



## Welcome to your CDP Forests Questionnaire 2020

### F0. Introduction

#### F0.1

**(F0.1) Give a general description of and introduction to your organization.**

Altria Group, Inc. ("Altria") is headquartered in Richmond, Virginia. Our tobacco companies include some of the most enduring names in American business: Philip Morris USA ("PM USA"), the maker of *Marlboro* cigarettes, and U.S. Smokeless Tobacco Company ("USSTC"), the maker of *Copenhagen* and *Skoal*. We also own John Middleton ("JMC"), manufacturer of *Black & Mild* cigars, and Nat Sherman, a super-premium cigarette and cigar business. We have 35 percent ownership of JUUL Labs, ("JUUL"), the nation's leading e-vapor company. And we have an 80% interest in Helix Innovations ("Helix"), which manufactures and markets *on!*, an oral tobacco-derived nicotine pouch product. We complement our total tobacco platform with our ownership of Ste. Michelle Wine Estates ("SMWE"), a collection of distinctive wine estates, and our significant equity investment in Anheuser-Busch InBev ("AB InBev"), the world's largest brewer. Our significant stake in Cronos Group ("Cronos"), a leading global cannabinoid company, represents an exciting new global growth opportunity. Altria also owns Philip Morris Capital Corporation ("PMCC") and service companies Altria Client Services ("ALCS"), which provides services to Altria and its companies, and Altria Group Distribution Company ("AGDC") that provides sales, distribution and consumer engagement services to Altria's tobacco companies.

Our 10-Year Vision is to responsibly lead the transition of adult smokers to a non-combustible future.

This response is a summary of progress on Altria's forests questionnaire and is not exhaustive of all information on this topic. Some statements may be forward-looking or aspirational, and these statements may involve a number of risks or uncertainties.

#### F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
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Reporting year	January 1, 2019	December 31, 2019
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### F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

USD

### F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization’s area of operation.**

	Commodity disclosure	Stage of the value chain
Timber products	Disclosing	Manufacturing
Palm oil	This commodity is not produced, sourced or used by our organization	
Cattle products	This commodity is not produced, sourced or used by our organization	
Soy	This commodity is not produced, sourced or used by our organization	
Other - Rubber	This commodity is not produced, sourced or used by our organization	
Other - Cocoa	This commodity is not produced, sourced or used by our organization	
Other - Coffee	This commodity is not produced, sourced or used by our organization	

### F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

Yes



## F0.5a

**(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Other, please specify Catering and copy paper	In house catering and copy paper consumption in Altria's offices and facilities have been excluded from this disclosure.	Potential for forests-related risk but not evaluated	Although initiatives are in place to reduce consumption of catering products and copy paper in our office spaces and facilities, we have chosen to focus disclosure on timber commodities within our direct operations which relate to our long-term environmental goals.
Supply chain	Specific supplier(s)	Altria's companies' indirect materials suppliers have not been included in this disclosure.	Potential for forests-related risk but not evaluated	Paper used for sales and marketing related materials sourced from Altria's companies' indirect materials suppliers have not been included in this disclosure. We have chosen to focus disclosure on the use of timber commodities related to inputs to manufacturing our companies' products as well as distribution and packaging. Going forward, we are evaluating initiatives to reduce paper used for sales and marketing related materials while monitoring potential forests-related risks from this supply chain.

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Timber products

##### Activity

Using as input into product manufacturing



Distributing/packaging

**Form of commodity**

Unprocessed wood fiber

Pulp

Paper

Boards, plywood, engineered wood

Cellulose-based textile fiber

**Source**

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

**Country/Area of origin**

Australia

Austria

Belarus

Belgium

Bosnia & Herzegovina

Brazil

Canada

Chile

China

Croatia

Czechia

Denmark

Estonia

Finland

France

Germany

Hungary



- Ireland
- Italy
- Japan
- Latvia
- Lithuania
- Luxembourg
- Netherlands
- Norway
- Poland
- Portugal
- Russian Federation
- Serbia
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Ukraine
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Uruguay

**% of procurement spend**

1-5%

**Comment**

This percentage is based on total direct and indirect procurement spend for all of Altria's operating companies and is an approximation. "Country/area of origin" includes regions from where our direct materials suppliers source timber commodities, some of which are reported at



their enterprise-level for competitive sensitivity. Therefore, the countries/areas of origin listed may be broader than Altria’s companies’ supply chains for these selected timber commodities.

## F1.2

**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	100%	100% of our combustible tobacco products require timber derivative products. Additionally, our operating companies use board and paper for packaging of most of their products.

## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption data available, disclosing

## F1.5a

**(F1.5a) Disclose your production and/or consumption data.**

.....

**Forest risk commodity**

Timber products

**Data type**

Consumption data



**Volume**

78,584

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

This consumption data is related to our tobacco products.

This is an estimated figure which is not exhaustive of all consumption data due to supplier competitive sensitivity.

**F1.5b**

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

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**Forest risk commodity**

Timber products

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Not disclosing

**% of total production/consumption volume**

**Please explain**



Due to competitive sensitivity, the state or equivalent jurisdiction is not disclosed, however, this direct materials supplier currently holds FSC Controlled Wood certification, which covers the sourcing of controlled wood from Brazil. As part of this initiative, this supplier works with a third-party consultancy in Brazil, Index Florestal, to assess and document their compliance with the applicable requirements.

## F1.6

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## F2. Procedures

### F2.1

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

#### Timber products

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##### Value chain stage

Direct operations

Supply chain

##### Coverage

Full

##### Risk assessment procedure



Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods

**Please explain**

Altria Group, Inc. assesses risks and opportunities to the company through the use of an Enterprise Risk Management (ERM) process. This is a coordinated process to identify, prioritize and manage strategy, operations (including operating company facilities and other company assets), finance, and compliance risks that could impede Altria and its companies from meeting business objectives. The process focuses on a number of risk areas including environmental hazards which could pose threats to business continuity. It formalizes coordination of key risk reporting processes, improves information sharing between multiple business risk assessment processes, and provides the CEO, his direct reports and Altria's Board of Directors an annual update. Altria and its companies assess risks related to suppliers in a continuous process. This process includes audits, financial viability analysis and the use of tools and resources to evaluate existing and potential new suppliers. We prioritize our monitoring, assessments and remediation where there's country risk, supplier criticality, brand risk and where we have the greatest sphere of influence to improve supply chain compliance. On top of internal measures, Altria's operating companies' suppliers have processes and systems in place which evaluate their own suppliers in a similar manner.

