

# SANFORD J. LEWIS, ATTORNEY

May 5, 2020

Via electronic mail

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Shareholder Proposal to McKesson, Inc. Regarding Statement of Purpose of the Corporation by As You Sow on behalf of Chang Liu Family Living Trust, Sullivan Children's 2004 Trust and Sullivan Family 2004 Trust

Ladies and Gentlemen:

I am writing on behalf of the Chang Liu Family Living Trust, Sullivan Children's 2004 Trust and Sullivan Family 2004 Trust (the "Proponents" ("the Proponents") of common stock of McKesson, Inc. (the "Company") who have submitted a shareholder proposal (the "Proposal") to the Company. I am in receipt of letters dated March 30 ("Company Letter") and April 29, 2020 ("Supplemental Letter") sent to the Securities and Exchange Commission by Alan Denenberg of Davis Polk on behalf of the Company. In that letter, the Company contends that the Proposal may be excluded from the Company's 2020 proxy statement. A copy of this reply is being emailed concurrently to Alan Denenberg.

## SUMMARY

The Proponents submitted a shareholder proposal to McKesson requesting the following:

**"Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations."

The full proposal is attached as Exhibit 1. The Statement of Purpose is attached as Exhibit 2.

The initial Company Letter asserted that the proposal was excludable as substantially implemented, pursuant to Rule 14a-8(i)(10). The initial letter noted that the company has various programs in place that reflect and address stakeholder interests.

However, the proposal requests a report of the board discussing options as to how management and governance systems can be altered to ***better align with the Business Roundtable Statement of Purpose ("Statement")***. The Company's existing disclosures discuss what it is doing to align with stakeholders, but the board has not issued a report describing options as to how those

systems can be adjusted to better align with the Statement.

The Company has historically faced substantial challenges in demonstrating alignment with stakeholder interests across a range of issues identified in the Proposal. One example is the Company's role in the opioids crisis. Therefore it is reasonable to think that the board could discuss and consider options as to how to improve those systems to better align the Company with the Statement. The Company Letter did not document board-considered options on how the Company might better align its programs with the Statement and thus has not demonstrated substantial implementation of the Proposal.

The Company Letter also noted that the Governance Committee of the Board of Directors would be meeting to discuss the Proposal. In reading the Company Letter, the Proponents assumed that the Committee would be going through a process equivalent to that requested by the Proposal, and anticipated the Committee would return with a report that was consistent with the request of the Proposal, substantially implementing it. But this is not what happened.

Instead of reporting on such an assessment process, the Supplemental Letter instead asserts that the Committee found that the actions requested by the Proposal would not constitute a significant difference or "delta" from the Company's existing actions under Rule 14a-8(i)(7).

Although the Committee may be reticent to evaluate options for improving governance or management systems to better align with the Statement, it is well within the rights and responsibilities of investors to consider the current Proposal, which requests significant new action from the board. There is ample evidence that current governance systems of the Company are not truly aligned with the Statement, but rather leave very substantial ambiguity and uncertainty as to how the Company will act when there is a conflict among stakeholder interests. It is inaccurate to suggest that amending governance structures or management systems in alignment with the Statement of Purpose would not be significant. Accordingly, the proposal is not excludable pursuant to Rule 14a-8(i)(7).

## ANALYSIS

### **I. Rule 14a-8(i)(10)**

The Company Letter asserts that the Proposal is excludable on the basis of Rule 14-8(i)(10) as having been substantially implemented.

The Company mischaracterizes the purpose of the Proposal as asking the Company to address the impact of Company decisions on each of the five stakeholder populations, going to great lengths to demonstrate the actions it has already taken to take stakeholder interest into account. However, the purpose of the Proposal is not to merely ensure that the Company has some programs or practices that consider or serve the five categories of stakeholders named in the

Statement. Instead, the purpose of the Proposal is to spur a *review of the Company's management and governance systems documents with an eye toward more fully implementing the Statement across all of its activities and programs.*

It is laudable that the Company already has numerous community, philanthropic, environmental and workforce programs in place intended to serve stakeholder interests. However, these measures do not substantially implement the Proposal.

The issuance of the Statement of Purpose has created a new paradigm and challenge for corporate governance in management in the United States. The Company has pledged to join this new paradigm. The Proposal seeks to encourage the board to develop a process of taking the interests of all stakeholders into account across all of its activities and programs, and to assess options for enhancing management and governance systems consistent with the Statement going forward.

At its core, the BRT Statement focuses on the “purpose” of the Corporation. The “purpose” for McKesson is currently stated in its Articles of Incorporation, which merely allow the company to “engage in any lawful act or activity for which corporations may be organized under the Gen. Corporation Law of Delaware.”<sup>1</sup> This statement of purpose in the articles of incorporation is a far cry from the publicly minded BRT “Statement of Purpose.” One possible option for the board to consider is to revise the Corporation’s statement of purpose.

***The Company has substantially fulfilled neither the guidelines nor the essential purpose of the Proposal.***

In order for a Company to meet its burden of proving substantial implementation pursuant to Rule 14a-8(i)(10), the actions in question must compare favorably with the guidelines and essential purpose of the Proposal. The Staff has noted that a determination that a company has substantially implemented a proposal depends upon whether a company’s particular policies, practices, and procedures compare favorably with the guidelines of the proposal. *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company’s actions to have satisfactorily addressed *both* the proposal’s guidelines and its essential objective. See, e.g., *Exelon Corp.* (Feb. 26, 2010). Thus, when a company can demonstrate that it has already taken actions that meet most of the guidelines of a proposal and meet the proposal’s essential purpose, the Staff has concurred that the proposal has been “substantially implemented.” In the current instance, the Company has substantially fulfilled *neither* the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded under Rule (i)(10).

The Proposal requests that the Board of Directors “review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and **prepare a report discussing options as to how our Company’s governance and management systems** can be

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<sup>1</sup> Articles of Incorporation, Article 3.

altered to **better align** with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the Board's recommendations." [Emphasis added]

The proposal contains examples of how the company's governance and management systems, despite their principles and programs, are sometimes not in alignment with the Statement of Purpose. The Company's letter and the board consideration have not demonstrated that the company cannot "better align" with the Statement of purpose, nor that governance and management systems could not be revised to achieve that better alignment.

The Company Letter asserts that it "has already fulfilled the essential objectives of the Proposal with its disclosures about its existing governance and management systems that demonstrate alignment with the BRT Statement." Company Letter, page 3. Unlike the recent exclusion allowed at *J.P. Morgan Chase and Company* (Harrington, February 5, 2020), in this instance, the Company does not purport to show that the Board of Directors has gone through the process described in the proposal to report on options for strengthening governance and management systems to better align with the statement of purpose.

Moreover, as noted in the supporting statement of the proposal, there is significant evidence that the Company's "commitments" are often neglected:

. . . McKesson has engaged in various practices that appear to contradict these principles [Both the Statement of Purpose and the ICARE principles] including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;' allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs; allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions; displaying unfair labor practices related to union organizing, racial discrimination, and sexual and retaliatory harassment; and fraudulently inflating Company net income and revenue, misleading their shareholders.

These shortcomings in company activities failing to meet the needs of stakeholders occur alongside the company's various publications and principles. Despite the existence of the ICARE Shared Principles "as the cultural foundation of the Company and "as a unifying set of values to guide us in our mission," and despite the company's corporate social responsibility reporting, there remains substantial evidence of failures to effectively address the stakeholder concerns outlined in the Statement. Thus, while the report and website disclosures are valuable insights into the company, they do not purport to address the fundamental purpose of the proposal, which is for the board to undertake an evaluation to consider whether there are changes to governance and management systems that could further reduce operations and actions inconsistent with the BRT statement, or in the terms of the proposal for the board to assess whether governance and management systems can be altered to better align with the Statement of Purpose."

**The Company does not allege that the Board of Directors has completed the requested review, nor has it done so.**

The Staff has previously declined to find substantial implementation in cases where companies disclose abundant information without fulfilling the guidelines of the proposal. *See*, for example, *EOG Resources, Inc.* (avail. January 30, 2015), where the proposal sought a review of the company's efforts to reduce methane emissions. Existing disclosures provided an abundance of evidence showing that the company was indeed reducing its methane emissions. Despite this, the proponent insisted that the proposal was not substantially implemented, as the company had not conducted the *review* requested (even though the company was *actually reducing* its emissions as the proponent wanted). The Staff agreed with the proponent and denied the company's no action request under Rule 14a-8(i)(10).

Failure to fulfill each of the guidelines of the proposal is a basis for finding that a proposal is not excludable under Rule 14a-8(i)(10). For instance, in *Dominion Resources, Inc.* (February 28, 2014), the Company sought to omit a shareholder proposal from its proxy materials which mandated the creation of a report on the Company's lobbying contributions and expenditures, claiming that its web publications substantially implemented the proposal. Proponents asserted that though the Company did provide some information on its policies, procedures and decision-making process in this regard, these disclosures did not fulfill the guidelines or essential purpose of the Proposal because the Proposal's particular concerns of the Company's participation in trade associations and direct state lobbying were not addressed. *See also*, *Southwestern Energy* (March 15, 2011) (political contributions disclosure proposal that sought accounting of direct and indirect expenditures was not substantially implemented by disclosure of direct expenditures only).

Though the information provided by the Company here addresses the *category* of stakeholders affected by the Company, it does not address the Proposal's *intended purpose* of understanding how the Company's governance documents will prioritize and reconcile the needs and support of different stakeholder groups henceforth across the Company's activities. As such, the Company's actions do not fulfill either the guidelines or the essential purpose of the current Proposal.

The Company Letter tries to skirt over the core objective of the proposal regarding a direct review of options to better implement the BRT statement by noting that the "Company's key strategic objectives are undertaken with the oversight of, and guidance by, the Board." This is not the same as a board level assessment of how the Company will strengthen alignment of its actions and programs with the Statement signed by the CEO, and the Company Letter does not purport to assert that the board has done the needed assessment. Instead, the focus of the Company letter is the idea that "the Company's materials filed with the Commission or otherwise made publicly available compare favorably with the action requested in the Proposal." Notably, the itemized table that purports to show fulfillment of the proposal completely skirts over and ignores the core request of the Proposal which is a report on options to strengthen alignment of the Company with the Statement.

The Company argues that it has substantially implemented the Proposal because certain policies and practices already in place address each of the five areas of stakeholder interest described in the Statement. The Company argues that because it has ‘checked the box’ on each of these categories, the Proposal has been substantially implemented. Again, the Company misconstrues the intent of the Proposal, which is to spur review of the Company’s governance documents and gain disclosure of how the Board’s thinking and planning will advance the Company’s new commitments implied by the endorsement. Since the Company has not completed the requested review of its governance documents, nor issued guidance to shareholders on how the sign-on impacts these governance documents, the Company has not substantially implemented the Proposal. Accordingly, we do not believe the Proposal is excludable on the basis of Rule 14a-8(i)(10).

## **II. Rule 14a-8(i)(7)**

**The request of the Proposal is significant to the Company, and does not represent an “insignificant gap” from current activities.**

In the Supplemental Letter, the Company notes that the board Governance Committee met to discuss the Proposal. Rather than implementing the Proposal by assessing and issuing a report on options to better align the Company’s governance and management systems with the Statement, the committee instead asserted that there is not a significant gap between what the Proposal requests and what the Company has already done.

The Committee determined that the publicly available information that the Company already presents with respect to its commitment and focus on stakeholder relations, as described in detail in the March No-Action Letter, is consistent with the request in the Proposal to **“provide a report on how the Company’s governance and management systems align with the BRT Statement.”** [Emphasis added]

The committee mischaracterizes the Proposal in this description. The Proposal does not ask for a report on how the company’s governance and management systems align with the BRT statement. It asks for the board to conduct an assessment as to how they can be revised to better align with the statement. The board committee does not purport to claim that it has undertaken such an assessment. Instead, the argument under Rule 14a-8(i)(7) is that there is not a sufficient gap between what the company has done and what the proposal seeks, and therefore the proposal does not create an issue that is significant to the company.

In the Committee’s view, given the robust nature of the Company’s practices and disclosure, a report describing how the governance and management systems may be altered would provide little value to shareholders.... The Governance Committee therefore determined that any delta between what the Proposal requests and what McKesson’s current

policies provide is minor, and that this delta does not present a significant policy issue to the Company.

**A. The Company does not have a flawless record of consistency with the Statement.**

Certainly, the Company's demonstration of commitment to address evolving stakeholder concerns is appropriate and laudable. However, the actions of the Company and the board do not amount to either implementation of the Proposal or an insignificant difference from what the Proposal requests. As noted in the supporting statement of the Proposal, there is significant evidence that the Company's "commitments" are often demonstrated in the breach:

However, McKesson has engaged in various practices that appear to contradict these principles [Both the Statement of Purpose and the ICARE principles] including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards customers and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;' allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs; allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions; displaying unfair labor practices related to union organizing, racial discrimination, and sexual and retaliatory harassment; and fraudulently inflating Company net income and revenue, misleading their shareholders.

As such, there is plenty of room to further align" with the Statement and finding methods of doing so would not be insignificant.

**B. The Statement represents a significant public commitment that may conflict with existing governance documents and Company actions. The Proposal asks the board to consider options to reconcile these conflicts.**

As described in the Proposal, the CEO's sign-on to the Statement generates significant questions of governance for the Company to consider. Existing governance documents evolved in an environment of shareholder primacy, but the Statement articulates a new purpose, mov[ing] away from shareholder primacy, and includes commitment to all stakeholders. The Statement, as company policy, may conflict with Delaware law unless integrated into Company governance documents, including bylaws, Articles of Incorporation, and/or Committee Charters.

The clash between the practical application of the commitments in the Statement to "all stakeholders" and the Company's governance documents and practices rooted in shareholder primacy trigger a need for review and consideration by the Board. Shareholders have a right to understand how the members of the Board will approach implementing these new commitments, while maintaining their legal and fiduciary duties to shareholders. There has not yet been any

disclosure on this material issue.

Numerous legal and corporate scholars have written articles and reports addressing the new Statement, arguing that the Statement itself violates the fiduciary duties of directors, that it involves misleading communications, and that it unlawfully attempts to supplant shareholder primacy.

For instance, an article in *Fiduciary News* asked outright, “Did Business Roundtable Just Break a Fiduciary Oath?”<sup>2</sup> In this article, the author explained:

“The issue of which constituency – or “stakeholder” – has the highest priority has long been a classic corporate governance conundrum. Still, the prevailing consensus, as espoused by Milton Friedman in his September 13, 1970 New York Times Magazine article, has been corporate executives work for their owners (i.e., shareholders) and have a responsibility to do what those owners desire, which is to make as much money as (legally) possible. That all changed on August 19, 2019.”

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. . . . “With this in mind, the next question might be: What potential fiduciary liability might an investment adviser have by knowingly using client assets to purchase shares of companies whose CEOs are on record of subordinating shareholder interest?”

This same concern about subordination of investor interests was also raised by an array of respected voices on corporate governance, from the Council of Institutional Investors to Delaware law expert Charles Elson, in coverage by *Pensions and Investments*:

“In its own statement, the Council of Institutional Investors — whose pension fund, endowment and foundation members hold a collective \$4 trillion in assets — warned the policy shift would diminish shareholder rights and, in the absence of new mechanisms to assure accountability of boards and management, would lead to “accountability to no one.”

Long-term views and strategies are important, CII officials said in the statement, but “if ‘stakeholder governance’ and ‘sustainability’ become hiding places for poor management,” the economy or public equity markets will suffer.

The driving force behind the new Statement appears to be a groundswell of sentiment from the public, and particularly employees, that companies must have a purpose beyond profiteering. As reported in *Fortune Magazine’s* coverage of the BRT statement, the driver for this new initiative of BRT was widespread public and employee unrest regarding the purpose of the corporation and the need for a public mission:

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<sup>2</sup> Christopher Carosa, “Did Business Roundtable Just Break A Fiduciary Oath?”, [FiduciaryNews.com](http://fiduciarynews.com). August 27, 2019. <http://fiduciarynews.com/2019/08/did-business-roundtable-just-break-a-fiduciary-oath/>.

"More and more CEOs worry that public support for the system in which they've operated is in danger of disappearing.

"Society gives each of us a license to operate," IBM CEO Ginni Rometty told me this August. "It's a question of whether society trusts you or not. We need society to accept what it is that we do."

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*Public interest in corporate responsibility is unusually high:* A July survey of 1,026 adults for Fortune by polling firm New Paradigm Strategy Group found that nearly three-quarters (72%) agree that public companies should be "mission driven" as well as focused on shareholders and customers. *Today, as many Americans (64%) say that a company's "primary purpose" should include "making the world better" as say it should include "making money for shareholders."*

*But CEOs invariably say the constituency that's truly driving their newfound social activism is their employees. Younger workers expect even more from employers on this front. Though, according to the poll, fewer than half of Americans overall (46%) say that CEOs should take a stance on public issues, support for such action is overwhelming among those ages 25 to 44. Millennials, in particular, may be driving the change more than anyone—and, more important, they're choosing to work at companies that are driving change too. Among those ages 25 to 34 in the Fortune/NP Strategy poll, 80% say they want to work for "engaged companies."<sup>3</sup> (Emphasis added).*

Those who are longtime observers and participants in the debate on corporate social responsibility, such as Nell Minow of Value Edge Investors, have suggested that the Statement is really more of an attempt to avoid rather than to create accountability:

***"We've seen this before.*** The last time the BRT deployed stakeholder rhetoric it was during the 1980's era of hostile takeovers, when a feint to the interests of anyone other than shareholders was the best way to entrench management. The CEOs who signed this statement know that accountability to everyone is accountability to no one. It's like a shell game where the pea of any kind of obligation is always under the shell you didn't pick. It's shoot an arrow at the wall and then draw a bull's-eye around it goal-setting.

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There is also a serious credibility problem here. Barry Ritholtz notes dryly, "Scan the list of 181 signatories to the recent memo and it's a Who's Who of corporate behavior that has burdened and disadvantaged the very stakeholders they will now champion." His

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<sup>3</sup> Alan Murray, "America's CEOs Seek a New Purpose for the Corporation", *Fortune*, August 19, 2019. <https://fortune.com/longform/business-roundtable-ceos-corporations-purpose/>

exhaustive lists include many specific examples of opposition to unions, health, environmental, consumer protection and safety rules, and efforts to reduce shareholder oversight."<sup>4</sup>

Value Edge Investors has compiled responses to the Statement, collecting all manner of sources, from reader responses to top news publication commentary. For instance, it notes *Fortune* reader responses, like this one:

*"Every CEO focuses extensively on the "needs of society" ... until they have a bad quarter."*<sup>5</sup>

Similarly, on *Bloomberg*, an *Opinion Article* stated:

*"It certainly sounds enlightened — and if Dimon's goal is merely to sound enlightened and thereby improve JP Morgan's image, then his move is a smart one. If, however, he genuinely means what he says, then his proposal is misguided. Its implementation will be at best wasteful and at worst harmful to investors, workers and society.... Asking corporate managers to focus more on improving society and less on making profits may sound like a good strategy. But it's a blueprint for ineffective and counterproductive public policy on the one hand, and blame-shifting and lack of accountability on the other. This is a truth Milton Friedman recognized nearly five decades ago — and one that all corporate stakeholders ignore today at their peril."*<sup>6</sup>

A commentator at *Slate* demonstrates critique:

*"Now, you might be tempted to think that, by issuing a feel good PR statement about how corporations really have society's best interests at heart, and aren't just cold-blooded profit machines, America's CEOs are trying to put a warm face on U.S. capitalism and beat back demands for more fundamental reforms, such as Warren's, that might actually give workers a voice in corporate decision-making. But that would be cynical, wouldn't it?"*<sup>7</sup>

And authors at the *Wall Street Journal*, explain:

"While 181 CEOs say they are committed to serving 'all stakeholders,' when it comes to assessing their own performance, there is really only one master.

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<sup>4</sup> Nell Minow, "Six Reasons We Don't Trust the New "Stakeholder" Promise from the Business Roundtable", ValueEdge Advisors, September 2, 2019. <https://corpgov.law.harvard.edu/2019/09/02/six-reasons-we-dont-trust-the-new-stakeholder-promise-from-the-business-roundtable/>.

<sup>5</sup> <https://fortune.com/2019/08/20/feedback-on-the-business-roundtable-shift-ceo-daily>

<sup>6</sup> <https://www.bloomberg.com/opinion/articles/2019-08-22/corporations-should-keep-their-focus-on-profit-not-on-doing-good>

<sup>7</sup> Jordan Weissman, "America's Most Powerful CEOs Say They No Longer Only Care About Shareholder Value. Here's How They Can Prove It.", *Slate*, August 21, 2019. <https://slate.com/business/2019/08/ceos-shareholder-value-investors-business-roundtable.html>.

Now, even as investor interests are increasingly cast as the root of many social problems, I offer this word of encouragement to shareholders: You may be unpopular, but you are still king.

How do I know this? The regulatory disclosures of most of the companies that the Business Roundtable represents tell me that senior leaders get paid for performance, and by “performance” we mean stock price. Almost all of their CEOs issue financial guidance, buy back sums of stock that dwarf capital spending and equate a healthy share price with a healthy payday.”<sup>8</sup>

As well as:

“The Business Roundtable’s statement was a significant step in the right direction. But for those who signed—and, by extension, for all American corporations—now comes the hard part: turning this vision into something measurably meaningful.”<sup>9</sup>

In short, there is ample evidence that the discussion of options for better aligning the Company with the Statement of purpose is not a trivial matter, but rather would be a significant undertaking for the Board of Directors. The board has not done so, and the “delta” for purpose of determining significance to the company is large.

### CONCLUSION

In conclusion, the Company has failed to demonstrate that the Proposal is excludable on the basis of Rule 14a-8(i)(10) or Rule 14a-8(i)(7). Accordingly, we request that the Company’s petition for no-action on the basis of Rule 14a-8 be declined.

Sincerely,  
  
Sanford Lewis

Cc: Alan Denenberg  
Danielle Fugere

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<sup>8</sup> John Stoll, "A Reminder for CEOs Considering a Shift in Focus: Shareholders Are Still King", *Wall Street Journal*, Sept. 6, 2019. <https://www.wsj.com/articles/a-reminder-for-ceos-considering-a-shift-in-focus-shareholders-are-still-king-11567791772>.

<sup>9</sup> Rick Wartzman and Kelly Tang, "The Business Roundtable’s Model of Capitalism Does Pay Off," *Wall Street Journal*, Oct. 27, 2019. <https://www.wsj.com/articles/the-business-roundtables-model-of-capitalism-does-pay-off-11572228120>.

## McKesson Implementation of New Purpose of a Corporation

**Whereas**, our Company’s Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) “Statement on the Purpose of a Corporation,” (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles “Integrity, Customer-First, Accountability, Respect and Excellence” (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company’s governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board’s perspective on benefits and drawbacks of the options considered, as well as the board’s recommendations.

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<sup>1</sup> “Virginia Drug Prices Lawsuit: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit](http://www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit).

<sup>2</sup> Gershon, Nina. “U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB).: 20190205d72.” Leagle, United States District Court, E.D. New York. [leagle.com/Images/Logo.png](http://leagle.com/Images/Logo.png), 4 Feb. 2019, [www.leagle.com/decision/infcco20190205d72](http://www.leagle.com/decision/infcco20190205d72).

<sup>3</sup> “Average Wholesale Price (AWP) Lawsuit: Federal Contractor Misconduct Database.” POGO’S FCMD, [www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit](http://www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit).

<sup>4</sup> “McKesson Corporation.” Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>5</sup> “Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

<sup>6</sup> “McKesson Corporation.” Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>7</sup> “Racial Discrimination: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/444/racial-discrimination](http://www.contractormisconduct.org/misconduct/444/racial-discrimination).

<sup>8</sup> “Mayes, Samuel H. “Equal Employment Opportunity Commission v. McKesson Corporation.” Digital Commons, Cornell University ILR School, 14 Sept. 2014, <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1558&context=condec>.

<sup>9</sup> “McKesson/HBOC, Inc. Securities Litigation: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation](http://www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation).

**Supporting Statement:** Pertinent information, in the board’s discretion, may include any actions to amend the bylaws or articles of incorporation to integrate the new “Purpose;” any metrics being considered, including linkage to executive or board compensation; or any other actions providing for representation of stakeholders in governance or recommendations to shareholders regarding plans for implementation.

