2017 Modern Slavery and Human Trafficking Statement

Introduction

Walgreens Boots Alliance, as a global corporate citizen, recognizes its responsibility to address and mitigate the risk of modern slavery and human trafficking in its operations. This statement sets out our commitment and actions taken to do our part to eradicate these abhorrent practices, and meets the requirements of the UK Modern Slavery Act 2015 and the California Transparency Act and supports our commitment to the Consumer Goods Forum resolution and priority principles for action against forced labor, through the end of our fiscal year, 31 August 2017.

Structure, Business & Supply Chains

A description of Walgreens Boots Alliance’s structure, values, divisions and product brands can be found in our Annual Report and in our annual Corporate Social Responsibility (CSR) Report, both on our website. Our commitment to CSR is embedded in our drive to operate both a sustainable and profitable enterprise and is at the core of our everyday work. Our senior leadership has established a CSR Committee chaired by Co-Chief Operating Officer Ornella Barra. The Committee meets at least four times a year to review our CSR program, policy statements and progress toward achieving our 12 CSR goals, including our goal to drive ethical sourcing practices-protecting human rights across our supply chain.

Our Walgreens Boots Alliance global task force on modern slavery evolved during fiscal 2017 and will become a permanent working group that is led by a senior leader and will help ensure a consistent approach and ongoing improvements in our response to this issue. The group will report to the CSR Committee.

Policies

The Walgreens Boots Alliance Code of Conduct and Business Ethics, which is available on the Corporate Governance section of our website, provides the foundational standards for all aspects of our business, and is applicable to all of our employees and operations globally. The Code makes this clear commitment: “We will also strive to ensure that slavery and human trafficking is not taking place within any of our supply chain business partners and will not tolerate such activities either within the supply chain or within any part of Walgreens Boots Alliance’s business.” The Code further sets forth the responsibility of every employee to help ensure all of Walgreens Boots Alliance’s global activities meet our high standards for behavior and business ethics, and establishes accountability for compliance with law and policy.

The Code addresses the need for open dialogue about potential violations and concerns, and provides confidential reporting helplines managed by external services specializing in addressing sensitive matters. These contact points are available 24 hours a day, seven days a week.

The Walgreens Boots Alliance Ethical Trading Standards Policy, established in fiscal year 2016, contains a worldwide set of vendor responsibility and ethical sourcing standards. Primary among the provisions included therein is our opposition to the exploitation of workers through any form of forced or bonded labor, slavery, human trafficking or other labor practices that involve harsh or inhumane treatment. Walgreens Boots Alliance requires its vendors to comply with these principles and to share them with any subcontractors they may use. Each business division is responsible for implementation of this requirement and annual confirmation that it has taken place. During fiscal 2017 the Company strengthened its governance of the Ethical Trading Standards Policy, making it a requirement that each business and Division report annually on its level of compliance.

With regard to our own labor practices, the Code further sets forth our standards for a diverse workplace that provides a safe and healthy environment and that complies with or exceeds local law. The Walgreens Boots Alliance Global Human Resources Policy requires an effective program be in place to help ensure compliance with labor laws involving migrant and foreign national workers.

Of course, as a global company with businesses in many countries around the world, local policies on these subjects provide additional guidance and detail. However, these policies may only enact standards that are equal to or stricter than the Walgreens Boots Alliance policies.

Supply Chain Due Diligence

As described above, the Walgreens Boots Alliance Modern Slavery working group was formed to consider more fully our Company’s risk of exposure to these practices and additional activities to help mitigate these risks. This began with a comprehensive review of the internal and external operations that could potentially be exposed to a modern slavery risk, including our own labor, suppliers and key countries. From this, we will work to develop a continuing action plan that will target the highest risk operations. Given the scale and complexity of our Company, we accept that this will be a phased approach.

Currently Walgreens Boots Alliance has contracted with service provider Dow Jones Risk & Compliance to provide due diligence reviews of business partners globally. These reviews include a check for adverse media regarding modern slavery issues.

As reported in our fiscal 2016 Modern Slavery and Human Trafficking Statement, our biggest ongoing risk of exposure to modern slavery sits within the product supply chain of our owned product brands. We recognize that modern slavery and human trafficking can occur at any stage within this supply chain and as such are committed to working to ensure that the principles set out in our Ethical Trading Standards Policy are adhered to throughout said supply chain.
We also recognize that business alone cannot effectively tackle and address the issues of modern slavery, a goal that can only be achieved through building sustainable long term partnerships and collaborations between businesses, non-profit groups and governments.

