



Drive Responsibility Through Our Value Chain 2020-2021

Corporate Responsibility Progress



Altria

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

To achieve our Vision, we will pursue initiatives designed to promote the long-term welfare of our company, 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..

Altria's Responsibility Focus Areas



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

We believe strong, sustainable partnerships with our supplier base and trade partners are critical to our future success and achievement of Altria's Vision. Responsibly sourcing the raw materials and services for our companies' products and requiring that they are sold only to Adult consumers 21+ is necessary to maintain our social license to operate.

- 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.
- Enhance infrastructure that supports our ability to responsibly source goods and services and optimize the value of those goods and services for our businesses.
- Enhance analytic and surveillance infrastructure that supports the financial viability of our supplier base and trade partners.
- Improve diversity, inclusion and equity in our supply chains.
- 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.

Table of Contents

Introduction

A Note from Jodie Clarke **4**

2020 Performance Snapshot **5**

Our Approach **7**

Grower support and Agricultural Sustainability **12**

Responsible Sourcing in Our Operations **18**

Engaging Trade Partners in Responsibility **24**

Appendices **30**

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

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

What’s in this report?

In 2020, we completed a materiality assessment that identified key responsibility focus areas for our businesses. In order to make progress toward our 10-Year Vision, we are committed to *Driving Responsibility Through Our Value Chain*.

The following report details progress toward our 2025 goals related to sustainable partnerships with our growers, supplier base, and trade partners and the responsible management of our products from farm to retail, where they are intended to be sold only to adult consumers 21 years of age or older.

What’s not in this report?

This report is not designed to provide a comprehensive review of the progress against all our responsibility focus areas. Our website, [Altria.com](#), provides additional responsibility content including our 2020-2021 *Engage and Lead* and *Supporting Our People & Communities* reports as well as our *2019 Corporate Responsibility Progress* report. We will provide updates on our remaining focus areas throughout the year through a series of individual “focus reports.”



A Note from Jodie Clarke

As Altria evolves and adapts to reflect changing consumer interests, marketplace forces and societal expectations, I am confident in the way our value chain is working to drive responsible and sustainable business practices that help us to achieve our 10-Year Vision. Our value chain relationships and stakeholders 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, through manufacturing, distribution, and then selling our products through reputable channels to qualified adult tobacco consumers. It's about creating value and positive impact at each step from seed to shelf, and for us, it's about doing things the right way because that's the right thing to do.

Every day, I am inspired by the resilience and commitment to drive responsibility through our value chain. From our growers and suppliers to our employees and our retailers, I believe we have the right people focused on building collaborative relationships and delivering value for our businesses. We have high performing value chain partners that enable us to deliver premium brands to the market. It is the strong partnership between Altria employees and our external stakeholders that enables our success and progress towards the Vision.

Our teams have remained flexible and responsive in spite of a global pandemic. We are steadfast on our commitments to support inclusive practices for diverse suppliers, responsible sourcing across our operations, drive agricultural sustainability and provide support to our growers, and engage in responsible retailing with our trade partners. Above all, we approach this work with integrity and a clear ethical code.

I am proud to be a part of the team that is leading this important work across our businesses and the progress we have made against our goals. We have built incredible momentum that will allow us to better support our businesses, our stakeholders, and our consumers in the years to come.

“We have high performing value chain partners that enable us to deliver premium brands to the market.

It is the strong partnership between Altria employees and our external stakeholders that enables our success and progress towards the Vision.”

Jodie Clarke

*Vice President,
Procurement*



2020 Performance Snapshot

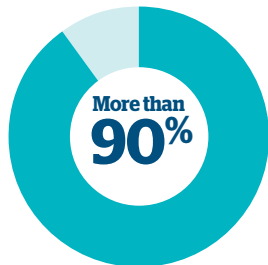
Grower Support and Agricultural Sustainability

Monitoring and Assessments

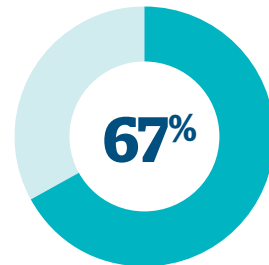
1,073
monitoring activities
with direct contracted growers
(GAP Connections (GAPC) Audits
and third-party assessments)



planned Good Agricultural
Practices (GAP) assessments of
domestic tobacco growers



of leaf suppliers completed
the 2020 Sustainable Tobacco
Program (STP) Self-Assessment



contracted growers participated
in GAPC certification toward
2021 goal of 100 percent
+17 points from 2019



of contracted growers who
attempted GAPC certification
successfully achieved it

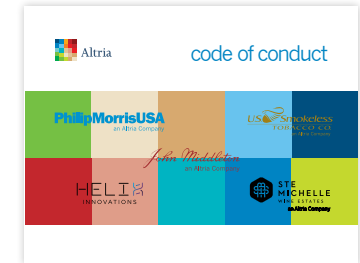


contracted growers
completed GAP training

Human Rights, Ethics and Compliance

Supplier Code of Conduct:

Our internal code sets our contractual expectations for all suppliers. We strive to go above and beyond all legal obligations to operate as good corporate citizens.



Above & Beyond U.S. Law: Our suppliers' standards exceed U.S. Department of Labor law.

Minimum Age Provision	Our Contract Tobacco Growers	U.S. Dept. of Labor Law
Agricultural Employment	16 years*	12 years
Perform Hazardous Duties	18 years	16 years

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

Supplier Diversity

Our Supplier Diversity aspirations include minority, women, LGBTQ+, veteran, and people with disability-owned businesses.

2020 Diverse Suppliers	2020 Diverse Spend	2020 Diverse Utilization Rate	2030 Diverse Spend Goal
347	~\$271M	7.6%	15%

Tier 1 Spend ~\$226M

Tier 2 Spend ~\$45M

Tier I Supplier – a supplier with whom goods and services are directly procured

Tier II Supplier – a supplier who is a subcontractor to a Tier I supplier

Responsible Sourcing, Distribution and Retail

~5,800 suppliers

work with our
companies worldwide
with a total spend of

~\$3.56 billion



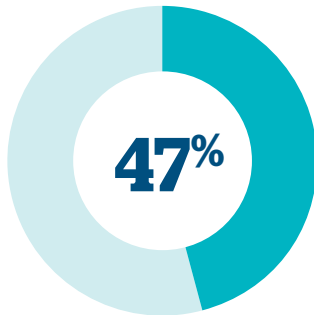
Sales coverage spans

~210,000

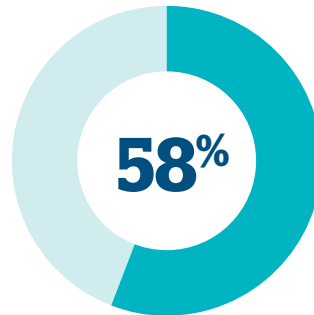
retailers across
the country

~65,000

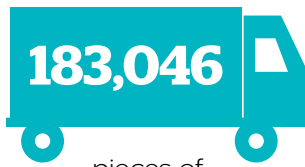
stores have age-validation technology representing:



of PM USA
Volume



of E-Vapor
Volume



pieces of
Underage Social Access Prevention
signage shipped



pieces of
We Card™ point of sale
shipped

91%

of contractually obligated stores were verified
to have the required signage posted