**Exhibit 2**  
**BRT Statement on the Purpose of a Corporation**

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.
- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.



New York  
Northern California  
Washington DC  
São Paulo  
London

Paris  
Madrid  
Tokyo  
Beijing  
Hong Kong

**Alan F. Denenberg**

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April 29, 2020

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549  
via email: shareholderproposals@sec.gov

Ladies and Gentlemen:

On behalf of McKesson Corporation, a Delaware corporation (the “**Company**” or “**McKesson**”), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we are writing to supplement the request from the Company, dated March 30, 2020 (the “**No-Action Letter**”), regarding the exclusion of a shareholder proposal (the “**Proposal**”) submitted by As You Sow as a representative for certain beneficial owners of the Company’s common stock (the “**Proponent**”) from the Company’s proxy statement for its 2020 Annual Meeting of Shareholders (the “**2020 Proxy Materials**”). A copy of the No-Action Letter is included with this letter as Exhibit A.

**I. THE PROPOSAL**

The Proposal states:

“**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations.”

**II. REASONS FOR EXCLUSION OF THE PROPOSAL**

**A. Bases for Excluding the Proposal**

As discussed in the No-Action Letter, the Company believes it may properly omit the Proposal from its 2020 Proxy Materials pursuant to Rule 14a-8(i)(10), because the Company has already substantially implemented the Proposal. Based on the discussion below, the Company also believes that it may properly

omit the Proposal under Rule 14a-8(i)(7), because the Proposal relates to the Company's ordinary business operations.

**B. The Proposal May Be Omitted Because It Relates to Ordinary Business Matters**

**1. Background**

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." According to the Commission, the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholder meeting." *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals*, [1998 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 86,018, at 80,539 (May 21, 1998) (the "**1998 Release**").

In the 1998 Release, the Commission described two "central considerations" for the ordinary business exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* at 86,017-18 (footnote omitted).

Proposals that otherwise concern ordinary business matters may nonetheless be appropriate for a shareholder vote if the proposal raises a policy issue that is sufficiently significant to transcend day-to-day business matters. *1998 Release*. The applicability of the significant policy exception "depends, in part, on the connection between the significant policy issue and the company's business operations." *Staff Legal Bulletin No. 14I* (November 21, 2017). Whether a policy issue is of sufficient significance to a particular company to warrant inclusion of a proposal that touches upon that issue may involve a "difficult judgment call" which the company's board of directors (or a committee thereof) "is generally in a better position to determine." *Id.* According to the Staff, a well-informed board, exercising its fiduciary duty to oversee management and the strategic direction of the company, "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote." *Id.*

The Staff noted that, where a board concludes that a proposal does not raise a policy issue that transcends the company's ordinary business operations, the company's letter notifying the Staff of the company's intention to exclude the proposal should set forth the board's analysis of "the particular policy issue raised and its significance" and describe the "processes employed by the board to ensure that its conclusions are well-informed and well-reasoned." *Id.*; *see also Staff Legal Bulletin No. 14J* (October 23, 2018) (reiterating the Staff's belief that a "well-developed discussion of the board's analysis . . . can assist the staff in evaluating a company's no-action request"); *Staff Legal Bulletin No. 14K* (October 16, 2019) (noting that "the board's analysis will describe in sufficient detail the specific substantive factors the board considered in arriving at its conclusion, and set forth a non-exclusive list of such factors").

**2. Governance Committee Process**

The Governance Committee (the "**Governance Committee**") of McKesson's Board of Directors (the "**Board**") oversees, receives regular updates on, and makes recommendations regarding matters pertaining to McKesson's corporate governance. At a meeting held on April 28, 2020, the Committee reviewed the BRT Statement alongside the Proposal, taking into consideration its own knowledge of the Company's corporate

governance, stakeholder relations, operations and business environment, and input from management. The Committee considered all of the Company's disclosures referred to in the March No-Action Letter. The Committee also reviewed numerous factors relating to the Proposal as set forth below:

### 3. *Governance Committee Analysis*

#### a. McKesson Has Already Addressed the Proposal's Policy and Any Difference Between McKesson's Policies and the Proposal (the "Delta") Are Insignificant

In addition to the BRT Statement, the Governance Committee considered all of the Company policies and reports cited to previously in the No-Action Letter. The Committee determined that the publicly available information that the Company already presents with respect to its commitment and focus on stakeholder relations, as described in detail in the March No-Action Letter, is consistent with the request in the Proposal to provide a report on how the Company's governance and management systems align with the BRT Statement.

Evidencing the Company's commitment to address evolving stakeholder concerns, since the No-Action Letter, the Company has published its "COVID-19 Response" on its website.<sup>1</sup> The Company describes the multiple measures it has taken to promote the safety of its employees in distribution centers, actively responding to unprecedented demand in the pharmaceutical supply chain and collaborating with the federal government and other healthcare stakeholders to obtain critical personal protective equipment. In the Committee's view, given the robust nature of the Company's practices and disclosure, a report describing how the governance and management systems may be altered would provide little value to shareholders.

On this basis, applying the guidance set forth by the Commission in Staff Legal Bulletin No. 14K, McKesson's existing policies and disclosures already address the BRT Statement to such an extent that the Proposal does not present a policy issue that is significant to McKesson. The Governance Committee therefore determined that any delta between what the Proposal requests and what McKesson's current policies provide is minor, and that this delta does not present a significant policy issue to the Company.

#### b. Core Business Activities and Impact on Financial Statements

The report requested by the Proposal would not have a clear impact on McKesson's core business activities and financial statements, since McKesson already operates in accordance with the principles outlined in the BRT Statement.

#### c. Shareholder Engagement

McKesson frequently engages with its major institutional shareholders. The BRT Statement has not been raised as a significant topic in McKesson's engagements with major institutional shareholders. Moreover, other than the Proponent, no shareholders have requested a report similar to the one sought in the Proposal.

#### d. Prior Vote

The Proposal has not been previously voted on by shareholders.

Since the Company already addresses through its public disclosure how its governance and management systems are supportive of each of the five commitments expressed in the BRT Statement: "delivering value to our customers"; "investing in our employees"; "dealing fairly and ethically with our

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<sup>1</sup> <https://www.mckesson.com/About-McKesson/Coronavirus-Response/>

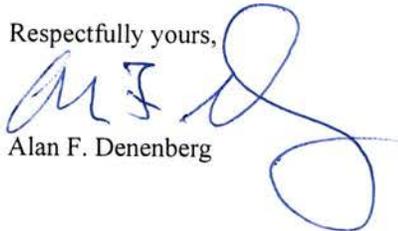
suppliers”; “supporting the communities in which we work”; and “generating long-term value for shareholders,” the Committee determined that the ongoing actions taken by the Company with Board oversight, and existing public disclosures reflecting those actions, are consistent with the Proposal’s request, and as a result, the Proposal did not present a significant issue to the Company.

### III. CONCLUSION

For the reasons set forth above, we believe that the Proposal may be excluded from the Company’s 2020 Proxy Materials pursuant to Rule 14a-8(i)(10) and Rule 14a-8(i)(7).

The Company respectfully requests the Staff’s concurrence with its decision to omit the Proposal from the 2020 Proxy Materials and further requests confirmation that the Staff will not recommend any enforcement action if, in reliance on the foregoing, the Company omits the Proposal. If you should have any questions or need additional information, please contact the undersigned at (650) 752-2004 or alan.denenberg@davispolk.com, or Ning Chiu at (212) 450-4908 or ning.chiu@davispolk.com. If the Staff does not concur with the Company’s position, we would appreciate an opportunity to confer with the Staff concerning these matters prior to the issuance of its response.

Respectfully yours,



Alan F. Denenberg

Enclosures

cc w/ enc: Michele Lau  
As You Sow

**Exhibit A**

**March 30, 2020 No Action Letter**

New York  
Northern California  
Washington DC  
São Paulo  
London

Paris  
Madrid  
Tokyo  
Beijing  
Hong Kong



**Alan F. Denenberg**

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March 30, 2020

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549  
via email: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Ladies and Gentlemen:

On behalf of McKesson Corporation, a Delaware corporation (the “**Company**” or “**McKesson**”), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we are filing this letter with respect to the shareholder proposal (the “**Proposal**”) submitted by As You Sow on behalf of the Chang Liu Family Living Trust, Sullivan Children’s 2004 Trust and Sullivan Family 2004 Trust (the “**Proponents**”) for inclusion in the proxy materials the Company intends to distribute in connection with its 2020 Annual Meeting of Shareholders (the “**2020 Proxy Materials**”). Copies of the Proposal and correspondence relating to the Proposal are attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the “**Staff**”) will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2020 Proxy Materials. The Company has advised us as to the factual matters set forth below.

Pursuant to Staff Legal Bulletin No. 14D (CF), Shareholder Proposals (November 7, 2008), Question C, we have submitted this letter and any related correspondence via email to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov). Also, in accordance with Rule 14a-8(j), a copy of this submission is being sent simultaneously to the Proponents as notification of the Company’s intention to omit the Proposal from the 2020 Proxy Materials. Pursuant to Rule 14-8(j), we are submitting this letter not less than 80 days before the Company intends to file its definitive 2020 proxy statement. This letter constitutes the Company’s statement of the reasons it deems the omission of the Proposal to be proper.

**THE PROPOSAL**

The Proposal states:

“**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and

prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the Board's recommendations."

## **REASONS FOR EXCLUSION OF THE PROPOSAL**

The Company believes that the Proposal may be properly omitted from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(10), because the Company has already substantially implemented the Proposal.

The Commission has stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. See Exchange Act Release No. 34-40018 (May 21, 1998, n.30). The Staff has provided no-action relief under Rule 14a-8(i)(10) when a company has substantially implemented and therefore satisfied the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail, or exercised discretion in determining how to implement the proposal. See *Wal-Mart Stores, Inc.* (March 25, 2015) (proposal requests an employee engagement metric for executive compensation where a "diversity and inclusion metric related to employee engagement" was already included in the company's management incentive plan); *Exelon Corp.* (February 26, 2010) (concurring in the exclusion of proposal that requested a report on different aspects of the company's political contributions when the company had already adopted its own set of corporate political contribution guidelines and issued a political contributions report that, together, provided "an up-to-date view of the [c]ompany's policies and procedures with regard to political contributions"); *Dominion Energy, Inc.* (February 14, 2020) (proposal requests that the company evaluate how cultural shifts toward human rights and climate justice affect the corporations' governance where the company's board committee oversees sustainability and the company produces a sustainability and corporate responsibility report); and *PPG Industries, Inc.* (January 16, 2020) (proposal requests a report on the company's process for implementing human rights commitments within its operations and business relationships where the company's code of ethics and supplier policies already set forth the human rights statements sought in the proposal).

The Staff has agreed that companies' reports have substantially implemented proposals asking for implementation in alignment with third-party goals, including in *Walgreens Boots Alliance, Inc.* (November 13, 2018) (proposal requests a report describing the company's implementation plans ensuring how its policies and practices are advancing and not undermining the United Nations Sustainable Development Goals, where the company's social responsibility report disclosed the company's goals in the areas of "community, environment, marketplace and workplace"). Notably, in *JPMorgan Chase & Co.* (February 5, 2020), the Staff determined that a proposal with a similar request as the Proposal was found to be substantially implemented. That proposal requested the board to provide oversight and guidance as to how the new statement of shareholder theory (the BRT Statement) should alter the company's governance and management system, and publish recommendations regarding implementation. The Staff concurred that the company's existing actions and statements satisfied the proposal and noted that the company's board also determined that additional actions or assessments are not required under the BRT Statement. "[A] determination that the company has substantially implemented the proposal depends upon whether [the Company's] particular policies, practices, and procedures compare favorably with the guidelines of the proposal." See *Texaco, Inc.* (March 28, 1991).

The Proposal requests that the Company's board of directors (the "**Board**") review The Business Roundtable's Statement on the Purpose of a Corporation (the "**BRT Statement**") and "prepare a report discussing options as to how the Company's governance and management systems can be altered to better align with" the BRT Statement, and the report "may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations." As demonstrated by the Company's publicly available materials and its written policies and procedures governing its operations and business practices, the Company has already fulfilled the essential objectives of the Proposal with its disclosures about its existing governance and management systems that demonstrate alignment with the BRT Statement. The Company provides information that makes clear that the Company operates in alignment with the principles set forth in the BRT Statement under Board oversight. Since the Company's governance and management systems, and its existing reports, meet the essential objectives of the Proposal, the Company has substantially implemented the Proposal for purposes of Rule 14a-8(i)(10).

## 1. **The BRT Statement**

The BRT Statement, which was published on August 19, 2019, states the following:

*While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:*

- *Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.*
- *Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.*
- *Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.*
- *Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.*
- *Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.*

*Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.*

## 2. **Company Actions and Statements Align with the BRT Statement and Demonstrate Substantial Implementation of the Proposal**

### The Company's ICARE Shared Principles

As explained on its website, the Company's values are embodied in the ICARE shared principles.<sup>1</sup> As the Company disclosed, the ICARE shared principles function as the cultural foundation of the Company and

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<sup>1</sup> See <https://www.mckesson.com/About-McKesson/McKesson-Values/>.

“as a unifying set of values to guide us in our mission.” The purpose of the principles is to provide “the foundation of McKesson’s reputation as a trusted organization that goes the extra mile to advance our customers’ success.” While the ICARE shared principles encompass several elements of the Company’s focus on meaningful relationships with their stakeholders, the core topic of the principles focuses on a key aspect of the BRT Statement, which is to deliver value to customers. References to the Company’s customers are emphasized in each aspect of its ICARE shared principles with select examples as set forth below, and a full copy of which is attached hereto as Exhibit B:

- Integrity, where the Company commits “to the greater good—for our company, *our customers* and the health care industry” (emphasis added).
- Customer-First, where “our commitment to *our customers* sets us apart” and “[o]ur customers are at the center of everything we do, and our success comes from their success” (emphasis added).
- Accountability, where “[w]e take individual responsibility for the decisions we make to get results for *our customers*. We build trust with *our customers* by delivering on our promises” (emphasis added).
- Respect, where “[o]ur people treat each other, *our customers* and our vendors with dignity, consideration, open-mindedness and respect,” and “McKesson cultivates an environment of innovation and collaboration—which pays off in the way we solve problems for *our customers*” (emphasis added).
- Excellence, where “we always aim higher for *our customers* and partners, and [w]hen customers choose McKesson, they’re choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency—for the better health of *our customers* and the entire health care industry” (emphasis added).

The Company’s Fiscal 2019 Corporate Social Responsibility Report (“CSR Report”)

As described in the CSR Report,<sup>2</sup> a copy of which is attached hereto as Exhibit C, McKesson is working to use its “economic, environmental, social and governance resources thoughtfully and responsibly . . . [to] make a positive impact on our company, our environment and our society.” The CSR Report focuses on key aspects of the BRT Statement, including investing in employees and supporting communities.

*Investing in employees.* The BRT Statement with respect to commitment to employees includes: fair compensation; benefits; training and education for new skills; diversity and inclusion, dignity and respect, which are addressed in the CSR Report, with select examples as set forth below:

- “Our people are the key to our success . . . To support their growth, we provide regular feedback and training.”
- “We build the best teams by conscientiously recruiting, developing, and retaining diverse talent.”
- “We work to create and maintain an inclusive environment where everyone brings their authentic self to work . . . ” and “ICARE supports our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds, and styles.”
- “McKesson wants our employees to be excited about their careers, so we invest heavily in employee growth and development.”
- “We establish clear goals . . . and compensation increases are tied to [employee] success.”

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<sup>2</sup> See <https://www.mckesson.com/Documents/About-McKesson/Corporate-Citizenship/FY19-McKesson-Corporate-Responsibility-Report/>.

The CSR Report cites to several third-party recognitions awarded for the Company's inclusive culture and respecting the rights of employees. In a section titled "Opportunities to grow," the report discusses employees' career development and growth, including providing coaching and feedback to employees as well as employee training opportunities as an important part of employee development. The CSR Report also addresses the advancement of employee well-being and keeping the workplace safe and secure.

*Dealing with suppliers.* The Company reports on its efforts in ensuring its supply chain security, safety and security training programs and focus on the integrity of product packaging and containers. Suppliers are accountable for the quality of their products and services, which the Company audits and monitors, and takes corrective actions as necessary. Suppliers must also comply with McKesson Sustainable Supply Chain Principles (the "MSSP"). As the MSSP explains, McKesson strives to do business with companies that "share our values . . . effectively incorporate them into their business practices and management systems." The principles underlying the relationships include compliance with laws, conducting business ethically, monitoring and enforcing compliant management systems, establishing fair and non-discriminatory labor practices, paying applicable wages and benefits and permitting freedom of association.

*Support the surrounding communities.* The BRT Statement with respect to commitment to the Company's surrounding communities includes: respect the people in those communities and protect the environment by embracing sustainable practices, which are addressed throughout the CSR Report.

In a section titled "Caring for Our Communities," the Company discusses a few of the example where the Company's employees volunteered in their communities and the Company contributed to a variety of charitable organizations.

In a section titled "Eco-Efficient Operations and Transportation," the Company discusses efforts to reduce energy use in its facilities by: increasing LED lighting, monitoring and benchmarking energy use, pursuing environmental certification, reducing movement of inventory, and recycling and reusing resources. In addition, the CSR Report discloses the Company's efforts toward focusing on reducing the environmental impact from transportation in its operations, including energy reduction in both outsourced and in-house fleets, and equipment upgrades. The CSR Report discloses the Company's estimated greenhouse gas emissions (Scope 1, 2 and 3).

*Generating long-term value for shareholders.* The BRT statement commits companies to generate long-term value for shareholders, including being transparent and providing effective engagement. McKesson discloses that "[a] balanced corporate governance approach aims to strengthen confidence in our company – both in the capital markets and among the public – and creates value over the long term" as it describes its practices and processes for good corporate governance that benefits shareholders.

#### The McKesson Website

The McKesson website contains multiple disclosures that show that the Company's practices are consistent with the principles of the BRT Statement, including:

*Investing in employees.* McKesson reports publicly on its employee compensation and benefits,<sup>3</sup> which includes competitive compensation packages, training programs, paid parental leave, employee stock purchase programs, time off, an educational assistance program and performance management tracking. Information on the Company's diversity and inclusion, including employee resource groups, is also available

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<sup>3</sup> See <https://www.mckesson.com/Careers/Employee-Benefits/>.

on the website, including the breakdown of the U.S. workforce by gender, ethnicity and disability.<sup>4</sup> McKesson also discusses its commitment to the principles of equal opportunity, pay equity, inclusion and diversity, including its process and procedures for driving equitable pay decisions, and methods for addressing employee pay concerns and eliminating unexplained pay inequities.<sup>5</sup>

*Dealing with suppliers.* The BRT Statement focuses on dealing with suppliers fairly and ethically. McKesson promotes the same treatment by “opening the doors of opportunity to qualified small and diverse suppliers,” as it explains its commitment to supplier diversity.<sup>6</sup> McKesson encourages small, small-disadvantaged, minority, women, HUBZone, veteran service-disabled veteran, and/or disability-owned business enterprises (DOBE) to register as suppliers with McKesson. Through its Code of Conduct,<sup>7</sup> attached hereto as Exhibit D, McKesson stresses the importance of conducting business with suppliers and other partners honestly and with integrity.

#### 2019 Annual Report and Proxy Statement

McKesson’s 2019 annual report and proxy statement disclosures demonstrate alignment with the BRT statement as to the Company’s commitment to generate long-term value for shareholders, including shareholder engagement:

- The CEO letter<sup>8</sup> to shareholders, attached hereto as Exhibit E, communicates the Company’s priorities for “delivering healthy and sustained growth on [shareholder] investment” and the Company’s strategy as being “focused on long-term, sustainable growth.” Top priorities listed in the letter include charting the Company’s path back to sustained growth, fighting the opioid epidemic and complying with a shared responsibility of doing business in a culture of integrity and operational excellence.
- The 2019 proxy statement describes in extensive detail the Company’s perspective on shareholder engagement, including its “long-term view toward shareholder engagement” that recognizes that “shareholder feedback is critical to driving growth and creating shareholder value, which resulted in 26 meetings with shareholders representing over 39% of the Company’s outstanding common stock, and that often included the chair of the compensation committee.

### **3. Summary of Comparison Between BRT Statement and the Company’s Publicly Available Materials**

The Company’s key strategic objectives are undertaken with the oversight of, and guidance by, the Board. As demonstrated above, the Company’s materials filed with the Commission or otherwise made publicly available compare favorably with the action requested in the Proposal. The following table provides a comparison of the factors set forth in the BRT Statement and the Company’s various statements and commitments, including the identification of the materials that contain such statements and commitments.

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<sup>4</sup> See <https://www.mckesson.com/Careers/Workplace-Diversity/>.

<sup>5</sup> See <https://www.mckesson.com/Documents/About-McKesson/Corporate-Citizenship/Pay-Equity-Disclosure/>.

<sup>6</sup> See <https://www.mckesson.com/About-McKesson/Corporate-Citizenship/Supplier-Diversity/>.

<sup>7</sup> See <https://www.mckesson.com/investors/corporate-governance/code-of-conduct/>.

<sup>8</sup> See [https://s24.q4cdn.com/128197368/files/doc\\_financials/annual/2019/McKesson\\_2019\\_Annual\\_Report.pdf](https://s24.q4cdn.com/128197368/files/doc_financials/annual/2019/McKesson_2019_Annual_Report.pdf).

<b>BRT Statement</b>	<b>Sources</b>	<b>Statements and Commitments</b>
1. Deliver value to customers	ICARE Shared Principles  CEO letter to shareholders	<ol style="list-style-type: none"> <li>1. Commit to the greater good—for our company and our customers</li> <li>2. Put customers first and at the center of everything we do</li> <li>3. Take individual responsibility for the decisions we make to get results for our customers</li> <li>4. Build trust with our customers by delivering on our promises</li> <li>5. Treat our customers with dignity, consideration, open-mindedness and respect</li> <li>6. Cultivate an environment of innovation and collaboration, which pays off in the way we solve problems for our customers</li> <li>7. Always aim higher for our customers</li> </ol>
2. Invest in employees by providing fair compensation, important benefits and training, and fostering diversity, inclusion, dignity and respect	ICARE Shared Principles  CSR Report, Our People, pages 22-25  McKesson Website, Employee Benefits  McKesson Website, Workplace Diversity  McKesson Website, Corporate Citizenship—Pay Equity Disclosure  CEO letter to shareholders	<ol style="list-style-type: none"> <li>1. Treat each other with dignity, consideration, open-mindedness and respect</li> <li>2. Recognize each individual’s contribution and stay open to each other’s perspectives</li> <li>3. Provide regular feedback and training to support growth</li> <li>4. Build the best teams by conscientiously recruiting, developing and retaining diverse talent</li> <li>5. Work to create and maintain an inclusive environment where everyone brings their authentic self to work</li> <li>6. Support our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds and styles</li> <li>7. Invest heavily in employee growth and development so</li> </ol>

BRT Statement	Sources	Statements and Commitments
		<p>employees are excited about their careers</p> <ol style="list-style-type: none"> <li>8. Establish clear goals, with compensation increases tied to employee success</li> <li>9. Maintain transparency regarding employee compensation and benefits, and publicly report U.S. workforce diversity metrics</li> <li>10. Publicly disclose processes and procedures for driving equitable pay decisions, and methods for addressing employee pay concerns and eliminating unexplained pay inequities</li> </ol>
3. Deal fairly and ethically with suppliers and serve as good partners to other companies	<p>ICARE Shared Principles MSSP</p> <p>McKesson Website, Corporate Citizenship—Supplier Diversity</p> <p>Code of Conduct, We Deliver Honest Value in the Marketplace, Page 7</p>	<ol style="list-style-type: none"> <li>1. Treat vendors with dignity, consideration, open-mindedness and respect</li> <li>2. Focus on ensuring supply chain security and the integrity of product packaging and containers</li> <li>3. Require compliance with McKesson Sustainable Supply Chain Principles, including complying with laws, conducting business ethically, monitoring and enforcing compliant management systems, establishing fair and non-discriminatory labor practices, paying applicable wages and benefits, and permitting freedom of association</li> <li>4. Strive to do business with companies that share our values</li> <li>5. Open doors of opportunity to qualified small and diverse suppliers</li> </ol>
4. Support the surrounding communities, respect the people	CSR Report, Eco-Efficient Operations and Transportation,	1. Facilitate and encourage volunteering and charitable

<b>BRT Statement</b>	<b>Sources</b>	<b>Statements and Commitments</b>
in those communities and protect the environment by embracing sustainable practices	pages 16-21 ICARE Shared Principles	<ul style="list-style-type: none"> <li>giving</li> <li>2. Reduce energy use in facilities by increasing LED lighting, monitoring and benchmarking energy use, pursuing environmental certification, reducing movement of inventory, and recycling and reusing resources</li> <li>3. Focus on reducing environmental impact from transportation in our operations</li> <li>4. Track and disclose estimated greenhouse gas emissions</li> <li>5. Work toward our common goal: to advance the health care system for better health for all</li> </ul>
5. Generate long-term value for shareholders and commit to transparency and effective engagement with shareholders	CSR Report, page 7 CEO letter to shareholders	<ul style="list-style-type: none"> <li>1. Take balanced corporate governance approach that aims to strengthen confidence in our company – both in the capital markets and among the public – and create value over the long term</li> <li>2. Deliver healthy and sustained growth on investment</li> <li>3. Focus on long-term, sustainable growth</li> <li>4. Maintain long-term view toward shareholder engagement, which recognizes that shareholder feedback is critical to driving growth and creating shareholder value</li> <li>5. Continue extensive direct communications with shareholders</li> </ul>

As described above, the BRT Statement provides a number of commitments of each signatory company, while serving their individual corporate purpose. Those commitments are: (1) “Delivering value to our customers”; (2) “Investing in our employees”; (3) “Dealing fairly and ethically with our suppliers”; (4)

“Supporting the communities in which we work”; and (5) “Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate.” Finally, the signatory companies stated: “We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”

As the Company actions and statements discussed above indicate, the BRT Statement presents commitments that the Company has already publicly reported. The BRT Statement “commits” each signatory company to take actions that the Company had undertaken previously, disclosed previously, and continues to satisfy. In this regard, the Company has disclosed its mission and activities with regard to corporate governance, customers, employees, suppliers, communities and sustainability. The Company has also discussed its long-term efforts to achieve shareholder value in publicly available statements. As such, the Proposal requests actions that the Company has undertaken, including prior to the release of the BRT Statement, and the Company has discussed publicly numerous times.