**F2.1b**

**(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**

**Availability of forest risk commodities**

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**Relevance & inclusion**

Relevant, always included



**Please explain**

Altria Group assesses risks and opportunities to the company through the use of an Enterprise Risk Management (ERM) process. This coordinated process identifies risks relevant to an organization’s objectives. It typically includes evaluation of risks related to strategy, operations, finance, and compliance.

**Quality of forest risk commodities**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria Group assesses risks and opportunities to the company through the use of an Enterprise Risk Management (ERM) process. This coordinated process identifies risks relevant to an organization’s objectives. It typically includes evaluation of risks related to strategy, operations, finance, and compliance.

**Impact of activity on the status of ecosystems and habitats**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria and its companies are committed to helping make the communities where we live and work leading environments where we all can succeed. We work to find long-lasting solutions to the challenges facing our communities. One of our focus giving areas is Protecting the Environment. We are committed to reducing our companies’ environmental impact and promoting the sustainability of the natural resources on which we all depend. This includes supporting water quality and conservation, sustainable agriculture, and litter prevention and cleanup.

**Regulation**

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**Relevance & inclusion**

Relevant, always included

**Please explain**



As part of the Enterprise Risk Management (ERM) process, risks around regulation are considered as an ongoing aspect of organization-wide operations.

## Climate change

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### Relevance & inclusion

Relevant, always included

### Please explain

Altria and its companies are committed to helping make the communities where we live and work leading environments where we all can succeed. We work to find long-lasting solutions to the challenges facing our communities. One of our focus giving areas is Protecting the Environment. We are committed to reducing our companies' environmental impact and promoting the sustainability of the natural resources on which we all depend. This includes supporting water quality and conservation, sustainable agriculture, and litter prevention and cleanup.

Altria's companies have participated in an annual planning and risk assessment process to assess risks and opportunities for both near and long-term horizons. Part of this process includes an Enterprise Risk Management (ERM) process which includes an evaluation of immediate risks related to strategy, operations, finance, & compliance, as well as potential emerging risks within 1 year, 1-2 year and greater than 2 year timeframes. In addition, ALCS' Safety, Health and Environment team assesses risks and opportunities in 3 to 5 and 7 to 10 year timeframes, and evaluates work plans at least quarterly. Altria's Environmental Management Framework (EMF) helps guide this risk and opportunity assessment process with regard to climate change.

For example, Ste. Michelle Wine Estates is dependent on specific ecosystems for critical materials used in wine manufacturing, like cork and oak. If these ecosystems are compromised due to climate change, the long-term availability of these materials could be a risk to the business.

## Impact on water security

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### Relevance & inclusion

Relevant, always included

### Please explain



Implications of water on our key raw materials is relevant because our value chain includes agricultural raw materials that are dependent on water. Altria assesses risks and opportunities to the company through the use of an Enterprise Risk Management process. This is a coordinated process to identify risks relevant to an organization's objectives. It typically includes evaluation of risks related to strategy, operations, finance, and compliance in both short-term (likely to affect the company within the next two years) and long-term (likely to affect the company beyond two years) timeframes. Potential impacts of environmental hazards on key commodities and raw materials critical to business continuity are considered in Altria's annual Enterprise Risk Management process. Risk mitigation plans are developed when issues are identified. Altria's Annual Report shares the business impacts that water risks may have on our ability to procure high quality tobacco and wine grapes to support our operations. These risks are primarily identified as relating to the impact that climatic weather events and flooding may have on our ability to procure the materials needed for our operations. For example, drought conditions could impact Ste. Michelle's ability to procure wine grapes. Additionally, risks to Altria's operating companies' tobacco and wine grape supply chains were evaluated in Altria's 2019 water risk assessment using the WWF-DEG Water Risk Filter's physical quantity risk assessment to determine if there is a risk of not having sufficient amounts of water for operations in our tobacco and wine growing regions.

### **Tariffs or price increases**

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#### **Relevance & inclusion**

Relevant, always included

#### **Please explain**

As part of the Enterprise Risk Management (ERM) process, risks around potential fluctuations in prices are considered as an ongoing aspect of organization-wide operations.

### **Loss of markets**

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#### **Relevance & inclusion**

Relevant, sometimes included

#### **Please explain**

A number of Altria's operating companies' suppliers evaluate loss of markets through the FSC Controlled Wood Risk Assessment process.

### **Brand damage related to forest risk commodities**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria conducts stakeholder research to assess expectations, identify issues and gauge awareness and perceptions of our companies' actions to address a broad range of social issues including the environment. Research has been quantitative and qualitative in nature, including specific efforts to assess societal expectations of our companies related to the environment. Stakeholders have included members of the general public and opinion leaders.

**Corruption**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria utilizes an Environmental Management Framework (EMF) to understand environmental risks which could pose threats to our businesses. The Environmental Management Framework includes expectations of employees that are communicated through Altria's Code of Conduct and expectations of suppliers that are communicated through Altria's Supplier Code of Conduct.

**Social impacts**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria and its companies are committed to helping make the communities where we live and work leading environments where we all can succeed. We work to find long-lasting solutions to the challenges facing our communities. One of our focus giving areas is Protecting the Environment. We are committed to reducing our companies' environmental impact and promoting the sustainability of the natural resources on which we all depend. This includes supporting water quality and conservation, sustainable agriculture, and litter prevention and cleanup.