85%

also had posted Altria-provided social
access prevention signage*

**Based on a sample of approximately 35,000 stores from September 27, 2020 to December 28, 2020.*

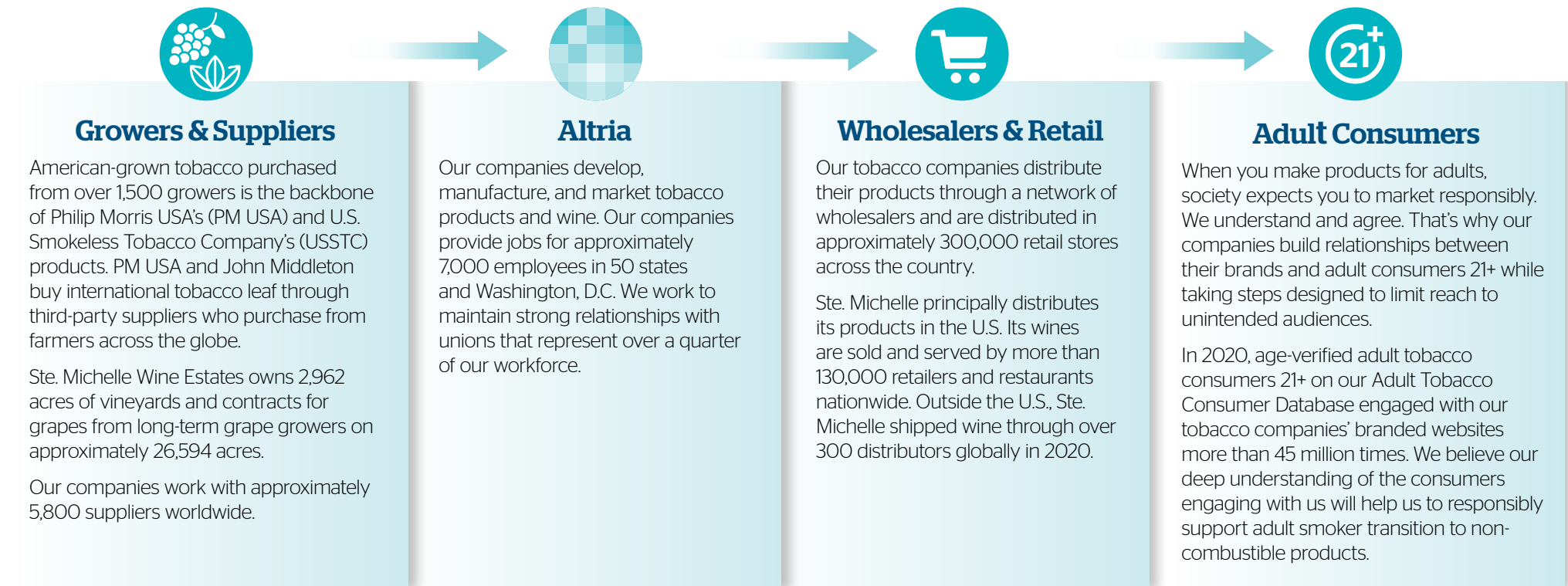


Our Approach

2020 was a year of unprecedented global business disruption. The impacts of the COVID-19 pandemic, natural disasters and large-scale cyberattacks against major corporations and its vendors forced companies to respond to a steady drumbeat of threats to business continuity. Altria's employees rose to these challenges to secure the supply chains and support the continued responsible sourcing, distribution, and retailing of our operating companies' products.

Altria relies on strong, sustainable partnerships with our network of growers,

suppliers and trade partners. This includes responsibly sourcing raw materials and services to the distribution and retail pathways that deliver our products to adult consumers. From due diligence and rigorous monitoring of human rights, ethics and compliance activity, to driving sustainability and diversity through the value chain, we hold ourselves and our value chain partners to high standards of excellence. We strive to set clear expectations to deliver value for our adult consumers.



We promote a strong culture of compliance and equip our employees to exercise sound business judgment and risk management when selecting and managing suppliers. Employees receive communications and training on topics such as antitrust, anti-bribery/anti-corruption and third-party vendor management to help guide their work with suppliers. Our ALCS Corporate Audit Department regularly monitors and evaluates the ALCS Procurement Department and critical suppliers in addition to third-party assessors. Corporate Audit routinely recommends operational improvements, productivity enhancements, and best practices both internally and across our supply chains. We have high expectations of our suppliers to respect workers' rights, help protect the environment, and comply with our contracts and laws. These values apply across our value chain, from "seed to shelf" — with tobacco growers, supply chain partners that support direct operations, and "trade partners" which include wholesalers and retailers.

Human Rights, Ethics and Compliance

Guided by international principles and policies, Altria's [Human Rights Framework](#) serves as the foundation for how we engage with all stakeholders in our value chain. The Altria [Supplier Code of Conduct](#) communicates our expectations, regulations, and standards related to non-discrimination, child labor, forced labor, freedom of association, workplace safety, bribery and environmental compliance. Altria is also an affiliate member of the Responsible Business Alliance (RBA), a nonprofit industry coalition committed to supporting the rights and well-being of workers and communities worldwide affected by the global supply chain. As a member of the RBA, we agree to follow the [RBA Code of Conduct](#) which sets social, environmental and ethical industry standards and indicates our commitment to proper business conduct with our suppliers.

The key international principles and declarations that guide our expectations of suppliers include:

- United Nations Global Compact,
- United Nations Guiding Principles on Business and Human Rights and
- International Labour Organization Declaration on Fundamental Principles and Rights at Work.



Sharing Responsibility Expectations of Value Chain Partners

In addition to compliance with all applicable laws, we set the following expectations with our key partners:

Tobacco Growers



We address ethics and compliance responsibility with our growers through our Tobacco Good Agricultural Practices (GAP) Supplemental Guidelines and individual supplier contracts. We communicated our Tobacco GAP Program Supplemental Guidelines to over 1,500 tobacco growers in 2020 through handouts and one-on-one conversations with Grower Representatives from ALCS. We highlighted our expectations for contracted growers on topics like using registered farm labor contractors and respecting their workers' rights to join or not join a union.

Packaging and Product Suppliers



Our Supplier Code of Conduct clearly defines a framework for operating with integrity. We leverage a third-party auditor to carry out social compliance monitoring with our direct packaging and product materials suppliers and tobacco suppliers across the globe. Using a risk-based approach, the audits measure compliance with our Supplier Code of Conduct in areas like child and forced labor, worker registration and compensation, workplace safety, management of employee records, and environmental practices.

Wholesalers and Retailers



AGDC provides sales and distribution services for our tobacco companies. AGDC works with wholesalers and retailers, also known as trade partners, to execute programs which help them responsibly manage their tobacco category. Altria's tobacco operating companies' retail trade programs include elements not required by federal law designed to prevent underage access to tobacco products, such as store clerk training and access prevention signage. In addition, we've developed rigorous compliance and training systems to govern marketing material production. In some tobacco categories, we also offer financial incentives to retailers who refrain from placing any tobacco products on top of or below the front of the selling counter.

EMPLOYEE SPOTLIGHT

Partnering on Responsible Labor Practices with International Leaf Suppliers

Glenn Stocks,
Director of Leaf Utilization and
International Purchases, ALCS



[+ Read more of Glenn's story about leaf utilization on Altria.com.](#)

My team manages the buying, quality requirements and social compliance programs to promote the purchase of quality offshore tobaccos at the best possible value to meet the current and future requirements of our tobacco operating companies. We expect our suppliers to protect human rights in our supply chains, and our Leaf Procurement team actively monitors labor allegations across the globe to observe we are conducting business responsibly. Read more of Glenn's story about leaf utilization on Altria.com.

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Our Approach to Conflict Minerals¹

As part of the Dodd Frank Wall Street Reform and Consumer Protection Act, all U.S. publicly-traded companies must disclose in a filing with the Securities and Exchange Commission ("SEC") their use of conflict minerals (tin, tantalum, tungsten and gold, often referred to as 3TG) that originated in certain countries. Our compliance protocols include policies and due diligence measures that monitor operations, provide all necessary documentation and declarations, and communicate requirements to our supply chains about the products and components supplied to us.

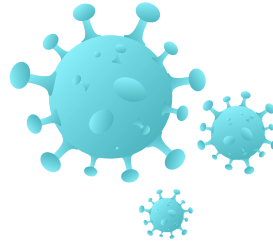
For more information on our position and SEC filings, visit [Altria.com](https://www.altria.com).

¹Based on our compliance protocols, we identified no use of conflict minerals in our manufactured products in 2019 or 2020; therefore, we have not been required to file a report with the SEC since 2019.



Our Response to COVID-19

During the height and immediate aftermath of the COVID-19 pandemic, the health and safety of our employees was of utmost concern. We also implemented plans to minimize business disruptions and their potential impact to consumers and customers across all stages of our value chain.



In order to support our grower supply chains, Altria Client Services (ALCS) provided resources to help inform and train growers on proactively reducing risk and monitoring for the impacts of COVID-19 and modified our receiving station operations to allow for proper social distancing to protect our employees, the growers and the employees of the receiving stations. Altria's Leaf Procurement Department assisted GAP Connections with distributing 44,000 free masks throughout the tobacco growing regions to protect the safety of our growers and their operations. The team also modified our offshore tobacco activities due to international travel concerns to protect our employees while maintaining activities supporting the purchase of tobacco in the international marketplace and limiting domestic travel to only essential activities.

As early as January 2020, our supply chain managers began to see a worldwide scramble for limited personal protective equipment (PPE) and accumulation of supplies in anticipation of a global shutdown. Within only a few weeks, our Procurement Department acted quickly to secure enough PPE materials to protect critical on-site employees and suppliers. This effort required that we onboard 16 new supplier partners to procure PPE.