As the BRT Statement does not subject the Company to any new commitments and makes clear that the Company’s governance and management systems do not need to be “altered to better align” with the BRT Statement, the ongoing actions taken by the Company with oversight of the Board are precisely the essential objective sought by the Proposal. As such, the Company’s policies, practices, and procedures compare favorably with the action requested in the Proposal, and the Proposal may be excluded under Rule 14a-8(i)(10).

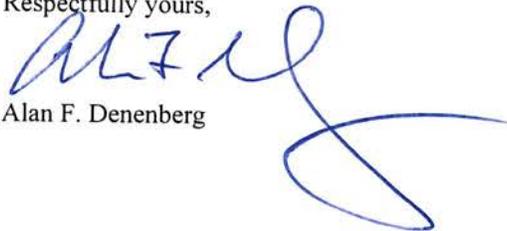
#### **SUPPLEMENTAL NOTIFICATION AND CONCLUSION**

At a meeting to be held in April 2020, the Governance Committee of the Board intends to review the Proposal to assess its significance to the Company. We will supplementally notify the Staff after the meeting.

The Company requests confirmation that the Staff will not recommend any enforcement action if, in reliance on the foregoing, the Company omits the Proposal from its 2020 Proxy Materials. If you should have any questions or need additional information, please contact the undersigned at (650) 752-2004 or alan.denenberg@davispolk.com, or Ning Chiu at (212) 450-4908 or ning.chiu@davispolk.com. If the Staff does not concur with the Company’s position, we would appreciate an opportunity to confer with the Staff concerning these matters prior to the issuance of its response.

Respectfully yours,

Alan F. Denenberg



Enclosures

cc w/ enc: Michele Lau, McKesson  
As You Sow

**Proposal and Related Correspondence**

## McKesson Implementation of New Purpose of a Corporation

**Whereas**, our Company’s Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) “Statement on the Purpose of a Corporation,” (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles “Integrity, Customer-First, Accountability, Respect and Excellence” (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company’s governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board’s perspective on benefits and drawbacks of the options considered, as well as the board’s recommendations.

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<sup>1</sup> “Virginia Drug Prices Lawsuit: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit](http://www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit).

<sup>2</sup> Gershon, Nina. “U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB).: 20190205d72.” Leagle, United States District Court, E.D. New York. [leagle.com/Images/Logo.png](http://leagle.com/Images/Logo.png), 4 Feb. 2019, [www.leagle.com/decision/infcco20190205d72](http://www.leagle.com/decision/infcco20190205d72).

<sup>3</sup> “Average Wholesale Price (AWP) Lawsuit: Federal Contractor Misconduct Database.” POGO’S FCMD, [www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit](http://www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit).

<sup>4</sup> “McKesson Corporation.” Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>5</sup> “Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

<sup>6</sup> “McKesson Corporation.” Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>7</sup> “Racial Discrimination: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/444/racial-discrimination](http://www.contractormisconduct.org/misconduct/444/racial-discrimination).

<sup>8</sup> “Mayes, Samuel H. “Equal Employment Opportunity Commission v. McKesson Corporation.” Digital Commons, Cornell University ILR School, 14 Sept. 2014, <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1558&context=condec>.

<sup>9</sup> “McKesson/HBOC, Inc. Securities Litigation: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation](http://www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation).



AS YOU SOW

2150 Kittredge St. Suite 450  
Berkeley, CA 94704

[www.asyousow.org](http://www.asyousow.org)

BUILDING BETTER FUTURE AND SUSTAINABLE WORLD

**VIA FEDEX & EMAIL**

February 20, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039

Dear Ms. Lau,

*As You Sow* is filing a shareholder proposal on behalf of The George Gund Foundation (Proponent) a shareholder of McKesson Corporation, for inclusion in the Company's 2020 proxy statement, and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. We also enclose a proof of ownership letter establishing the Proponent's ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns. To schedule a dialogue, please contact me, Andrew Behar, Chief Executive Officer at [REDACTED]. Please send all correspondence to me **with a copy to** [REDACTED] (not\*.com). Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Andrew Behar  
Chief Executive Officer

Enclosures

- Shareholder Proposal
- Shareholder Authorization
- Shareholder Proof of Ownership Letter

Cc: Investor Relations at [REDACTED]

## McKesson Implementation of New Purpose of a Corporation

**Whereas**, our Company's Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) "Statement on the Purpose of a Corporation," (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles "Integrity, Customer-First, Accountability, Respect and Excellence" (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment;<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations.

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<sup>1</sup> "Virginia Drug Prices Lawsuit: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit](http://www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit).

<sup>2</sup> Gershon, Nina. "U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB): 20190205d72." Leagle, United States District Court, E.D. New York. Leagle.com/Images/Logo.png, 4 Feb. 2019, [www.leagle.com/decision/infco20190205d72](http://www.leagle.com/decision/infco20190205d72).

<sup>3</sup> "Average Wholesale Price (AWP) Lawsuit: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit](http://www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit).

<sup>4</sup> "McKesson Corporation." Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>5</sup> "Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/2277/intl-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/intl-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

<sup>6</sup> "McKesson Corporation." Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>7</sup> "Racial Discrimination: Federal Contractor Misconduct Database." POGO's FCMD,

[www.contractormisconduct.org/misconduct/444/racial-discrimination](http://www.contractormisconduct.org/misconduct/444/racial-discrimination).

<sup>8</sup> Mayes, Samuel H. "Equal Employment Opportunity Commission v. McKesson Corporation ." Digital Commons, Cornell University ILR School, 14 Sept. 2014, <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1558&context=condec>.

<sup>9</sup> "McKesson/HBOC, Inc. Securities Litigation: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation](http://www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation).

**Supporting Statement:** Pertinent information, in the board’s discretion, may include any actions to amend the bylaws or articles of incorporation to integrate the new “Purpose;” any metrics being considered, including linkage to executive or board compensation; or any other actions providing for representation of stakeholders in governance or recommendations to shareholders regarding plans for implementation.

216.241.3114 1845 GUILDHALL BUILDING

Fax 216.241.6560 45 PROSPECT AVENUE WEST

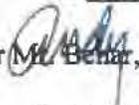
gundfoundation.org CLEVELAND, OHIO 44115

The George Gund Foundation

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

February 12, 2020

**Re: Authorization to File Shareholder Resolution**

Dear  Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with McKesson Corporation (the "Company") for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to an implementation plan for new Business Roundtable "Purpose of a Corporation".

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder alternatively authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf concerning the resolution.

Sincerely,



David T. Abbott  
Executive Director

# Key Private Bank



## Institutional Advisors

OH-01-10-0928  
100 Public Square, Suite 600  
Cleveland, OH 44113

February 20, 2020

Ms. Michele Lau  
Senior Vice President, Corporate Secretary and Associate General Counsel  
McKesson Corporation,  
6555 State Highway 161,  
Irving Texas 75039

Dear Ms. Lau,

RE: MCKESSON CORPORATION

KeyBank National Association  
127 Public Square  
Cleveland, OH 44114

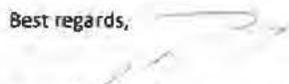
KeyBank National Association  
Custodian For The George Gund Fdn  
Under Agreement Dated 03/11/2005  
GUND\*GEORGE FDN-VULCAN DYN CUST  
[REDACTED]

George Gund Foundation  
1845 Guildhall Bldg.  
45 Prospect Ave West  
Cleveland OH 44115-1005

KeyBank National Association, a DTC participant, is a custodian for the George Gund Foundation. This letter serves as confirmation that the George Gund Foundation owns the GUND\*GEORGE FDN-VULCAN DYN CUST account. In the account they hold 7,559 shares of McKesson Corporation. They hold more than \$2000 worth of shares and have held them for more than one year.

Feel free to reach out to me directly if any additional information is required.

Best regards,

  
Craig Mosier  
Vice President  
Senior Relationship Manager  
KeyBank Institutional Advisors

Key Private Bank is part of KeyBank National Association (KeyBank). Bank and trust products are provided by KeyBank, Member FDIC and Equal Housing Lender. Credit products are subject to credit approval. Investment and insurance products are:

NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT  
• NOT INSURED BY ANY FEDERAL OR STATE AGENCY

Key Private Bank does not give legal advice.



2150 Kittredge St. Suite 450  
Berkeley, CA 94704

www.asyousow.org  
D:\DHC\STATE, IOT, AND\02\16\mwl\wdr\CO 5162-1171

**VIA FEDEX & EMAIL**

February 20, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039

Dear Ms. Lau,

*As You Sow* is co-filing a shareholder proposal on behalf of the following McKesson Company shareholders for action at the Company's next annual meeting:

- Chang Liu Family Living Trust
- Sullivan Children's 2004 Trust
- Sullivan Family 2004 Trust

These shareholders are co-filers of the enclosed proposal with the George Gund Foundation, who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2020 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. *As You Sow* is authorized to act on the behalf of the co-filers' with regard to withdrawal of the proposal.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed. We also enclose proof of ownership letters establishing the co-filers' ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required. To schedule a dialogue, please contact me, Andrew Behar, Chief Executive Officer at [REDACTED]. Please send all correspondence to me with a copy to [REDACTED] (not\*.com). Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Andrew Behar  
Chief Executive Officer

Enclosures

- Shareholder Proposal
- Shareholder Authorizations & Proof of Ownership Letters

Cc: Investor Relations at [REDACTED]

## McKesson Implementation of New Purpose of a Corporation

Whereas, our Company's Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) "Statement on the Purpose of a Corporation," (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles "Integrity, Customer-First, Accountability, Respect and Excellence" (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment;<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations.

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<sup>1</sup> "Virginia Drug Prices Lawsuit: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit](http://www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit).

<sup>2</sup> Gershon, Nina. "U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB): 20190205d72." Leagle, United States District Court, E.D. New York. Leagle.com/Images/Logo.png, 4 Feb. 2019, [www.leagle.com/decision/infdco20190205d72](http://www.leagle.com/decision/infdco20190205d72).

<sup>3</sup> "Average Wholesale Price (AWP) Lawsuit: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit](http://www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit).

<sup>4</sup> "McKesson Corporation." Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>5</sup> "Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

<sup>6</sup> "McKesson Corporation." Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>7</sup> "Racial Discrimination: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/444/racial-discrimination](http://www.contractormisconduct.org/misconduct/444/racial-discrimination).

<sup>8</sup> Mayes, Samuel H. "Equal Employment Opportunity Commission v. McKesson Corporation ." Digital Commons, Cornell University ILR School, 14 Sept. 2014, <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1558&context=condec>.

<sup>9</sup> "McKesson/HBOC, Inc. Securities Litigation: Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation](http://www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation).

**Supporting Statement:** Pertinent information, in the board’s discretion, may include any actions to amend the bylaws or articles of incorporation to integrate the new “Purpose;” any metrics being considered, including linkage to executive or board compensation; or any other actions providing for representation of stakeholders in governance or recommendations to shareholders regarding plans for implementation.

November 11, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

**Re: Authorization to File Shareholder Resolution**

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Chang-Liu Family Living Trust

Company: McKesson Corporation (MCK)

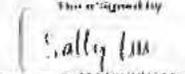
Subject: Implementation plan for new Business Roundtable "Purpose of a Corporation"

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

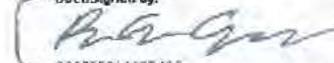
Sincerely,

This is signed by  
  
\_\_\_\_\_

Sally Liu

Trustee

Chang-Liu Family  
Living Trust

DocuSigned by:  
  
\_\_\_\_\_

Bay Chang

Trustee

Chang-Liu Family  
Living Trust

Bay-Wei Chang TTEE  
Sally Liu TTEE  
Chang Liu Family Living Trust  
\*\*\*

2/20/2020

**Chang Liu Family Living Trust:**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Chang-Liu Family Living Trust. As of February 20, 2020, the Chang-Liu Family Living Trust held, and has held continuously for at least one year, 168 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skoryi  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

Please be advised our cash management account program permits account holders to access the assets in the account by Visa card and checks, which are drawn and processed against a Merrill Lynch account maintained for the customer at Bank of America, N.A. However, the account holder does not maintain a depository balance at that bank. The information provided above may change daily due to activity in the account and/or changes in market value of assets held in the account. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or in part, on reliance upon this information.

This information is furnished to you in strict confidence in response to your request and is solely for your use for the purposes described in the Verification of Deposit request. If you have any questions, please contact the person whose signature appears above at the phone number provided. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or in part, on reliance upon this information.

L-03-19

Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and other subsidiaries of Bank of America Corporation ("BoFA Corp."). Merrill Edge is available through MLPF&S, and consists of the Merrill Edge Advisory Center (investment guidance) and

November 9, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

**Re: Authorization to File Shareholder Resolution**

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Sullivan Children's 2004 Trust

Company: McKesson Corporation (MCK)

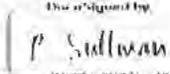
Subject: Implementation plan for new Business Roundtable "Purpose of a Corporation"

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by  
  
DocuSign Envelope ID: 4A124D0D-987B-4D3F-B6FC-68FB5A5233CA

P. Sullivan

Trustee

Sullivan Children's  
2004 Trust

DocuSigned by  
  
DocuSign Envelope ID: 4A124D0D-987B-4D3F-B6FC-68FB5A5233CA

Stacy Sullivan

Trustee

Sullivan Children's  
2004 Trust

Peter Sullivan TTEE  
Stacy Sullivan TTEE  
John Sullivan TTEE  
Sullivan Children's 2004 Trust  
\*\*\*

2/20/2020

Sullivan Children's 2004 Trust:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Sullivan Children's 2004 Trust. As of February 20, 2020, the Sullivan Children's 2004 Trust held, and has held continuously for at least one year, 133 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skory  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

Please be advised our cash management account program permits account holders to access the assets in the account by Visa card and checks, which are drawn and processed against a Merrill Lynch account maintained for the customer at Bank of America, N.A. However, the account holder does not maintain a depository balance at that bank. The information provided above may change daily due to activity in the account and/or changes in market value of assets held in the account. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or in part, on reliance upon this information.

This information is furnished to you in strict confidence in response to your request and is solely for your use for the purposes described in the Verification of Deposit request. If you have any questions, please contact the person whose signature appears above at the phone number provided. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or part, on reliance upon this information.

L-03-19

Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and other subsidiaries of Bank of America Corporation ("BofA Corp."). Merrill Edge is available through MLPF&S, and consists of the Merrill Edge Advisory Center (investment guidance) and

November 11, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

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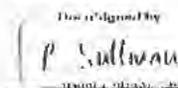
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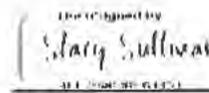
The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

The undersigned by  
  
\_\_\_\_\_  
P. Sullivan

Trustee

Sullivan Family 2004  
Trust

The undersigned by  
  
\_\_\_\_\_  
Stacy Sullivan

Trustee

Sullivan Family 2004  
Trust

Peter Sullivan TTEE  
Stacy Sullivan TTEE  
Sullivan Family 2004 Trust  
\*\*\*

2/20/2020

Sullivan Family 2004 Trust:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Sullivan Family 2004 Trust. As of February 20, 2020, the Sullivan Family 2004 Trust held, and has held continuously for at least one year, 638 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skorn  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

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L-03-19

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AS YOU SOW

2150 Kittredge St. Suite 450  
Berkeley, CA 94704

www.mckesson.com  
1-800-525-2342

**VIA USPS & EMAIL**

March 18, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039  
[REDACTED]

Dear Ms. Lau,

We are writing to inform you that we are designating co-filer The Chang Liu Living Trust as the lead filer (the Proponent) for the "Purpose of a Corporation" proposal. The prior lead filer, The George Gund Foundation is withdrawing because its shares were inadvertently sold due to the recent and significant market downturn. All Letters of Authorization and Proof of Ownership letters were submitted when the original filing was made on 2/20/2020.

Please confirm receipt of this Notice.

Thank you and best regards,

Gail Follansbee  
Coordinator, Shareholder Relations

Cc: Investor Relations at [REDACTED]  
Danielle Fugere, [REDACTED]

**ICARE Shared Principles**

[ABOUT US](#)[CAREERS](#)[INVESTORS](#)[CONTACT US](#)[LOGINS](#)[Pharmaceutical  
Distribution](#)[Wholesale  
Medical  
Supplies](#)[Pharmacy  
Services &  
Technology](#)[Solutions for  
Specialty  
Practices](#)[Solutions for  
Biopharma](#)[HOME](#) / [ABOUT MCKESSON](#) / [MCKESSON VALUES](#)

# McKesson Values

## *Our Shared Principles:*

### *Guiding us in our mission for better health*



At McKesson, the way we do business is just as important as the business itself. Our employees all understand the responsibility we bear as we work together toward our common goal: to advance the health care system for better health for all.

That's why we look toward our ICARE shared principles as a unifying set of values to guide us in our mission. Our company-wide values are the foundation of McKesson's reputation as a trusted organization that goes the extra mile to advance our customers' success.

**Learn what our ICARE shared principles mean to us.**

## *Integrity*

McKesson employees make decisions, both big and small, with a focus on what is ethically right. Above all, we are committed to the greater good—for our company, our customers and the health care industry.

## *Customer-First*

Our commitment to our customers sets us apart. We hear time and again from our customers that they choose McKesson for our follow-through and customer-focused service. Our customers are at the center of everything we do, and our success comes from their success. They benefit from McKesson's customized approach to their business and our ability to help them stay ahead of the changing health care landscape.

## *Accountability*

We make personal commitments—to our customers, vendors, our colleagues. We hold ourselves accountable for keeping those promises. We take individual responsibility for the decisions we make to get results for our customers. We build trust with our customers by delivering on our promises. We all own accountability for McKesson.

## *Respect*

Our people treat each other, our customers and our vendors with dignity, consideration, open-mindedness and respect. By valuing diverse styles and skills, recognizing each individual's contribution, and staying open to each other's perspectives, McKesson cultivates an environment of innovation and collaboration—which pays off in the way we solve problems for our customers.

## *Excellence*

Our journey to excellence never ends—we always aim higher for our customers and partners. We take action with success in mind and focus on results, constantly finding new ways to innovate and improve, and we rigorously measure our progress. When customers choose McKesson, they're choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency—for the better health of our customers and the entire health care industry.



ABOUT MCKESSON

[About Us](#)

[Our Values](#)

POPULAR SOLUTIONS

[Medical Supplies](#)

CUSTOMER

[ORDERING](#)

OUR BUSINESSES

[U.S. Pharmaceutical](#)

[Medical-Surgical](#)

**Fiscal 2019 Corporate Social Responsibility Report**

**Exhibit C**



McKesson's Fiscal 2019  
**Corporate  
Responsibility  
Report**

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## Letter from Brian Tyler

At McKesson, corporate responsibility means better health for our planet and people everywhere. We strive to use our economic, environmental, social and governance resources thoughtfully and responsibly. We're a global company, and this report reflects our impact around the world as we work together for the benefit of people and our planet.

Patients come first at McKesson. Our vision is to improve care in every setting — one product, one partner, one patient at a time. In this report, we share how we ensure that the products we handle and distribute, as well as those we manufacture in our private-label line of business, follow applicable regulations. We also describe how we create a better experience for patients, customers and manufacturers through Six Sigma, with more than 400 projects in Fiscal 2019 alone.

### ***A Culture of Integrity and Operational Excellence***

McKesson plays a key role in helping deliver effective and efficient healthcare. But way we do business is as important as what we do. Compliance and ethics, and strong corporate governance, provide the cornerstones of our approach to corporate responsibility.

We are deeply concerned by the impact the opioid epidemic is having on families and communities across the U.S. We are making progress on the corporate initiatives we announced in March 2018 to help address the opioid epidemic. We have worked with outside experts to help educate customers about compliance with regulations and how to identify warning signs of prescription abuse and potential diversion. We've offered thoughtful public policy recommendations, including the Prescription Safety Alert System (RxSAS) technology proposal,

and supported innovative programs and partnerships that we believe can have a meaningful impact on this challenging issue. We also contributed \$100 million to the Foundation for Opioid Response Efforts (FORE), an independently governed foundation focused on combating the crisis.

### ***Committed to Environmental Stewardship***

Using resources wisely is good for business, and it's good for the environment. We continue to focus on reducing energy use and finding alternative sources of energy. In the U.S., we signed a long-term agreement to purchase power from solar arrays, and our warehouses in Belgium have used renewable energy since our Fiscal 2017. Besides recycling and reusing resources, we also support donation programs in Canada, Europe and the U.S., so unused products and supplies reach nonprofit organizations that can benefit from them. Spending wisely has also helped to lighten our environmental impact. This past year, we saw a substantial reduction in employee air travel, which led to an 11% reduction in Scope 3 CO<sub>2</sub> emissions from the previous year.

### ***Supporting Healthy Employees & Healthy Communities***

We're committed to healthy employees and communities. That's why we invest in programs to advance employee wellbeing and career growth. We have a culture of empowerment, recognition and belonging, and were recognized as one of the [best employers for diversity](#).

Our employees have a passion for creating stronger communities. In the past year, McKesson employees supported 1,183 organizations, volunteering at the workplace and in their free time. We continue to grow the bone marrow registry through our multi-year drive, which has led to six transplants



## Letter from Brian Tyler

to date. When emergencies strike, we stand by our customers, communities and our employees. In Fiscal 2019, we expanded our employee relief fund to Canada and introduced \$1,000 grants to provide evacuation assistance to employees facing a natural disaster. During the past year alone, the Fund supported 393 employees with more than \$842,000 in grants.

Our work is grounded in our shared ICARE (integrity, customer-first, accountability, respect and excellence) principles. I invite you to review this report and learn how those principles guide us in making a positive impact for patients, the environment and our society every day.

### **Brian Tyler**

Chief Executive Officer,  
McKesson Corporation



## Our Approach to Corporate Responsibility

McKesson Corporation (McKesson) is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology. We partner with pharmaceutical manufacturers, providers, pharmacies, governments and other organizations in healthcare to help provide the right medicines, medical products and healthcare services to the right patients at the right time, safely and cost effectively.

