

**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 delegated by the Board to 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, development and compensation 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;
- (g) Attending to its own governance processes, leadership and composition including evaluation and compensation of the Chairman; and

- (h) Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

## **2) Selection of Chairman, Chief Executive Officer and Lead Director**

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.

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 officers, including the Chief Executive Officer. The by-laws of the Company provide that the Chairman may, but need not, be the Chief Executive Officer. If the Chairman is the Chief Executive Officer or another director who does not qualify as "independent" (as defined in section 4), the independent directors will select a Lead Director to help organize the work of the independent and non-executive directors.

## **3) Role of Chairman/Lead Director**

The Chairman convenes and presides over meetings of the Board. The following responsibilities are also undertaken by the Chairman, if he or she is an independent director; otherwise these responsibilities are undertaken by the Lead Director:

- (a) Convene and preside at executive sessions of the independent and non-management directors;
- (b) Serve as a communication facilitator between the Chief Executive Officer and the independent and non-management directors (without inhibiting direct communication between the Chief Executive Officer and other directors), and between individual directors and the Board, including by:
  - (i) providing the Chief Executive Officer with feedback as determined in executive sessions;
  - (ii) 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; and
  - (iii) being a sounding board and advisor to the Chief Executive Officer regarding his or her concerns and those of the independent directors;
- (c) Approve, in consultation with the Chairman and other members of senior management, the information to be provided to the Board in preparation for and at Board meetings, and consult with directors on their information needs;
- (d) Approve, in consultation with the Chairman and other members of senior management, schedules and meeting agendas for meetings of the Board and committees and consult with directors on meeting schedules and agenda items;

- (e) Recommend to the Board the retention of outside advisors and consultants who report to the Board;
- (f) Consult on committee chairs and membership with the Company's Nominating and Governance Committee;
- (g) Communicate with stockholders in those circumstances where the Board determines that direct communication between the Board and stockholders is appropriate; and
- (h) Perform such other functions as requested by the Board from time to time.

#### **4) Board Committees and Assignment of Chairs and Members**

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 the Board at all times shall have a standing Audit, Compensation and Nominating and Governance Committee, each with its own charter.

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 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 and/or Lead 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.

#### **5) 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 and/or Lead Director. Directors are also expected to attend the annual meeting of stockholders.

The Chairman and/or Lead 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, committee members, and appropriate officers and staff, develops the committee's agenda. Each committee makes regular reports to the full Board.

**6) 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.

**7) Executive Sessions of Independent Directors**

Independent directors meet in regularly scheduled sessions in conjunction with each regularly scheduled Board meeting, and at other times at their discretion. The Chairman, if independent, or the Lead Director serves as chair of the executive sessions.

**8) Board Access to Senior Management**

Board members have complete 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.

**9) Board Compensation Review**

Changes in Board compensation are recommended by the Nominating and Governance Committee with full discussion and 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.

**10) 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.

**11) 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. The Company's by-laws currently permit a maximum of fourteen members.

**12) Mix of Inside and Independent Directors**

It is the policy of the Board that a substantial majority (at least two-thirds) of Board members will qualify as independent directors in accordance with the standards of NASDAQ and the Company's categorical independence standards, which are attached as Appendix A to these Guidelines. On an annual basis, the Board, through the Nominating and Governance Committee, undertakes a review to determine whether a director lacks relationships with the Company that would impair his or her independence.

**13) 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.

**14) 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.

**15) 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.

**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 and/or the Lead 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 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 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 and/or Lead 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 email to [wbaboard@wba.com](mailto:wbaboard@wba.com), or by mail to the following address: Walgreens Boots Alliance, Inc., Attention: Corporate Secretary, 108 Wilmot Road, MS 1858, Deerfield, IL 60015. Communications received electronically or by post are reviewed by the Corporate Secretary's Office and forwarded to the Chairman and/or the Lead Director, as well as other members of the Board as appropriate, depending on the facts and circumstances outlined in the communication.

**23) Independent Advisors**

The Board and each of its committees may, as necessary and appropriate, engage independent legal, financial or other advisors.

**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) 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 revised by the Board of Directors on January 28, 2016*

## Appendix A

### Categorical Independence Standards

Any relationship within the following parameters will not impair the independence of a director:

1. *Business Relationships.* The director or a member of the director's immediate family is, or has been during the entity's last fiscal year, an executive officer, controlling stockholder, partner or director of an entity with which WBA has ordinary course business dealings and such entity has, directly or indirectly, made payments to, or received payments from, WBA in the current fiscal year or during any of the entity's last three fiscal years that account for less than the greater of \$200,000 or 5% of the recipient's consolidated gross revenues for that entity's fiscal year in which such payments were made; or
2. *Charitable Relationships.* The director or a member of the director's immediate family is, or has been during the entity's last fiscal year, an executive officer, director or trustee of a charitable or other not-for-profit entity and the Company's contributions to the entity in the current fiscal year or during any of the entity's last three fiscal years are: (a) less than the greater of \$200,000 or 5% of the entity's total annual charitable receipts for the relevant fiscal year; and (b) less than 5% of the Company's total annual contributions to charitable or other not-for-profit entities for the relevant fiscal year. The Company's matching of employee charitable contributions is not included in annual charitable contributions for this purpose.