Our operating companies joined forces to create kits of gloves and masks for manufacturing employees across their businesses. These kits included enough supplies to support employee safety and to refresh PPE through the start, middle, and end of shift. In order to adapt quickly and lessen our draw on the community, we registered our Altria Compounds (ACL) facility in Richmond with the FDA as a temporary producer of hand sanitizer. We worked with a veteran-owned supplier partner to produce 15,000 (500 ml) bottles of hand sanitizer for Altria's companies' facilities use. Operating company employees distributed necessary PPE and sanitation materials to safeguard manufacturing facility employees, including distributing nearly 200 gallons of hand sanitizer, 300,000 masks and over 20,000 feet worth of sanitizing wipes in 2020.

Once secure in our PPE inventory, Altria donated over a million masks to schools and first responders. The ALCS Procurement Department partnered with ALCS Government Affairs to identify communities in need and carry out the in-kind donations. Additionally, Altria loaned purification system equipment to the Virginia Division of Consolidated Laboratory Services to increase its capacity for COVID-19 testing from 300 to 400 tests per day.

As conditions worsened and executive orders began shutting down local operations, cities, and even national borders, the ALCS Procurement Department rerouted deliveries, adjusted plans with suppliers, and thought critically to problem solve. Travel restrictions and executive orders limited our ability to conduct on-site inspections and required that we approach quality assurance differently. The team quickly established enhanced infrastructure to identify emerging risk areas, mitigate those risks, and implement enhanced business continuity plans. Every morning, a task force team gathered to review relevant updates, executive orders, and global impacts to the supply chain. Daily calls with supplier and internal stakeholders leveraged tracking tools to support fast decision-making.



Our operating companies rely on essential supply chain partners due to limited qualified suppliers for tobacco product materials. In February 2020, we began to establish a new supply chain to support *on!*, Helix Innovations' tobacco leaf-free nicotine pouches. The sourcing for *on!* relies on some existing suppliers but required us to develop new supplier relationships in the United States and across the globe to maintain the viability of producing this product.

The Procurement Department also identified an opportunity to utilize Altria Group Distribution Company's (AGDC) sales network and distribution expertise to provide a holistic view for logistics and provide additional marine ports for delivery. AGDC was instrumental in accelerating delivery of some of the delayed material shipments. These functions collaborated to support the continuity of our businesses, and all our suppliers stepped up to maintain safety and health in a way that protected our on-going operations and remained operative throughout the year. This success is a testament to the hard work and respected and trusted relationships across our internal teams and supplier partners.



To protect the safety and health of our employees and trade partners, beginning in March of 2020, AGDC leadership directed field sales employees to stay at home and provide support to trade partners remotely. AGDC employees adapted their approach and began virtually connecting with trade partners. Our teams rose to the challenge and continued to deliver quality and excellence in a different environment. Rather than visiting retail stores to conduct business in-person, our field sales teams sold programs and initiatives over the phone, hosted virtual meetings, mailed advertising directly to stores or provided options for Retailers to print and hang signs themselves. In the fourth quarter of 2020, AGDC leadership took a cautious and methodical approach to determine the optimal way for field sales to safely "Return to Retail", based on the following principles:

- Maintain health and safety of employees as top priority
- Conservative and flexible phased-in field deployment aligned with health officials and government policies
- Continue to conduct activities virtually, where applicable, to minimize exposure
- Focus in-store activities on business-critical work and align with trade readiness



When conditions allowed field sales employees to safely Return to Retail, AGDC allowed employees to determine the best way to meet their individual needs. Some employees chose to continue working remotely, while others seized the opportunity to execute calls from the exterior of the retail store, avoiding in-store activity.

Those who were comfortable making in-person sales calls were advised to avoid peak hours and limit calls to thirty minutes or less to minimize exposure in the store.

Prior to starting each day, AGDC employees are asked to take their temperature and report anything over 100°F. Throughout the day, employees are advised to use PPE before entering retail on every call, disinfect company provided equipment, sanitize hands, and maintain a safe distance at all times. These measures keep everyone safe, minimize exposure risk, and allow for the continuation of our business operations.

Grower Support & Agricultural Sustainability

2025 Goals:

-  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.
-  Enhance infrastructure that supports our ability to responsibly source goods and services and optimize the value of those goods and services for our businesses.

ALCS is home to a talented Procurement Department that drives value through strategic involvement and collaboration across Altria's companies.

Our Leaf Procurement team drives 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. These efforts support business continuity for our operating companies and address societal expectations to drive responsibility through our value chain, support our people and communities, and protect the environment. Through internal and external programs and partners, the Leaf Procurement team sets expectations, trains and educates, and monitors compliance and remediates issues.



“A sustainable tobacco supply chain is a critical component of our responsible value chain. We strive to achieve this by offering a competitive price to our tobacco growers while assisting with the costs of targeted programs such as the H-2A* Temporary agricultural worker program, GAPC certification, and one-time market adjustments. These assistance programs further support initiatives that, among other things, help protect the rights of the workers employed by our contracted growers and protect the environment we all share.”

—Linwood Sykes
Managing Director, Leaf
Procurement &
Procurement ESG

*The H-2A program allows employers to bring foreign nationals to the U.S. to perform temporary or seasonal agricultural work. As part of this program, employers are required to reimburse H-2A employees for travel fees related to the employment.

Partnering for Excellence

We proactively engage with several key agricultural industry partners to collaborate on emerging trends in the tobacco growing community and encourage responsible farming practices, both in the United States and internationally. One of our longest-running partnerships is with the U.S.-focused organization, GAP Connections (“GAPC”; GAP stands for “Good Agricultural Practices”). GAPC is a nonprofit agricultural organization with over 13,000 grower members across the United States focused on raising tobacco industry standards through education, training, monitoring and certification. Through this partnership, GAPC has successfully offered over 750 grower education trainings, monitored the safety and compliance in over 5,100 visits to grower operations and supported the certification of over a hundred thousand acres of tobacco farmland. Internationally, Altria serves on the Steering Committee of The Sustainable Tobacco Program (STP), a global coalition coordinated with six manufacturers, over 180 leaf suppliers and more than 2.5 million farmers and farm workers. Through the STP, Altria is working to set clear standards for agricultural practices across the industry and implement monitoring and assessment tools for growers to maintain these practices.

While not the only partnerships we have, these organizations are an important component of Altria’s responsibility infrastructure, as they help us clearly communicate expectations, monitor compliance, stay engaged with growers on challenges and engage on solutions – which you will read more about in the following pages. You can find more information about all of our agricultural industry partners in [Appendix A](#).

Establishing Best Practices with the Grower Base

To expand our growers’ knowledge of best management practices, we require annual training in the three pillars of crop, environmental, and labor management practices based on the most current information from GAPC, University Extension specialists and the Department of Labor. While this training is traditionally delivered via large company-sponsored training meetings, COVID-19 necessitated a different approach using virtual training and traditional mail-in quizzes. Through collaboration and continuous support from our Leaf Procurement team, 100% of Altria’s contracted growers received GAP training in 2020.



EMPLOYEE SPOTLIGHT

Protecting Natural Habitats through Responsible Agricultural Practices Employee Spotlight

Daniel Fox,
Senior Grower Representative,
ALCS

We have a goal for 100% of our Tobacco Leaders Program (TLP) growers to be GAPC Certified by the end of 2021 and have worked very hard since 2019 to educate growers on the certification requirements. To protect the health of the Chesapeake Bay Watershed, Pennsylvania law requires growers to have a written conservation plan documenting the Best Management Practices (BMPs) growers implement to prevent or reduce sediment and nutrient pollution from their farm operations. The certification program also recognizes growers when they implement additional environmental best practices around agrochemical storage, waste management, and responsible irrigation.



[+ Read more of Daniel's story about grower certification on Altria.com.](#)

Ste. Michelle remains committed to sharing its best practices in sustainable viticulture and winemaking with partner growers and wine producers. Since spearheading the creation of VineWise® in conjunction with the Washington Wine-growers Association in 2008 – a resource which provides wineries with information and tools to help evaluate business practices and implement sustainable management strategies – Ste. Michelle has now integrated a VineWise® self-assessment into its grower relationships. VineWise®, the Washington Guide to Sustainable Viticulture, is an online, interactive guide of business and viticulture topics created by and for Washington State wine grape growers and vintners to assess their current viticulture management practices against industry sustainability standards. While most of the assessment areas are already included in long-term contracts, routine on-site visits by Ste. Michelle's team means that growing practices are constantly being reviewing and improved. We believe this helps promote the delivery of high-quality grapes from contracted growers and supports the overall industry in the regions where it operates.



