2018 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 to eradicating these abhorrent practices and describes the actions we have taken through the end of our fiscal year, August 31, 2018. This statement meets the requirements of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010. Furthermore, through this statement, we acknowledge our commitment to the Consumer Goods Forum’s resolution and priority principles for action against forced labor by agreeing to the following:

- Every worker should have freedom of movement
- No worker should be indebted or coerced to work
- No worker should pay for a job.

We also confirm our adoption of the Employer Pays Principle, which is further commitment to ensure that migrant workers do not end up in situations of debt bondage due to recruiting fees and other such practices.

Structure, Business and 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.

During fiscal 2018 the Walgreen Boots Alliance global task force on modern slavery became a permanent working group led by a senior leader, with representation from across our businesses to ensure a consistent approach and ongoing improvements in our response to this issue. The working group reports 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.

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. In fiscal 2018 the group carried out 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.

Walgreens Boots Alliance has contracted with multiple service providers to facilitate risk and compliance due diligence reviews of business partners.
Our commitment to eliminating modern slavery starts with focusing intensely on our owned brands supply chain where we believe we can have the greatest impact. This includes maintaining and continually assessing and enhancing our well-established program of supplier assessment.

We also recognize that business alone cannot effectively tackle and address the issues of modern slavery, a goal that can be achieved only through building sustainable long-term partnerships and collaborations between businesses, nonprofit groups and governments.

In November 2017 Walgreens Boots Alliance entered into a 10-year global agreement with Fareva for the manufacture and supply of owned beauty brands and private label products. The agreement created a partnership to provide Walgreens Boots Alliance with a core multinational manufacturing and development resource across 11 different countries.

Working closely with Fareva we have developed a program of manufacturing site assessments to help ensure compliance with ethical trading standards.

In fiscal 2018 we undertook a survey of high-risk supply chains of materials such as mica, in order to confirm that forced or child labor was not being utilized.

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. Our ethical trading experts across the globe meet on a regular basis to ensure this assessment program remains effective and drives best practice across our supply chain.

We have developed this assessment program over 10 years, to help ensure our owned brand 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. Analysis of our assessment program shows levels of compliance with our ethical trading standards are significantly higher for existing sites than for new sites. This reflects increasing understanding and commitment from our supply chain to maintaining our standards.

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 2018, we conducted more than 1,200 ethical compliance assessments on new and existing owned brand suppliers. Where we identified critical noncompliance issues, 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 2018.

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2018 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>588</td>
<td>48.1%</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>363</td>
<td>29.7%</td>
</tr>
<tr>
<td>Critical</td>
<td>265</td>
<td>22.0%</td>
</tr>
<tr>
<td>Zero Tolerance</td>
<td>2</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td>1,222</td>
<td>N/A</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.

During fiscal 2018 we commenced the roll-out of new training modules developed the previous year, including specific modern slavery and human trafficking training for more than 2,000 employees across the globe who are directly involved in sourcing and supply for our owned brands.

In our Boots UK retail operation, more than 35,000 employees completed modern slavery awareness training.

We continue to conduct regular supplier conferences where we discuss our ethical standards as part of an ongoing engagement with our supply base. During fiscal 2018 a supplier conference was held in Asia, attended by 149 suppliers. 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 is 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, and covers the UK subsidiaries listed here.

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

(updated August 2019)