**Other, please specify**

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**Relevance & inclusion**

**Please explain**

**F2.1c**

**(F2.1c) Which of the following stakeholders are considered in your organization’s forests-related risk assessments?**

**Customers**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Most of Altria's operating companies' products are agricultural products. We understand the effect that nature, including changes to our climate, may have on our companies and their products. We recognize other global concerns, such as biodiversity and deforestation, and stakeholders' interest in knowing how we are managing our impact. Altria's 10-Year Vision includes strategies to “Lead the industry in operating responsibly...” and “Seize leadership in the external environment through communications, engagement and science-based policy and regulatory solutions.” With these strategies in mind, we remain aware of societal expectations of our businesses regarding environmental-stewardship and transparency on sustainability-related issues. To help meet these expectations and manage reputational risks associated with inaction against them – such as negative media coverage or investment community assessments that could cause stakeholders (including customers) to decide not to engage with us - Altria’s operating and service companies continue to focus on making progress against enterprise-wide, long-term environmental goals. As part of Altria's 2019 environmental risk assessments, physical, regulatory and reputational risks were considered in the communities in which we live and work. Customers are included in our risk assessments because our adult tobacco and wine consumers are important stakeholders to Altria’s operating companies’ brands and reputational risks identified through the environmental risk assessments could impact these relationships. could impact these relationships.

**Employees**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Employees are included in our risk assessments because if an assessment identified forest-risk in areas where we operate, it could impact the way our employees engage with the community through our corporate volunteering efforts. Through internal communications initiatives, regular updates on environmental sustainability progress, environmental themed events such as Earth Day and America Recycles Day hosted by the Corporate Responsibility and Safety, Health and Environment teams, experience-based employee volunteerism opportunities, and internal company environmental directives, Altria continuously engages its employees on environmental stewardship. In addition, certain employees regularly receive job specific training regarding environmental stewardship.

**Investors**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Most of Altria's operating companies' products are agricultural products. We understand the effect that nature, including changes to our climate, may have on our companies and their products. We recognize other global concerns, such as timber availability and deforestation, and stakeholders' interest in knowing how we are managing our impact. Altria's 10-Year Vision includes strategies to "Lead the industry in operating responsibly..." and "Seize leadership in the external environment through communications, engagement and science-based policy and regulatory solutions." With these strategies in mind, we remain aware of societal expectations of our businesses regarding environmental-stewardship and transparency on sustainability-related issues. To help meet these expectations and manage reputational risks associated with inaction against them – such as negative media coverage or investment community assessments that could cause stakeholders (including investors) to decide not to engage with us - Altria's operating and service companies continue to focus on making progress against enterprise-wide, long-term environmental goals. Investors are included in our risk assessments because Altria's investors are concerned with reputational risks and physical risks such as commodity scarcity that could impact operations and have expectations that we will manage forest risks associated with our operating companies' facilities and value chains.

**Local communities**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Local communities are relevant because a risk to ecosystems that impacts biodiversity in communities where we live and work, such as Richmond, VA and Woodinville, WA could lead to reputational risks. Altria and its operating companies partner with others to responsibly manage our timber consumption in our communities while protecting biodiversity. Our local communities are factored into our risk assessments through internal company knowledge gained from partnerships with local NGOs. For example, Altria provided funding to help support the progress in Malawi of the production and planting of tree/bamboo seedlings, the natural regeneration of woodlands, the distribution of fuel-efficient cookstoves, and implementation of small-scale irrigation.

**NGOs**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria Client Services consults with leading NGOs on behalf of Altria's operating companies to understand the forest risks in the communities where we operate. For example, our international tobacco supply chain is part of an industry-wide steering committee to evolve the Sustainable Tobacco Programme to align with the U.N. Sustainable Development Goals, including themes around climate change, water, crop protection, biodiversity and forest protection, and waste.

**Other forest risk commodity users/producers at a local level**

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**Relevance & inclusion**

Not considered

**Please explain**

We have not evaluated other stakeholders outside of the scope of the above parameters.

**Regulators**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria's operating companies have ongoing relationships with local regulators to help ensure that our facilities maintain compliance with environmental regulations. Engagements with regulators around forest risks are factored into our company risk assessments. We engage with regulators through meetings, site visits and conferences.

**Suppliers**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Altria's operating companies are committed to working with business partners who lead. We have established a Supplier Code of Conduct that, in part, provides direction to our suppliers on maintaining environmental compliance and promotes pursuing activities to reduce the environmental impact of their businesses and promote the sustainability of the natural resources on which we all depend. Altria Client Services' Procurement department and Ste. Michelle Wine Estates' Viticulture department actively engage with suppliers to understand risks and opportunities related to timber and grapes within our operating companies' supply chains and through programs such as Good Agricultural Practices for our domestic contracted tobacco growers and Vinewise for our contract vineyards. For example, with our international leaf suppliers, we facilitate discussions with our suppliers at the local level on woodlot management. Our suppliers' programs include efforts to reduce fuel usage. Additionally, some suppliers have established reforestation plans with their growers to improve access to sustainable wood fuel sources. Although wood curing is used in only a small amount of the tobacco our companies purchase, we invest in programs to re-populate the trees.

**Other stakeholders, please specify**

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**Relevance & inclusion**

Not considered

**Please explain**

We have not evaluated other stakeholders outside of the scope of the above parameters.



## F3. Risks and opportunities

### F3.1

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	Yes

### F3.1a

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

Altria and its operating companies discuss Risk Factors posed to its operations and supply chain as federally required in financial reporting instruments such as our Form 10-K. Risks to Altria and its operating companies and supply chains regarding water and/or the environment include:

- Natural or man-made disasters impacting one or more facilities or significant suppliers,
- Significant changes in tobacco leaf prices, quality or availability driven by economic conditions and adverse weather patterns, and
- Variations in Ste. Michelle's grape supply influenced by consumer demand for wine, industry-wide production levels as well as weather and crop conditions, influencing costs of production and pricing.

