

**Walgreens Boots Alliance, Inc.**  
**Corporate Governance Guidelines**

These Corporate Governance Guidelines (these “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Walgreens Boots Alliance, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities on behalf of the Company and its stockholders.

These Guidelines are intended to provide guidance as a component of the flexible framework within which the Board, assisted by Board committees, oversees and directs the affairs of the Company and are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable law and regulations.

These Guidelines are not intended to create legally binding obligations, and should be interpreted in the context of all applicable laws, regulations and listing rules as well as the Company’s Certificate of Incorporation, By-laws and other corporate governance documents.

**1) Board Responsibilities**

The stockholders elect the members of the Board to oversee and direct the affairs of the Company in the interests of enhancing the long-term value of the Company. The day-to-day operation of the Company is conducted and directed by management under the oversight of the Board.

The Board meets regularly throughout the year to review the Company’s performance, major business strategies, significant financial commitments, material risks and other important issues facing the Company. The Board fulfills its oversight role (directly or by delegating certain responsibilities to its committees) by:

- (a) Selecting, evaluating, compensating and, as appropriate, replacing the Chief Executive Officer, and planning for his or her succession;
- (b) Providing advice and counsel to the Chief Executive Officer, including on the selection, evaluation, and development of members of the Company’s senior management team;
- (c) Overseeing the conduct of the Company's business and strategic plans to evaluate whether the business is being properly managed;
- (d) Reviewing and approving the Company's financial objectives and major corporate plans and actions;
- (e) Overseeing the Company’s audit and disclosure of the Company's financial performance (including oversight of internal and external audit processes and selection of the independent auditor);

- (f) Overseeing the Company's risk management policies and processes designed to promote ethical conduct and legal compliance and the Company's compliance with applicable laws and regulations;
- (g) Attending to its own governance processes, leadership and composition including evaluation and compensation of the Chairman of the Board; and
- (h) Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

In performing its oversight function, the Board is entitled to rely in good faith on the advice, reports, and opinions of management, counsel, auditors, and outside experts. In that regard, the Board and its committees and the Lead Independent Director (on behalf of the independent directors as a group) shall be entitled, at the expense of the Company, to engage such legal, financial, or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company, with respect to any matters subject to their authority.

## **2) Board Leadership**

Decisions regarding the structure of Board and Company leadership and selection of the persons who should be in leadership positions are of critical importance to the functioning of the Board and the Company. The Board believes these decisions must be based on the application of business judgment and consideration of the relevant circumstances at the time.

### *(a) Role of the Chairman*

The Board selects a Chairman from among its members, upon the recommendation of the Nominating and Governance Committee, each year following the annual election of Board members. The Board also annually appoints the Company's corporate executive officers, including the Chief Executive Officer. The Company's By-laws provide that the Chairman of the Board may, but need not, be the Chief Executive Officer.

If the Chairman of the Board is the Chief Executive Officer or another director who does not qualify as "independent" (as defined in Section 11), the independent directors will select a Lead Independent Director to help ensure robust independent leadership on the Board.

The Chairman of the Board convenes and presides over meetings of the Board. If the Chairman of the Board is not present at such meeting, then the Lead Independent Director will preside over such meeting. The Chairman of the Board will also perform such duties, and exercise such powers, as prescribed in the Company's By-laws or by the Board from time to time.

The Chairman of the Board will preside over annual or special meetings of the stockholders. If the Chairman of the Board is not present at such a meeting, unless the Board designates another director or executive officer, the Chief Executive Officer will preside over such meeting.

*(b) Role of the Lead Independent Director*

If the Chairman of the Board is non-independent, then the following additional responsibilities are undertaken by the Lead Independent Director, who shall be selected by the independent directors from among its members, upon the recommendation of the Nominating and Governance Committee, each year that the Chairman is non-independent:

- (i) Presides at all meetings of the independent directors and all meetings of the Board at which the Chairman of the Board is not present;
- (ii) Encourages and facilitates active participation of all directors;
- (iii) Serves as a communication facilitator between the Chief Executive Officer and other members of senior management, on the one hand, and the independent and non-management directors, on the other hand (without inhibiting direct communication between senior management and other directors), and between individual directors and the Board, including by:
  - (A) providing the Chief Executive Officer and other members of senior management with feedback as determined in executive sessions;
  - (B) being available to discuss with independent and non-management directors any concerns they may have and, as appropriate, relaying those concerns to the full Board, and/or the Chief Executive Officer or other members of senior management; and
  - (C) being a sounding board and advisor to the Chief Executive Officer and/or other members of senior management regarding his or her concerns and those of the independent directors;
- (iv) Approves, in consultation with the Chairman of the Board and other members of senior management and to the extent practicable, the information to be provided to the Board in preparation for and at Board meetings, and consults with directors as to their information needs;
- (v) Approves Board meeting agendas after conferring with the Chairman of the Board, as appropriate, and may add agenda items in his or her discretion;
- (vi) Approves Board meeting schedules to ensure that there is sufficient time for discussion of all agenda items;
- (vii) Has the authority to call meetings of the independent directors;
- (viii) Leads the Board's annual evaluation of the Chairman of the Board and Chief Executive Officer;