**STE
MICHELLE**
WINE ESTATES
an Altria Company



Contracted Grower Base Monitoring

In our domestic tobacco supply chains, on-farm monitoring is key to achieving continuous improvement by identifying areas for greater focus and, if needed, remediation. Monitoring facilitates conversations with our growers around Best Management Practices that positively impact their crop, their farm, the environment and their workers. Contracted growers provide documentation of their crop management records, pesticide records, conservation and labor details. Those with hired labor are assessed against relevant labor management laws or higher standards as contractually required. Assessments are conducted by a third-party auditor or, in very limited cases, an ALCS employee. Relevant grower records, such as workers' wages paid, reimbursement of workers' H-2A travel fees and certifications for workers' housing are all reviewed as part of these monitoring activities.

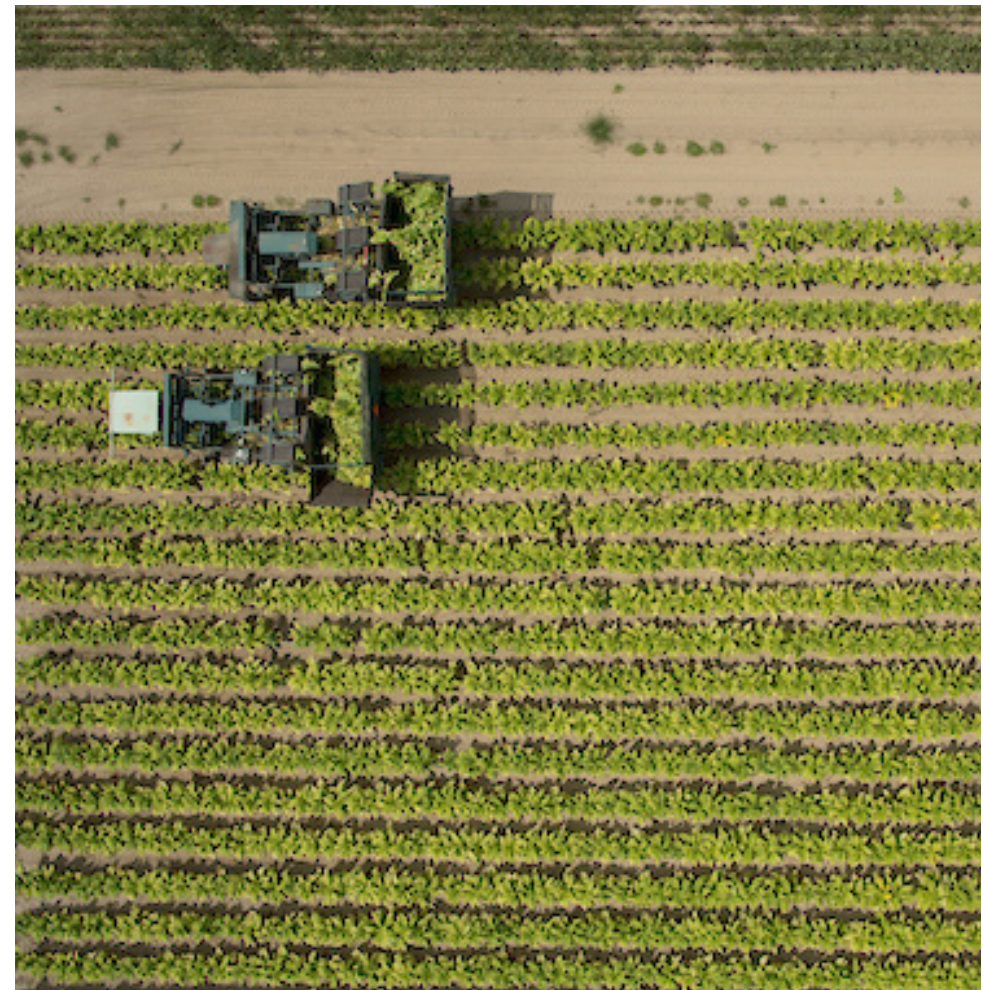
For our contracts with tobacco growers, we meet and often exceed the law for certain provisions because we believe it is the right thing to do. For example, the contracts:

- establish a minimum employment age of 16, with limited exceptions granted based on local, state and federal laws;
- require parental/legal guardian consent for those under 18 who want to work on the farm; and
- require growers to take GAP training on a range of topics including:
 - preventing Green Tobacco Sickness and heat stress;
 - keeping compliant wage records and
 - preventing human trafficking.

We contract domestic growers through our Tobacco Leaders Program (TLP) on behalf of PM USA and USSTC, sourcing the three major types of tobacco — flue cured, dark, and burley. Historically, we have assessed at least one-third of that grower base each year, using our internal GAP Assessment Program; but have been encouraging growers to participate in GAPC Certification program since its inception in 2018. We assisted growers with applications and audit fees for the first year of successful completion of GAPC Certification. Participation in the program continues to grow and we are proud of the progress. In 2020, 100% of USSTC's dark tobacco growers and 100%

of PM USA's flue cured growers were contractually required to participate. Additionally, 41% of PM USA's burley growers voluntarily participated in the GAPC certification program equating to a total of 67% of our TLP grower base participating in GAPC certification in 2020. In 2021, all TLP growers will be contractually obligated to participate. Our goal is 100% certification of all domestic contracted growers by the end of 2021.

More information about the three major types of tobacco can be found in [Appendix B](#).







TLP Grower Participation in GAPC Certification Program



2021 Goal: 100% TLP Growers Achieve GAPC Certification

Year	% of Grower Base Participation	% of Program Participants Achieving Certification
2018	25%	98%
2019	50%	99%
2020	67%	99%

The program is a three-year, continuous monitoring cycle with all assessments completed by a third-party auditor and governed by the GAPC Compliance Guide. In year one, growers are required to participate in a full, on-farm audit including worker interviews. In year two, growers complete a site visit without worker interviews. In the final year, growers may participate in a desktop review on-farm or online with the expectation that they meet all standards selected for year three.

	Year 1	Year 2	Year 3
	AUDIT	SITE VISIT	DESKTOP REVIEW
Location	 On Farm	 On Farm	 OR  On Farm OR Electronic
Number of Critical Standards Verified	All (124 Critical Standards)	All (124 Critical Standards)	Some (65 Critical Standards)
Number of Additional Standards Verified	All (65 Critical Standards)	None	Some (5 Additional Standards)
Worker Interviews of Hired Labor	Required	Required <u>only if</u> : • Worker issues were remediated in previous year's Audit • Change in labor source • Beginning in 2022: Indirectly hiring labor	Required <u>only if</u> : • Worker issues were remediated in previous year's Audit • Change in labor source • Beginning in 2022: Indirectly hiring labor
Score	100% of Critical 75% of Additional	100% of Criticals	100% of Critical 100% of Additional

Source: [GAP](#) Connections

We expect growers to provide their workers with fair and safe working conditions including having avenues to report concerns. GAPC provides that opportunity through its Worker Concern Helpline (WCH), through which laborers can report issues related to injury, safety, fair treatment, and more. It provides a confidential channel for farm workers on GAPC Member farms to ask for information about workplace compliance issues, express compliance concerns or report instances of suspected workplace non-compliance. The helpline continues to successfully work with community organizations and government agencies to investigate issues and achieve resolutions.

Monitoring Findings in TLP Grower Base

Alongside other contractual obligations, GAPC Certification is an important component of responsibly managing our value chain. Our aim is to continually enhance a grower's understanding of their obligations and their compliance with those obligations. We carefully consider the nature of the violation in deciding whether to terminate the contract or to work with the grower to address and remediate all issues. In 2020, 13 growers were denied certification for a variety of reasons including failure to provide necessary documentation, meet standards for worker treatment, and labor and wage requirements. For a complete list of the details of certifications and non-compliance in [Appendix C](#).

In addition to the GAPC Certification Audits, ALCS requested follow-up assessments for 15 growers due to [labor findings](#) assessed during 2019, all of which we found were remediated.

Due Diligence of Global Tobacco Supply Chains

In 2020, we continued our work on the STP steering committee, a coalition of global tobacco companies working to develop international tobacco standards to drive leadership in sustainable agriculture. The steering committee completed all standard assessment workbooks, which link to and reference relevant Sustainable Development Goals (SDGs) as well as global standards, guidelines and reporting frameworks including ISO, WHO, the UN Guiding Principles on Business and Human Rights and more. More than 90% of Altria's leaf suppliers participated in this pilot year of STP and completed the new self-assessment.