These risks have the potential to influence operating costs for Altria Group's operating companies, and in the case of natural or man-made disasters; prolonged disruption in operations experienced by one or more of Altria Group, Inc.'s subsidiaries or significant suppliers could have a material adverse effect on the business, the consolidated results of operations, cash flows or financial position of Altria Group, Inc. and its tobacco subsidiaries. A change of this magnitude would be considered substantive – the metric is increased operating costs and the threshold for discussion in financial reporting instruments such as our Form 10-K is based on both quantitative and qualitative factors. For our enterprise risk management process, risks are categorized by financial impact as follows: low (<\$100 million in OCI or <\$1 billion in market value); medium (\$100-\$500 million in OCI or \$1-\$5 billion in market value); or high (>\$500 million in OCI or \$5 billion in market value).

## F3.1b

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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**Forest risk commodity**

Timber products

**Type of risk**

Physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

Other parts of the value chain

**Primary risk driver**

Declining ecosystem services

**Primary potential impact**

Increased operating costs

**Company-specific description**

Our tobacco finished goods rely on commodities that are impacted by timber availability caused by timber growth and weather.

**Timeframe**

4-6 years



**Magnitude of potential impact**

Medium

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

We do not have figures associated with the financial impact of this risk.

**Primary response to risk**

Engagement with suppliers

**Description of response**

In order to best mitigate against physical risk associated with timber, Altria proactively engages with suppliers to maintain the availability and sustainability of timber.

**Cost of response**

**Explanation of cost of response**

We do not have an estimated cost of our response.

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**Forest risk commodity**

Timber products

**Type of risk**

Regulatory

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Direct operation

**Primary risk driver**

Regulatory uncertainty

**Primary potential impact**

Increased operating costs

**Company-specific description**

Altria Group, Inc. is subject to laws and regulations relating to the protection of the environment. Altria Group, Inc. provides for expenses associated with environmental remediation obligations on an undiscounted basis when such amounts are probable and can be reasonably estimated. Such accruals are adjusted as new information develops or circumstances change. Compliance with environmental laws and regulations, including the payment of any remediation and compliance costs or damages and the making of related expenditures, has not had, and is not expected to have, a material adverse effect on Altria Group, Inc.'s consolidated results of operations, capital expenditures, financial position or cash flows.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Low

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

We do not have figures associated with the financial impact of this risk.

**Primary response to risk**

Engagement in multi-stakeholder initiatives

**Description of response**

Altria engages with policymakers, regulators, and community stakeholders to ensure business compliance and alignment with laws and regulation.

**Cost of response**

**Explanation of cost of response**

We do not have an estimated cost of our response.



### F3.2

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes

### F3.2a

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Timber products

**Type of opportunity**

Resilience

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Ensuring supply chain resilience

**Company-specific description & strategy to realize opportunity**

Around the world, tobacco growers use a variety of energy sources to cure tobacco. In the U.S., most tobacco curing is done by air or heating systems using propane or natural gas. In some countries, wood is a fuel source for curing some types of tobacco. Each year, Altria's tobacco operating companies purchase a mix of tobacco cured using these methods. One of Philip Morris USA's tobacco leaf suppliers made the strategic decision to supplement reforestation projects through actions to improve fuel efficiency on contracted farms. In addition, alternative



biomass fuels are being researched and developed to use biomass briquettes instead of wood for fuel. Both of these initiatives will substantially reduce the requirements for wood used for fuel. Reforestation projects continue to be supported to offset wood that is still required. Over the past 20 years, this supplier provided its contracted growers in Brazil with over 100 million eucalyptus seedlings, which equate to about 88,000 acres of plantings for woodlots. According to this supplier, these planting activities make their contracted growers self-sufficient regarding the use of wood as a curing fuel and barn construction material. Additionally, this supplier reports that it's helping farmers improve the longevity and reducing energy requirements of curing barns by providing technical information on efficiency improvements and financial support. The supplier also encourages its contracted producers to preserve native forest areas. In addition to these efforts, another Philip Morris USA supplier is currently engaging contracted growers in Malawi in a multi-tiered, long-term approach to sustainability including curing barn improvements, biomass utilization, 3rd party auditing, and ongoing engagement with policy makers and governments to address forestry issues in the region. Through this approach, this supplier hopes to continue to increase self-sufficiency of smallholder farmers and continue to grow sustainable tobacco production in the region.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Unknown

**Likelihood**

Unknown

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**



### **Explanation of financial impact figure**

We do not have figures associated with the financial impact of this opportunity.

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### **Forest risk commodity**

Timber products

### **Type of opportunity**

Markets

### **Where in your value chain does the opportunity occur?**

Other parts of the value chain

### **Primary forests-related opportunity**

Improved community relations

### **Company-specific description & strategy to realize opportunity**

Altria and its companies are committed to helping make the communities where we live and work leading environments where we all can succeed. We work to find long-lasting solutions to the challenges facing our communities. One of our focus giving areas is Protecting the Environment. We are committed to reducing our companies' environmental impact and promoting the sustainability of the natural resources on which we all depend. Regarding reforestation, in our local communities we have focused on efforts to promote the health of our local watersheds. This includes reforestation efforts at one Philip Morris USA facility located along the James River, in Chesterfield County, VA. As part of a riparian buffer, these tree plantings have helped mitigate the impacts of stormwater runoff on water quality while supporting the return of local flora and fauna in the area surrounding this facility. Additionally, we track the amount of carbon captured through our programmatic support of tree planting, urban greening, and reforestation initiatives in our communities. Measuring the amount of greenhouse gases captured provides a KPI that helps us to evaluate the effectiveness of the programs that we support in this focus area. This ongoing work will continue to inform the focus of our environmental contributions moving forward.

### **Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We do not have figures associated with the financial impact of this opportunity.

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**Forest risk commodity**

Timber products

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Increased security of production

**Company-specific description & strategy to realize opportunity**

Altria utilizes an Environmental Management Framework (EMF) to understand environmental risks which could pose threats to our businesses. The Environmental Management Framework includes expectations of employees that are communicated through Altria's Code of Conduct and expectations of suppliers that are communicated through Altria's Supplier Code of Conduct. Altria's operating companies' suppliers have systems and processes in place to address environmental management within their own operations. These systems include enterprise-level sustainability commitments as well as third-party/supplier codes of conduct which require their own suppliers to account for mitigation of environmental, social and physical risks including those related to business continuity. The existence and growth of these systems and programs could foster increased security of supply for these commodities in the future. For example, in some countries, wood fuel used for domestic cooking is the highest pressure on forests. One of our leaf suppliers provides high efficiency domestic cooking stoves to contracted farmers, thousands last year alone, to reduce this consumption.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Unknown

**Likelihood**

Unknown

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

### **Explanation of financial impact figure**

We do not have figures associated with the financial impact of this opportunity.