- (ix) Makes himself or herself available to advise the committee chairs in fulfilling their designated roles and responsibilities to the Board;
- (x) Upon the reasonable request of a major stockholder, makes himself or herself available for consultation and direct communication with such stockholder where appropriate; and
- (xi) Performs such other functions as the Board or other directors may request.

### **3) Board Committees**

#### *(a) Committee Structure*

The Board has four standing committees: Audit, Compensation, Finance, and Nominating and Governance. The Board has the flexibility to form new committees or disband a committee, provided that pursuant to Article IV, Sections 4.5, 4.6, and 4.7 of the By-laws, the Board at all times shall have a standing Audit, Compensation and Nominating and Governance Committee.

#### *(b) Committee Membership*

Only independent directors may serve on the Audit, Compensation and Nominating and Governance Committees. Independence is determined in accordance with the standards of the Nasdaq Stock Market ("NASDAQ") and the Company's categorical independence standards. Audit Committee and Compensation Committee members must also satisfy independence requirements under Securities and Exchange Commission ("SEC") rules.

The Board designates committee chairs and members upon the recommendation of the Nominating and Governance Committee, taking into account the interests and experience of individual Board members and suggestions of the Chairman of the Board and/or Lead Independent Director. In addition to interests and experience, considerations such as continuity, expertise and Board tenure are among the significant factors taken into account in committee placement. The Board expects that committee membership will change periodically, but does not adhere to any specific time frame for membership rotation.

#### *(c) Committee Charters*

Each standing committee shall have a written charter, which shall be approved by the Board in consultation with the Nominating and Governance Committee. Each charter shall state the purpose of the committee and the responsibilities that the committee has undertaken. Each standing committee shall review its charter annually (and more frequently as circumstances may require) to reflect changes in applicable law, listing rules, or other relevant considerations, and proposed revisions to the charters shall be approved by the Board.

#### **4) Frequency and Agenda for Board Meetings**

The Board meets in regularly scheduled meetings at least quarterly and in special meetings as needed throughout the fiscal year. Committee meetings are scheduled as necessary for the work of each committee at regularly scheduled meetings and in special meetings as needed throughout the fiscal year. It is the responsibility of members of the Board and its committees to attend all regular and special meetings of the Board and the committees of which they are members absent unavoidable circumstances communicated to the Chairman of the Board and/or Lead Independent Director. Directors are also expected to attend the annual meeting of stockholders.

The Chairman of the Board and/or Lead Independent Director, as the case may be, establishes the agenda for each Board meeting in collaboration with the Chief Executive Officer. Board members may suggest the inclusion of items on the agenda and may raise at any Board meeting subjects that are not on the agenda for that meeting.

The Chair of each committee, in consultation with its members and subject to the applicable committee's charter, determines the frequency of the meetings of the committee. The Chair of each committee, in consultation with the Chairman of the Board, committee members, and appropriate officers and staff, develops the committee's agenda. Each committee makes regular reports to the full Board.

#### **5) Board and Committee Materials Distributed in Advance**

Information and data that is important to understanding the Company's business and the issues to be discussed and deliberated by the Board and its committees are distributed in writing before meetings whenever practicable. Management also provides key information regarding the Company's business and financial results between meetings. Management is expected to provide written materials and make presentations in a clear and concise manner.

As part of its self-evaluation process, the Board and its committees consider the quality, relevance, conciseness and timeliness of information provided by management to help assure that directors receive the right kind and amount of information from management in sufficient time to prepare for meetings.

Board and committee members are expected to review materials provided in advance to prepare for Board and committee meetings. This advance preparation is important to informed participation and also helps to focus presentations on key issues rather than on transferring information, which helps to assure that the majority of meeting time is available for discussion and deliberation.

When it is not possible or advisable to distribute materials in advance, Board and committee members are advised before the meeting of the subject, the principal issues the Board will need to consider and the reasons advance information has not been provided.

