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SHAREHOLDER RESOLUTION CHALLENGES WALGREENS ON CONTINUED SALES OF TOBACCO

Investors concerned that tobacco sales in Walgreens pharmacies threaten the company's corporate mission to "help people lead healthier and happier lives".

NEW YORK, NY, THURSDAY, AUGUST 25TH, 2016 – Shareholders in Walgreens and members of the Interfaith Center on Corporate Responsibility today announced the filing of a [shareholder proposal](#) requesting that the Board of Directors review the risks of tobacco sales in Walgreens pharmacies. A separate resolution requesting disclosure of lobbying expenditures was also filed.

The proponents of the resolution argue that the sale of tobacco products, which are known to carry serious health risks, in Walgreens pharmacies exposes the company to significant and long-term risks that may impact shareholder returns. Chief among their concerns is the impact this contradiction will have on Walgreens' brand image as a company focused on health. Shareholders decided to file the resolution this year because management has failed to respond to their requests for further study of the topic in ongoing dialogues.

Said lead filer, Tom McCaney of the Sisters of St. Francis of Philadelphia, ***"When the evidence of the health impacts of tobacco are so abundant and glaring, the public has no alternative but to view Walgreens' persistence in selling these products as profiteering at the expense of the health of its customers. This perception can only hurt the company. We question the board's oversight on this matter and are requesting a report that lays out the potential risks to the company."***

Apart from reputational damage, the resolution underscores the significant legal risk to the company citing a 2014 [letter sent by 28 U.S. attorneys](#) general urging the company to discontinue the selling of tobacco:

There is a contradiction in having these dangerous and devastating tobacco products on the shelves of a retail chain that services health care needs. The availability of such products in a retail store that also serves as a pharmacy normalizes tobacco use; furthermore, selling tobacco products in the same store as smoking-cessation products is likely to increase impulse tobacco purchases among those trying to quit and undermines their efforts.

In 2014, CVS pharmacies discontinued the selling of tobacco citing this incongruity and was widely celebrated for their decision. CVS further published a study documenting a significant decrease in cigarette consumption in states where cigarette sales were discontinued.

Continued McCaney, ***“In our conversations with management the arguments for continuing to sell tobacco products are extremely weak. In the end, Walgreens needs to decide whether it truly wants to be credibly seen as a company that cares about the health needs of the communities it serves.”***

The resolutions are expected to appear on the company ballot to be voted on by all shareholders at the Walgreens annual meeting on January 26, 2017.

About the Interfaith Center on Corporate Responsibility (ICCR)

Celebrating its 45th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300 member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over \$200 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability on questions such as climate change, corporate water stewardship, sustainable food production, human trafficking and slavery in global supply chains and increased access to financial and health care services for communities in need. www.iccr.org

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