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Walgreens and UAW Retiree Medical Benefits Trust Agree to Multi-Year Collaboration on Political Spending Disclosure

CHICAGO—The UAW Retiree Medical Benefits Trust today announced the start of a multi-year collaboration with Walgreen Co. (NYSE: WAG) to develop a best practice policy approach to corporate political activity oversight and disclosure.

“This agreement clearly demonstrates Walgreen’s commitment to adopting corporate governance best practices by better aligning its interests with those of its shareholders,” said Meredith Miller, Chief Corporate Governance Officer of the Trust. “The Trust applauds Walgreens for its responsiveness to our concerns about corporate political spending and lobbying and for agreeing to take the necessary steps to address what are often difficult issues for U.S. public companies.”

The Trust anticipates that the agreement, which includes a multi-year commitment from Walgreens to work with the Trust on developing policy and reporting frameworks for corporate political and lobbying activity, will serve as a model for future corporate-shareholder engagements and may help shape future rules and regulations on these issues.

Thomas J. Sabatino, Jr., Executive Vice President, General Counsel & Corporate Secretary, stated, “We are pleased to begin a dialogue with the Trust that is a model of both the shareholder and the company listening and learning from each other. This project came together easily, given Walgreen’s commitment to responsible governance and disclosure practices. We appreciate how well-prepared the Trust team was for our engagement, as well as their interest in learning more about our business.”

The main components of the agreement include:

- A two-year commitment for a robust engagement between the parties on political spending and lobbying oversight and disclosure;
- A review of existing oversight processes at the board and management levels with respect to political and lobbying expenditures;
- Codifying internal processes for consideration of political and lobbying expenditures consistent with the company’s best interests; and
- Developing a framework to review current and future memberships and participation in trade associations and other tax-exempt organizations.

The agreement between the Trust and Walgreens coincides with an announcement that the U.S. Securities and Exchange Commission Division of Corporation Finance is considering recommending that the Commission promulgate rules that would require public companies to publicly disclose corporate political and lobbying expenditures. The action comes after the Commission received more than 300,000 public comment letters after a prominent group of academics submitted a petition for rulemaking asking for such disclosures to be mandatory.

“The breadth and depth of our agreement will place Walgreens at the forefront of corporate political and lobbying activity disclosure and board oversight,” said Ms. Miller. “It also well-positions Walgreens to respond to any SEC rulemaking or other policy-making endeavors on these issues with a useful and workable model disclosure that has been developed through a cooperative shareholder-corporate engagement process.”

Both Walgreens and the Trust acknowledge the work of Susan Ellen Wolf, CEO of Global Governance Consulting, in facilitating their engagement.

Shareholders have become increasingly concerned about corporate political spending and lobbying as a potential source of financial, regulatory and reputational risk, filing a record 125 shareholder proposals calling for increased disclosure and board oversight of these expenditures for the 2012 proxy season. In August 2012, the Trust led a coalition of 25 institutional investors with nearly \$1 trillion in assets under management to identify and engage with 20 other companies where political spending and lobbying may be important factors in risk oversight.

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The UAW Retiree Medical Benefits Trust is the largest non-governmental payer of retiree health care benefits in the United States, serving over 800,000 retirees and dependent beneficiaries.

Walgreen Co. is the nation's largest drugstore chain with fiscal 2012 sales of \$71.6 billion. It provides its customers with convenient, multi-channel access to consumer goods and services in communities across America. Walgreens scope of pharmacy services includes retail, specialty, infusion, medical facility and mail service, along with respiratory services.

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