As STP transitions into the next phase, the newly hired secretariat will begin validating the self-assessments and coordinating in-depth assessments of leaf suppliers and their growers based on a risk prioritization methodology. The STP will work to improve agricultural practices and industry environmental and social footprints, enable industry participants to communicate their responsible practices transparently and contribute to SDGs.



University Partnerships

Altria works very closely with universities that have tobacco research programs. Each year, Altria seeks sponsorship proposals of academic projects that would benefit the industry like extension programs, undergraduate apprenticeships, and graduate research. In 2020, Altria awarded funding to 7 universities in states across the tobacco producing region. In addition to various university collaborations, these programs provided funding for over 30 research projects, 10 graduate students, 9 extension/outreach programs, and approximately 65 undergraduates (included in various programs and scholarships). The programs, research and areas of student study include areas such as; grower sustainability, community relations, labor efficiency and safety, improving tobacco yield and quality.

EMPLOYEE SPOTLIGHT

Investing in Higher Education and Agricultural Studies Employee Spotlight

Jessica Allen,
Associate Tobacco Buyer, ALCS

I grew up in a tobacco region, came from a tobacco growing family and wanted to continue in tobacco employment. I studied Crop and Soil Science with a concentration in Agronomy and a minor in Global Food Security and Health at Virginia Tech. When I went to school, I was focused on how I was going to pay for it, and I did not want to take out a huge loan in my first year. In all honesty, without the scholarships I received, including from Altria, I would not have been able to go to Virginia Tech. It's important that Altria is involved in programs like these university scholarships because it shows that the company cares about the future of tobacco growers and their families.



[+ Read more of Jessica's story and why the Altria scholarship matters on Altria.com.](#)

Responsible Sourcing in Our Operations

2025 Goals:

- 🎯 Enhance infrastructure that supports our ability to responsibly source goods and services and optimize the value of those goods and services for our businesses.
- 🎯 Enhance analytic and surveillance infrastructure that supports the financial viability of our supplier base and trade partners.
- 🎯 Improve diversity, inclusion and equity in our supply chains.

Strategic & Integrated Approach to Procurement

ALCS Procurement focuses on delivering high quality goods and services and maximizing savings, while managing risks and leading the supplier management and responsible sourcing of direct and indirect materials crucial to our operations.

ALCS Procurement approaches supporting the business through three main responsibilities:

Category
Management

Internal
Relationship
Management

Supplier
Relationship
Management



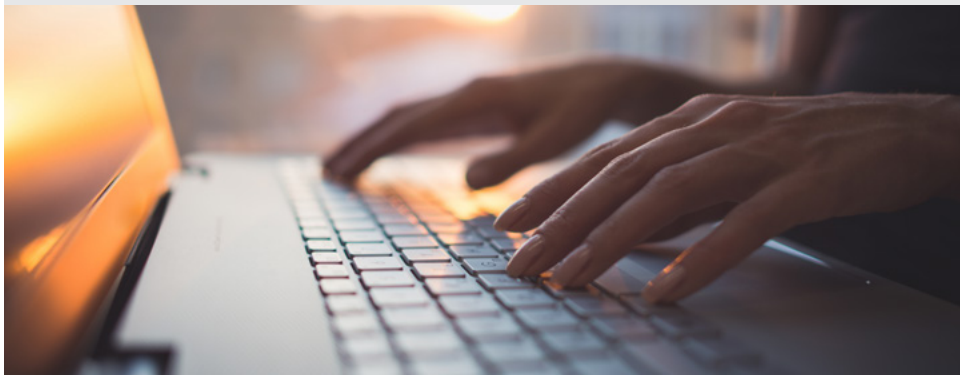
Our supplier managers work with our suppliers to communicate clear expectations and execute contracts consistent with our Supplier Code of Conduct.

To drive progress toward our responsibility goals, in 2021 the ALCS Procurement Department will focus on:

- improving spending and sourcing-related analytics to proactively identify and manage risks;
- continuing to monitor contract compliance and supplier management infrastructure to proactively identify and manage risks;
- expanding assessment of cyber-security risks associated with suppliers;
- leveraging technology solutions to simplify, standardize and improve visibility and controls in purchasing process; and
- continuing to update business continuity plans for critical goods and services

Third-Party Due Diligence Training

In 2020, we continued to train our employees on our risk-based, third-party due-diligence assessment process using online training tools. This process helps determine whether a supplier presents a specific legal, compliance or reputational risk that requires more in-depth due diligence. The assessment considers a supplier's country of origin, beneficial ownership, and the type of services the supplier will be providing. If the supplier is higher risk, we require additional contract provisions and monitoring procedures. Outcomes from this assessment are incorporated into the social compliance audit schedule.



Assessing and Improving Supplier Performance

Our monitoring programs assess our suppliers' compliance with contractual requirements and our Supplier Code of Conduct. These programs encourage continuous improvement, help identify areas for greater focus and if needed, remediation. Similar to our approach with domestic contracted tobacco growers, Altria's tobacco companies conduct third-party assessments in addition to audits conducted by the ALCS Corporate Audit Department of direct packaging and product materials suppliers, international leaf suppliers and contract manufacturers where there may be significant country risk, supplier criticality, brand risk and opportunities to improve supply chain compliance.

Internationally, we employ a third-party assessor to conduct social compliance audits using a risk-based approach for our direct packaging and product materials suppliers as well as our tobacco suppliers, who source through direct relationships with growers. These audits monitor suppliers' adherence to specific elements of our contracts and Supplier Code of Conduct. The audits also assess workplace practices like child and forced labor, worker registration and compensation, workplace safety, management of employee records and environmental practices. Any supplier that has an audit finding is required to develop a corrective action plan and provide evidence of plan implementation. Due to the COVID-19 pandemic, we conducted only one direct packaging and product materials supplier audit in a high-risk country in 2020. Instead of an in-person audit, that supplier provided its Social Compliance Audit through SMETA, which we accepted. SMETA is Sedex's social auditing methodology, that enables businesses to assess its sites and suppliers to understand working conditions in its supply chain.