In FY19, we employed approximately 80,000 people, and our total revenues exceeded \$214 billion. We operate primarily in the United States, Canada and Europe.

For McKesson, corporate responsibility (CR) means better health for our planet and people everywhere. As a company, we're working to use our economic, environmental, social and governance resources thoughtfully and responsibly. That way, we can make a positive impact on our company, our environment, and our society.

The cornerstones of our approach to corporate responsibility are compliance and ethics and strong corporate governance.

---

### Compliance and Ethics

At McKesson, we believe that integrity is the foundation of our culture and is critical to our long-term success. We work to inspire and enable McKesson employees to act with integrity in all we do.

#### *United by our ICARE shared principles*

Everything we do is driven by our shared principles, known as [ICARE](#). These principles are a uniting force, connecting

us across business units, geographies and functional areas. They shape our corporate culture. And they help us make a positive difference for patients, customers, partners, communities, shareholders and one another.

ICARE is what we expect from each other, and what the people we touch expect from McKesson.

#### *Our beacon: The McKesson Code of Conduct*

Our company operates in diverse business and regulatory environments. To ensure that all employees uphold the highest legal and ethical standards, we embed them in our Code of Conduct and require regular formal training on it.

A shared document across our company, our [Code of Conduct](#) is based on ICARE. It describes the fundamental principles, local policies and procedures that shape our work. It covers a wide range of topics that may occur when interacting with customers, industry partners and each other. It gives helpful guidance regarding where to turn in case of questions or concerns about the right thing to do. The Code of Conduct is available in 10 languages.

#### *Compliance is integral to our culture*

Compliance is an integral part of our company and leadership culture. It refers to our obligation to laws, regulations and internal guidelines. For us, compliance is more than just following rules. It includes considering the actions we take, and adapting to new challenges and situations, always guided by our ICARE principles.

For our culture to be sustainable, we need to involve everyone within the company. To meet the dynamic changes in this area, we continuously review our compliance management system and self-imposed standards.

**i care** *Integrity  
Customer-First  
Accountability  
Respect  
Excellence*

# Our Approach to Corporate Responsibility

## *How we're organized*

Our Chief Compliance Officer is aided by a Compliance and Ethics Group as well as a designated compliance officer for each of our businesses. The Chief Compliance Officer oversees and monitors implementation of our programs, including the standards and guidelines set out by regulators. Our compliance program includes:

- Written policies and procedures
- Compliance communications and web resources
- Regulatory and compliance training
- Internal auditing and compliance monitoring
- A toll-free whistleblower hotline
- Investigations relating to compliance and ethics
- Corrective and/or preventive action, where necessary

In FY19, our Board of Directors formed a standing Compliance Committee, whose purpose is to assist the Board in overseeing McKesson's compliance programs and management's identification and evaluation of our principal legal and regulatory compliance risks.

## *Raising concerns and seeking guidance*

Every employee is responsible for ensuring we comply with the laws, regulations and ethical standards affecting our business.

Our employees raise concerns if they believe something inappropriate is happening at work. Managers have a duty to listen to employees' concerns and react to those concerns in an appropriate manner. By fostering an open environment, where all employees feel free to speak up without any fear of retaliation, we seek to advance our culture of compliance and integrity.

The McKesson whistleblower hotlines are available 24 hours a day, 7 days a week, in multiple languages. It allows employees to raise concerns (anonymously if they wish), including possible violations of McKesson policies or other illegal or unethical activity. We investigate all allegations, and we provide reports of allegations and investigations to senior management and the Compliance Committee of the Board of Directors.

The hotlines are only one of the ways employees can raise concerns. We encourage employees to contact their supervisor, business unit compliance officer or the Human Resources or Legal departments with any concerns. We strictly prohibit retaliation against an employee who makes a good faith complaint through any channel. After investigating, we develop a corrective plan as needed. The Audit Committee of the Board of Directors also receives reports on any allegations and investigations regarding accounting, internal accounting controls or audit matters.

## *Preventing corruption*

We do not tolerate corruption or bribery in our business practices by our employees or by third parties working on our behalf. We don't promise, offer or give anything of value to a government official or an employee or representative of our business partners with the intent to improperly influence their conduct. Similarly, we don't receive anything of value that could be interpreted to improperly influence our conduct. We expect our business partners and third parties working on our behalf to comply with all applicable anti-corruption and anti-bribery laws and standards.

## *Preventing slavery in our supply chain*

McKesson is committed to the highest ethical standards. To fulfill these standards, we take steps to ensure that slavery and related human trafficking do not form part of our supply chain, consistent with the [UK Modern Slavery Act](#).

Compliance is an integral part of our company and leadership culture. More than simply following rules, it means considering our actions and adapting to new challenges and situations, always guided by our ICARE principles.

# Our Approach to Corporate Responsibility

## *Serving government customers*

As one of the largest government contractors in the U.S., McKesson is proud to partner with government customers to meet the healthcare needs of veterans, active military, children and disadvantaged groups. McKesson recognizes that our government customers face unique challenges and obligations, and we are dedicated to helping our customers succeed. Our Compliance and Ethics program is critical to the success of our government contracts.

## **Our Take on Good Governance**

A balanced corporate governance approach aims to strengthen confidence in our company — both in the capital markets and among the public — and creates value over the long term. We know that good corporate governance advances trust among our shareholders, business partners and employees, promotes transparency in our company, and contributes to sustainable growth.

Here's a look at our practices and processes for running our company responsibly.

### ***We have an Independent Board Chair***

Edward Mueller, previously Lead Independent Director, took over as Independent Chair of McKesson's Board of Directors on April 1, 2019. He has been a member of the Board of Directors since April 2008 and the Lead Independent Director since July 2013.

### ***Our Board champions diversity and inclusion***

Every company should bring together diversity of thought. At the time of publication, three of our ten directors are women and two of our directors are persons of color. Since 2002, women have held three seats on our Board.

## ***Annual evaluations keep our Board going strong***

Our Independent Board Chair conducts annual performance evaluations for every one of our Board members. That way, we make sure all of our leaders are committed to McKesson's values and future.

## ***We plan for what's next in leadership***

Our Board reviews and provides input on our succession plan for developing our next generation of leaders, our CEO and executive officers. During FY19, the Board unanimously selected Brian Tyler, then president and chief operating officer of the company, to succeed John Hammergren as CEO, effective April 1, 2019. Brian is a 22-year McKesson veteran who has led nearly every major business within the company as well as McKesson's corporate strategy and business development unit.

## ***Key governance attributes include proxy access and the right to call a special meeting***

When our shareholders hold at least 3% of the company's stock for at least three years, they can nominate director candidates to fill up to 20% of available Board seats. We also allow record holders who have held at least 15% of our outstanding shares for at least one year to call a special meeting of stockholders.

## ***We tell you about our political contributions and lobbying activities***

Transparency and accountability matter to us. In the U.S., we voluntarily disclose corporate political contributions and file reports on lobbying activities where required by law. Additionally, we provide [a list of trade associations](#) with annual payments more than \$50,000. We also prohibit trade organizations from using our contributions for political purposes. In 2019, we further enhanced our [political contributions and lobbying policy](#) for the third consecutive year in response to shareholder feedback and include more prominent disclosure of our public policy approach and priorities.

As one of the largest government contractors in the U.S., McKesson is proud to partner with government customers to meet the healthcare needs of veterans, active military, children and disadvantaged groups.

Since 2002, women have held three seats on our Board.

---

## Our Approach to Corporate Responsibility

### ***Risk oversight is a top priority***

The entire Board and their committees work to understand and review our corporate risks. They oversee everything from our reputation and legal and financial reporting risk to compensation practices and cybersecurity.

### ***We have a global Code of Conduct***

As described earlier in this report, our [Code of Conduct](#) is where we detail the policies and procedures that shape our work. It helps our entire team make ethical decisions. We've adapted and translated our code to make sure it works in every place we do.

### ***Guidelines help us keep up with governance***

Our [Corporate Governance Guidelines](#) set forth our Board's goal of building long-term value for our stockholders and are consistent with New York Stock Exchange (NYSE) listing requirements. Our guidelines call for the Board to monitor the performance of our company, including with respect to Environmental, Social and Governance matters, and our guidelines. They include things like:

- Director qualification standards
- Access to management and independent advisors
- Compensation
- Director orientation
- Continuing education
- Management succession

### ***Our Board members are independent***

Other than [CEO Brian Tyler](#), every one of our Board members is independent, which follows the NYSE requirements and our Corporate Governance Guidelines.

### ***The Board reviews our corporate responsibility practices***

The Board of Directors periodically reviews our company's corporate responsibility practices, including environmental sustainability, pay equity and diversity and inclusion.

### ***We do more to earn trust***

- We do not have a poison pill.
- We eliminated supermajority voting requirements.
- We have a majority voting standard for uncontested director elections.

If you have any questions about McKesson's governance, [let us know](#).

⋮ We've adapted and translated our Code of Conduct to make sure it works every place we do.

# Our Approach to Corporate Responsibility

## How We Put Together This Report

In FY18, we worked with our stakeholders on a materiality assessment, which is a process to identify and prioritize potential topics that could affect our company.

The assessment included in-depth interviews and surveys with 95 stakeholders from Canada, Europe and the U.S. They included employees, customers, suppliers, industry associations, government agencies, NGOs and joint venture partners. We involved senior leaders from multiple business units and corporate functions and sought out the perspectives of our shareholders.

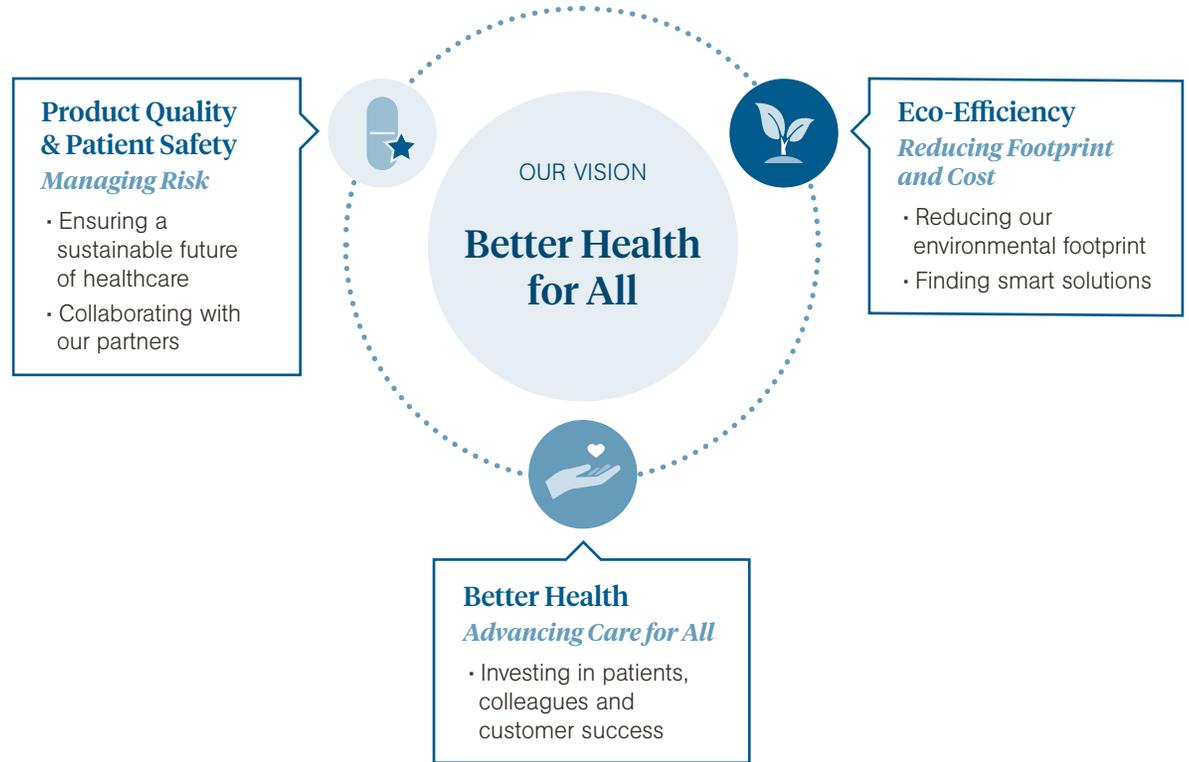
We also brought in peer benchmarking, impact mapping, synthesis and analysis of our results. The work resulted in a materiality matrix, validated with internal leaders, and a list of prioritized topics and opportunities raised through the materiality process.

Through the assessment, we identified the following topics as particularly material to McKesson: product quality and patient safety; eco-efficient transport and operations; ethics and compliance; partnerships and engagement; access to healthcare and community health; and employee recruitment, engagement and retention. Based on the assessment, we developed a global corporate responsibility report that puts emphasis on the following three topics:

1. Product quality and patient safety
2. Eco-efficient transportation and operation
3. Better health for employees and communities

You'll find a section on each as you keep reading.

## What is Corporate Responsibility?



## Our Approach to Corporate Responsibility

### *What you'll find here*

This report is a deep dive into our corporate responsibility efforts during FY19 (April 1, 2018, to March 31, 2019). We issue a report each year.

The report covers the good we're doing in the countries where we operate. That includes our work in Canada, Europe and the United States.

For more information about our operations, including joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability, please refer to the FY19 10-K, [McKesson's Annual Report](#).

### *The Global Reporting Initiative (GRI) framework*

We've prepared our report in accordance with the "Core" version of the [Global Reporting Initiative \(GRI\) Standards](#). It includes topic-specific standards that we identified through our materiality assessment. For more details, refer to the GRI content index at the end of this report.



Our report covers the good we're doing globally, including our work in Canada, Europe, and the United States.

## Product Quality and Patient Safety Come First

We deliver one-third of prescription medicine in North America, and we serve more than 2 million customers every day across 13 European countries. It's crucial to deliver the safest products to all of these patients, because both the people making the medicine and the people taking it count on us.

### **Responding to the opioid epidemic in the U.S.**

Each day, our distribution team delivers life-saving medicines to pharmacies, hospitals and clinics that serve millions of Americans. We take to heart that at the end of each and every item delivered — every pill bottle, every vial, every ointment — there is a patient in need. We know that it's not just a package, it's a patient.

Over the past decade, as the opioid epidemic evolved rapidly, we enhanced our teams, processes and technologies dedicated to preventing diversion. We are committed to maintaining — and continuously enhancing — [strong programs](#) designed to detect and prevent opioid diversion within the [pharmaceutical supply chain](#), while also protecting the availability of appropriate treatments for patients with serious illnesses and injuries.

This complicated, multi-faceted public health crisis must be addressed through a comprehensive and collaborative approach. Each participant in the pharmaceutical supply chain can play an important role.

We have advanced a series of [company initiatives](#) focused on helping to address the opioid epidemic, including launching a foundation dedicated to combating the crisis, offering thoughtful [public policy recommendations](#) — including the Prescription Safety-Alert System (RxSAS) technology proposal — to supporting [innovative programs and partnerships](#) that we believe can have a meaningful impact on this challenging issue.

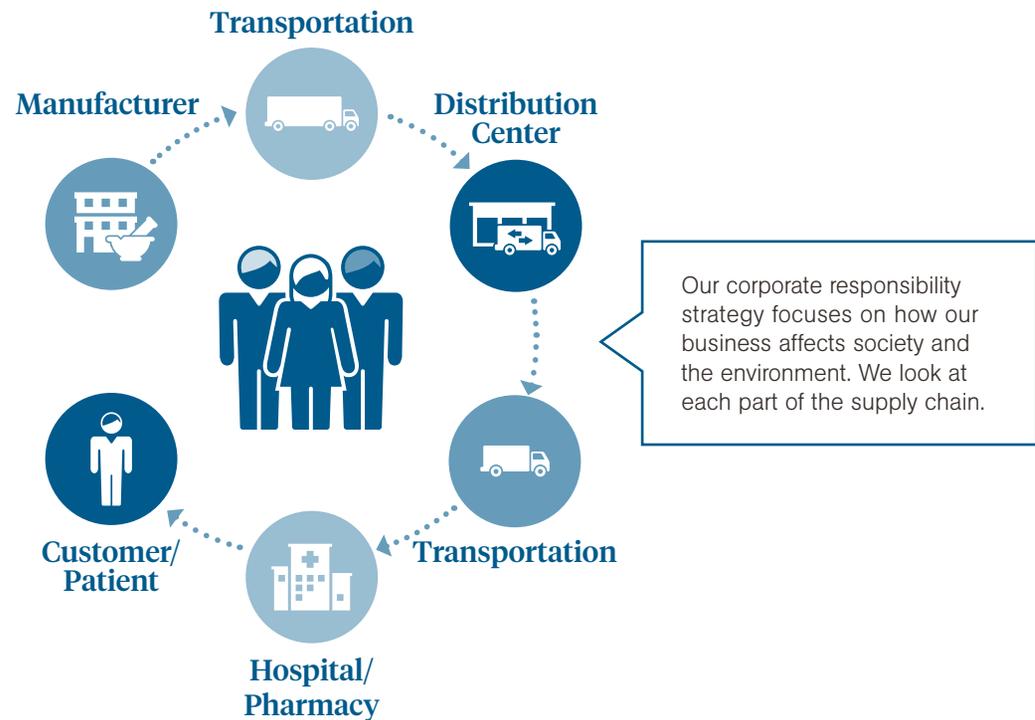
We are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this national crisis.

### **Ensuring products are safe and high quality**

Our quality management system is based on international procedures to ensure that products we handle and distribute, as well as the products we manufacture in our private-label line of business, follow applicable regulations.

### **McKesson Taking Action**

Learn more about how we are doing our part in [The Fight Against Opioid Abuse](#).



## Product Quality and Patient Safety Come First

- **Compliance:** We comply with applicable laws and regulations concerning product quality in the countries where we do business. These include the [Drug Supply Chain Security Act](#) in the U.S., the [Food and Drugs Act](#) in Canada, and the [Good Distribution Practice and Good Manufacturing Practice](#) guidelines in Europe.

These laws and regulations commit us to keeping our products traceable, handling hazardous products appropriately and continuing to work with authorized trading partners.

- **Product integrity:** Our supply chain security, safety and security-training programs focus on the integrity of product packaging and containers. Here's how:
  - **When receiving products,** we verify the quantity, supplier name and product name through the purchase order. We also make sure that the product is not set to expire soon. Our tracking system automatically lets us know if a supply is affected by a recall.
  - **When shipping products,** we use containers that maintain quality and safety and ensure appropriate temperature control. To manage cold chain products, we use sophisticated technology for environmental controls and temperature monitoring. Refrigeration experts ensure we select shipping containers that comply with manufacturers' product specifications. When we use passive cold chain solutions, we require containers to pass a qualification process. This helps guarantee product integrity and prevent any quality issues.
  - **When potential incidents happen,** we work to respond promptly. We follow a Corrective Action – Preventive Action (CAPA) process. To prevent counterfeit products from



We ship products in containers that ensure the integrity and quality of the drug are maintained at all times.

## Product Quality and Patient Safety Come First

entering the legal distribution network, we follow a supplier qualification procedure for vendors. As part of this process, we perform regular audits and checks of authorizations and certifications.

- **During product recalls**, we reach out to pharmacies and other customers with details on the recall and how products can be returned to McKesson. We continuously train our customer service employees so they are up-to-date on current recalls.
- **Traceability:** In Europe, we follow the [Falsified Medicines Directive](#), which requires batch tracking of certain medicinal products. When products enter the warehouse, we record the product code, expiration date and batch number. Using handheld terminals, we track the product at every stage of its journey in the warehouse — from replenishment, to picking, to returns. If an inaccuracy occurs, the tracking system generates an alert. Our quality coordinators monitor the alerts and resolve any inconsistencies.
- **Supplier requirements:** Just as we hold ourselves accountable, we also hold our suppliers accountable for the quality of their products and services. In areas where we outsource distribution, this includes contracted carriers and couriers.

In the U.S., Canada and Europe, suppliers meet our requirements through compliance with regional, national and international legislation. For other regions, please see “Responsible sourcing” below.

- **Manufacturer requirements:** We comply with manufacturer requirements for handling and distributing products. In some cases, we have contracts with manufacturers that restrict the sale of certain medicines to certain customers, such as

prison systems and others, for lethal injections. McKesson is committed to helping manufacturers implement their policies in this area. The needs and requirements of various manufacturers are different, so our contractual commitments, controls and processes vary by manufacturer. McKesson has processes and systems to enable manufacturers to validate our performance against our contractual arrangements.

When we manage quality, our guide isn’t only laws and regulations but also best practices and international standards. For example, 10 of our businesses in Europe are ISO 9001 certified. ISO 9001 is an international standard for quality management systems.

### *Responsible sourcing*

We work with private-label suppliers outside the U.S., Canada and the European Union. Those suppliers must agree to McKesson Sustainable Supply Chain Principles (MSSP). The MSSP covers compliance with appropriate laws along with adherence to our strict policies on protecting workers, preparing for emergencies, identifying and managing environmental risk, and protecting the environment. These principles reflect our stance against forced and child labor, which we articulate in our response to the [UK Modern Slavery Act](#).

In the U.S. and Canada, before we place the first order with a new supplier, we conduct desktop or on-site audits depending on a risk matrix analysis. These audits cover all MSSP areas. On-site audits include document review, a factory tour and interviews with workers. In either case, we document the findings and require a corrective action plan for any instances of non-compliance.

Adherence by suppliers to MSSP is not optional. McKesson Global Procurement & Sourcing Limited (MGPSL) is stringent in regard to remediation efforts. These are made by suppliers

When we manage quality, our guide is not only laws and regulations but also best practices and international standards.

## Product Quality and Patient Safety Come First

when audits reveal any gaps in working conditions, health and safety, or environmental standards. To maintain high sustainable principles standards in factories we purchase products from, we follow up periodically on initial audits and closely monitor corrective actions.

When issues are identified, McKesson auditors work with the supplier to ensure improvements are made. These audits include interviews with workers and management, inspections of production sites, and document reviews. Audit findings or non-conformances are prioritized based on risk. Should a critical issue be identified, MGPSL would require a timely response from the supplier. If a supplier failed to adequately remediate the issue, the relationships would be re-evaluated and, if necessary, terminated.