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### **Forest risk commodity**

Timber products

### **Type of opportunity**

Markets

### **Where in your value chain does the opportunity occur?**

Supply chain

### **Primary forests-related opportunity**

Increased demand for certified materials

### **Company-specific description & strategy to realize opportunity**

A number of Altria's operating companies' suppliers procure timber commodities in accordance with FSC Controlled Wood, PEFC and SFI Certified Sourcing standards. These suppliers recognize that increasing the amount of certified forests helps ensure future supply sustainability through incentivizing forest land owners to maintain forested land, instead of converting this land into potentially higher economic return uses such as agricultural production and development. Additionally, SMWE uses labelling, packaging and shipping materials from some suppliers who are in compliance with FSC, SFI and PEFC certification programs – in these cases the identification is on the packaging material. Natural cork closures used by SMWE are supplied by cork suppliers who have FSC certification in Portugal. All of these cork suppliers are members of the Cork Quality Council (CQC), a non-profit organization founded to promote education and improve quality assurance performance for the wine and cork industries. According to these suppliers, and the work of the CQC, the cork groves of Portugal and the Mediterranean Basin contain some of the world's highest levels of forest biodiversity including endemic plants and endangered species and are a vital source of income for thousands of family farmers, who for generations have lived and worked in these forests. While SMWE is not currently able to verify that every natural cork purchased is sustainably sourced from these cork groves, their suppliers' association with the CQC is an important step in realizing the opportunity for increased demand for certified materials because these cork forests are some of the most sustainably-harvested

forests in the world. These groves absorb millions of tons of CO<sub>2</sub> each year, helping to combat rising carbon emissions across the globe. The forests provide the greatest defense against the desertification of this region, as the cork harvesting process does not involve felling a tree, but rather removing the thick outer bark of the cork oak during the spring or summer – the time of year when the tree is engaged in rapid growth. The newly generated cork cells break away from the tree cambium without damage, and the outer bark of the tree quickly regenerates. Cork is harvested every 9-12 years in a steady cycle to promote healthy growth of cork oaks over their expected lifespan of over 200 years.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We do not have figures associated with the financial impact of this opportunity.



## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

#### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board-level committee	The Nominating, Corporate Governance and Social Responsibility Committee oversees our corporate responsibility strategies. With the support of our Board, the Committee is charged with oversight of management efforts to identify, evaluate and understand the environmental, social and governance issues that present risks and opportunities for our businesses and our policies and programs designed to address those risks and opportunities, including financial and operational oversight. This committee has responsibility for forests-related issues because they have responsibility for all social responsibility issues, including the environment. For example, the committee reviews and guides business plans related to implementation and performance of our long-term environmental goals. In 2019, a board-level decision related to forests was the Board's approval of our charitable contributions budget, which includes funding for environmental non-profits implementing forest conservation projects.

#### F4.1b

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
-------------------------------------------------------------------	------------------------------------------------------------------------	----------------



Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Overseeing major capital expenditures</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p>	<p>The board is briefed on our corporate responsibility topics, including environmental and forests-related issues, by the Senior Vice President of Corporate Citizenship – a CSO-equivalent position. This includes reviewing and guiding business plans related to implementation and performance of our long-term environmental goals. As part of implementation of our long-term goals, the board would be briefed on any significant business plans, major plans of action and strategy, including any major capital expenditures, at the corporate and operating company level as related to forests risks and opportunities if they were considered substantive. If a forests-related risk is considered substantive under our Enterprise Risk Management process, the board would be briefed. As part of reviewing and guiding annual budgets, the board reviews and approves Altria’s board-allocated contribution portfolio and budget, which includes environmental grants for forests-related issues.</p>
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## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
---------------------------------------------	----------------	---------------------------------------------------------------	----------------



Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>Our Senior Vice President of Corporate Citizenship, an equivalent of a CSO position, leads our corporate environmental strategy at the highest level in the company and has the accountability, influence and resources to act on environment and forest-related issues in alignment with our 10-Year Vision. This position reports directly to the CEO and briefs the Board of Directors on these topics quarterly. The SVP works with the Executive Leadership team to establish annual plans, track progress against our corporate responsibility focus areas – including our long-term environmental goals, and to identify and assess existing and emerging forest-related risks and opportunities for Altria and its companies. Risks and opportunities identified by this team, including regulatory risks and opportunities identified by ALCS’ Safety, Health and Environment team, are evaluated and discussed throughout the year with functional groups from across Altria’s operating and service companies, including our procurement organizations. Through collaboration with these teams, forest-related risks and opportunities are addressed and managed through the implementation of projects or initiatives at a company-level, such as charitable contributions to non-profit organizations to fund forest conservation efforts. If a specific forest-related risk or opportunity raised during these engagements is considered substantive under Altria’s Enterprise Risk Management process, the Board would be briefed by the SVP.</p>
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### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	



### F4.3a

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Sustainability Officer (CSO)	No indicator for incentivized performance	Our SVP of Corporate Citizenship, a CSO-equivalent position, reports directly to the CEO and has responsibility for forest-related issues because they lead our corporate environmental strategy at the highest-level. Our environmental strategy work is part of individual performance objectives for the SVP of Corporate Citizenship, formally set within Altria's Performance Partnership Process. Achievement of performance objectives is evaluated with each employee's supervisor as part of the annual performance review process, with achievement of objectives influencing merit-based raises and incentive compensation.
Non-monetary reward	No one is entitled to these incentives		