Our Supply Chains and the Environment

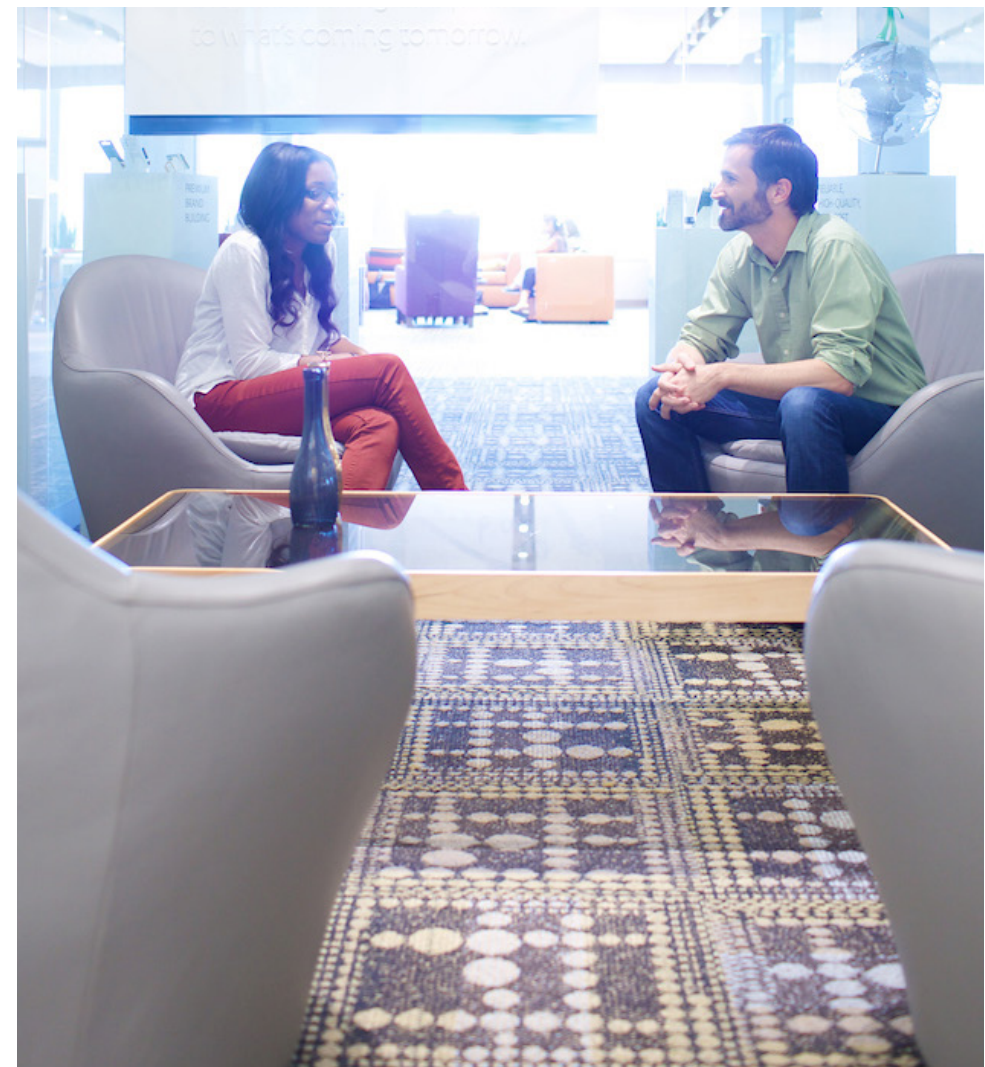
We work with our suppliers to find ways to reduce their environmental footprint. We understand that climate change, natural disasters and reduced water quality and availability may impact our companies and their supply chains over time. In 2020, the Science Based Targets Initiative approved Altria's new, long-term environmental goals which include reducing our Scope 3 greenhouse gas emissions by 18% throughout our value chain by 2030. To drive progress toward this target, we need to understand our suppliers' own initiatives to reduce their environmental footprint. In 2020, Altria invited key members of our supply chains to disclose data through CDP's Climate Change questionnaire on the environmental impacts, risks, opportunities, and strategies related to their businesses. The visibility and transparency of this data enables our businesses to make informed decisions, reward supplier partners for superior performance, and drive improvements and action across our supply chains. We received responses from 68% of invited suppliers, and this initiative provided a more detailed understanding of our Scope 3 greenhouse gas footprint, while opening the door to more collaboration on shared environmental goals and other ESG issues. In 2021, we plan to expand this engagement through CDP by inviting more suppliers to participate and including additional data requests to create a more comprehensive view of our environmental impact in the value chain.

More information on our goals and progress can be found on [Altria.com](https://www.altria.com).



Supporting Supplier Diversity & Inclusion

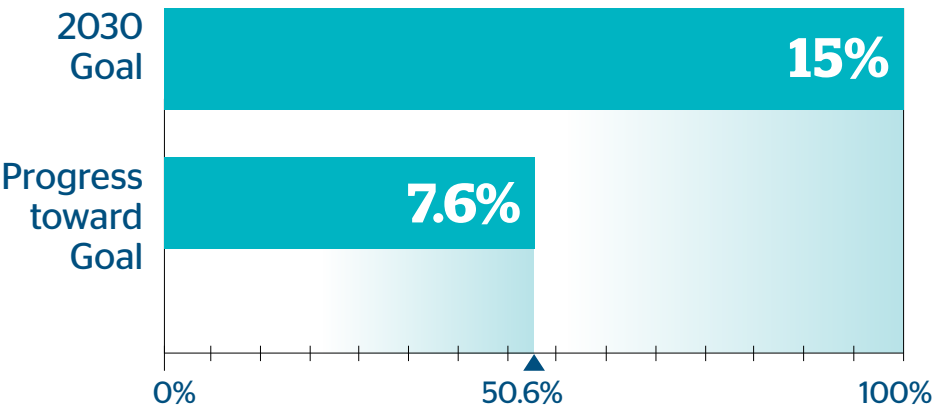
Supplier Diversity is an integral part of Altria's inclusion and diversity efforts and harnesses the power of diverse teams to promote innovation, drive competition and provide greater supply chain flexibility. Altria's Supplier Diversity program focuses on engaging businesses owned by women, veterans, LGBTQ+, ethnically diverse and persons with disabilities. The program promotes the use of diverse suppliers through long-term strategic aspirational goals, annual functional spending objectives, leadership programs and event sponsorship, and sourcing tools and resources. Growing and sustaining a diverse supplier base is important to our future success.



Diverse Supplier Spend Utilization Progress

In 2018, we set a goal to increase spend with diverse suppliers to 15% or more by 2023.¹ In 2020, the Supplier Diversity team recognized an opportunity to be more inclusive with our diverse spend approach across the enterprise. We retired our 2023 goal and established a longer-term aspiration with fewer exclusions on the type of spending that would factor into our utilization calculation. With this new, more inclusive baseline, our supplier diversity aspiration is to achieve a 15% diverse supplier spend by 2030. As of Q4 2020, we achieved 7.6% diverse spend.

2020 Diverse Spend Utilization Rate



2020 Diverse Suppliers

347

2020 Diverse Spend

~\$271 million

1. Under the more limited scope of supplier diversity, the 2020 diverse supplier utilization spend rate was 6.9% toward the now-retired 2023 goal - including 340 diverse suppliers and ~\$195 million in spend.² Data shown in these visuals reflects 2020 progress toward the expanded scope of the new 2030 goal.



2. Includes SMWE diverse supplier data, in alignment with data reported in Altria's 2021 Proxy Statement. SMWE is also included in the expanded scope of the new 2030 goal. Previous Corporate Responsibility Progress Reports have excluded SMWE from diverse spend utilization data.

Supplier Diversity 101

What is a diverse business? ¹

A diverse business is a for-profit business whose owner is either a citizen or lawful permanent resident of the United States or a U.S. territory and who is, Asian American and Pacific Islander (AAPI), Black, Hispanic, Native American or a Woman. Ownership by diverse individuals means the business is at least 51% owned and operated by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals (i.e. the management and daily operations are controlled by those diverse group members).

Altria also includes the following diversity designations in Supplier Diversity reporting:

Veterans / Service-Disabled Veterans

Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+)

People with Disabilities

Key Terms:

- **Enterprise-Wide Spend** — is supplier spend, in which a function has influence over which suppliers are selected and purchase decisions are made. It excludes employee salaries and wages, taxes, regulatory / settlement payments (i.e. FDA, MSA), shareholder / bondholder payments and in-need contributions.
- **Utilization** — is determined by dividing the dollars spent with diverse suppliers by the total enterprise-wide supplier spend

¹ Includes diverse law firm spend and diverse attorney spend at majority-owned law firms.

Black-owned Business Development

Support for Black-owned businesses is a pillar of our enterprise Race and Equity initiative. We are investing in organizations that help Black-owned businesses recover, grow and thrive, thereby strengthening local businesses, supporting economic growth and helping to narrow the wealth gap.



We are also focused on raising employees' awareness of Black-owned businesses as prospective suppliers. In 2020, we spent \$14 million with Black-owned businesses, and as part of our 2030 Diverse Supplier Spend Utilization aspiration of 15%, we are committed to growing our Black-owned businesses spend.

To read more about our Race and Equity Initiative and our focus on Black-owned Business Development, please visit the [Supporting Our People & Communities](#) report.

Transparency and Accountability in Supplier Diversity Data

As we pursue our Supplier Diversity aspirations, we are committed to accurate and consistent reporting and data substantiation. Altria strongly encourages the use of suppliers that obtain diversity certifications through global, national or local diversity councils and Chambers of Commerce. We also recognize that these processes can be arduous and costly for many business owners, so we are piloting a Supplier Diversity Self-Attestation process to serve as a springboard to certification and its benefits. In the interim, a team is evaluating potential improvements to prevent fraud during the self-attestation process and identifying ways to encourage suppliers to certify their businesses. Data integrity plays an important role in measurement and reporting.

EMPLOYEE SPOTLIGHT

Our Supplier Diversity Employee Network

Lisa Blake, Supplier Diversity Manager, Procurement, ALCS

Believe it or not, 2021 is the 40th year that Supplier Diversity has been in existence at Altria and its subsidiary companies. The Champions Network (we say “one team, one goal”) has been in existence since the inception of Supplier Diversity. Technically, all of Altria’s employees are responsible for championing Supplier Diversity because it takes all of us to make it work and everyone should be held accountable. The team’s role is to increase the use of diverse suppliers in our value chain. This is accomplished by including diverse suppliers in various sourcing strategies, promoting the strategic direction of long-term engagements, helping the Supplier Diversity Department to set functional targets and meet our aspirational goals.