### *Quality improvement through Six Sigma*

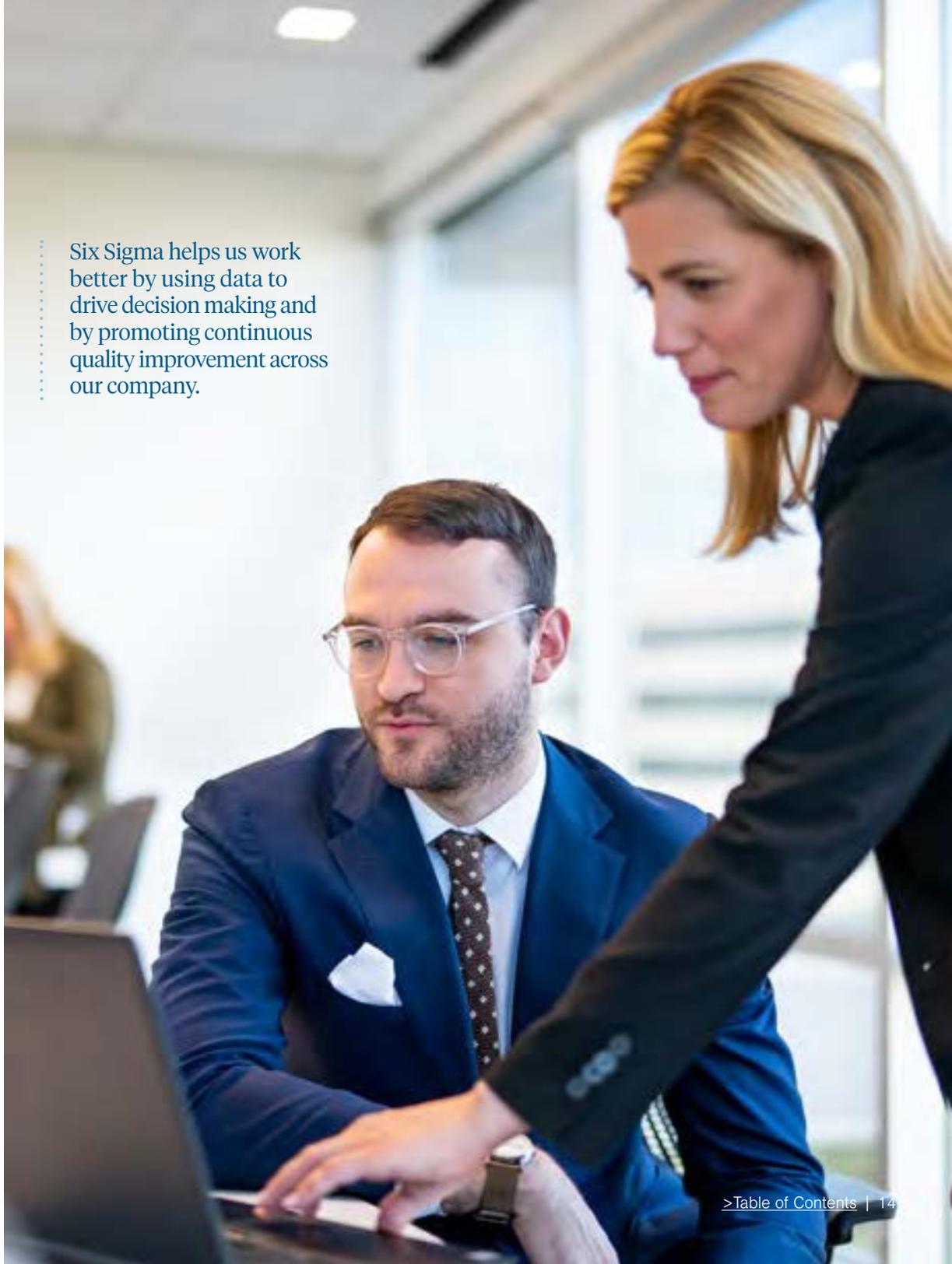
Across McKesson, we strive to continuously improve by using Six Sigma. Six Sigma helps us work better by using data to drive decision making and promote continuous quality improvement across our company. Using problem-solving tools, Six Sigma reduces defects and minimizes variances.

By improving processes, we can see fewer errors, faster cycle time and less waste.

In FY19, McKesson completed 405 Six Sigma projects, which had more than \$160 million in cost savings and avoidance across our company, suppliers and customers.

One of Six Sigma's key objectives is to train, coach, and mentor employee talent, in order to deepen the operational excellence culture across McKesson. In FY19, employees in the countries covered by our centralized learning management system completed 1,269 Six Sigma training courses.

Six Sigma helps us work better by using data to drive decision making and by promoting continuous quality improvement across our company.



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## Product Quality and Patient Safety Come First

Here are a few of our Six Sigma projects:

- **Driving enhanced value through the supply chain:** In FY19, the U.S. Six Sigma team completed five customer and supplier engagements that focused on the supply chain, from enhancing communication with the customers and suppliers to increasing service level metrics and improving cycle time for resolution of open items.
- **Reducing paper by going digital:** In 2018, a Lean Six Sigma Green Belt project paved the way into the digital future: When medicines are delivered, there is a number of documents that must be printed out and enclosed with the delivery according to fulfill official requirements. The Portuguese LSS colleagues challenged those requirements in order to make a step towards the future. The idea: Saving paper consumed by digitizing the documents. In order to get green light for this aimed change the project team closely collaborated with the Portuguese legal authorities. Although the official requirements initially insisted on the printed version, the Portuguese team was able to convince the authorities to digitize this step. This LSS initiative has a positive impact on the company's carbon footprint and was well as on the pharmacies receiving the digital documents, who now have less paper waste.
- **Tracking to better control precursor returns:** Precursors are products with active pharmaceutical ingredients that can be used to make illegal drugs, such as methamphetamine. As part of McKesson Canada's commitment to Health Canada, Six Sigma led a team to create an automated tracking system. It provides visibility along each step of a precursor return — from when the product is created and shipped to the customer to when the physical return comes back into the McKesson building for processing.

These are just a few of our Six Sigma successes. Whether it's reducing defects or streamlining processes, we look forward to tackling additional projects in FY20 and beyond.

In FY19, McKesson completed 405 Six Sigma projects, which had more than \$160 million in cost savings and avoidance across our company, suppliers and customers.

# Eco-Efficient Operations and Transportation

Communities thrive in a healthier environment. That’s why we’re sharpening our focus on environmental sustainability.

Establishing new environmental best practices is a priority across McKesson businesses. We work to capture the metrics most relevant to our [lines of business](#) and act on recommendations that lead to a healthier environment.

We use electricity for lighting and IT. We also use fuel for heating and transportation, including inbound and outbound distribution and business travel. We focus on efficiency across these areas.

In our distribution centers and pharmacies, we focus on reducing energy use and finding alternative sources of energy. As a company focused on distribution, transportation is important to us — in particular, fuel efficiency for our fleet.

## Reducing Energy Use in Our Facilities

Across our locations, we work to use less energy for lighting and heating.

### *Increasing LED lighting to lessen our footprint*

Our buildings use energy mainly for lighting. In our distribution centers, lighting accounts for up to 40% of the electricity consumption. In our pharmacies, it’s approximately 50–70%. With more efficient lighting, we can cut our CO<sub>2</sub> emissions and reduce our carbon footprint.

During FY19, we implemented initiatives to add LED lighting in our distribution centers, pharmacies and offices. Through these initiatives, we expect to see energy reductions of up to 40%. Our European distribution centers expect to save more than 3,300 tons of CO<sub>2</sub> emissions per year through LED lighting alone.

## Our Sustainability Initiatives

- 1 Increasing LED lighting across facilities
- 2 Monitoring and benchmarking energy use
- 3 Pursuing environmental certification
- 4 Reducing movement of inventory through our redistribution center model
- 5 Recycling and reusing resources



## Eco-Efficient Operations and Transportation

While we're bringing LED lighting to more than 350 pharmacies in Europe, we're also replacing inefficient heating systems with more efficient units, complete with timer controls and/or presence detectors. This initiative follows a successful pilot, where we helped 50 pharmacies save energy equal to 200 tons of CO<sub>2</sub> emissions yearly.

### ***Monitoring and benchmarking energy use***

We use a number of tools to benchmark our energy use, including the U.S. Environmental Protection Agency's [Energy Star Portfolio Manager](#). In many distribution centers, we also monitor energy consumption by production line, which helps us find more opportunities to conserve and cut energy use.

### ***Bringing in renewable energy to move toward the future***

In our warehouses in Belgium, we switched from purchasing electricity that was generated from traditional sources to renewable energy from FY17 onward. Three of these Belgian warehouses are equipped with solar panels and generate approximately 700 MWh of clean electricity every year.

In the U.S., we signed a long-term agreement to purchase solar power from solar arrays. We began installing these arrays in West Sacramento, California, during FY19. We expect the agreement to reduce costs for McKesson, producing electricity equal to approximately 74% of the West Sacramento facility's annual consumption.

### ***Working toward environmental certifications as we grow***

As part of our energy reduction strategy, we pursue environmental certification for new and newly renovated buildings. For example, our European headquarters in Stuttgart was recognized by the German Sustainable Business Council for its environmentally-friendly design. Our U.S. [offices](#) in San Francisco, California;

Irving, Texas; The Woodlands, Texas; and Richmond, Virginia are Leadership in Energy and Environmental Design ([LEED](#)) certified, as is our distribution center in Aurora, Illinois; we are pursuing LEED certification for our Scottsdale, Arizona; Jacksonville, Florida; and Columbus, Ohio offices. We also hold [WELL](#) certification for our Irving and Richmond offices and are pursuing it in Columbus, Jacksonville and Scottsdale.

### ***Transportation: More Efficiency, Less Impact***

More output with less energy input — this is the principle of energy efficiency. It makes perfect business sense because we save money by reducing our energy needs. At the same time, we reduce our impact on the environment by using fewer resources, which means we emit less CO<sub>2</sub>.

### ***Transportation in our operations***

We're an international business focused on distribution. For us, fuel consumption for transportation is an environmental challenge and opportunity. Our strategy focuses on optimizing delivery routes and the use of delivery vehicles. To do that, we monitor mileage and fuel consumption, and we educate our drivers on eco-efficient driving.

### ***Energy reduction for outsourced fleets***

In areas where we outsource transportation, we take advantage of external carriers' ability to optimize schedules and avoid returning empty trucks to distribution centers. We also work with customers to adjust delivery schedules to be more efficient.

### ***Energy reduction for our in-house fleet***

In some areas, we own our fleet. When buying new vehicles, key criteria are fuel consumption and low CO<sub>2</sub> emissions — while adhering to high quality standards. We teach our drivers environmentally friendly and safe practices, such as driving

Our U.S. offices in San Francisco, California; Irving, Texas; The Woodlands, Texas; and Richmond, Virginia are LEED certified.

In our warehouses in Belgium, we switched from purchasing ordinary electricity to 100% renewable energy starting in FY17.

## Eco-Efficient Operations and Transportation

at a safe speed limit and avoiding idling. We also adjust delivery routes and vehicle loading to cut mileage and increase efficiency. Our fleet in Canada's Quebec province has already seen the impact:

- **Equipment upgrades:** We have a multi-year initiative to upgrade our line-haul tractors and 5-ton vehicles. The annual fuel reduction is approximately 95,000 liters.
- **Using LCVs:** We use long combination vehicles (LCV) in our line-haul network in Quebec. LCVs use less fuel to carry goods, which reduces our carbon footprint.

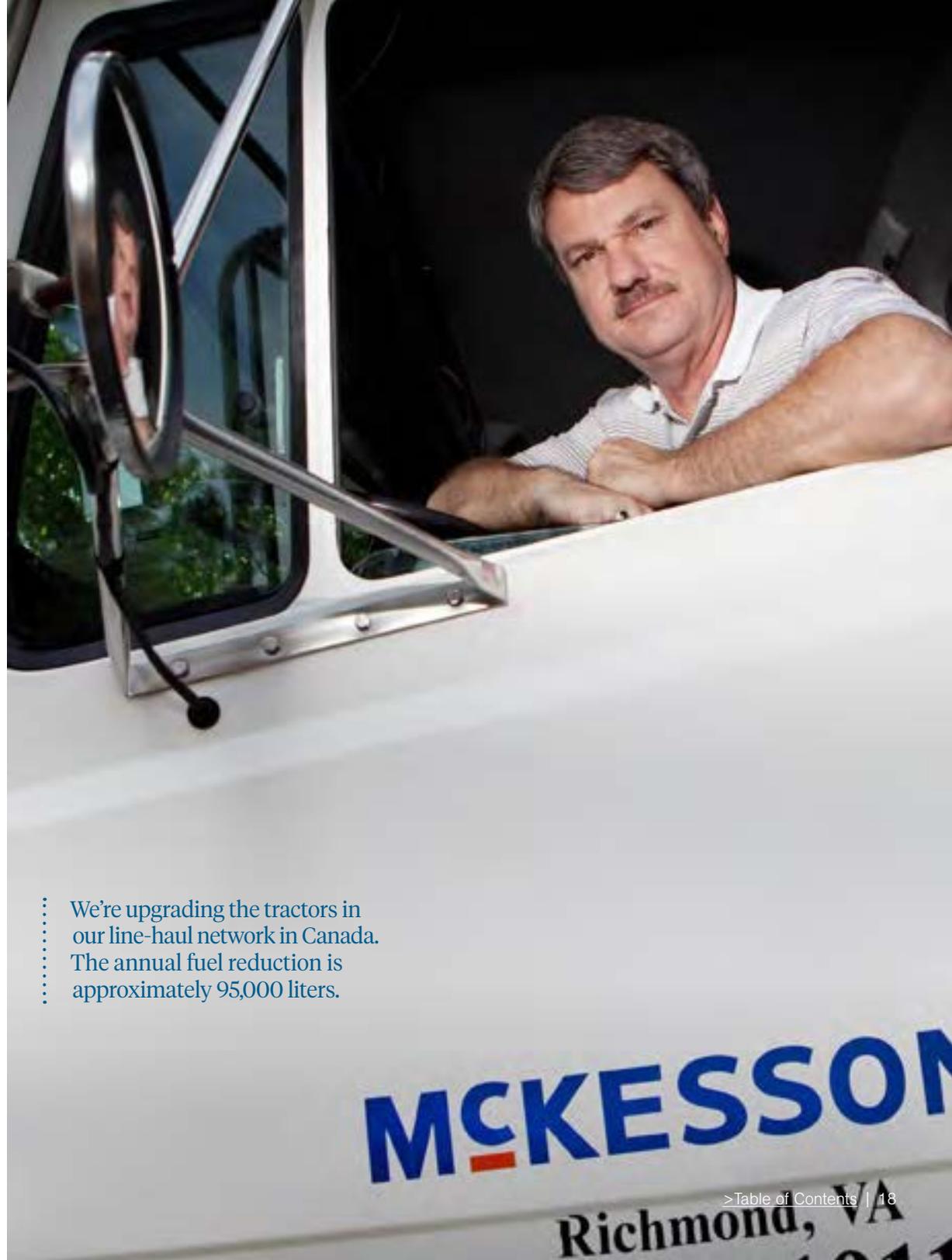
### *Redistribution Center model*

We operate National Redistribution Centers (NRDCs) in the U.S. and France. These centers help us to better manage our inventory and reduce redundancies. Even better, they help us reduce the movement of our inventory. In turn, we can save on costs and fuel within our distribution center network.

### *Employee travel and commuting*

For travel to the office, we encourage employees to use sustainable options, like bikes or buses. In North America and several European countries, McKesson also offers commuter benefits, which let employees use pre-tax dollars to pay for items like subway cards or train tickets. In Canada, our Montreal office has reserved parking spaces for people who carpool. Several sites in Canada and Europe offer electric/hybrid car charging stations.

While business travel is part of how we work, it also affects the environment. To reduce our impact, we encourage employees to use tele- and video-conferencing whenever possible to reduce travel and, by extension, our carbon footprint.



⋮ We're upgrading the tractors in  
⋮ our line-haul network in Canada.  
⋮ The annual fuel reduction is  
⋮ approximately 95,000 liters.

# Eco-Efficient Operations and Transportation

## CO<sub>2</sub> Emissions Performance in FY19

- **Scope 1:** Direct emissions from the consumption of natural gas, heating oil, diesel fuel and gasoline. Our Scope 1 emissions increased by 25% from FY18. We believe that an important factor was a particularly cold winter in North America, which increased use of heating oil. The number of sites reporting natural gas consumption also increased. However, we saw a decrease in fuel consumption in our fleet, which we attribute to increased use of hybrid vehicles.
- **Scope 2:** Emissions from purchased and consumed electricity and long-distance heating consumption. Our Scope 2 emissions decreased by 3% from FY18, driven by a decrease in electricity consumption in Europe and the U.S.
- **Scope 3:** In FY19, we saw a substantial reduction in employee air travel, which led to an 11% reduction in CO<sub>2</sub> emissions from FY18. These figures reflect air travel booked through our corporate travel partners.

We measure CO<sub>2</sub> emissions using the [IPCC Guidelines for National Greenhouse Gas Inventories](#).

## Conserving Resources in Our Daily Work

We use a variety of resources in our work. Besides power sources, we use office paper, packaging, water and materials related to distribution. We do our best to use only what we need. When we can't avoid using resources, we strive to use recycled products.

	FY18 CO <sub>2</sub> emissions (metric tons)	FY19 CO <sub>2</sub> emissions (metric tons)
<b>Scope 1:</b> Fuel consumption for in-house Pharmaceutical Solutions & Services, Medical-Surgical, Canada and Europe fleets; natural gas consumption in U.S., Canada and Europe facilities; heating oil in Canada and Europe facilities	124,911	157,076
<b>Scope 2:</b> Electricity Consumption in U.S., Canada and Europe Facilities	178,385	173,390
<b>Scope 3:</b> U.S., Canada and Europe employee air travel; third-party transportation	75,506	67,114

## Use of resources: FY18 – FY19\*

	FY18: U.S. and Canada	FY19: U.S., Canada and Europe
<b>Material Recycled</b>	15,307 tons	48,147 tons
<b>Materials to Landfill</b>	Not reported	19,129 tons
<b>Water use</b>	366,786,967 liters	633,370,008 liters

\*For all locations reporting recycling and/or water use data

## Eco-Efficient Operations and Transportation

Resource scarcity doesn't affect only McKesson. Companies that aim to stay competitive in the long term must work toward closed-loop systems and use their resources responsibly. This approach makes sense from both an economic and an ecological point of view.

To reduce our impact on the environment, we continuously improve the way we handle resources for our products, our services and our processes.

To hold ourselves accountable, we report on the total weight of materials that were recycled and went to landfill, and on water use. In FY19, we added data from Europe. This will represent our new baseline for reporting.

### ***Reducing water use***

Water is a limited resource so we seek to reduce its use in our operations.

One way we're limiting water use is by expanding smart irrigation programs in our facilities. This system adjusts watering times based on weather conditions and lets us check our water use remotely. Users can receive notifications about changes to the settings or equipment malfunctions. Automation saves water because the irrigation system runs less often, and it is easier to identify problems. During FY19, we expanded smart irrigation programs to include five sites and saved enough water to fill 4.4 Olympic swimming pools each year.

### ***Hazardous waste***

In the U.S., our Hazardous and Regulated Waste Management Program establishes standards to identify and manage hazardous and regulated waste and handle hazardous and regulated waste spills. Through the program, we make sure that accumulation and disposal of waste from McKesson facilities complies with international, national and regional regulations.

When it comes to e-waste, we partner with certified suppliers for both leased and non-leased assets. Leased electronic assets make up the bulk of our portfolio. Upon return, most are wiped clean and reused. If they can't be reused, the parts are recycled. In Germany, we work with AfB to ensure that electronic assets are either resold or recycled. AfB is Europe's first nonprofit IT company, and it focuses on providing employment opportunities for disabled workers.

We also report on total hazardous waste for McKesson Europe. In FY19, we generated 1,474 tons of hazardous waste, an increase from 750 tons in FY18. We believe this increase is due to more complete reporting across business lines and represents a new baseline.

### ***Transport of reusable containers***

In many of our businesses, we send medication to customers — including pharmacies and hospitals — in reusable containers. After the containers are unloaded and emptied at their destination, we use them for the next delivery. Our return system guarantees a smooth pick-up process. By reusing containers, we save valuable resources and avoid unnecessary waste every day.

### ***Green decommissioning***

When consolidating office space or moving to a new location, furniture can often go to landfill. In FY19, we partnered with a vendor that recycles, resells and donates furniture instead. To date, we have completed projects in Houston, Texas; Pittsburgh, Pennsylvania; and San Francisco, California. In the San Francisco project alone, we diverted 90 tons of waste and donated more than \$38,000 of furniture to local nonprofits. The estimated CO<sub>2</sub> offset as of the end of FY19 was 432 tons.

During FY19, smart irrigation programs expanded to five sites and saved enough water to fill 4.4 Olympic swimming pools each year.

## Eco-Efficient Operations and Transportation

### *Reducing paper use in our operations*

By going digital, we're using less paper. Our initiatives range from paperless invoices and two-sided printing, which will cut printing by 34 million sheets of paper, to electronic handheld scanners for packing orders in distribution centers. Our Canada distribution centers will all implement paperless paystubs by the end of FY20. When we can't avoid using paper, we encourage use of recycled stock.

### *Donating unused medications and products to support patients*

Part of conserving resources means ensuring that unused medications and medical supplies go to people and organizations that can benefit from them.

- When people purchase medications and don't use them, valuable products can turn into trash. A group of pharmacists from Italy's LloydsFarmacia decided to do something about that. They joined forces with the City of Bologna, the regional health authority and other pharmacies to form Farmaco Amico. They invite customers to bring in unused medications that are valid for at least six more months and in unopened packages. A nonprofit partner collects and sorts the products. Then the products go to organizations serving patients without access to healthcare, in Italy and beyond. Narcotics, medications that need refrigeration, and free samples aren't included in the program. AIFA, Italy's national prescription drug agency, monitors the process.

- Through our partnership with World Vision, McKesson's Medical-Surgical business donated 229 pallets of supplies during FY19. These donations helped support important health initiatives in seven countries. They include programs that screen and treat young children in Somalia for malnutrition and promote better access to care for pregnant and nursing women in Zambia.
- The returns teams at several distribution centers in Canada collect returned or damaged products and arrange for them to be donated to nonprofit outreach programs. They reduce waste while supporting their local communities.

### *Complying with laws and regulations*

Our environmental commitment begins by adhering to all applicable environmental laws and regulations. Just as we take great care in the safety and security of our products, services and people, we are careful and thoughtful to minimize the effect of our company operations on the environment.

During the period covered by this report (April 1, 2018, through March 31, 2019), McKesson was in material compliance with all applicable environmental regulations.

In FY19, McKesson's Medical-Surgical business donated 229 pallets of supplies, supporting important health initiatives in seven countries.

# Creating Better Health for Our Employees and Communities

Our vision for a healthier world begins with patients and extends to our employees. We know that when our employees are healthy, not only do they enjoy their own lives more, but they help create healthier communities. As a team, we work to create healthier communities through access to care, and by giving back — both with our money and with our time.

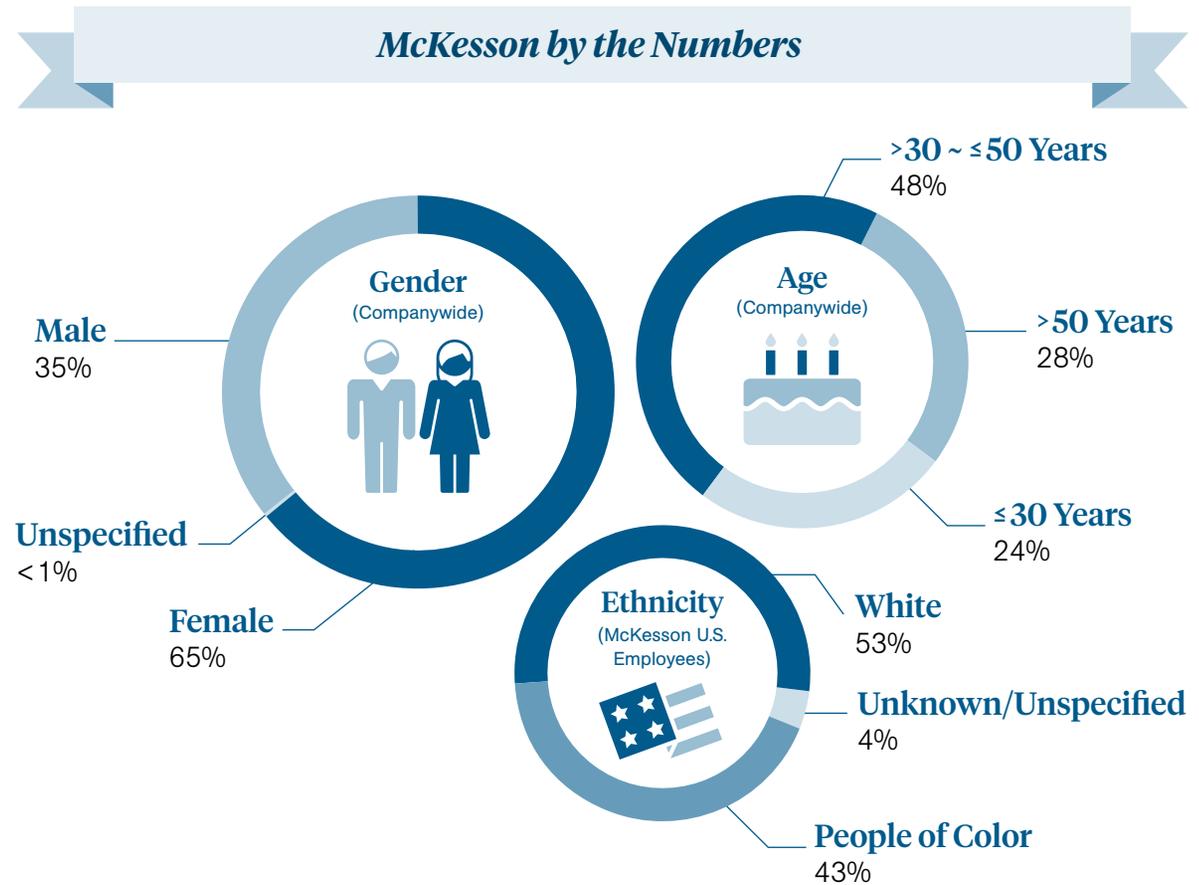
## Our People

We support healthy lifestyles for our employees and their families, and we design workplaces that are safe and secure. Beyond our facilities, a healthy workplace also means opportunities for employees to thrive and succeed.

