

March 11, 2022

Mr. Stefano Pessina, Board Chair
Walgreens Boots Alliance Inc
200 Wilmot Road
MS Suite 2002
Deerfield, IL 60015
United States
Via email: stefano.pessina@wba.com

Dear Mr. Pessina,

In light of increasing societal and shareholder focus on racial justice we, the undersigned investors representing over \$17 billion in assets under management, as current or potential shareholders, are writing in advance of the 2022 proxy season, to communicate two specific expectations around board diversity and racial justice. Our work is grounded in the numerous studies that speak to the business advantages of sufficiently diverse boards, including bringing unique backgrounds, skills, and perspectives to the board and its committees, improving corporate relationships with investors and the broader set of stakeholders, avoiding possible risks associated with negative media attention, and potentially enhancing the overall performance of the company itself.⁶¹

First, we expect Walgreens Boots Alliance Inc to put forward a slate of directors that consists of at least 30% people of color, with particular attention to historically marginalized groups. If such a slate is not put forth, the undersigned investors will likely vote against individual directors – either those serving on the nominating and/or governance committees or all directors, per our individual proxy voting guidelines.⁶²

Second, we expect the company to disclose the race and ethnicity of individual board members in the 2022 proxy statement. With the massive growth in “ESG” investing, more and more investors rely on such comprehensive data for proper board evaluation. Further, regulatory and listing expectations are increasing in favor of additional diversity on corporate boards. For example, by August 2022, Nasdaq listed companies must either have, or explain why they do not have, at least two diverse board members.⁶³ In addition, California-registered companies “must have at least one director from underrepresented communities on their boards by December 31, 2021, either by filling an open seat or by adding a seat.”⁶⁴ Similar rules have been adopted or are under consideration in Washington, Hawaii, Illinois, Massachusetts, Michigan, and New Jersey.

⁶¹ <https://www2.deloitte.com/us/en/pages/center-for-board-effectiveness/articles/missing-pieces-board-diversity-census-fortune-500-sixth-edition.html>; <https://www.tradersmagazine.com/xtra/ethnic-diversity-on-boards-boosts-performance/>; <https://www.pwc.com/us/en/services/governance-insights-center/assets/pwc-2019-annual-corporate-directors-survey-full-report-v2.pdf.pdf>; <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/delivering-through-diversity>; <https://www.russellreynolds.com/en/about/newsroom/virtuous-cycle>.

⁶² The undersigned investors each have our own approved proxy voting guidelines to inform voting decisions. Many of these state that we will vote against some (i.e. Nominating Committee members), or all, board members if a board does not have 30% board diversity, with some institutions having higher thresholds of 40% or 50% representation of diverse candidates.

⁶³ <https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Five%20Things.pdf>

⁶⁴ <https://www.sos.ca.gov/business-programs/diversity-boards>

In addition to these two expectations, please note that we will likely **support all appropriate shareholder proposals calling for improved transparency and the advancement of racial justice**. Examples of such shareholder proposals include, but are not limited to, the following:

- Commissioning and conducting a racial equity or civil rights audit;
- Providing increased reporting on the implementation of policies or practices related to racial justice;
- Improving corporate culture for workers of color by developing and disclosing meaningful diversity, equity, and inclusion (DEI) programs.

Finally, there are many strategies available to increase the racial and ethnic diversity of the board, in the “director pipeline”, and within the organization itself. We encourage the company to consider the following steps and publicly disclose the practices you employ:

- Establish time-bound targets for diversity, equity, and inclusion, and link these targets to executive compensation;
- Include diverse directors on the nominating committee;
- Include directors from a variety of backgrounds (including those from historically marginalized groups) on the nominating committee;
- Work with search firms that specialize in the recruitment of board members from historically marginalized groups;
- Develop effective policies and systems to examine corporate culture and engender a more diverse and inclusive culture;
- Work with diverse search firms to prioritize recruitment of diverse board members;
- Examine disparities in sponsorship and mentorship programs at the company;
- Improve the promotion and retention of people of color to further a pipeline of talented and diverse leadership.

We remain committed to addressing racial justice and equity through the corporate activity of our portfolio companies. As such, we strongly encourage senior management and all directors to build on the company’s progress to date and to lead from the top by mentoring and nominating a talented, diverse group of leaders. We believe that the benefits of improving diversity across the organization will accrue to all shareholders and society at large.

Please direct any comments or questions to Mari Schwartz, Director of Shareholder Activism and Engagement at NorthStar Asset Management, Inc. (mschwartz@northstarasset.com) and Mary Beth Gallagher, Director of Engagement at Domini Impact Investments (mgallagher@domini.com).

Sincerely,

Adasina Social Capital
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Trillium Asset Management
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