural Practices Certification (GAPC) program and 98% of them were certified against our goal of 100%.

# Reduce Harm of Tobacco Products

## Scope

- Adult smoker transition to smoke-free products
- External conditions for tobacco harm reduction success
- Cessation support

## Goals

- Accelerate investments in innovation, science and regulatory support for new smoke-free product platforms.
- Create the conditions for tobacco harm reduction to succeed through external communications and engagement, science and advocacy.
- Provide access to expert quitting information for those who have decided to quit.

## Supporting Governance Structure, Framework & Policies

- ▶ [Science, Research & Development](#)

## Historical Progress

- ▶ [Our 2020-2021 Progress report on how we Reduce Harm of Tobacco Products](#)

UN SDG Alignment



## Trends We Are Monitoring

- Public health, human rights and equity issues and waste regulations

## Executive Message



**Paige Magness**  
Senior Vice President  
Regulatory Affairs  
Altria Client Services

Leading the U.S. in *Moving Beyond Smoking™* requires collaboration with many important stakeholders. That's why leaning into engagement and partnership was so critical to our 2021 progress. We first listened to our consumers to better understand and empathize with adult smokers – their journeys, motivators and barriers to transitioning to smoke-free products. We supported our trade partners with programs and resources to expand the availability of our smoke-free products. Our scientists led multiple harm-reduction engagements with stakeholders across the scientific and public health community. And to drive more progress, faster, a large cross-functional team of leaders worked together to identify the most important pathways to create the regulatory and policy conditions for harm reduction to succeed. I'm proud of the groundwork we're laying in using science to develop a smoke-free product pipeline that we believe can successfully transition adult smokers and achieve FDA authorization. This also includes a framework for equitable harm reduction – where a reduced harm future is available to all smokers, inclusive of all demographic and socio-economic backgrounds. And I'm excited to keep up our momentum in 2022 by continuing the financial and human capital investments required to support adult smokers' transition to a smoke-free future.

## 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 the smoker mindset, to more effectively and equitably transition smokers to potentially less harmful alternatives.

## 2021 Progress Highlights

**200+** tobacco harm reduction engagements with federal and state elected officials/ policymakers, including in 46 states.

Advocated that FDA address adult smoker nicotine misperceptions to facilitate transitioning to smoke-free products.



**15** engagements with the FDA;  
**34** engagements with public health stakeholders on harm reduction.

Filed **151** new patents related to harm reduction efforts.

Acquired remaining **20%** ownership stake of the global *on!* business and increased distribution of *on!* to ~117,000 stores.

Visits to QuitAssist increased by **138%** in 2021 vs 2020.



# Prevent Underage Use

## Scope

- Responsible marketing
- Underage access prevention
- Positive youth development

## 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.

## Supporting Governance Structure, Framework & Policies

- ▶ [Prevent Underage Use](#)

## Historical Progress

- ▶ [Our 2020-2021 Progress report on our work to Prevent Underage Use](#)

## UN SDG Alignment



## Trends We Are Monitoring

- Healthy development of youth

## Executive Message



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

Preventing and reducing underage use of tobacco products is critical for us to achieve our Vision. Today, underage use of conventional tobacco products is at the lowest levels in a generation. And while we celebrate the progress and are proud of the actions we've taken to support it, we also know that we cannot and do not make this progress alone. Since the height of the youth vaping epidemic in 2019, we've been proactively deepening our long-standing commitments to underage access prevention - including how we partner with others to make progress. In 2021, we funded new positive youth development program partners to discourage youth from engaging in risky behaviors including tobacco use. Our operating companies upheld our standards for responsible marketing while continuing to innovate new and creative ways to engage with adult tobacco consumers 21+. And our retail trade programs successfully expanded the adoption of our age-validation technology with retailers across the country to strengthen underage access prevention. In 2022, I'm eager to keep learning from our external engagements to inspire us in new ways as we work to shut down the tobacco "on ramp" for youth, while preserving the "off ramp" for adult smokers.

## 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.

## 2021 Progress Highlights

### Executed quarterly Underage Tobacco Use Surveys

since Q2 2020 to broaden understanding of latest product-specific underage tobacco use trends, and shared the data with the FDA.