Our people are the key to our success. We aim to be an employer of choice and to help employees leverage their strengths. To support their growth, we provide regular feedback and training. We work to create and maintain an inclusive environment where everyone brings their authentic self to work and enjoys great employee experiences at every touchpoint.

McKesson’s culture is one of empowerment, recognition, and belonging. It is grounded in our ICARE shared principles, which guide and unite all our employees. ICARE supports our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds, and styles. Our culture is further brought to life through [ILEAD](#), which is our commitment to leadership behaviors across our work and our business. These behaviors, combined with our cultural values, are what makes McKesson unique and promote a culture in which all employees feel supported and valued.

We build the best teams by conscientiously recruiting, developing, and retaining diverse talent. We engage and build a high performing organization to deliver unrivaled business results.



## Creating Better Health for Our Employees and Communities

We are proud to be recognized for our culture of inclusion. Among other achievements in FY19, we were:

- Recognized for the fourth year by the [Disability Equality Index](#) as one of the best places to work.
- Honored as one of the [best places to work for LGBT equality](#) by the Human Rights Campaign for the 6th year in a row.
- Recognized as one of the [best employers for diversity](#) by Forbes.

We are committed to respecting the rights of all McKesson employees. Labor laws and practices vary among the countries where we do business, and we are committed to following all applicable labor laws and regulations in those countries, including those governing labor-management relationships.

### **Advancing employee well-being**

We offer programs that advance the physical, mental, financial and social well-being of our employees and their families. We focus on engaging all, and we measure our success through the annual global Employee Opinion Survey.

We know healthcare systems are different in different countries, and our programs reflect that. For example, in Canada and the U.S., our programs include an annual health review, an interactive wellness portal and an employee assistance program. In those countries, we also provide free fitness trackers that connect to an online wellness platform, organize health challenges, and maintain a network of employee Wellness Champions. We also help employees plan for retirement, whether they're far along in their career or just starting out.

### **Opportunities to grow**

McKesson wants our employees to be excited about their careers, so we invest heavily in employee growth and development. That means rewarding job assignments, one-on-one feedback from managers and opportunities for continued learning.

When it comes to career development, we focus on shared goals and individualized feedback. Each goal ladders up to our overriding goal: to improve care in every setting — one product, one partner, one patient at a time. We establish clear goals and regularly measure their achievement, and compensation increases are tied to their success. We encourage managers to provide ongoing coaching through discussions and quarterly check-in meetings. Through this process, managers provided formal feedback on 94% of eligible employees in the U.S. and Canada.

Training is important to career development. It helps employees succeed in their roles and prepares them for new challenges. It strengthens managers' coaching and management skills. Besides classroom training, we also offer classes through telepresence and fully online on-demand courses, so employees can learn when it fits their schedules. In FY19, our employees completed more than 290,000 hours of training (across the countries that are included in our centralized learning management platform, including Canada, the U.S., and some employees in the UK and Ireland).

We are always on the lookout for high-potential employees, and we have processes to help them advance. Through training, we encourage leaders to embrace diverse perspectives and lead inclusively.

In FY19, our employees completed more than 290,000 hours of training.

We support employees through the educational assistance program, which awarded over 1,175 tuition reimbursement grants totaling \$2.1 million in FY19.

## Creating Better Health for Our Employees and Communities

In North America, programs like Leaders Teaching Leaders and Women in Leadership include training, coaching and 360-degree assessments. These courses support not only the careers of future leaders, but also those of the employees in their organizations.

When employees seek higher education, we support them through the educational assistance program, which awarded 1,175 tuition reimbursement grants totaling \$2.1 million in FY19.

In Europe, we developed the START, GROW, DRIVE and EXPERT programs to promote talent and grow McKesson's international talent pool. START, GROW and DRIVE are for managers, while EXPERT supports specialists in expanding their knowledge and tackling increasingly complex challenges.

### *Keeping workplaces safe and secure*

Patient and employee safety is the foundation for all our work at McKesson. That's why we incorporate health and safety into all parts of our operations.

We start by being proactive. Our Security and Safety department in the U.S. continually monitors our environment to identify potential risks, so we can prevent and mitigate them. That includes having procedures in place and investing in equipment for physical and electronic security.

In North America, we routinely assess all of our key facilities to make sure they follow our established security and safety standards. If we identify a vulnerability, we document it and the facility prepares a plan to address it. Across distribution facilities, we prepare a monthly Leading Safety Indicator Dashboard to measure conformance to our standards.

In FY19, our distribution centers in the U.S. had a 96.9% effectiveness rate in core injury-prevention programs, including joint health and safety committees, periodic self-inspections, and employee training.



In FY20, we will continue to provide a safe and secure work environment for our employees and, by extension, for the customers and patients who depend on us.

# Creating Better Health for Our Employees and Communities

## *Reducing workplace injuries*

The first step to reducing workplace injuries is preventing them. In distribution centers, we focus on initiatives like safe lifting and pre-shift stretching. We focus on ergonomic design, as well as slip, trip and fall prevention.

In the U.S., injury rates (number of recordable injuries per 100 employees) improved in both distribution centers and offices during FY19. Total recordable injuries declined by 11% and lost-time injuries declined by 15%. In Canada, the injury frequency rate remained the same from FY18 and the severity index declined. In FY19, we gathered safety data from Europe as a baseline, and plan to expand safety reporting to include Europe starting with our FY20 corporate responsibility report.

## *Training is the cornerstone of safety*

Across McKesson North America, we foster a “working together, protecting together” culture. Our safety training programs are for employees at all levels. Throughout their time at McKesson, employees learn to identify and control hazards they may encounter at work or at home. They also receive specialized training related to their role, environment or the equipment they use. Just as we continually update our processes, we update and add new training programs, and we train managers to coach employees on safe work practices. In FY19, U.S. employees completed over 25,000 safety training courses.

In FY20, we will continue to provide a safe and secure work environment for our employees and, by extension, for the customers and patients who depend on us.

## Access to Healthcare

Across our company, we champion programs that help people access quality healthcare at a lower cost. Here are a few examples:

- **Bringing online doctors to patients:** In the UK, our LloydsPharmacy business offers online access to healthcare. Patients go to the website, choose a medication they would like to receive, and answer a series of questions. That information is examined by a doctor, who runs it through a sophisticated clinical algorithm that determines if it is safe to prescribe the medication. If the doctor needs to know more, he or she can send a personalized message to the patient in seconds. After the doctor approves the medication, he or she electronically signs the prescription. Patients can opt to either pick it up or have it delivered to their home. To keep the algorithms as safe and efficient as possible, they’re constantly updated. Besides convenience and less wait time, this service gives patients discretion for sensitive topics, such as hair-loss treatment and sexual health.
- **Bringing electronic health records to First Nations families:** In Canada, Jordan’s Principle is a legal rule designed to make sure First Nations families have equal access to healthcare. The Cowichan Tribes of Vancouver Island realized that without access to their own health information, it would be difficult to take an active role in their own healthcare. That’s why they partnered with McKesson Canada’s RelayHealth on Closing the Circle of Care. The project honors the tribes’ teachings, which include working collectively for improved health. With RelayHealth, tribe members now have secure access to their health records, along with the ability to directly message their healthcare providers online.

By helping people access quality healthcare at lower cost, we help make better health possible.

In the U.S., McKesson’s Health Mart business supports more than 5,000 pharmacies across the country, with nearly 30% located in rural communities.

## Creating Better Health for Our Employees and Communities

- **Caring for patients in rural settings:** Rural areas often have an older population with a greater need for managing medications, yet they have less access to pharmacy services. In the U.S., McKesson's Health Mart business supports more than 5,000 pharmacies across the country, with nearly 30% located in rural communities. Health Mart is a franchise program that helps independent pharmacies compete with chain and mail-order pharmacies. McKesson helps Health Mart pharmacies get competitive reimbursement rates. Other services include branding, in-store marketing advice and peer support. Keeping rural pharmacies healthy is only part of the story. In many communities, the pharmacist is the first line of defense for patients. Yet regulations are inconsistent across U.S. states. For example, pharmacists can give vaccinations in some states but not in others. In the U.S., McKesson advocates with policymakers for consistent licensing rules across states. The goal is to make care more accessible — and help shift it to lower-cost settings.

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### Caring for Our Communities

Giving back is a great way to build healthier communities. We provide opportunities that encourage and support employee volunteering and giving. Our programs are built to reflect our focus on better care, whether that means celebrating our Community Heroes or responding to emergencies.

#### ***Giving back, with a focus on better health***

In 2019, McKesson launched and seeded with \$100 million, a national, private, grantmaking foundation focused solely on advancing solutions to the opioid crisis. FORE, the Foundation for Opioid Response Efforts, works to identify actions that can be taken to stem the epidemic and drive meaningful solutions,

such as focusing on education for patients, caregivers and providers; addressing key policy issues; and increasing access to life-saving treatments. It is overseen by a board mostly comprised of outside directors, including healthcare and subject-matter experts, to ensure FORE's work reflects diverse perspectives and approaches to addressing this epidemic.

In FY19, McKesson Corporation contributed \$2.3 million in cash and merchandise to support a variety of charitable organizations in the U.S., Canada and Europe. The McKesson Foundation disbursed more than \$3.7 million to support cancer care and employees' community engagement efforts across the U.S. and Canada.

Here are some of the areas we focused on in FY19:

- **Supporting cancer patients:** In North America, the McKesson Foundation works with a network of Cancer Care Community Partners. These nonprofits are located near where our employees live and work. We support these partners through Giving Comfort, a charity program that has provided care packages to more than 76,000 cancer patients.

Employees create the care packages during Community Days, an annual volunteering event that drew 16,750 employees in 150 locations in FY19. By volunteering, employees also earn McKesson Foundation grants for their local Community Partner.

They also support the partners through McKesson in Motion, a charity wellness challenge that engaged more than 10,500 employees. During the challenge, employees completed workouts to support the fight against cancer. By participating, they earned McKesson Foundation grants for our Community Partners — just as they do for Community Days.

For the past three years, LloydsApotek has made annual donations to Ung Cancer (Young Cancer), which provides support to young cancer patients, in lieu of other holiday gift-giving.

## Creating Better Health for Our Employees and Communities

We could not bring these programs to life without the 257 employees across Canada and the U.S. who serve as Regional Volunteer Chairs across McKesson offices and distribution centers. They organize local events and inspire their colleagues to join our companywide volunteer programs.

In Europe, both our businesses and their employees showed their support for cancer nonprofits. For example, our LloydsApotek business in Sweden surveyed its employees to identify the nonprofits they most wished to support. Their top pick was Ung Cancer (Young Cancer), which provides psychosocial and community support to young cancer patients. For the past three years, LloydsApotek has made annual donations to the organization in lieu of other holiday gift-giving. In Germany, our GEHE business donates to PRIMAKLIMA, a nonprofit that organizes an annual camp to provide support and community for children fighting cancer.

- **Growing the international marrow registry:** In the U.S., we continue to partner with the [Gift of Life Bone Marrow Registry](#) to grow our McKesson Marrow Drive. Together, we've added more than 5,200 committed donors to the international registry. Employees register during voluntary biometric screenings, refer friends and family, and organize drives in the community. We also sponsor drives at partner universities. The registry urgently needs donors of diverse backgrounds, and we have partnered closely with McKesson's employee resource groups to help get the donors they need. As of the end of FY19, [the drive](#) has led to 26 matches and five transplants. Interest is growing across our company. In late FY19, our GEHE business in Germany started a marrow drive in partnership with DKMS, an international nonprofit. Starting at their headquarters office, it has already expanded to several of GEHE's warehouses.



Together, we've added more than 5,200 committed donors to the international registry. As of the end of FY19, the drive had led to 26 matches and five transplants.

## Creating Better Health for Our Employees and Communities

- **Volunteering our time and professional skills:** Fiscal Year 2019 marked the first year of our General Counsel Organization (GCO) Volunteer & Pro Bono Program. This initiative offers an opportunity for members of the GCO to volunteer their time in service of their community – with options for doing so by sharing their professional skills. Through the program, GCO team members gave free legal advice to people in need at a Dallas clinic and provided free consulting to help Atlanta-area nonprofits navigate the legal system and spot legal issues that could affect them. We have had teams of GCO members volunteer at food banks in Las Colinas, Atlanta and Washington DC, and bring holiday cheer to a children’s center in Houston. The San Francisco office is currently sponsoring a research project to help enhance access to civil legal aid for victims of domestic violence.

As it enters its second year, the program will seek additional ways to help our local communities as well as undertake projects more national in scope that provide opportunities for collaboration across the GCO.

### Recognizing our heroes

Through the McKesson Community Heroes program, we celebrate employees who make outstanding contributions to their communities and workplaces. The program is open to all employees across the company. It works like this: Employees share stories of how they support the causes that matter most to them (for example, environmental awareness, patient health or a favorite charity). All applicants have one thing in common: They live by our ICARE shared principles.

Employees can nominate themselves or their peers. Voting panels in Canada, Europe and the U.S. select honorable mention recipients and finalists. An international panel selects the top winners.

In FY19, we recognized 29 employees in eight countries with grants exceeding \$48,000. The top three winners each received a \$5,000 grant.

- **Sara Shelton**, Richmond, Virginia, U.S. Sara volunteers with Safe Harbor, a nonprofit that serves survivors of domestic violence, sexual assault and human trafficking. She helps people rebuild their lives. Since 2012, Sara has covered hospital shifts for 24 – 36 hours each month. Two years ago, she joined Safe Harbor’s board.
- **Wendy Francis**, Mississauga, Ontario, Canada. For the past three years, Wendy has volunteered with Family Council of the Seven Oaks, a care center for people with Alzheimer’s, dementia and other mental health issues. Recently, she stepped up to serve as council chair, volunteering up to 15 hours every week.
- **Ezio Riva**, Carugate, Italy. Four years ago, Ezio and his friends started La Compagnia della Polenta, a nonprofit that serves the homeless in Milan, Italy. They give out homemade food along with beverages, clothes and hygiene products. To promote sustainability, they cook vegan meals and use supplies that can be recycled.

While we can only recognize a small number of employees as Community Heroes, we consider every volunteer and donor a hero. In North America, employees can earn grants for volunteering and serving on a nonprofit’s board of directors, and they can double their charitable donations through our matching gifts program.



**16,750 employees** helped build care packages **at 150 locations** across North America and raised over **\$222,000 for cancer care**



Donated more than **\$48,000** in 8 countries through **Community Heroes** volunteer award program



**10,537 employees** in the U.S and Canada participated in **McKesson in Motion** charity wellness challenge and raised **\$115,000 for cancer care**



**257 employees** serve as **Regional Volunteer Chairs** in North America



**101 employees** received the **U.S. President's Volunteer Service Award**

# Creating Better Health for Our Employees and Communities

## Stepping forward during emergencies

When emergencies strike, we stand by our employees, customers and communities. In FY19, these were again close to home in the U.S., as many found themselves in the paths of Hurricanes Florence and Michael and in California, our neighbors faced massive and deadly fires.

When natural disasters appear likely, we act quickly. McKesson contacts customers and first responders to encourage them to order additional inventory. We prepare our facilities for difficult conditions and stock extra medication and supplies, such as vaccines for first responders. We partner with government agencies to help our drivers access roads, so patients can receive the medications they need.

In addition, we support disaster relief through our Taking Care of Our Own Fund, a relief fund that supports our people when the unexpected happens. Since 2013, it has provided cash grants to employees who face hardship after sudden and severe events, including natural disasters and personal hardships. It is supported by donations from McKesson and the McKesson Foundation, as well as from employees.

In FY19, as part of the Taking Care of Our Own Fund, we introduced \$1,000 Get You to Safety grants to provide evacuation assistance to employees. The grant money is wired within 24 hours for qualified government-declared disasters. In addition, we expanded the Fund to McKesson Canada. During the fiscal year, these grants supported more than 180 McKesson employees affected by Hurricanes Florence and Michael, as well as California fires, and floods in the Midwest and Quebec. In total, the Fund supported 393 employees with more than \$842,000 in grants in FY19.

## Philanthropy Highlights



**Assisted 393 employees** through the McKesson Foundation **Taking Care of Our Own Fund**



**\$88,000** awarded in board **service grants**



**Donated \$1 million+** through employee **matching gifts** program



**651 students** supported and **\$2.8 million** donated for **scholarships** since 1988



Added more than **5,200 potential donors** to the **international marrow registry** since start of McKesson Marrow Drive

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
GRI 101	Foundation 2016	
GRI 102	General Disclosure 2016	
<b>Organizational Profile</b>		
102-1	Name of the Organization	McKesson Corporation, <a href="#">p.5</a>
102-2	Activities, brands, products and services	<a href="#">p.5</a>
102-3	Location of headquarters	Our headquarters are at 6555 State Highway 161, Irving, Texas, U.S.
102-4	Location of operations	McKesson has significant operations in Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Slovenia, Sweden, the United Kingdom and the United States. We also have a joint venture in the Netherlands. <a href="#">p.5</a>
102-5	Ownership and legal form	<a href="#">p.5</a>
102-6	Markets served	<a href="#">p.5</a>
102-7	Scale of the organization	<a href="#">p.5</a>
102-8	Information on employees and other workers	<a href="#">p.22-23</a>
102-9	Supply chain	<a href="#">p.11</a>
102-10	Significant changes to the organization and its supply chain	No significant changes during FY19.
102-11	Precautionary principle or approach	<a href="#">p.5</a>
102-12	External initiatives	<a href="#">p.10</a>

GRI Standard/ Disclosure	Description	Page/Comment
102-13	Membership of associations	McKesson is active in trade and industry associations. For example, McKesson is a member of the Healthcare Distribution Alliance; NPAC (Neighbourhood Pharmacy Association of Canada); and GIRP, the European Healthcare Distribution Association.
<b>Strategy</b>		
102-14	Statement from senior decision-maker	<a href="#">p.3-4</a>
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards and norms of behavior	Across McKesson, we are guided by our Code of Conduct and our ICARE and ILEAD shared principles. These principles are a uniting force, connecting us across business units, geographies and functional areas. For details, please see <a href="#">mckesson.com</a> .
<b>Governance Structure</b>		
102-18	Governance structure	Our corporate governance strategy aims to secure our competitive position, strengthen confidence in our company and create value over the long term. Good corporate governance strengthens confidence among our shareholders, business partners and employees, promotes transparency in our company and contributes to sustainable growth.  See Our Take on Good Governance, <a href="#">p.7-8</a> .

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Our stakeholders include employees (including our in-house CSR Advisory Council), communities, customers, suppliers, partners, investors, government/policymakers and nongovernmental organizations. See description of materiality assessment, <a href="#">p.9</a> .
102-41	Collective bargaining agreements	<a href="#">p.23</a>
102-42	Identifying and selecting stakeholders	We considered customers, government agencies, industry associations, investors, joint venture partners, non-governmental organizations and suppliers.
102-43	Approach to stakeholder engagement	We engage internal stakeholders through our CSR Advisory Council, including regularly scheduled 1:1 meetings with members and meetings of the full council. During FY18, we engaged internal/external stakeholders through our materiality study, which included one-on-one interviews, group interviews, a survey and review of source materials.
102-44	Key topics and concerns raised	Three of our key topics for FY19 were eco-efficiency, product safety and consumer safety, and access to healthcare. In the U.S., McKesson's efforts to address the opioid epidemic was a key topic during FY19. For details, please see <a href="#">mckesson.com</a> .
102-45	Entities included in the consolidated financial statements	<a href="#">Form 10-K</a> , p. 3-8

GRI Standard/ Disclosure	Description	Page/Comment
<b>Reporting Practices</b>		
102-46	Defining report content and topic boundaries	The boundary of this report is McKesson's worldwide operations, including Europe, Canada and the U.S.  We defined content through a materiality assessment, which included employees, customers, investors, suppliers, industry associations, government agencies, NGOs and joint venture partners. The process included the perspectives of internal and external stakeholders from Canada, Europe and the U.S.  Other components of the assessment included peer benchmarking, impact mapping, synthesis and analysis of results.
102-47	List of material topics	We have included all of the topics covered in our FY18 report.
102-48	Restatements of information	None.
102-49	Changes in reporting	No significant changes.
102-50	Reporting period	April 1, 2018 to March 31, 2019 (McKesson's Fiscal 2019)
102-51	Date of most recent report	August 2018.
102-52	Reporting cycle	We report annually.
102-53	Contact point for questions regarding the report	Please direct questions to <a href="mailto:mckessoncorporatecitizenship@mckesson.com">mckessoncorporatecitizenship@mckesson.com</a> .

# GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance the <a href="#">GRI Standards: Core option</a> .
102-55	GRI content index	This table constitutes our GRI Content Index.
102-56	External assurance	We plan to pursue external assurance for future reports.
<b>Material Topics</b>		
<b>Economic Performance</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.5</a>
GRI 103-2	The management approach and its components	<a href="#">p.5</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.5</a>
<b>GRI 201: Economic Performance 2016</b>		
GRI 201-1	Direct economic value generated and distributed	Please see our Form <a href="#">Form 10-K</a> for detail on our FY19 annual revenues of \$214 billion.
GRI 201-2	Financial implications and other risks and opportunities due to climate change	We address climate change through our corporate responsibility and environmental sustainability efforts. Please see this report, <a href="#">p.16-21</a> .
<b>Indirect Economic Impacts</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.26</a>

GRI Standard/ Disclosure	Description	Page/Comment
GRI 103-2	The management approach and its components	<a href="#">p.26</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.26-29</a>
<b>GRI 203: Indirect Economic Impacts 2016</b>		
GRI 203-1	Significant indirect economic impacts	<a href="#">p.26</a>
<b>Anti-corruption</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.6</a>
GRI 103-2	The management approach and its components	<a href="#">p.6</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.6</a>
<b>GRI 205: Anti-corruption 2016</b>		
GRI 205-2	Communication and training about anti-corruption policies and procedures	<a href="#">p.6</a>
<b>Energy</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.16</a>
GRI 103-2	The management approach and its components	<a href="#">p.16</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 302: Energy 2016</b>		
GRI 302-1	Energy consumption within the organization	<a href="#">p.19</a>
GRI 302-4	Reduction of energy consumption	<a href="#">p.16-19</a>
<b>Water</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.20</a>
GRI 103-2	The management approach and its components	<a href="#">p.19-20</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>
<b>GRI 303: Water 2016</b>		
GRI 303-1	Total volume of water withdrawn with breakdown of source, standards used	<a href="#">p.19</a>
<b>Emissions</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.16</a>
GRI 103-2	The management approach and its components	<a href="#">p.16</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 305: Emissions 2016</b>		
GRI 305-1	Direct (Scope 1) GHG emissions	<a href="#">p.19</a>
GRI 305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">p.19</a>
GRI 305-5	Reduction of GHG emissions	<a href="#">p.16-19</a>
<b>Effluents and Waste</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.20</a>
GRI 103-2	The management approach and its components	<a href="#">p.20</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>
<b>GRI 306: Effluents and Waste 2016</b>		
GRI 306-2	Waste by type and disposal method	<a href="#">p.19</a>
<b>Environmental Compliance</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.21</a>
GRI 103-2	The management approach and its components	<a href="#">p.21</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.21</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 307: Environmental Compliance 2016</b>		
GRI 307-1	Non-compliance with environmental laws and regulations	During the period covered by this report (April 1, 2018, through March 31, 2019), McKesson was in material compliance with all applicable environmental regulations. <a href="#">p.21</a>
<b>Employment</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.22</a>
GRI 103-2	The management approach and its components	<a href="#">p.22</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.22</a>
<b>GRI 401: Employment 2016</b>		
GRI 401-1	New employee hires and employee turnover	We hired more than 4,400 employees in the U.S. and Canada in FY19.
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We operate in a number of countries, and our benefits vary accordingly. These can include health and wellness benefits, savings programs to prepare for retirement, commuter subsidies to encourage the use of public transportation, and flexible work arrangements when possible. We also offer programs that encourage employee community involvement, such as our companywide McKesson Community Heroes recognition program.

