

What is ESG?

Environmental, Social, and Governance is a framework that looks at both **Sustainability** and **Corporate Social Responsibility** and focuses in on the management and measurement of material non-financial data



ENVIRONMENTAL

- Climate change
- Resource depletion
- Waste
- Pollution
- Deforestation



SOCIAL

- Human rights
- Modern slavery
- Child labor
- Working conditions
- Employee relations



GOVERNANCE

- Bribery & corruption
- Executive pay
- Board diversity & structure
- Political lobbying & donations
- Tax strategy



Why ESG Now?

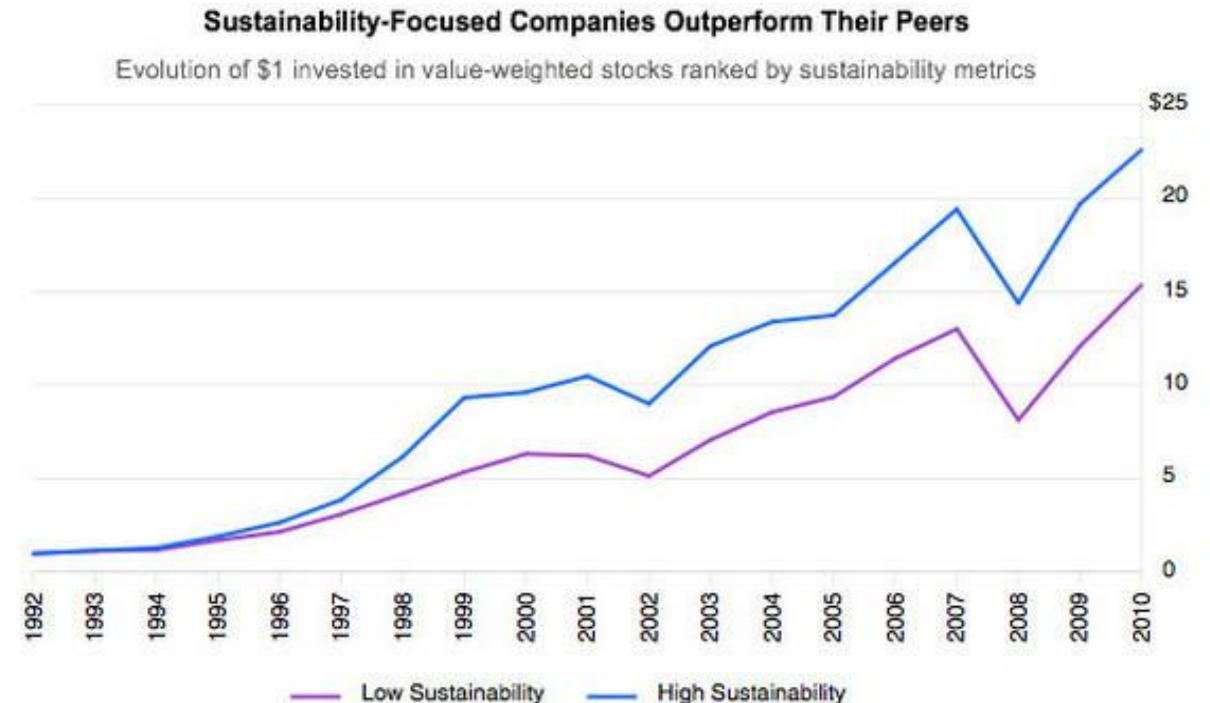
"Texas Power Outages, February 2021 Those managing our grid and power supply are, by and large, not preparing for the extreme weather events that will become more common with climate change." *Popular Science, The Real Story Behind Texas Power Outages*

"CEO of all women co-working space The Wing steps down after employees speak up about a disconnect between the company's feminist branding and treatment of female staff" *Fortune, June 2020*

"Bot Lets Hackers Easily Look Up Facebook Users' Phone Numbers A user of a low-level cybercriminal forum is selling access to a database of phone numbers belonging to Facebook users, and allowing look up by using an automated Telegram bot. *Vice News, January, 2021*

With ESG risks in the news daily, it is increasingly important for companies to be framing their business with sustainability in mind in order to;

- ✓ Access to debt and investment capital predicated on conforming to ESG policies.
- ✓ Talent, customers, and investors are increasingly seeking out sustainable organizations.
- ✓ Guidance from regulators that considering ESG factors is part of investors' duties to their clients and beneficiaries.
- ✓ Material shift in corporate valuations from tangible to intangible assets poses unaccounted for risk.



How Stakeholders are using ESG data

Although reporting on ESG measures is not currently required, 90% of S&P 500 companies are generating ESG, Sustainability, or CSR Reports to share information.

- **Employees/new talent** use the information to make decisions to work for an organization.
- **Customers** are increasingly looking to understand what a company is doing around sustainability and shopping accordingly
- **Investors & Shareholders** use the information to assess and make investment decisions.

- Companies use frameworks & standards provided by Standards Organizations such as: GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), TCFD (Task Force on Climate-Related Financial Disclosures)
- Walgreens Boots Alliance CSR Report uses both the SASB & GRI reporting standards
- Using these frameworks allow investors to quickly review and assess the organization's reported information and allows for comparability in the market.
- In addition to looking at a company's individual report, investors are using ESG ratings to compare companies and assess risk



Walgreens Boots Alliance CSR 2020 Report

ENERGY		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	2020 CSR Report, CSR Materiality; pages 24-27 2020 CSR Report, Healthy Planet, Energy and Emissions; pages 85-92

Emissions data

(GRI 305-1, 305-2, 305-3)
(SASB HC-DR-130a.1)

Total company CO₂e emissions by source¹

(000 metric tonnes)

	Fiscal 2020	Fiscal 2019	Year-over-year change (%)
Energy	1,665	1,818	-8.4
Product delivery	270	271	-0.4
Business travel	36	52	-30.8
	1,971	2,141	-7.9

Renewable energy

(GRI 302-1)

Business	Renewable energy initiatives
Businesses in Norway and Spain	Certified for purchasing 100% renewable energy for electricity
Businesses in the Republic of Ireland and the UK	With few exceptions the electricity that these businesses purchase directly through the utility grid is certified as renewable
Walgreens	Generated 17,000 MWh of electricity through rooftop solar panels during fiscal 2020 at 240+ U.S. locations
Across WBA	7% of electricity consumed during fiscal 2020 was from renewable sources