Our commitment to groups such as the Consumer Goods Forum and Retailer Palm Oil Transparency Coalition help us to further develop our understanding of modern slavery within our supply chains and will enable us to identify and address increased risks in potential human rights abuses.

To combat the risk of modern slavery in our owned brands supply chain, we have maintained our well-established program of ongoing supplier assessment, which is delivered through our own ethical trading auditors or a small number of pre-approved third party assessment bodies.

We have developed this assessment program over 10 years, to help ensure our suppliers are fully aware of our standards and expectations. This is achieved through supplier manuals, contracts, technical agreements and mandatory ethical compliance assessments. Suppliers must further agree to provide evidence of their related compliance programs.

In our owned brand supply chain we will only trade with those suppliers who are open and transparent to the process of assessment and who are working towards our requirements.

To help ensure our Walgreens Boots Alliance senior management team is aware of issues and understands the risks within our owned brand supply chain, we share assessment results on a monthly basis.

We also have in place a formal escalation process whereby any zero-tolerance modern slavery issues or other serious violations of our standards are reported to the senior management team within 24 hours, along with the results of any investigations.

In fiscal year 2017, we conducted more than 1,300 ethical compliance assessments on new and existing owned brand suppliers. Where we identified noncompliance, we worked with our suppliers on remedial action plans to help ensure issues were addressed and corrected. Our assessment ratings are defined by the severity and/or number of noncompliances identified during the assessment process, these are currently defined as:

- Satisfactory and Needs Improvement: Meets our ethical trading standards expectations but could require differing levels of remedial corrective actions.
- Critical: Falls below the expectations of our ethical trading standards and requires immediate remedial action to address the critical noncompliances to enable new or ongoing business relationship
- Zero Tolerance: Issues identified that are not accepted or tolerated by our businesses and are related to incidents of the following but not limited to:
  - Child Labor
  - Convict/Indentured/Forced Labor
  - Corporal Punishment
  - Slavery and Human Trafficking
  - Acts of Bribery

The following table provides a breakdown of assessments and outcomes during fiscal year 2017.

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2017</th>
<th>Fiscal Year 2017 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>690</td>
<td>53.0%</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>320</td>
<td>24.6%</td>
</tr>
<tr>
<td>Critical</td>
<td>288</td>
<td>22.0%</td>
</tr>
<tr>
<td>Zero Tolerance</td>
<td>5</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,303</strong></td>
<td><strong>N/A</strong></td>
</tr>
</tbody>
</table>

Our policy in zero tolerance cases is to terminate the business relationship with the supplier.

For suppliers where we identify critical noncompliance issues, corrective and remedial action plans are developed and implemented. In the small number of cases where suppliers are unwilling to work with us to achieve compliance within an agreed time frame, we maintain the right to end the business relationship and cancel outstanding purchase orders. Of course, simple termination of a contract relationship may not always be the most appropriate response. We recognize that in the event of noncompliance, withdrawal of our business may cause severe hardship to those employed and will therefore attempt to work with our vendors through a remediation program to achieve ongoing compliance.

We want to work with suppliers who are open and transparent, so in order to reinforce this commitment, we request that our suppliers agree to our right of unannounced assessments at any time that they are operating. We will also be working with our suppliers to develop this transparency further so that we will be in a position to publish more detailed information about supplier locations and compliance and performance.

**Training and Awareness**

In response to the California Transparency in Supply Chains Act of 2010, Walgreens created an online training course that we require all relevant employees in our Retail Pharmacy USA Division to complete annually. And, at a Company-wide level, during fiscal 2017 we completed the development of new training modules with a focus on employees involved in sourcing, supply chain and recruitment activities. The new training was implemented during calendar 2017.

We conduct regular supplier conferences where we discuss our ethical standards as part of an ongoing engagement with our supply base. We also provide a supplier manual that explains our Code of Conduct and Business Ethics, assessment requirements, capacity building and continuous improvement programs.

**Effectiveness and Performance Indicators/Monitoring**
We recognize that the risks from modern slavery change, and as such our approach to preventing modern slavery are expected to be reviewed annually by the Walgreens Boots Alliance Modern Slavery working group. This approach will monitor and review:

- Effectiveness of risk assessment processes
- Staff training programs
- Assessment programs (where applicable); and
- Reporting and escalation processes.

This statement is made pursuant to the relevant legal requirements of the United States (including the individual states therein) and the United Kingdom.

Ornella Barra
Co-Chief Operating Officer
Walgreens Boots Alliance, Inc.
Chairman of the Corporate Social Responsibility Committee