GRI Standard/ Disclosure	Description	Page/Comment
<b>Occupational Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.24-25</a>
GRI 103-2	The management approach and its components	<a href="#">p.24-25</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.25</a>
<b>GRI 403: Occupational Health and Safety 2016</b>		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	<a href="#">p.25</a>
<b>Training and Education</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.23-24</a>
GRI 103-2	The management approach and its components	<a href="#">p.23-24</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.23</a>
<b>GRI 404: Training and Education 2016</b>		
GRI 404-1	Average hours of training per year per employee	<a href="#">p.23</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.23</a>
GRI 103-2	The management approach and its components	<a href="#">p.23-24</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.23</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
GRI 405-1	Breakout of employees and governing body members by gender, age, and ethnicity	<a href="#">p.23</a>
<b>Forced or Compulsory Labor</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.6</a>
GRI 103-2	The management approach and its components	<a href="#">p.6</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.6</a>
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
GRI 409-1	Measures taken to eliminate all forced labor	<a href="#">p.6</a>

GRI Standard/ Disclosure	Description	Page/Comment
<b>Public Policy</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	Please see the <a href="#">Political Engagement</a> page at <a href="#">mckesson.com</a> and the <a href="#">Public Affairs</a> page at <a href="#">mckesson.eu</a> .
GRI 103-2	The management approach and its components	McKesson understands that the decisions made by policymakers have a profound impact on our industry, business, customers, and the patients they serve. We seek to educate officials about the solutions we offer to improve patient safety and improve the quality and efficiency of healthcare delivery. We believe that transparency and accountability are important, so we publicly disclose political contributions in the U.S., the only country where we make them. We are committed to complying with all applicable laws relating to our work.
GRI 103-3	Evaluation of the Management Approach	Please see our response to GRI 103-2 above.
<b>GRI 415: Public Policy 2016</b>		
GRI 415-1	Total monetary value of financial and in-kind donations made directly and indirectly, by country and recipient; how value is estimated	For details, please see our <a href="#">Political Contributions Report</a> .  All information is for the U.S. We do not make political contributions in Canada or Europe.

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Customer Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.11-14</a>
GRI 103-2	The management approach and its components	<a href="#">p.11-14</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.11-14</a>
GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 416: Customer Health and Safety 2016</b>		
GRI 416-1	Percentage of product and service categories for which health and safety impacts are assessed for improvement	<a href="#">p.14</a>

**Code of Conduct**

**Exhibit D**

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# McKesson Code of Conduct





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## Message from Brian Tyler



### Dear Team,

Ethics and integrity are at the heart of who we are as a company. Every day, our ICARE Shared Principles guide and connect us across business units, geographies and languages. As McKesson continues to grow globally and compete in the changing healthcare marketplace, doing business honestly and ethically is critical to our long-term success and ability to achieve our mission of improving healthcare in every setting.

The McKesson Code of Conduct is your guide to working with customers, industry partners, coworkers and others. Please take the time to read, understand and commit to following it. As a team, we're all responsible for protecting the company's integrity. If you ever have questions about the Code or concerns about a situation, see the "How to Take Action" section on page 4.

Thank you for your dedication to McKesson, our customers and the patients we serve.

Sincerely,

Brian Tyler  
Chief Executive Officer

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## ICARE Guides Us

Everything we do is driven by our Shared Principles, known as ICARE. These principles are a uniting force, connecting us across business units, geographies, and functional areas. These values shape our corporate culture. Our Shared Principles enable us to make a positive difference among our stakeholders, including customers, communities, shareholders, and each other.



### **INTEGRITY**

We do what's right.

Our employees make decisions, both big and small, with a focus on what is ethically right. Above all, we are committed to the greater good — for our company, our customers and the health care industry.

### **CUSTOMER-FIRST**

We succeed when our customers succeed.

Our commitment to our customers sets us apart. We hear time and again from our customers that they choose us for our follow-through and customer-focused service. Our customers are at the center of everything we do, and our success comes from their success. They benefit from our company's customized approach to their business and our ability to help them stay ahead of the changing health care landscape.

### **ACCOUNTABILITY**

We take personal responsibility for our actions and our work.

Our employees make personal commitments — to their customers, vendors, colleagues and jobs. We hold ourselves accountable for keeping those promises, and we take individual responsibility for the decisions we make to get results for our customers. We build trust with our customers by delivering on our promises.

### **RESPECT**

We treat people with dignity and consideration.

Our people treat each other, our customers and our vendors with dignity, consideration, open-mindedness and respect. By valuing diverse styles and skills, recognizing each individual's contribution, and staying open to each other's perspectives, our company cultivates an environment of innovation and collaboration — which pays off in the way we solve problems for our customers.

### **EXCELLENCE**

We insist upon quality.

Our journey to excellence never ends — we always aim higher for our customers and partners. We take action with success in mind and focus on results, constantly finding new ways to innovate and improve, and we rigorously measure our progress. When customers choose our company, they're choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency — for the better health of our customers and the entire health care industry.

# Purpose and Scope of Our Code



## Purpose and Scope of Our Code

### Purpose and Scope

We do business honestly and ethically. By doing so, we grow as a company and earn the support of those who rely on our business. This Code of Conduct (the “Code”) describes fundamental principles, local policies, and procedures that shape our work. Much like ICARE, our Code connects each of us. It is a valuable tool designed to help us make ethical decisions both day-to-day and in difficult situations.

We comply with applicable laws everywhere we do business around the world. Consequently, this Code is also subject to relevant local legislation. Sometimes, local law or policy may be less or more restrictive than our Code. We must follow the stricter rules in these instances. For situations involving a conflict, contact your Compliance Officer or the Law Department.

As employees, we have a duty to read and understand our Code and the local policies applicable to our jobs. The Code can’t predict every situation we might encounter, so it is essential to check our local policies and to ask questions when we are unsure. We should also speak up when we are aware of (or even suspect) illegal or unethical behavior or violations of the Code, other local policies or applicable laws.

### Who Does the Code Cover?

This Code applies globally to all employees, officers, and directors—regardless of position or tenure. We also seek business partners who share our values and commitment to doing business with integrity.



### Remember:

It is our responsibility to follow our Code, company policies, and the law. Failure to comply can carry serious consequences, which can include, depending on local law, appropriate disciplinary actions up to termination of employment. If you have questions or concerns about any of the rules, regulations, local policies, or laws that apply to your work, raise them *before* taking action.

# Our Core Responsibilities



# Our Core Responsibilities

## Doing Business Fairly and with Integrity

Our Code—along with other company policies, guidelines, procedures, standards, and resources—guides us when confronted with a difficult situation.

### Ask Yourself:

**Is it legal and in line with internal policies?**

**Does my action reflect the ICARE principles of Integrity, Accountability, and Respect?**

**Am I being truthful and honest with everyone involved?**

**Would I feel comfortable if my actions were reported in the news?**

**How might others be affected by the choice I make?**

## Our Responsibility to Speak Up

It is important to raise concerns. This includes violations of our Code, company policies or procedures, and the law. If you're asked to commit or are aware of an illegal or unethical act, you are encouraged to speak up promptly. Our company listens to and takes concerns seriously—rest assured your concern will be investigated promptly and thoroughly.

A concern is to be raised in “good faith,” which means coming forward with a suspicion you believe to be true, even if it is later determined that no wrongdoing occurred. We do not tolerate any form of retaliation for raising concerns, asking questions, or participating in an investigation in good faith.

## WHAT IF...

What happens after I contact the Integrity Line to discuss a concern or question?

The Integrity Line representative relays the information you provide to the appropriate company resource for review and follow-up, as appropriate.

## How to Take Action – McKesson Employees

You can ask a question or raise a concern by contacting any of the following:

- Your Manager or Supervisor
- Your Compliance Officer or the Global Compliance and Ethics Office\*
- Your Human Resources Department or the U.S. HR Support Center\*
- Corporate Security & Safety\*
- The Law Department\*
- McKesson’s Integrity Line

### McKesson’s Integrity Line

- McKesson’s Integrity Line is operated by an independent third party.
- It is available 24 hours a day, seven days a week, with operators available in multiple languages.
- Anyone within or outside the company can use the Integrity Line to raise a confidential concern. Concerns can be raised anonymously, if requested.
- McKesson’s Integrity Line is accessible via the phone or the web. Web access is available by pointing your browser to [integrity.mckesson.com](http://integrity.mckesson.com).
- Inside the U.S., the Integrity Line is accessible via phone at 1-877-625-4625. Local toll-free numbers for locations outside the U.S. are listed at [integrity.mckesson.com](http://integrity.mckesson.com).
- In some countries, local laws may limit the types of concerns raised via McKesson’s Integrity Line. Additional information is available at [integrity.mckesson.com](http://integrity.mckesson.com). Should you wish to report other matters, please contact your local manager, Human Resources, or the Law Department.

\*Specific contact information can be found on McKNet.

## How to Take Action – McKesson Europe Employees

You can ask a question or raise a concern by contacting any of the following:

- Your Manager or Supervisor
- Your Compliance Officer or Group Compliance & Corporate\*
- Your Human Resources Department\*
- The Legal Department\*
- The Compliance Helpline

### Compliance Helpline

- The Ombudsman is an independent third party to whom concerns can be raised anonymously, if requested.
- The Ombudsman is available 24 hours a day, seven days a week, with support available in multiple languages.
- The Ombudsman can be reached under 00800 – OMBUDSMAN or 00800 – 66283762 (toll-free from any McKesson Europe country) and also by fax: +49(0)521.557333-44 or email: [ombudsman@thielvonherff.com](mailto:ombudsman@thielvonherff.com).
- In some countries, local laws may limit the types of concerns raised via the Ombudsman. In these cases, please contact the other resources named above if you wish to raise a concern.

\*Specific contact information can be found on the McKesson Europe Net.

## Cooperate with Investigations

We are committed to prompt investigation of any concerns brought to our attention. It is important to provide all information requested in any investigation conducted by our company. Always provide accurate information, and do not make untrue or misleading statements or encourage anyone else to do so.

Government agencies also may request information from or about our company. If you are contacted by an outside investigator, please contact the Law Department or your Compliance Officer immediately.

If you are notified by the Law Department, your Compliance Officer or your manager that documents in your possession are subject to a legal hold or are needed for an investigation, be sure to follow directions and preserve those documents. Under no circumstances should you destroy, conceal, or alter those records in any way.

## Managers' Responsibilities – Leading by Example

Managers have a special responsibility to lead by example and model and encourage ethical behavior. This is an integral part of the leadership role. Regular conversations with your direct reports about the importance of integrity in the workplace are expected. In addition, always remember to:

- Understand and promote the Code and the internal policies.
- Set a positive example through your own ethical behavior.
- Make sure your employees know they can come to you with questions and concerns, and that you'll listen and respond appropriately.
- Not retaliate against an employee for raising a concern in good faith.

### Remember:



If you feel that you or someone you know at our company has experienced retaliation, you should raise the issue immediately through the resources listed in the **How to Take Action** section of this Code.

**We Deliver Honest Value  
in the Marketplace**



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## **We Deliver Honest Value in the Marketplace**

### **Marketing and Selling Honestly**

The way we market and sell is a reflection of our values and is a key driver of our success. It is essential to remember the following standards when marketing and selling to all customers.

- Represent yourself and the company with integrity to protect our reputation as a trustworthy organization.
- Only make honest, accurate claims about our company's products and services.
- Talk about the benefits of our own products, rather than disparaging those of our competitors.
- Do not use misleading or unfair comparative advertising.

### **Service and Product Quality**

Our company has built a reputation around excellent services and high-quality, safe products. To protect that reputation we comply with quality and safety-related standards. These include applicable laws and regulations and internal procedures that promote the safe handling, distribution and manufacture of high-quality goods.

We also hold our suppliers accountable to ensure the quality of the products and services they provide to us. If you see anything that may compromise our reputation for quality, you should promptly raise the issue.

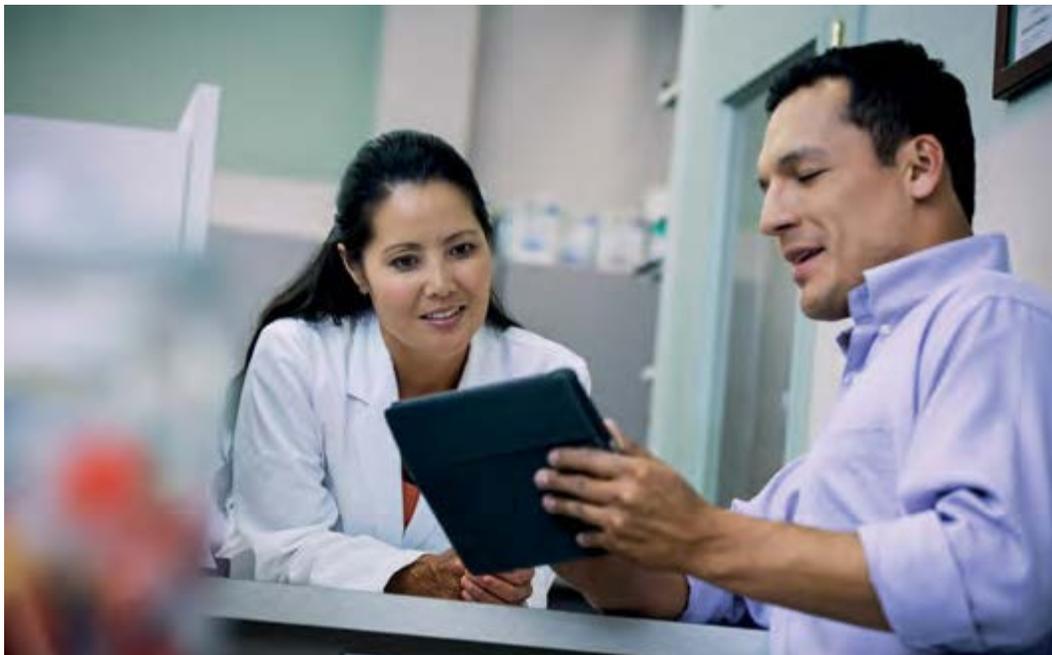


## Marketing and Selling to Healthcare Professionals

We respect the integrity of the relationship between patients and providers, and the healthcare decisions they make. We also believe that anyone who pays for healthcare goods and services should get full value for their purchases. To help ensure this happens, there are many laws intended to protect against fraud, waste, and abuse in healthcare. We comply with these laws by not offering things of value, including gifts or entertainment, which may improperly influence the decisions of Healthcare Professionals.

When Healthcare Professionals provide services to our company, we compensate them at fair market value for their work and take all local legal requirements into account. We ensure that the decision to hire the services of Healthcare Professionals, and the amount we pay for those services, is not intended to improperly influence their purchasing decisions.

For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.



### Remember:



What is acceptable in the commercial business environment may be unacceptable when interacting with government customers or Healthcare Professionals and will vary by business location, national legislation and jurisdiction. The laws and regulations that apply to these activities are complex and can involve multiple regulatory agencies. Check if local policies are implemented in your country for specific limits and requirements regarding activities and relationships with Healthcare Professionals and government customers, and act accordingly. Contact your Compliance Officer or the Law Department should you require additional guidance.

## WHAT IF...

Can I take a prospective client to lunch?

There may be legal limits on the meals and entertainment we can offer to Healthcare Professionals or other business partners. We also want to avoid even the appearance of obligating or inappropriately influencing the potential customer. For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.

## Marketing and Selling to Governments

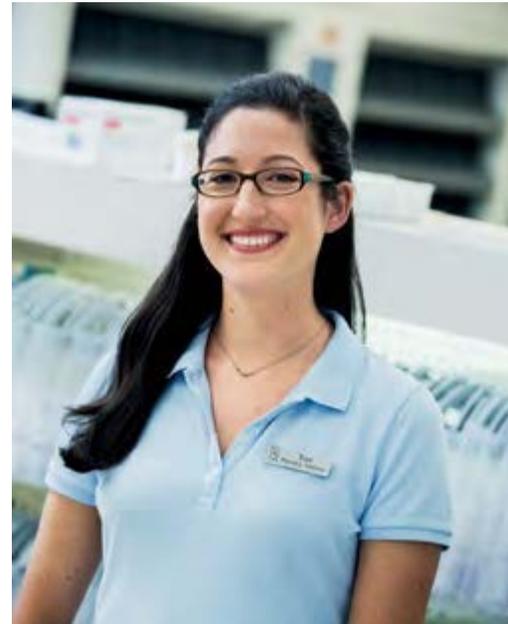
We value our ability to compete fairly when providing goods and services to government customers, whether federal, state, provincial, or local. There are many local laws intended to protect the integrity of government purchasing, covering topics from seeking new business opportunities, to bidding and negotiating contracts, to developing a relationship with government employees, to accurately recording and reporting required information, to hiring former government employees.

In all aspects of our business with government customers, we are careful to comply with our company's implemented local policies and applicable laws to guard against improper influence and abuse. For example, there are restrictions to giving gifts, meals, or entertainment to government employees. For more details, speak to your Compliance Officer or check if local policies are implemented in your country.

## Remember:



We play a special role in maintaining the integrity of healthcare delivery to government customers. Be careful to fully comply with all applicable laws, regulations, and existing local policies when interacting with government entities and individuals.



## Anti-Corruption

We do not tolerate corruption or bribery in our business practices by our employees or third parties working on our behalf. In many of the places where we do business, we may be subject to a variety of anti-corruption and commercial bribery laws.

We do not promise, offer, or give “anything of value” to either a government official or an employee or representative of our commercial business partners with the intent to improperly influence their conduct. We also do not receive anything of value that could be perceived to improperly influence our conduct.

We also expect our business partners and other third parties working on our behalf to comply with all local anti-corruption and anti-bribery laws and standards. This includes third parties who might interact with a customer or a government official on our behalf.

You cannot hire a third party agent or entity to do something that would not be allowed under this Code. Additionally, you cannot hire a consultant or third party agent who you suspect may attempt to engage in bribery or corrupt activities. If you plan to engage a third party who might interact with a customer or government official on our behalf, please speak to your Compliance Officer or check if local policies are implemented in your country.



### Remember:

“Anything of value” is broadly interpreted and can include such items as cash, gifts, meals, entertainment, travel expenses, charitable donations, loans, and job placements.



### Key Terms

A “**government official**” is broadly defined and includes more than just someone who is elected to public office. It can include employees of federal, state, and provincial governments, international organizations, or state-owned entities, such as doctors at a public hospital or professors at a public university. The term also includes judges, members of health or supervisory authorities, and members of the military — in short, any public servant. Officials of political parties or candidates for public office may also be government officials.

## WHAT IF...

You are at an industry trade show. A competitor's sales representative, who works in your territory, asks you to lunch in order to discuss a sales opportunity that will be "mutually beneficial." What should you do?

Before responding to the invitation, consult with the Law Department or your Compliance Officer for guidance.

## Fair Competition

We value a marketplace in which our company competes to sell superior services and quality products at fair prices. Laws in many of the places where we do business are intended to protect fair and open competition. To comply with these laws, you should not discuss, coordinate, or agree with a competitor to fix prices, divide sales opportunities or territories, split or "fix" bids, refuse to deal with (or boycott) a supplier or customer, or otherwise limit distribution channels in an illegal manner.

Check if local policies are implemented in your country and consult with the Law Department if your conduct may give even the impression that our company is unfairly leveraging a dominant market position to affect competition. In addition, you should get guidance from the Law Department before participating in a trade association or standard-setting organization or discussing a joint venture arrangement (whether with a competitor, customer, or supplier).



## Competitive Intelligence

We value fair and open competition, and we only gather competitive information through legal and ethical means. For example, we do not collect information about our competitors through deception, manipulation, or misrepresentation. If a new employee comes to the company from one of our competitors, we welcome the addition, but not any confidential information about their former employer.

If you have questions or concerns about competitive information, contact the Law Department or your Compliance Officer for guidance.

## Political Contributions

We value a system in which each of us is free to express our political voice. In some cases, laws or internal policies attribute personal political contributions made by employees and their families to the company and restrict such contributions or impose reporting requirements. For this and other reasons, it is important that you not use company time or resources for personal political activity. You should not state, or even imply, that the company requires, guides, or supports your personal political activities.

In Europe, we do not make political donations as a company. However, the company ensures our views are expressed to governments and policy leads in an appropriate, transparent and effective manner on matters that could impact our business or our customers.

Federal, state, and local laws may exist to prevent improper influencing of public officials or restrict how the company participates in the political process. These laws require anyone who seeks to influence public officials to register as a lobbyist and require reporting by those who engage in lobbying activities. To comply with these laws, the company requires you to notify Public Affairs or the local Law Department before engaging in any activity on behalf of the company to influence a public official, whether directly or indirectly, through oral or written communication.



## International Trade

We value our ability to source and distribute quality products and services in countries around the globe. In order to protect and promote fair and safe international trade, laws in many of the places we work regulate where, when, and how we may import and export our products. These laws, which may also relate to associated licensing and recordkeeping, and to embargoes and international boycotts, are complex. For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.



**We Treat Others  
with Respect**



## We Treat Others with Respect

### Prevention of Workplace Harassment

We are committed to providing a workplace free from harassment. While harassment can look and sound different depending on the circumstances, it creates or contributes to an offensive, intimidating, and uncomfortable workplace and will not be tolerated. Harassment is commonly understood to include verbal, physical, visual, or written conduct. In some countries bullying conduct may constitute harassment. Some examples of harassing behavior can include:

- Inappropriate, demeaning, or offensive jokes, comments, or other messaging
- Unwanted physical conduct
- Threats
- Sexually suggestive visual images, statements, or actions

Anyone who witnesses or experiences any form of harassment should speak up right away. Harassment-related concerns may be raised through the resources listed in **How to Take Action**. Our company does not tolerate retaliation against those who raise concerns in good faith.

For more details, please speak to your Human Resources Department or check if local policies are implemented in your country.



### WHAT IF...

What should I do about a coworker who makes me uncomfortable by regularly touching my shoulder when walking by saying “hello”?

If you feel comfortable doing so, have a conversation with your coworker and ask them to stop. If that doesn't work or you'd rather not discuss the matter directly, contact the resources listed in **How to Take Action** for assistance.

## **Diversity and Non-Discrimination**

We maintain a balanced and diverse work environment by providing equal opportunity to employees and treating each other with dignity and acceptance, even when our ideas or experiences may differ. We cooperate to make sure our workplace is respectful, inclusive, and productive.

We all benefit from our ability to attract the best and brightest in the industry. That means employment decisions (for example, hiring, terminations, promotions, and transfers) are made on individual merit. We do not engage in unlawful discrimination.

For more information, please check if local policies are implemented in your country.

## **Corporate Citizenship**

Our commitment to good corporate citizenship is a fundamental part of creating sustained value for both society and our company. We also value the opportunity to give back to our communities. In many locations, our corporate citizenship program encourages community involvement efforts in order to improve the health of our communities, develop a highly engaged and healthy workforce, and create better health for all. We strive to do business with entities that share our ICARE principles.

We seek to preserve and protect the environment, and we are committed to complying with environmental laws. Reports of any actual or potential environmental, health, or safety problems, or violations of policies in these areas, should be immediately raised to your manager or through the resources listed in **How to Take Action**.



## **Workplace Security and Safety**

We are committed to providing safe, secure, and hazard-free work environments worldwide. Safety is everyone's responsibility—we should all speak up about unsafe conditions or activities and ensure they are reported appropriately. For more information, please check if local policies are implemented in your country.

## **Prevention of Workplace Violence**

A safe environment is free from all forms of violence, be it a verbal or physical threat, an act of intimidation or abuse, or a blatant physical assault. No matter its form, violence at our company will not be tolerated. If you witness violence between coworkers or third parties working on our behalf, you should report it immediately. If the situation escalates and there is a threat to your immediate safety or the safety of those around you, call local authorities first.

## **Substance Use in the Workplace**

We help ensure the safety of our workplace by arriving ready to give our best each day. But we can't give our best if we are under the influence of drugs or alcohol. These impair our judgment and motor skills, while also putting our coworkers, customers, and others at risk. During authorized company events or at special occasions, we may drink alcohol in moderation but are expected to act appropriately and professionally during such times.