[+ Read more about Lisa's story about Supplier Diversity at Altria.com](#)



Engaging Trade Partners in Responsibility

2025 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.

Our tobacco companies, in collaboration with AGDC, sell their products through a network of wholesalers and retailers. Our trade partners are instrumental in our continued business success and the responsible marketing and sales of tobacco products.

Wholesalers and retailers help us reach over 50 million adult tobacco consumers each year. Our sales coverage spans nearly 210,000 retail stores, representing approximately 92% of tobacco industry volume. Through longstanding retail trade programs that support retailers of all sizes, we are able to meet the needs of our retail customers while delivering our premium brands to adult tobacco consumers.



Underage Access Prevention at Retail

Deterring underage access is a principle at the core of Altria's operating companies' retail trade program. Our goal is to deepen our trade partners' commitment to underage access prevention so that retail remains the most trusted place to responsibly sell tobacco products. For more than two decades, Altria's tobacco companies have invested significantly in trade programs, retailer training and legislative efforts that help prevent underage access to tobacco products. Our companies' retail programs include requirements and financial incentives to help prevent underage access to tobacco products — via retail sales and social sources. The requirements include teaching store clerks how to check IDs, placing We Card™ or equivalent signs in their stores, and placing signs reminding adults to not buy tobacco products for people under the legal age of purchase. Currently, 96% of the retailers supported by AGDC — over 197,000 stores — are under contractual obligation to fulfill these requirements as part of one or more of our operating companies' retail trade programs.

AGDC employees use image recognition technology to validate compliance with signage requirements on every visit to the store, and support retailers by replacing damaged or faded signage as needed throughout the year. In 2020, COVID-19 precautions impacted AGDC employees' ability to physically call on the majority of retail stores and verify signage compliance from March 2020 to February 2021. As more employees began to return to the field in the fourth quarter of 2020, AGDC was able to resume compliance validation activities. Based on a sample of approximately 35,000 contractually obligated stores, 91% were verified to have the required signage posted (versus 95% for the same time period in 2019) and 85% also had posted Altria-provided

Underage access prevention is an important component of our broader underage prevention framework. Our 2019 Corporate Responsibility Progress report contains more detailed information on our approach, including our advocacy for raising the legal age of tobacco purchases to 21 years of age. Later this year, we will share a broader view of our progress across all aspects of the framework in our Preventing Underage Use focus area report.

One of the ways our operating companies deliver value to their adult tobacco consumers is through retail partnerships and digital commerce. Our Retail Digital Strategy team aims to responsibly engage with age-verified adult tobacco consumers 21+ through retail-owned digital channels like mobile phone apps and retail loyalty programs.

Whether engaging within our companies' branded sites or through a convenience store's digital channel, we take steps to limit the reach of our products and communications to unintended audiences. We partner with retailers and third-party mobile apps to apply rigorous age-verification and consumer identification processes and we require our partners to maintain these responsibility standards.



social access prevention signage (versus 80% for the same time period in 2019). AGDC is rolling out a communication plan reinforcing placement of We Card™ and social access prevention signage at retail, and we expect to see an increase to prior levels in 2021.

Since October 2019, AGDC has also been implementing a responsible retail program to further incentivize retailers' use of age-validation technology at the point of purchase. Participating retailers install a technology solution at a store's point(s) of purchase, requiring the electronic scan of a consumer's government-issued identification (e.g., driver's license) to complete a sales transaction involving the purchase of any tobacco product. In 2020, approximately 65,000 stores participated in the incentive program, representing 47% of Philip Morris USA cigarette volume and 58% of e-vapor category volume. AGDC continues to promote the program and recruit new retailer participation with an aim to increase participating stores to 120,000.

Responsible Approach to Owned Retail and E-commerce

Our Vision is to responsibly lead the transition of adult smokers to a non-combustible future. Part of that approach is providing responsible sales channels to support adult tobacco consumer transition from combustible cigarettes. The IQOS stores are examples of new channels to best engage adult tobacco consumers and properly show them how IQOS works. The IQOS stores are designed and operated through the lens of responsibility. All adults who enter the store are age validated and only adults who acknowledge they are smokers are eligible to purchase product. Another example is Helix's premium-branded e-commerce website for *on!*. Through a robust age-verification platform, qualified adult tobacco consumers can purchase product and have it delivered to their home. As we continue to provide alternative, non-combustible products that appeal to adult tobacco consumers seeking new options, we employ a variety of new and different marketing approaches.

“No Tobacco Sale Order” Penalties

FDA's retail compliance check inspections monitor retail stores for violations of tobacco regulations and minimum age requirements. If violations are found, FDA issues increasing levels of monetary penalties, up to and including termination of a retailer's ability to sell tobacco products – a “No Tobacco Sale Order” (NTSO). AGDC monitors FDA's reporting on a weekly basis, and if a PM USA or USSTC contracted store receives an NTSO, we suspend select retail program incentives. In alignment with the FDA penalization process, if a store receives a third NTSO PM USA and USSTC will terminate the retailer's contract.

NTSO	1st	2nd	3rd
Penalty	Suspend Merchandising Payment for 1 Quarter	Suspend Merchandising Payment for 2 Quarters	Retail Contract Termination
No. Issued in 2020	14	1	0

We recognize the importance of maintaining the security of our adult tobacco consumers' information. We have numerous security measures in place that are designed to protect consumer information from unauthorized access, disclosure, use and modification. Our companies' branded websites each have privacy statements that provide guidance on what information we collect, why we collect it, how we use and protect it, and how consumers can control and protect their personal information.

Within Altria's Digital & Technology Organization, the Information Technology Risk Management (ITRM) and the Digital & Marketing Services (DMS) teams work closely with the Law Department to monitor the industry for up-to-date cybersecurity practices and the evolving data privacy and security laws. For example, the DMS organization has developed and implemented robust infrastructure that is designed to meet the requirements of the California Consumer Privacy Act that went into effect in 2020, California's “Shine the Light” Law, and more.



Analytics Transformation

In 2020, AGDC aimed to be recognized as the leading CPG sales and distribution organization powered by our people, our brands and our customers' success. One of the ways they worked to achieve this goal is by enhancing their data, analytics and technology infrastructure that supports Altria's operating companies and support the financial viability of our supplier base and trade partners.

The shift and focus on analytics and data enabled increased consumer-centricity. Previously AGDC had a myriad of old and new platforms with varying levels of expertise for reporting, decisions and prioritization with individual analysts supporting the business. AGDC now utilizes a full-featured business analytics ecosystem driven by insights-focused dashboards, integrated sell sheets, and automated solutions to deliver results and collaborate on future opportunities.

Increased data has enabled our operating companies to offer various promotional and store-specific recommendations, based on various retailer strategies and the adult tobacco consumers who shop their stores. This increased access to data allows field sales employees to have a deeper understanding of our adult tobacco consumers to facilitate richer, more accurate selling conversations with our trade partners.



Inclusion, Diversity and Equity in Retail

In response to the social awakening and national conversation around racial injustice in the United States, AGDC recognized an opportunity to contribute positively by leading and supporting initiatives designed to create a more equitable and inclusive retail community. Our retail trade partners interact with a diverse marketplace every day and we appreciate that our trade partners are responsible stewards of our operating companies' brands.

What started as thoughtful collaboration and sharing of information and resources with trade partners evolved quickly, as a passionate group of AGDC volunteers stepped up to determine how Altria could provide greater impact to the industry. The AGDC volunteers identified meaningful steps and a principled approach to support the trade, which included facilitating training on a zero tolerance policy for harassment and providing an Inclusion and Diversity training package for retailers to use with their employees as desired.

Stronger Together Challenge

Improving inclusion, diversity and equity in our supply chains

To spark innovation and industry involvement to improve inclusion, diversity and equity (ID&E), AGDC President and CEO Scott Myers sponsored a national Stronger Together Challenge, inviting trade partners to submit proposals outlining creative solutions to drive ID&E in the retail market. The initiative was designed to help trade partners increase diversity, advance Black talent and improve inclusivity. AGDC allocated \$250,000 to support selected proposals, thus connecting and supporting our trade partners' efforts to drive meaningful change in the retail community.