### F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

No, and we have no plans to do so

### F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available



## F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitment to align with the SDGs	Altria's tobacco operating companies and service company affiliates are committed to helping to reduce their environmental impact. Aligned with Altria's Vision, our companies are committed to reducing the environmental impact of our businesses and promoting the sustainability of the natural resources on which we depend. We continue to strive towards achieving long-term goals to reduce our businesses' environmental impact. To help us achieve these goals, Altria and its companies: <ul style="list-style-type: none"> <li>•Conduct business in accordance with all applicable environmental laws, regulations, policies and company commitments.</li> <li>•Implement environmentally sustainable practices where feasible.</li> <li>•Understand the environmental risks facing our business and seek ways to eliminate or mitigate these risks.</li> <li>•Incorporate environmental considerations into our business processes, including product design, logistics and mergers and acquisitions.</li> <li>•Expect our suppliers and partners to comply with all applicable environmental laws and regulations and also consider environmental impacts in business decision-making, promote conservation of natural resources and mitigate negative impacts.</li> <li>•Work with stakeholders to address environmental interests and grow partnerships to promote environmental stewardship.</li> <li>•Report our environmental progress internally to executive leadership and maintain external reporting in the areas of air emissions, energy, waste and water.</li> <li>•Implement an Environmental Management Framework to guide continuous improvement. Particularly in through our Tobacco Supplemental guidelines of the Supply Code of Conduct, international leaf suppliers are encouraged to replenish tress used in the tobacco curing process. In 2019, we began participating in the development of the new Sustainable Tobacco Program, an evolution of the Sustainable Tobacco Programme 1.2. As a member of the steering committee we are supporting the development of a due diligence platform to drive continuous improvement and positive impacts in the tobacco supply chain. The platform will be developed to aligned with SDGs and address the impacts of the supply chain on natural habits, to include biodiversity and deforestation. The platform will be launched the latter half of 2020. More information on Altria's Environmental Management Framework, Code of Conduct, and Supplier Code of Conduct can be found at <a href="http://www.altria.com">www.altria.com</a></li> </ul>



## F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Please explain
Timber products	No	<p>Suppliers are required to comply with all applicable laws, codes, rules, regulations, orders and ordinances. International tobacco suppliers must warrant that the tobacco sold to any of our tobacco companies has been processed, packed and shipped in compliance with all applicable laws. International tobacco suppliers must certify that they have implemented GAP programs with their contracted growers.</p> <p>Our tobacco companies encourage our leaf suppliers' efforts to replenish trees used in the tobacco curing process. Although wood is used by only a small portion of the growers of tobacco purchased by our companies, we invest in programs to repopulate the trees used.</p> <p>A number of Altria's operating companies' suppliers of timber products have systems in place for traceability of timber commodities and/or third-party certification. While traceability systems vary by supplier, they include but are not limited to SAP based systems; site-specific quality management systems and quality records systems; due diligence procedures; purchase order system tracing; FSC, SFI and PEFC chain of custody compliance; and FSC, SFI and PEFC certification standards for mills and shipments. A number of Altria's operating companies' suppliers specify that their timber commodities meet FSC Chain of Custody, FSC Controlled Wood, PEFC Chain of Custody, SFI Forest Management certification, SFI Chain of Custody, SFI Certified Sourcing and/or SFI Fiber Sourcing certification. Percentages and volumes of total consumption certified under these suppliers' specifications are based off of volumes disclosed in F1.5a.</p>

## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

No

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>Altria's 10-Year Vision includes the strategies to "Lead the industry in operating responsibly..." and "Seize leadership in the in the external environment through communications, engagement and science-based policy and regulatory solutions." This includes reducing the environmental impact of our businesses and promoting the sustainability of the natural resources on which we depend, of which forests-related issues are integrated. The time horizon is 5-10 years because our Vision is the foundation for all our long-term strategic business plans and is a 10-Year Vision.</p> <p>Altria also participates in the Sustainable Tobacco Programme, a due diligence platform set up to evolve and support the sector to continuously improve its impacts towards sustainable supply chains. As part of this program, international suppliers will be asked to annual report via a self-assessment on forest related risks and their responses to identified risk. Self-assessments will form the foundation to conduct in depth assessments. We will use these tools in inform discussions with suppliers on how they plan to improve their impact on forest management and biodiversity.</p>



Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	We have several strategies for achieving our long-term objectives to “Lead the industry in operating responsibly...” and “Seize leadership in the in the external environment through communications, engagement and science-based policy and regulatory solutions related to forest issues. One strategy is the establishment of environmental goals - we are exploring deforestation, biodiversity, and packaging goals.
Financial planning	Yes, forests-related issues are integrated	11-15	Forest-related issues are integrated into financial planning when related to our strategy for achieving long-term objectives. For example, we support grants for non-profits supporting deforestation and biodiversity programs in our international supply chain. These grants are part of a board-allocated portfolio and a significant financial spend.

## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

No

### F6.1b

**(F6.1b) Why do you not have target(s) for increasing sustainable production and/or consumption of your disclosed commodity(ies) and what are your plans to develop these in the future?**

	Primary reason	Please explain
Timber products	We are planning to introduce a target in the next two years	As part of Altria’s long-term environmental goals, we are exploring deforestation, biodiversity, and packaging-related goals.

## F6.2

### (F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions
Timber products	Yes	<p>A number of Altria's operating companies' suppliers of timber products have systems in place for traceability of timber products.</p> <p>While traceability systems vary by supplier, they include but are not limited to SAP based systems; site-specific quality management systems and quality records systems; due diligence procedures; purchase order system tracing; FSC, SFI and PEFC chain of custody compliance; and FSC, SFI and PEFC certification standards for mills and shipments.</p> <p>In addition to these suppliers, Ste. Michelle Wine Estates uses labelling, packaging and shipping materials from some suppliers who are in compliance with FSC, SFI and PEFC certification programs – in these cases the identification is on the packaging material.</p> <p>Natural cork closures used by Ste. Michelle are supplied by cork suppliers who have FSC certification in Portugal</p> <p>Ste. Michelle Wine Estates' suppliers in Portugal are compliant with FSC and licensed, however the domestic production facilities have not renewed certification due to lack of demand and excessive cost. The forests and harvesting practices are managed compliant with and often exceeding FSC requirements. Traceability and cork chain of custody remains unbroken from the grove to the bottle and is at minimum compliant with FSC.</p>	Not applicable

