

Tom McCaney Statement to Walgreens Board of Directors, 1/25/19

Good, morning. My name is Tom McCaney and I represent the Sisters of St. Francis of Philadelphia. I am one of a group of socially responsible investors with the Interfaith Center on Corporate Responsibility who engage our portfolio companies on their environmental and social impacts. We have met several times with representatives of Walgreens to discuss the company's continued sale of tobacco and other nicotine-based products and the damage we believe these sales are wreaking on our brand and, more importantly on our customer's health.

The idea that our company, a retailer pharmacy chain, positions itself as a champion of community health while selling products widely known to be a leading cause of disease and death belies our stated purpose of "championing the health and well-being of every community in America."

It calls into question our ethics and frankly, our morality; it betrays the trust of the millions of customers who walk into our stores every day believing we are prioritizing their long-term health over the short-term gains to be had from selling cigarettes. And as your shareholders we also say that tobacco sales represent significant and material legal, reputational and financial risks to our brand as we seem destined to become the only major pharmacy chain left standing with tobacco products on our shelves.

During our discussions with various management level employees, including the company's Chief Medical Officer, the Take Care Clinic's Chief Medical Officer, and the Vice President of Corporate Social Responsibility, we have listened incredulously to the company's tortured logic that making profits from both the disease (cigarettes) and the cure (cessation products) is in the best interest of customers and us, your shareholders. Are we saying it's okay to put customers' health at risk, because we are also selling potential remedies? These arguments are astonishingly reckless and their implications should offend everyone here today.

At Walgreens' annual shareholder meeting three years ago, my colleague and I took hope when we were approached by two board directors who conveyed their

agreement that deadly, addictive products such as tobacco should not reside at the corner of happy and healthy and shared that plans to eliminate tobacco products were being seriously considered. Since that time we have heard no news from the board and the only movement we have seen is a pilot program of tobacco-free pharmacies in Gainesville, FL. While some may argue this is too little, it is a start, and we will argue it is never too late for Walgreens to do the right thing: But it must do the right thing now.

Recently, shareholders sent individual letters to each board member requesting an opportunity to meet with you to discuss this concern. These letters have been met with silence.

I hold a second letter, this one addressed to the entire Board, once again requesting an opportunity to meet and discuss the implications of Walgreens connection to deadly tobacco.

Members of the board: will you continue to sanction this hypocrisy? Will you continue to preside over a business model that threatens our future and the future of our customers?

Once again, we extend the invitation to engage. Thank you.