**6) Executive Sessions of Independent Directors**

Independent directors meet without management present in regularly scheduled sessions in conjunction with each regularly scheduled Board meeting, and at other times at their discretion. The Chairman of the Board, if independent, or the Lead Independent Director serves as chair of the executive sessions.

**7) Board Access to Senior Management**

Board members have access to the Company's management and its independent auditors. The Board encourages management to bring managers who can provide additional insight into the items being discussed into Board meetings.

**8) Board Compensation Review**

Changes in Board compensation are recommended by the Compensation Committee for approval by the Board. The amount and form of compensation is determined in the context of that which is customary for similarly-situated companies to pay directors. Directors who are employees of the Company receive no additional compensation for serving as directors.

**9) Share Ownership by Directors**

The Board believes that all directors should own stock in the Company. Directors are expected to own stock in the Company in accordance with the Director Stock Ownership guidelines established from time to time by the Board. In accordance with the Company's Insider Trading Policy, directors are not permitted to pledge Company stock.

**10) Size of the Board**

It is the sense of the Board that a size of nine to fourteen members is appropriate given the size and complexity of the Company and the desire for diversity of experience on the Board.

**11) Independent Directors**

The Board will consist of a substantial majority (at least two-thirds) of independent directors. In making independence determinations, the Board will observe all applicable requirements, including the corporate governance listing standards established by NASDAQ (the "NASDAQ listing standards").

To be considered "independent" for purposes of the director qualification standards, (a) the director must meet the independence standards under NASDAQ listing standards, and (b) the Board must affirmatively determine that the director otherwise has no material relationship with the Company, director or as an officer, stockholder, or partner of an organization that has a relationship with the Company. In each case, the Board shall broadly consider all relevant facts and circumstances in making an independence determination.

The following relationships will not be considered to be material relationships that would impair a director's independence (categorical standards):

- (a) *Sales/Purchases.* At the time of the independence determination, the director is an executive officer or employee, or an immediate family member of such director is an executive officer, of another organization that does business with the Company and the sales by that organization to the Company, or purchases by that organization from the Company, in any single fiscal year during the evaluation period, are less than the greater of (i) \$200,000 or (ii) 5% of the annual revenues of that organization. For the avoidance of doubt, payments arising solely from investments in the Company's securities are not included in received payments for this purpose.
- (b) *Indebtedness.* At the time of the independence determination, the director is an executive officer or employee, or an immediate family member of such director is an executive officer, of another organization that is indebted to the Company, or to which the Company is indebted, and the total amount of either entity's indebtedness to the other at the end of the last completed fiscal year is less than 5% of the other entity's total consolidated assets.
- (c) *Charitable Donations.* At the time of the independence determination, the director serves as an executive officer, director, or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than the greater of (A) \$200,000 or (B) 5% of that organization's annual consolidated gross revenues during its last completed fiscal year. For this purpose, the Company's automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose.

Annually, the Board will review all relevant relationships of each director to determine whether such director meets the categorical standards described above. Where an organization does not publish its financial information, the Board will make a good faith determination of whether the amounts exceed any of the thresholds set forth above. The Board may determine that a director who has a relationship that exceeds the limits described in the categorical standards (to the extent that any such relationship would not constitute a bar to independence under NASDAQ listing standards), is nonetheless independent. The Company will explain in its proxy statement related to its next annual meeting of stockholders the basis for any Board determination that a relationship is immaterial despite the fact that it does not come within the categorical standards set forth above.

## **12) Board Membership Criteria**

The Nominating and Governance Committee establishes selection criteria that identify desirable skills, experience and personal attributes for prospective Board members, as well as the attributes of the Board as a whole. Included is a consideration of the diversity of the Board in a broad sense, including,

but not limited to, competencies, experience, geography, gender, ethnicity, race and age. The Board, with the assistance of the Nominating and Governance Committee, selects candidates to join the Board, using the criteria and other priorities based on the needs of the Company and the Board from time to time.

**13) Board Orientation and Continuing Education**

The Board maintains an orientation process for new Board members, which includes distribution of background materials regarding the Company's strategies, internal policies and governance matters, and meetings with key members of management to discuss their areas of responsibility and expertise. Management also develops continuing education programs, conducted by management or by outside experts, which provide opportunities for regular exposure to various aspects of the Company's business as well as information regarding developments in corporate governance and other matters related to director responsibilities. Directors are encouraged to participate in director continuing education programs sponsored by other organizations, for which the Company will, in accordance with Company policy, reimburse reasonable expenses to assist directors in discharging their duties.