## F6.2a

### (F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Tree plantation	7.9
Timber products	Mill	82.09
Timber products	Municipality or equivalent	9.13

### F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.**

**Forest risk commodity**

Timber products

**Third-party certification scheme**

Other, please specify

**Certification coverage**

Consumption volume

**% of total production/consumption volume certified**

80

**Form of commodity**

Unprocessed wood fiber

Pulp

Paper

Secondary packaging

Tertiary packaging



Cellulose-based textile fiber

**Volume of production/ consumption certified**

63,051

**Metric**

Metric tons

**Please explain**

While Altria’s operating companies have not adopted any third-party certification schemes for our disclosed commodities internally, a number of Altria's operating companies' suppliers specify that their timber commodities meet FSC Chain of Custody, FSC Controlled Wood, PEFC Chain of Custody, SFI Forest Management certification, SFI Chain of Custody, SFI Certified Sourcing and/or SFI Fiber Sourcing certification. Percentages and volumes of total consumption certified under these suppliers’ specifications are based off of volumes disclosed in F1.5a.

In addition to these suppliers, Ste. Michelle Wine Estates uses labelling, packaging and shipping materials from some suppliers who are in compliance with FSC, SFI and PEFC certification programs – in these cases the identification is on the packaging material.

Natural cork closures used by Ste. Michelle are supplied by cork suppliers who have FSC in Portugal.

**F6.4**

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments

**F6.4a**

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**



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**Forest risk commodity**

Timber products

**Operational coverage**

Direct operations

Supply chain

**Description of control systems**

Our supply chain management strategy is as follows:

Communicate expectations via contracts, the Supplier Code of Conduct, and the Tobacco Good Agricultural Practices Supplemental Guidelines.

Train and educate suppliers on our expectations and goals by development supplier relationships

Monitor compliance through due diligence platforms like the Sustainable Tobacco Program

Remediate findings in a reasonable time period by fostering a supply chain culture of continuous improvement.

**Monitoring and verification approach**

First-party verification

Third-party verification

**% of total volume in compliance**

Don't know

**% of total suppliers in compliance**

Don't know

**Response to supplier non-compliance**

Retain & engage



Suspend & engage

**Procedures to address and resolve non-compliance with suppliers**

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance

**Please explain**

In 2019, all international leaf suppliers participated in the Sustainable Tobacco Programme 1.2 self-assessment. As part of this assessment, suppliers were asked to report on their sustainability efforts for wood usage in curing, barn construction, and wood traceability programs. In 2019, Altria participated in the development of the new Sustainable Tobacco Program. International suppliers are asked to participate in an annual self-assessment reporting on their commitment, risks, and their response to any identify risks. The self-assessment will form the foundation of in-depth assessments. This program will be launched in the last half of 2020.

At this time, we are unable to approximate the percentage of total volume and total suppliers in compliance.

Our supplier management framework includes:

Communicate Expectations

Train & Educate

Monitor

Remediate

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

**Assess legal compliance with forest regulations**

Timber products	Yes, from suppliers
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## F6.6a

**(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

### Timber products

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#### Procedure to ensure legal compliance

As part of Altria's Supplier Code of Conduct, we require that our companies' suppliers must comply with applicable environmental laws and regulations. Our suppliers that are subject to laws and mandatory standards related to the timber commodities which they supply to Altria's companies track their own compliance and that of their suppliers through third-party codes of conduct, conformance with forestry standards such as FSC or PEFC, and due diligence procedures.

#### Country/Area of origin

Australia  
Brazil

#### Law and/or mandatory standard(s)

EU Timber Regulation  
USA Lacey Act  
CITES  
Other, please specify  
Maine Forest Practices Act, Maine Scaling Regulation, Annual state-level reporting in the U.S.

#### Comment

Altria and its companies are committed to complying with applicable environmental regulations, reducing the environmental impact of its businesses, and promoting the sustainability of the natural resources on which we depend. We encourage Suppliers to take into account the environmental impact in business decision-making and consider opportunities for conservation of natural resources, recycling, reuse, source reduction, and pollution prevention and control.



## F6.7

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits Prioritizing support for smallholders in high-risk deforestation regions		In 2019, international leaf suppliers participated in the Sustainable Tobacco Programme 1.2 self-assessment, international suppliers report on their programs supporting their direct contracted growers', in many cases smallholders, utilization of good agricultural practices, the reduction of deforestation, and conservation of natural resources. Most suppliers report on their progress providing support materials and education programs to smallholders. In instances where this may not occur, they provide reports on their plans to improve. Our supplier managers engage directly and locally with suppliers supporting their programs and efforts following up on supplier progress related to these programs.

## F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with	Type of direct supplier	Direct supplier engagement approach	% of suppliers engaged	Please explain
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	direct suppliers?	engagement approach			
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits Offering on-site training and technical assistance	31-40%	<p>As part of Altria's Supplier Code of Conduct, suppliers are expected to comply with all applicable environmental laws and regulations as well as take efforts to reduce the environmental impact of business operations and promote the sustainability of the natural resources on which we all depend. A number of our supply chain partners have taken an approach to sourcing timber commodities which are chain of custody certified and can be traced back to specific countries, state, municipalities, mills and/or tree plantations, and continue to maintain robust sustainability goals. Additionally, a number of these suppliers engage in encouragement of certification, work with multi-stakeholder groups, sponsorship workshops and trainings, participation in joint projects, and provide technical support within their value chains. We will seek to continue to work with suppliers which have these systems and programs in place.</p> <p>In 2019, international leaf suppliers participated in the Sustainable Tobacco Programme 1.2 self-assessment, international suppliers report on their programs supporting their direct contracted growers', in many cases smallholders, utilization of good agricultural practices, the reduction of deforestation, and conservation of natural resources. Most suppliers report on their progress providing support materials and education programs to smallholders. In instances where this may not occur, they provide reports on their plans to improve. Our supplier managers engage directly and locally with suppliers supporting their programs and efforts following up on supplier progress related to these programs.</p>