Continued to support Tobacco 21 laws, **now enacted in 39 states and DC.**

Continued to support efforts to reduce youth usage of e-vapor, with national survey data reflecting a decline since 2019. The Center for Disease Control and Prevention's 2021 National Youth Tobacco Survey\* showed **middle and high schoolers reported past 30-day e-vapor use**

2019 **20%** ↓ 2020 **13.1%** ↓ 2021 **7.6%**

Increased use of point-of-sale age validation technology to more than **104,000 retail stores** representing 62% of PM USA volume.

Granted **\$25.2 million** to positive youth development organizations from our Board-allocated contributions.

\* Due to differences in data collection procedures, the Centers for Disease Control and Prevention advises that any comparison of the 2021 NYTS estimates to previous NYTS survey years that were primarily conducted on school campuses should be interpreted with caution.

# Support Our People & Communities

## Scope

- Inclusion and diversity
- Racial and economic equity
- Positive impact through engagement and partnership
- Well-being of employees and communities
- Workforce and community capability building

## Goals

- Increase the diversity of our organization and leadership team while building an inclusive and equitable culture.
- Address systemic racism and advance social and economic equity in our businesses and in the communities where we live and work.
- Drive business and social impact through engagement and partnership with a diverse portfolio of stakeholders.
- Contribute to the well-being of our workforce and community stakeholders.
- Build the capability of our workforce and communities to successfully navigate an uncertain and rapidly changing environment.

## Supporting Governance Structure, Framework & Policies

- [Our People & Communities](#)

## Historical Progress

- [Our 2020-2021 Progress report on Supporting Our People and Communities](#)

## UN SDG Alignment



## Trends We Are Monitoring

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

## Executive Message



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

The last two years affected us all in more ways than we’re probably able to express. Corporations have seen significant outflows and inflows of talent. While we’re grateful that we’re seeing high rates of retention for employees – including the more mobile millennial segment – we must continue to nurture and grow our talent and press forward to create an exceptional employee experience that allows our organization to thrive. We believe employee listening sessions provided the opportunity to understand our people on a deeper level and address their needs. These sessions have set us up to make more progress in creating the equitable culture our employees expect and deserve – from the way we hire internally, to the way we reward leaders who demonstrate allyship and advocacy. Work with familiar and new community partners is allowing us to think differently about education, workplace readiness and workforce development – and Altria’s role as both a benefactor and a beneficiary of progress in our community across our operations. We’re expanding the use of people analytics to systematically gather, track and analyze our internal trends to become more proficient with predicting attrition and future skills needed to realize our Vision. In 2022, I look forward to continuing to transform the way we work in new ways aligned with Our Cultural Aspiration and for the benefit of all employees.

## 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.

## 2021 Progress Highlights

Inclusion & Diversity Aiming Point progress:  
**24% of our vice president-level**  
and **26% of our director-level**  
employees were people of color  
toward goal of 30%

Expanded use of internal talent development system to improve fairness, transparency and inclusiveness in the internal hiring and promotion process.

<b>33%</b> of selected candidates were employees of color	VS.	<b>29%</b> total salaried population	VS.	<b>54%</b> were female	VS.	<b>42%</b> total salaried population
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Created a new 5-year community impact plan and contributed approximately **\$61 million** to local and national nonprofit organizations to **drive business and social impact**

For employees performing the same or similar duties, salaries of female employees were **99.6%** of those of our male employees

salaries of employees of color were **99.9%** of those of our white employees

after adjusting for factors generally considered to be legitimate differentiators of salary, such as performance and tenure.

## About this Report

Unless otherwise noted, this report includes data and progress for Altria Group Inc. and its consolidated subsidiaries for calendar year 2021. It covers Altria's tobacco operating companies, Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC and Helix Innovations, and wine company, Ste. Michelle Wine Estates Ltd\*, which represents more than 99 percent of revenue of Altria. 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 maintains a portfolio of finance assets, 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 is 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](#).



\* Ste. Michelle Wine Estates was sold 10/1/21