**14) Limits on and Changes in Other Responsibilities**

The Board recognizes that service as a director presents significant demands of time and attention. Therefore, directors are expected to limit the number of other boards (excluding not-for-profits) on which they serve. Directors who are engaged full time in another business should serve on no more than two (for a total of three) other public company boards. Directors who are not engaged full time in another business should serve on no more than three (for a total of four) other public company boards. Any exceptions to these limits must be approved by the Nominating and Governance Committee. Directors must notify the Nominating and Governance Committee prior to accepting position on another public company or private for-profit company board to assure that no unusual conflicts or unexpected scheduling issues arise.

The Board does not believe that a director who experiences a significant change in his or her personal circumstances, including a change in his or her principal employment, should necessarily leave the Board. However, any director who experiences a significant change in his or her personal circumstances, including retirement; a significant change to his or her principal employment, business association or position; or other circumstances that reasonably may have an adverse effect on his or her service on the Board or the Company's business or reputation, should promptly offer to tender a resignation to the Board. The Nominating and Governance Committee will then review the appropriateness of that director's continued service on the Board in light of the new circumstances and make a recommendation to the Board whether the resignation should be tendered and accepted.

**15) Ethics and Code of Conduct**

The Board expects directors to act ethically at all times and to adhere to the Company's Code of Conduct and Business Ethics and other applicable policies.

**16) Conflicts of Interest**

As fiduciaries, directors have strict duties of loyalty to the Company. This duty requires directors to avoid conflicts of interest when possible and, when any such conflict arises, disclose such conflict and otherwise take affirmative steps to handle the conflict appropriately. Directors who become subject to circumstances presenting potential conflicts of interest with their duties as directors of the Company must notify the Nominating and Governance Committee of such potential conflicts to afford an opportunity for the Board, acting through and upon the recommendation of the Nominating and Governance Committee, to review the conflict or potential conflict so appropriate action can be taken to protect the Company's interests. This may include consideration of the appropriateness of continued Board service under the circumstances.

**17) Annual Board, Committee and Director Evaluations**

To encourage continuous improvement, the Nominating and Governance Committee oversees an annual process by which the performance of the Board and each of its committees is evaluated by members of the Board and of each committee. The results are reported to and discussed by the Board and each committee. In addition, the Nominating and Governance Committee oversees an annual director peer review process.

**18) Board Refreshment, Tenure and Age Limits**

The Board believes that a degree of Board refreshment is important to assure that Board composition is aligned with the changing needs of the Company and the Board, and that fresh viewpoints and perspectives are considered. The Board also believes that directors develop an understanding of the Company and an ability to work effectively as a group over time that provides significant value, and therefore a significant degree of continuity year-over-year is to be expected.

The Board does not have absolute limits on the length of time that a director may serve, but considers the tenure of directors as one of several factors in re-nomination decisions. The Board has established a retirement age of 75. No individual is eligible for election to the Board after his or her 75<sup>th</sup> birthday unless the Nominating and Governance Committee makes a finding that the nomination of the individual is in the best interests of the Company notwithstanding the individual's age and the nomination is also approved by the full Board.

The Board believes that peer evaluations provide valuable insights regarding the contributions of individual directors, and these evaluations are considered with other factors in re-nomination decisions.

**19) Formal Evaluation of the Chief Executive Officer**

The Board evaluates the Chief Executive Officer annually through a process delegated to the Compensation Committee, with the result reviewed and discussed by the Board in executive session. The Chairman of the Board and/or the Lead Independent Director and the Chairman of the Compensation Committee communicate the evaluation results to the Chief Executive Officer. The

evaluation is based on both objective and subjective criteria recommended by the Compensation Committee and approved by the Board, including performance of the business, accomplishment of long-term strategic objectives, development of management and other relevant factors. The evaluation is used by the Compensation Committee in its deliberations when considering the compensation of the Chief Executive Officer.

**20) Succession Planning and Management Development**

The Board views board and management succession and the Chairman of the Board and Chief Executive Officer selection among its most important responsibilities. The Nominating and Governance Committee plans for Board succession as part of the annual re-nomination process. In addition, the Board, acting through and upon the recommendation of the Compensation Committee, plans for succession to the position of Chief Executive Officer as well as certain other senior management positions. To assist in that planning, the Board has an established practice of having the Chief Executive Officer annually provide the Compensation Committee and the Board with a report on management development, including an assessment of senior managers and their succession potential.