The deliberate focus on inclusion, diversity and equity sparked a larger conversation and movement with our industry. Imperial Trading of New Orleans, Louisiana is one of Altria's top wholesalers and one of the only Black-led wholesalers with a majority workforce of Black employees. After receiving a communication from AGDC about inclusion, diversity and equity, the leadership team at Imperial Trading felt compelled to lean in and share their experience of the racial hardship and the challenges they have faced. Their leadership felt strongly about creating a better future for a new generation of workers. For them, it wasn't just about business, it was about reinforcing values that drive long-term success. Imperial Trading partnered with AGDC to identify tangible ways to support inclusion and diversity in the industry and educate more wholesalers on this issue.

"Because of the events that happened last year, we decided to be more intentional about diversity and inclusion. We created a task force to advance our culture and kick started our initiative last year with diversity and inclusion training for our managers. It was important to train our leaders and set the example from the top so that our employees and our leadership team know what Imperial expects from everyone."



— Stacey Matthews,
Imperial Trading Marketing Manager

"I think a great thing about our company is that we try to listen even when it's difficult. We have employees at all different levels, and everyone has a voice. We decided to engage our younger generation, create a diverse platform for them and give them the necessary tools and give us regular feedback."



"We knew that our industry lacked diversity, and we knew that it was an uphill battle. But we thought 'if not us, who is going to do it?' That's what it was all about.... Altria has always been a strong partner. When Altria embraced diversity and inclusion, it gave us a lot of encouragement and we thought maybe we should press on it with our suppliers or partners. Altria opened a door for us in our industry and helped open our eyes, that we could be a little bit more brave when we talk to our stakeholders about these important topics."

— Wayne Baquet,
Imperial Trading President

"We thought, 'How can we improve this for the benefit of our company and the benefit of our industry? How can we have a voice to be heard so that the industry can embrace inclusion and diversity?' And starting with ourselves, 'How can we do a better job to make a better cultural work environment?' On the wholesale side, it's a very family run industry for the most part with few exceptions. And the industry, from a cultural and diversity standpoint, is not a lot different than when Wayne and I started twenty-five, thirty years ago. But it was time to bring about change because without a shake up, you can't move forward."



"We just thought it was time for this industry to start asking the right questions to get to the right answers. Altria played a huge role in providing education and resources in a collaborative process. One of the biggest advancements in education came with the industry diversity and inclusivity speaker that Altria sponsored. We were able to create our own education platform where we made diversity and inclusion seminars available to all of our personnel."

"We're not finished; we're still a long way on the journey, but I think one of the biggest things was that we had Altria as our partner supporting us. It meant a lot and still means a lot."

— Emile Cantrell,
Imperial Trading Chief Marketing Officer

Ignited by this collaboration with Imperial Trading, AGDC sponsored an inclusion and diversity keynote speaker for The Southern Trade Association and provided all members a copy of the speaker's book and training materials. The Southern Trade Association awarded Altria the "Vendor of the Year" honor for the impactful training provided to their association membership.

Looking Forward

As society's expectations, the marketplace, our industry, and our businesses evolve, we depend on relationships across our value chain to strengthen our responsible approach to growing, sourcing, distribution and sales. Through continued responsible sourcing, retail and distribution of our tobacco products, driving diversity, inclusion and equity in our supply chain, and focusing on the financial viability of our supplier base and trade partners, we believe we will remain competitive and maintain a gold standard of value chain management. We are committed to acting compliantly and ethically according to the standards of the law, establishing retail and commerce channels that are the most trusted place to responsibly sell and distribute tobacco products, and increasing trade participation in underage access prevention programs that support our license to operate. By working diligently toward our goals and driving responsibility through our value chain, we are steps closer to responsibly leading the transition of adult smokers to a non-combustible future.



APPENDIX A: Agricultural Industry Partnerships

Organization	Function	Key Members	Current Activities
GAPC <i>Board Representative</i>	To develop, maintain, and provide leadership for agricultural standards and practices across the domestic tobacco supply chain	<ul style="list-style-type: none"> • Manufacturers • Leaf Suppliers • Grower Organizations • Growers • Non-governmental organizations (NGOs) • Government Agencies 	<ul style="list-style-type: none"> • Grower Certification Program • GAP Training (Growers) • Grower and Worker safety training programs, tools and resources • Worker Concern Helpline • Grower HR and Legal Helpline
STP <i>Steering Committee Member</i>	To improve the environmental and social footprints and foster responsible practices across the global tobacco supply chain	<ul style="list-style-type: none"> • Manufacturers (Steering Committee) • Leaf Suppliers 	<ul style="list-style-type: none"> • Secretariat Onboarding • Assessment Validation • Selection of In-depth Assessments for 2021 • Platform/Dashboard development for monitoring supplier progress across the programs 8 themes
North Carolina Agribusiness Council (NCABC) <i>Board Representative</i>	To advance agribusiness interests and programs across multiple labor-intensive crops	<ul style="list-style-type: none"> • Multi-crop business leaders • Agriculture Business advocacy groups • Service providing companies 	<ul style="list-style-type: none"> • Engagement with other labor-intensive crops • Farm Labor Contractor Certification Programs
Farm Labor Practices Group (FLPG) <i>Plenary Member</i>	To discuss U.S. agricultural labor practices with a diverse group of stakeholders	<ul style="list-style-type: none"> • Manufacturers • Leaf Suppliers • Department of Labor • NGOs • Interfaith Center of Corporate Responsibility • Grower Associations 	<p>Workgroups:</p> <ul style="list-style-type: none"> • Farm Labor Contractor Compliance • Grievance Mechanisms • Training and Education • Health and Safety • Outreach and Recruitment
Council for Burley Tobacco Growers (CFBTG) <i>Engagement Partner</i>	To represent the interests of burley tobacco growers and provide a forum in which matters of the tobacco industry may be discussed	<ul style="list-style-type: none"> • Growers • Other grower organization representatives 	<ul style="list-style-type: none"> • Grower Sustainability • Crop Insurance Reform

APPENDIX B: Tobacco Growing Process

	Flue-cured Tobacco	Burley Tobacco	Dark Tobacco
Growing Region	FL, GA, SC, NC, VA	KY, TN, PA	KY, TN
Field Production	March-October	May-October	May-October
Transplanting	All types grow transplants from seeds. Transplants are planted in the field by hand with the aid of a mechanical transplanter.		
Topping	All types “topped” – removal of flower to encourage vegetative growth of leaves		
Harvest	Leaves primed (harvested) from plant as they ripen in the field. 3-4 passes.	Stalk-cut by cutting entire plant at base when mature. Usually placed on stick and hung for curing.	
Curing	Flue-cured – leaves cured in barns where temperature and humidity are managed to remove leaf moisture and impart desired color. Barns are heated primarily by propane or natural gas. Once cured, leaves are prepped for market.	Burley – stalk cured in well ventilated barns or structures. Leaves dry out over a period of weeks depending on weather patterns. Dry leaves are removed from stalk and sorted for market prep.	Dark Air – stalk cured similar to Burley Dark Fire – stalk cured under controlled humidity in barns with a series of gentle smoldering slab/sawdust fires. Dry leaves removed from stalk and sorted for market prep.
End User	PM USA	PM USA and USSTC	USSTC

APPENDIX C: Grower Certification Details

Below are the details of the thirteen growers who failed to achieve certification in 2020.

- One grower was denied certification after the GAPC Worker Concern Helpline received an allegation of worker mistreatment. The allegation was substantiated by GAPC, and ALCS subsequently terminated the grower's 2020 contract.
- One grower failed to provide year 3 audit documentation for GAPC certification. Denial of certification occurred after the 2020 market close. This grower's contract will not be renewed in 2021.
- One grower was denied certification due to audit findings surrounding tasks performed by a 17-year-old. During the remediation period, the grower failed to provide documentation of the actual tasks performed. ALCS grower representatives followed-up with the grower to determine the details of the situation. It was validated that the 17-year-old employee performed no hazardous tasks in tobacco production.
- One grower was denied certification after failing to provide complete wage statements. Altria grower representatives provided guidance to the grower on proper wage statement preparation to meet record requirements.

- One grower was denied certification after stopping the audit process due to a complete crop loss.
- Two growers were denied certification at the close of the 2020 season for having incomplete labor paperwork. These growers have been refamiliarized with requirements and compliance will be verified before 2021 market opening.
- Six growers were denied certification due to non-compliance in one or more of the following items at the time of their audit.
 - Acreage Report
 - Pesticide License
 - Worker Training Logs
 - Soil Test Results
 - Wage Statements/I-9's

The thirteen growers described above did not achieve certification because they did not meet the requirement to remediate the findings within an allotted 30-day time period. ALCS representatives contacted these growers after denial to verify that items contractually and legally required were subsequently brought into compliance.



About this Report

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

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

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