					<p>Technical support has been provided to international tobacco growers regarding woodlot and curing barn management. As part of the</p> <p>Technical support has been provided to international tobacco leaf supplier audit process, suppliers are evaluated for environmental stewardship, including forest resource growers regarding woodlot and curing barn management.</p>
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### F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance	As part of Altria's Supplier Code of Conduct, suppliers are expected to comply with all applicable environmental laws and regulations as well as take efforts to reduce the environmental impact of business operations and promote the sustainability of the natural resources on which we all depend. A number of our supply chain partners have taken an approach to sourcing timber commodities which are chain of custody certified and can be traced back to specific countries, state, municipalities, mills and/or tree plantations, and continue to maintain robust sustainability goals. We will seek to continue to work with suppliers which have these systems and programs in place. A number of Altria's operating companies suppliers specify that their timber commodities meet FSC Chain of Custody, FSC Controlled Wood, PEFC Chain of Custody, SFI Forest Management certification, SFI Chain of Custody, SFI Certified Sourcing and/or

				<p>SFI Fiber Sourcing certification.</p> <p>In 2019, international leaf suppliers participated in the Sustainable Tobacco Programme 1.2 self-assessment, international suppliers report on their programs supporting their direct contracted growers', in many cases smallholders, utilization of good agricultural practices, the reduction of deforestation, and conservation of natural resources. Most suppliers report on their progress providing support materials and education programs to smallholders. In instances where this may not occur, they provide reports on their plans to improve. Our supplier managers engage directly and locally with suppliers supporting their programs and efforts following up on supplier progress related to these programs.</p> <p>Additionally, technical support has been provided to international tobacco growers regarding woodlot and curing barn management. As part of the tobacco leaf supplier audit process, suppliers are evaluated for environmental stewardship, including forest resource management.</p>
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**F6.10**

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

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**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Initiatives**

Other, please specify

**Jurisdictional approaches**

**Please explain**

Although Altria is not involved directly in multi-partnership or stakeholder initiatives relating to the sustainability of timber commodities, Altria's operating companies' suppliers are involved in activities, initiatives and jurisdictional approaches to promote implementation of forest related policies and commitments.

These activities include engagements with state and local level forestry organizations in the United States on sustainable forestry program implementation; support of community and research organizations related to forestry; direct engagement with wood producers to address areas of risk assessment concern; and reporting to state and federal agencies on consumption and production data. Additionally, a number of these suppliers are engaged with or certified to FSC, PEFC and SFI standards.

Altria participates in the Sustainable Tobacco Program, an industry initiative developing a due diligence platform for sustainable tobacco supply chains. The platform is developed with multiple stakeholders to drive continuous improvement of various sustainability themes including climate change, water, crop protection, biodiversity and forest protection, and waste.

**F6.11**

**(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**



Yes

## F6.11a

**(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

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**Project reference**

Project 1

**Project type**

Other ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

In 2020, Altria and the National Fish and Wildlife Foundation (NFWF) will celebrate 10 years of partnership in water conservation, sustainable agriculture, and habitat restoration in regions aligned with Altria's value chain and some of the nation's most iconic conservation landscapes. At the core of the partnership is a shared priority to ensure clean, abundant water for people and the environment in the communities where Altria, its client companies, and their employees call home.

Beginning with early investments in NFWF's Chesapeake Bay watershed programs, the partnership has since grown beyond the mid-Atlantic and spans the full breadth of Altria and its client companies' value chains and some of NFWF's most important landscapes, including the Cumberland Plateau in Kentucky and Tennessee, longleaf pine ecosystems of the southeast, and the Columbia Basin in Washington and Oregon.

**Start year**

2010



**Target year**

2020

**Project area to date (Hectares)**

404,686

**Project area in the target year (Hectares)**

404,686

**Country/Area**

United States of America

**Latitude**

**Longitude**

**Monitoring frequency**

Annually

**Measured outcomes to date**

- Biodiversity
- Carbon sequestration
- Soil
- Water
- Financial

**Please explain**

With a focus on water, agriculture, and habitat, our shared partnership has achieved important measurable contributions in water conservation, adoption of sustainable agricultural practices, and restoration of key stream and river ecosystems. To date, the partnership has achieved:



- More than 8 billion gallons of water conserved
- 1 million acres of land restored
- 680 miles of stream restored

Over this period, NFWF and its conservation partners leveraged Altria's generous financial contribution of nearly \$14 million to generate a conservation impact of more than \$124 million.

NFWF also tracks what species are benefited from these projects and is developing a metrics accounting system to track carbon sequestration.

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

No, we do not verify any forests-related information reported in our CDP disclosure, and there are no plans to do so

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

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**Forest risk commodity**

Timber products

**Coverage**

Direct operations

Supply chain

**Primary barrier/challenge type**

Supply chain complexity

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Direct operations

Supply chain

**Primary barrier/challenge type**

Limited availability of certified materials

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Direct operations

Supply chain

**Primary barrier/challenge type**

Cost of sustainably produced/certified products

**Comment**

**F8.2**

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain

Other parts of the value chain

**Main measure**

Improved data collection and quality

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**



Supply chain  
Other parts of the value chain

**Main measure**

Greater supplier awareness/engagement

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain  
Other parts of the value chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain  
Other parts of the value chain

**Main measure**

Increased knowledge on commodity driven deforestation and forest degradation

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain

Other parts of the value chain

**Main measure**

Investment in monitoring tools and traceability systems

**Comment**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain

Other parts of the value chain

**Main measure**

Reduced cost of certification/certified products



**Comment**

## F17 Signoff

### F-FI

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	<b>Job Title</b>	<b>Corresponding job category</b>
Row 1	Executive Vice President & Chief Financial Officer	Chief Financial Officer (CFO)

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	<b>I am submitting to</b>	<b>Public or Non-Public Submission</b>
I am submitting my response	Investors	Public





**Please confirm below**

I have read and accept the applicable Terms