**21) Oversight of Strategic Plans and Enterprise Risk Management**

Management of the Company bears primary responsibility for developing and implementing strategic plans. The Board reviews strategic plans annually with those members of management having responsibility for their development and execution and approves changes to the strategic plans. Similarly, management of the Company is primarily responsible for establishing and maintaining systems to manage risk. The Board and its Committees exercise oversight of the enterprise risk management of the Company.

**22) Communication and Engagement with Stockholders and Others**

The Board values an open dialogue with its stockholders. The Board believes that, in most circumstances, the Chief Executive Officer and other authorized members of the Company's senior management are best positioned to speak for the Company with institutional investors and other stockholders, employees, customers, suppliers, the press and others.

Directors may, from time to time, be asked by the Board, often through the Chairman of the Board and/or Lead Independent Director, to meet or otherwise communicate with a constituent of the Company. Directors are expected at all times to take special care in any communication concerning the Company and the Board, in light of the need for the Company and Board to provide coordinated communication, as well as confidentiality requirements and laws prohibiting insider trading, tipping and selective disclosure.

The Board oversees the Company's efforts to engage with its stockholders and participates in such engagement on a case-by-case basis. If a stockholder proposal that is advisory in nature receives the affirmative votes of a majority of the votes cast, excluding abstentions and broker non-votes, it is the Board's policy that the Nominating and Governance Committee, or an independent member of the

Board designated by the Nominating and Governance Committee, will meet with the proponent of the proposal within six months following the annual meeting at which the proposal was approved to obtain any additional information to provide to the Board for its further consideration of the proposal. Following the meeting with the proponent, the Nominating and Governance Committee will present to the Board the proposal and any additional relevant information, and the Committee's recommendation for action.

The Board may be contacted by e-mail to [WBABoard@wba.com](mailto:WBABoard@wba.com) or by courier or mail, addressed c/o Corporate Secretary, 108 Wilmot Road, MS #1858, Deerfield, IL 60015. The Company's Corporate Secretary reviews all communications sent to the Board. All communications will be forwarded to the Board, or the appropriate committee or member thereof, except for those items that the Company's Corporate Secretary deems, in his or her discretion, to be unrelated to a director's duties and responsibilities as a director. Communications addressed to the Board may, at the Company's discretion, be shared with members of the Company's management.

**23) Independent Advisors**

The Board and its committees shall have the right at any time to retain independent outside accounting, financial, legal, or other advisors, and the Company shall provide appropriate funding, as determined by the Board or any committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out its duties.

**24) Poison Pill**

The Company has no current intention to adopt a stockholder rights plan, which would be used to make a hostile takeover of the Company more difficult, without prior stockholder approval. If the Board, in the exercise of its fiduciary responsibilities, determines that it is in the best interest of stockholders under the circumstances to adopt a rights plan without the delay in adoption that would result from seeking stockholder approval, such plan will provide that it will expire unless within 12 months of the adoption of such plan its continued existence is submitted to the stockholders for ratification. If the rights plan is not approved by a majority of the votes cast on this issue at a meeting held for ratification, the plan will immediately terminate.

**25) Confidentiality**

In order to facilitate open discussions, the Board believes maintaining confidentiality of information and deliberations is critical. Each director has a fiduciary obligation to maintain the confidentiality of information received in connection with his or her service as a director or committee member.

**26) Majority Voting Standard**

Article II, Section 2.18 of the Company's By-laws set forth the Company's majority vote standard for the election of directors, as follows: The vote required for election of a director by the stockholders

shall, except in a contested election, be the affirmative vote of a majority of the votes cast in favor of or against the election of a director nominee at a meeting of stockholders. In a contested election, directors shall be elected by a plurality of the votes cast at a meeting of stockholders by the holders of shares entitled to vote in the election. For these purposes, a “contested election” shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Company’s Corporate Secretary as described further in Article II, Section 2.18(a) of the Company’s by-laws.

In any non-contested election of directors, any incumbent director nominee who receives a greater number of votes cast against his or her election than in favor of his or her election shall immediately tender his or her resignation. The Nominating and Governance Committee shall make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board shall act on the tendered resignation, taking into account the Nominating and Governance Committee’s recommendation, and publicly disclose (by a press release, a filing with the SEC, or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within ninety (90) days from the date of the certification of the applicable election results. The Nominating and Governance Committee in making its recommendation, and the Board in making its decision, may each consider any factors or other information that it considers appropriate and relevant.

**27) Review of Corporate Governance Guidelines**

These Guidelines are reviewed annually by the Board through the Nominating and Governance Committee, and any amendments are discussed and determined by the Board.

These Guidelines are posted on the Company’s website.

*Last updated: 18 January 2018*