We may not illegally possess, use, or sell drugs or alcohol while conducting company business or on company property.

For more information, please check if local policies are implemented in your country.



## Confidentiality

### Patient and Consumer Information

We are committed to protecting personal information and protected health information. Complex laws limit the way health plans, pharmacies, hospitals, and other covered entities can access, use, or disclose patients' personal data and other special categories of data. You may only access, use, store or disclose such data if necessary, if you are specifically authorized to do so as part of your official job responsibilities, and if you are acting in compliance with all applicable laws and company policies.

For more information, please check if local policies are implemented in your country.



## Employee Information

Those of us with access to personal employee information must take special care to limit its access to only those company personnel with a legitimate need to know it. We must safeguard it appropriately both during and after our employment with the company. If you become aware of any instance where personal employee information was or may have been improperly disclosed, immediately contact your Compliance Officer about your concern.

### Remember:

We respect each other by protecting personal employee information we encounter in the course of our work. All personal employee information should only be used for its lawful and intended purpose.



**We Operate  
with Integrity**



# .....

## **We Operate with Integrity**

### **Conflicts of Interest**

Operating with integrity means we avoid activities, relationships, or situations that can create an actual or potential conflict of interest, or the appearance of one. A conflict of interest arises when a personal interest, relationship or activity may interfere with our business objectivity or loyalty to our employer. When performing our jobs, we should always put our company's best interests before any personal interest.

Conflicts may arise in many situations. For example, outside business activities, such as serving on a board of directors, employment, self-employment, or working on a consulting basis, can lead to a conflict of interest depending on the entity or organization with which you are affiliated. Although we cannot list every conceivable situation, the following are some common examples of actual or apparent conflicts that may arise:

- Work or affiliation with, or a significant financial interest in, a company or organization that is in the healthcare industry, or a company supplier, customer or other business partner.
- Supervising or having the responsibility for hiring a family member.
- Giving or receiving gifts, meals, or entertainment in situations where someone else could perceive those business courtesies as impairing our judgment or loyalty to the company.
- Any outside business relationship between the company and you or someone in your family (e.g., joint ventures, partnerships, personal loans, etc.).
- Avoiding these ethical standards by acting through a relative or other party (such as a spouse's company, investments in someone else's name, etc.).

The best way to address conflicts of interest is to do so before they arise and by communicating situations that could pose or be perceived as a conflict of interest.

For more information, please contact your Compliance Officer or check if local policies are implemented in your country.

## **Business Relationships with Family and Friends**

There may come a time when your spouse, significant other, child, parent, in-law, or relative is working for a competitor, supplier, or customer (or holds a significant ownership in such a company). While such situations are allowed, they call for extra sensitivity to security, confidentiality, and conflicts of interest.

Specifically, you should not be involved with or attempt to influence the bidding, negotiating, or contracting process between our company and yourself, a family member, a close friend, or the employer of any of these parties. The very appearance of a conflict of interest can create problems, regardless of the correctness of your behavior. To remove the potential for doubt or suspicion, you should disclose your specific situation to your manager.

## **Family Relationships**

We may not exercise influence at work over another employee with whom we have a family relationship. Exercising influence includes, but is not limited to, supervising or providing input about the other employee's hiring, performance, or compensation. When such a situation or the potential for it arises, please speak with your manager or your Compliance Officer for further guidance.



## Gifts and Entertainment

In some cultures the exchange of gifts or entertainment may be a customary way to build good working relationships. However, be cautious, as gifts or entertainment accepted from or given to a business associate has the potential to create an appearance of impropriety or a conflict of interest, even where none exists.

For example, we should not receive a gift or entertainment from a representative of a business with a pending transaction, such as a contract renewal or Request For Proposal review.

We should not ask a supplier or other business partner for a gift, meal, entertainment or other item of value, either for ourselves or for any family members or friends. Requesting such a business courtesy is not appropriate.

### Remember:



At a minimum, we may not accept a gift or other benefit that could influence or be perceived to influence any business decision. Only accept or offer a business courtesy if it is infrequent, is limited in value, and would not create a sense of obligation or the appearance of impropriety.

## Guidance for Acceptable Gifts, Meals or Entertainment

An acceptable business courtesy meets the following criteria:

- Could not be perceived as an attempt to influence a business decision
- Does not make us appear biased
- Is reasonable in cost
- Is not cash or a cash equivalent
- Is not requested by you or a team member
- Occurs in a setting appropriate for a business discussion
- Would not embarrass our company if disclosed to the public

Please check if local policies are implemented in your country, including specific limits that may apply. Contact your Compliance Officer if you are unsure if it would be appropriate to give or receive a gift, meal or entertainment.

## WHAT IF...

My sales representative from a large IT vendor has offered to take me to lunch. Can I accept her offer?

Ensure the restaurant's prices are not unusually high, that there is a legitimate business purpose for the meal, and that the meal meets all of the criteria described in the Gifts and Entertainment section of this Code. You don't want to create the impression that the company's business can be bought. Please check with your Compliance Officer for specific guidance.

## Confidential Information

While performing our day-to-day work, we may have access to confidential information—about our company, business partners, and customers.

In general, confidential information is any nonpublic information, including our trade secrets and intellectual property and that of our customers and business partners. Some examples of confidential information include:

- Pricing information
- Financial data
- Technical data
- Equipment layout and design
- Product costs
- Technical processes
- Sales and marketing strategies
- Product features and functions
- Product roadmap information
- Customer/Client lists

These and other types of confidential information should be shared only with colleagues who have a business need to know them, are informed of their confidential

nature, and are authorized to see them. If confidential information must be shared with a current or potential business partner, a company-approved Non-Disclosure Agreement must be signed by the recipient before information is communicated. If you need a Non-Disclosure Agreement, contact the Law Department.

### Remember:



Confidential information should not be shared with anyone outside of the company without appropriate processes. This includes consultants, distributors, temporary workers, suppliers, customers, and other partners.

## Books, Records, and Financial Reporting

Our company relies on the integrity of the financial and other business records we produce every day to make important business decisions. It is critical that you ensure that all records you produce (no matter how insignificant they might seem) are complete, accurate, and current. We comply with generally accepted accounting principles when maintaining our books and records.



### Key Terms

A **“Record”** is recorded information in any format (e.g., paper or electronic), made or received, that needs to be retained and managed for business, operational, legal, regulatory, and/or historical purposes to document or evidence our company’s decisions, actions, or transactions.

The laws and regulations that govern our global work require us to keep honest and accurate books and records. The accuracy of our books and records also contributes to the quality of the financial reports we file with government agencies and make available to the public. Our company is committed to making full, fair, accurate, timely, and understandable disclosures.

### Contracts

We are committed to diligently following the company’s contracting processes. Some ways to do so are the following:

- Do not commit to any contract, payment, or other obligation unless you are authorized to do so.
- Make sure contracts are complete, in writing, and appropriately approved, such as being reviewed by the Law and Finance Departments as required. Do not make business agreements that don’t meet our standards.
- Do not use side letters, off-the-books arrangements, or any other mechanism that is not within our guidelines.
- Follow our contracting processes and procedures, including the delegation of authority policies.



## Records Retention

Our company manages and retains records in a way that protects the integrity of our information. We comply with existing company policies and applicable laws to ensure that our records are authentic, accurate, accessible, complete, secure, compliant, and effective.

We must preserve documents and records with legal holds and those subject to local regulations. In the U.S. and Canada, direct any questions about how long a record must be retained to the appropriate Records and Information Management (RIM) representative at [askRIM@mckesson.com](mailto:askRIM@mckesson.com).

## Insider Trading

Our company values its ability to offer its stock in a fair and open marketplace. Trading while in possession of material nonpublic information is a violation of our insider trading policy and the law. Doing so subjects those involved to disciplinary action, as well as potential civil or criminal penalties. You are also prohibited from providing inside information—about our company or its suppliers, customers, or other parties—to others. Material nonpublic information comes in various forms. Some examples of this information include:

- Earnings and earnings forecasts
- Significant new products or developments, such as new or lost contracts
- Significant litigation or investigations
- Acquisition or divestiture discussions
- Events regarding our securities (e.g., repurchase plans, changes to dividends, sales of additional securities)
- Significant cybersecurity incidents



### Key Terms

**“Material”** information means a reasonable investor would consider it important when making an investment decision like buying or selling stock.



## Protecting Company Assets

Our company's assets are valuable and must be protected. Generally, company assets such as equipment, facilities, and documents must only be used for authorized activities. We all have a duty to protect these corporate assets from loss, damage, theft, and misuse. We should also ensure their efficient use and avoid waste. Lost, damaged, or stolen assets should be reported to the appropriate resource listed in [How to Take Action](#).

## Protecting Intellectual Property

Intellectual property (IP) is another important company asset. IP refers to intangible assets developed through creative work done by our employees and partners. IP is safeguarded by legal protections including patents, trademarks, copyrights, and trade secrets. Our technology, software, and technical data contain large amounts of IP, and our policy is to protect the company's IP rights to the fullest extent possible. In

addition to protecting our IP, we also respect the IP rights of others. This includes, in a broader sense, avoiding infringement of any third party's patents, trademarks, copyrights, and trade secrets. We also respect rights of others concerning software, including open-source software. When we work with third parties, we have a duty to ensure through contracts that our company obtains appropriate rights to IP created in such engagements. If you have questions or concerns about our company's IP, contact the Law Department for more information, and check if local policies are implemented in your country.



## Proper Use of Company Technology

We each have a responsibility to use our company's network, computer, and communications systems ethically and legally and with special care. While in some locations occasional personal use of these systems is permitted, our usage must be appropriate and in line with existing local policies and must not interfere with our daily work. To the extent permitted by local law, our company reserves the right to monitor our access and use of all company systems.

We should secure all confidential data using good judgment in order to protect it from theft or loss. Confidential data may be stored on company devices or held or processed by third parties on our behalf and in accordance with applicable law. Appropriate controls should be put in place to protect confidential data, such as restricting access on a "need to know" basis, password protection, encryption, and physical security. Only share information (such as through email, postings to social media sites, and granting systems access) based on a real business need. Electronic information can be altered and distributed without our consent and is difficult to recover once it becomes public.

## Social Media and Electronic Activity

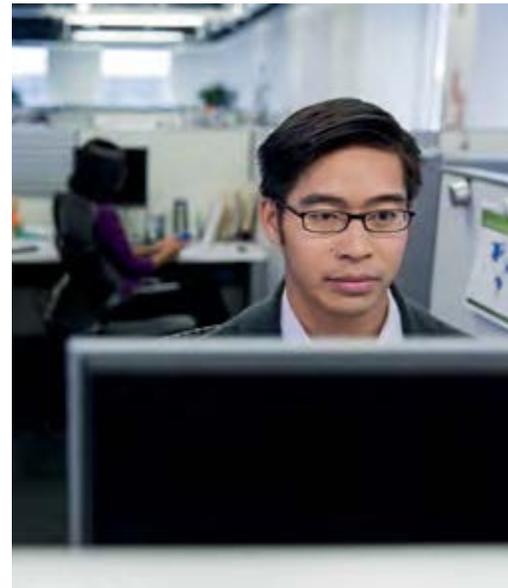
We respect the legal rights of our employees and contingent workers to use social media. In general, we may use our personal time however we see fit. Activities in or outside work that affect your job performance, the performance of other employees or contingent workers, or the company's reputation and business interests are proper areas of concern for the company and may be subject to company policies.

The Communications Department governs official company-sponsored social media activities. Unless you are officially authorized to speak publicly about the company, its products, or its solutions, do not represent or imply that you are speaking for the company. Please note only authorized spokespersons may communicate on behalf of the company with the media, securities analysts, investors, or other market professionals.

### Remember:



We each have a responsibility to use our company's network, computer, and communications systems ethically, legally, and in accordance with our ICARE principles.



## **Responding to Inquires from the Press and Others**

Speaking with the press, securities analysts, other members of the financial community, shareholders, or groups or organizations as a company representative should occur only after you have been authorized to do so by the company.

Any inquiries from the media or the public should be immediately forwarded to the Communications Department. Requests for information from regulators or the government should be promptly referred to the Law Department.

Requests for financial or other information about the company from the financial community or shareholders should be promptly referred to Investor Relations.

## **Waivers**

Situations may arise from time to time that warrant a formal waiver of a provision of this Code for an individual. Waivers will not be granted except where necessary, and will be limited and qualified as needed to protect the company and our shareholders to the greatest extent possible. We will promptly disclose such waivers for directors and executive officers to the extent and in the manner required by law, regulation, or stock exchange listing standard. Contact your Compliance Officer or the Law Department for waiver approvals from the Chief Compliance Officer or Board.



## Integrity Line for McKesson Employees

Country	ITFS Number
Bermuda	1-866-737-6850
Canada (English)	1-877-625-4625
Canada (French)	1-855-350-9393
China (Northern)	10-800-712-1239
China (Southern)	10-800-120-1239
Ireland	1-800615403
Israel	1-80-9214405
Luxembourg	800-2-1157
Malaysia	1-800-80-8641
United Kingdom	08-000328483
United States	1-877-625-4625

## Compliance Helpline for McKesson Europe Employees

### McKesson Europe's Ombudsman can be reached:

- In any language
- 24 hours a day, 7 days a week
- Under the universal & toll-free number: 00800 – OMBUDSMAN or 00800 – 66283762 and also by fax: +49(0)521.557333-44 or email: [ombudsman@thielvonherff.com](mailto:ombudsman@thielvonherff.com)





**CEO Letter to Shareholders**

**Exhibit E**

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## To Our Valued Shareholders:

I am honored and humbled as I write to you for the first time as the CEO of this great organization.

Each company takes a different approach to an annual letter to investors. I plan to use this letter as another vehicle to communicate our priorities and give you my assessment on how we're tracking against the performance you expect from us — delivering healthy and sustained growth on your investment.

### What You Can Expect of Me

I couldn't be more excited about this opportunity to lead the 80,000 associates of McKesson as we collectively work to improve healthcare in every setting.

My leadership views and style have been shaped by my parents, the values they taught me, my education, and the wide variety of teams that I have led over the years. There is no doubt that my time sweeping floors and cleaning greasy machines in our small family-owned machine shop in Livermore, California influenced my views on the important role every single person in our company plays — no matter their seniority or title.

With more than 20 years of McKesson experience, I have had the benefit of leading nearly every business in our company. And while there are many important elements of being a successful leader, in my opinion, good communication and teamwork will be foundational pillars of our success.

As CEO, I believe my job is to coordinate with colleagues throughout the company to set strategy and culture, and then hold our teams accountable to deliver on their objectives. While our strategy is focused on long-term, sustainable growth, it is grounded in the company's long-standing ICARE values (integrity, customer-first, accountability, respect and excellence), which includes an unwavering commitment to inclusion and diversity. What we do is important — but how we do it is equally as important.

On day one, I had two priorities: our customers and our employees. So, I spent the morning with a major customer (hint: they are the largest retailer in the U.S. and an important partner of ours), held a call with the top 135 leaders of the company, and then visited with our Conroe, Texas distribution center team. I had the privilege of walking the floor and seeing the tremendous pride that team takes in their work — including their 99.9% order accuracy, their employee safety record and their dedication to customer service.

Now, let's turn to the business. I'd like to address three topics that are top of mind for me — returning to growth, the opioid epidemic and our company's culture.

### 1. Charting Our Path Back to Sustained Growth

I'd like to begin by acknowledging that we are not happy with our total shareholder return in the last five years. But we believe that we have navigated through some pretty intense industry-wide headwinds and are seeing improved momentum in our business performance.

Within a very dynamic market, we demonstrated the resiliency of our differentiated portfolio of businesses and solutions. We took decisive action to address challenges in our European and Canadian businesses related to government reimbursements. We have scaled businesses in many growing markets, and we are a critical resource to providers in low-cost, highly accessible community care settings.

I feel confident in our financial flexibility, which is reinforced by a strong balance sheet and solid cash flow generation.

*I am pleased with the progress we are making on our three key growth pillars: increasing our value proposition for our manufacturer partners; expanding our solutions related to specialty pharmaceuticals; and growing our position in future retail and dispensing models.*

Last year, under our former CEO John Hammergren’s leadership, we introduced a multi-year strategic growth initiative. I am pleased with the progress we are making on our three key growth pillars: increasing our value proposition for our manufacturer partners; expanding our solutions related to specialty pharmaceuticals; and growing our position in future retail and dispensing models.

**Manufacturer Value Proposition.** As part of our effort to deepen our partnership with manufacturers, we created a new business unit, McKesson Life Sciences, and expanded our service offerings to better support them as they bring their innovations to market. We’ve made investments in areas where we know our customers need support and partnership to improve the efficiency of their operations and the effectiveness of their care. We’re focused on providing advanced, data-driven solutions; therapy access and adherence programs; innovative and flexible supply chain solutions; and other tools that help ensure that medicines get delivered to patients when they need them and where they need them.

The acquisitions of RxCrossroads, CoverMyMeds and Biologics Specialty Pharmacy have expanded our capability to help our biopharma partners commercialize their products more efficiently. RxCrossroads’ plasma business integrates well with BDI Plasma, which we acquired in 2017. We are bolstering these offerings with our own data and analytics to further help inform our partners’ research and development decisions.

**Specialty.** Our Specialty business had an excellent year and we continue to focus on building our competencies in this growing segment. And as we see more care shifted to non-acute settings, the acquisition of Medical Specialties Distributors, a national leader in alternate site infusion supply, brought new and important offerings to our Medical-Surgical business’ portfolio.

The US Oncology Network is a physician-led organization and the nation’s largest network of integrated, community-based oncology practices. We are proud to support The Network, a pioneer of oncology clinical pathways; a key contributor through its research programs to the FDA approval of numerous lifesaving medications; and a leading organization dedicated to advancing high-quality, evidence-based cancer care.

McKesson also offers advanced tools built for oncology such as an advanced electronic health record system, practice analytics, and robust regimen and pathways selection support. We’re proud of the role we play in strengthening patient access to integrated care in local communities across the U.S.

**Future of Retail Pharmacy.** With the evolution of the retail landscape, we continue to evolve our retail offerings, creating omnichannel experiences and broadening our services portfolio. We’re working on innovations that will change the way consumers think about a trip to the pharmacy. We’re focused on providing patients with a personalized experience. Our goal is to create a holistic retail pharmacy experience and ensure that we are at the forefront of our industry, providing solutions that put the patient at the center of all we do. We do this for our own stores in Canada and Europe and with our retail customer partners.

In addition to these three areas of focus, we are making internal investments and improvements to support our growth objectives.

**Data and Analytics.** Over the past year, we have made great strides to enhance our data and analytics capabilities. This includes a collaboration with Google Cloud that will enable us to accelerate how we leverage our data to develop insights and predictive capabilities to support

better patient outcomes and reduce waste. Additionally, we have been investing in a next-generation oncology data platform and are also working to create an interactive patient platform, enabling deeper customer engagement.

**Driving Efficiency.** Given the dynamic nature of today’s healthcare environment, it is even more critical that we improve processes and reduce costs to enhance our financial performance and better serve our customers. In FY19, we made improvements to the way our corporate functions are organized and support our businesses. In the past year, our technology, finance, general counsel organization and human resources functions all underwent significant changes to help improve effectiveness and efficiency. We also made significant investments in our data and analytics capabilities to support our growth objectives.

We also made the important decision to move our corporate headquarters to Dallas, Texas. By co-locating the corporate office with our largest business unit, we will improve the speed of decision making, create broader career development opportunities for our associates, and foster easier collaboration and communication. We will continuously look for opportunities to optimize our operating model to improve the overall speed and effectiveness of the organization.

In FY19, we also took steps to lower expenses across the organization, and that will remain a focus in the coming years. We’ve also engaged our employees to identify ways to work smarter. We reinvested most of these efficiency gains into the internal growth priority areas referenced earlier.

## 2. Fighting the Opioid Epidemic

I am — and our company is — deeply concerned about the impact the opioid crisis is having on families and communities across the U.S., and I am committed to using McKesson’s capabilities to be part of the solution. It is disheartening when some single out or misrepresent our role as a distributor of prescription opioids. The opioid epidemic is a complicated, multifaceted public health crisis that must be addressed through a comprehensive and collaborative approach. Each participant in the pharmaceutical supply chain must play a role in solving this national crisis. And McKesson is committed to doing our part.

“The opioid epidemic is a complicated, multifaceted public health crisis that must be addressed through a comprehensive and collaborative approach.”

Over the past decade, as the opioid epidemic evolved rapidly, we have invested in our programs and enhanced our teams, processes and technologies dedicated to preventing diversion. We use complex and dynamic data analytics and regularly report controlled substances transactions, including orders deemed suspicious and blocked by our programs. We leverage the expertise of internal and external regulatory and other experts with relevant experience. We are committed to maintaining — and continuously enhancing — strong programs designed to detect and prevent opioid diversion.

We also understand that providers want to be sure that these strong pain medicines are available for legitimate patients with serious illnesses and injuries. As a distributor, McKesson is not in a position to second guess the decisions made by the healthcare providers and pharmacists who interact with patients.

We are making progress on the six corporate initiatives we announced in March 2018 to help address the opioid epidemic. We have worked with outside experts to help educate customers about compliance with regulations and how to identify warning signs of prescription abuse and potential diversion. We’ve offered thoughtful public policy recommendations, including the Prescription Safety Alert System (RxSAS) technology proposal, and supported innovative programs and partnerships that we believe can have a meaningful impact on this challenging issue. We also contributed \$100 million to the Foundation for Opioid Response Efforts (FORE), an independently governed foundation focused on combating the crisis.

Sadly, there is no quick fix to the public health challenge associated with drug abuse. There has been good progress made to reduce the overall number of opioid prescriptions written. But there are still street drugs like heroin, methamphetamine, cocaine and illicit fentanyl on the rise. This illustrates the complex nature of the problem and underscores the need for government, industry, social institutions and other players to work together if we are going to bring this crisis to an end.

We at McKesson are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this crisis. For more information about our efforts, please visit [www.mckesson.com/about-mckesson/fighting-opioid-abuse/](http://www.mckesson.com/about-mckesson/fighting-opioid-abuse/).

### 3. A Culture of Integrity and Operational Excellence

The way we do business is critically important to me and to McKesson. All of us at McKesson understand the responsibility we bear as we work together to deliver better health.

**A Culture of Compliance and Integrity.** We have long seen compliance as a critical business strategy, and it's a strategy that is rooted in our shared values. More than two decades ago, we introduced our ICARE values. These shared values have guided — and will continue to guide — all that we do.

*We help our employees understand our shared responsibilities to lead with integrity, to speak up when we think something's not right, and to help keep the pharmaceutical supply chain safe and secure as we strive to improve care in every setting.*

We help our employees understand our shared responsibilities to lead with integrity, to speak up when we think something's not right, and to help keep the pharmaceutical supply chain safe and secure as we strive to improve care in every setting. That leadership obligation starts with me and must be followed by every employee of this company. Our strong compliance programs require annual training to refresh and reinforce the rules and expectations. We leverage our advisory groups of customers and business partners to make sure we are always using the best practices across the industry.

**Operational Excellence.** A key priority for us is delivering operational excellence to our customers and adhering with — and adapting to — the regulatory environment. We believe that McKesson is differentiated by its commitment to operational excellence. Last year 99.9% of our orders were filled correctly and on time. Our employees are exceptionally proud of this nearly flawless execution — almost as proud as they are of the impact their work has on patients' health and wellbeing.

### The Year Ahead

I strongly believe that the only way to run our business is to manage it from the outside in — that is, we need to always seek to see ourselves from our customers' point of view.

We are focused on injecting innovation into all parts of the company to prepare McKesson — and our customers — for tomorrow's world of healthcare. The breadth and depth of our insights and assets provide a platform for developing new solutions to get ahead of developing trends.

For instance, our Pharmacy Services & Technology business has been investing in real-time benefit tools and cost transparency solutions for patients, prescribers and pharmacies, empowering them to make informed choices about the cost of therapy. And, in anticipation of a potential world without rebates, we are working with our biopharma partners and pharmacy customers on the exploration of new and innovative operating models.

In fiscal 2020, while we will continue to stay engaged in industry issues such as drug pricing and reimbursements, we are focused on what is in our control — our core business and our strategic growth initiatives. That focus will help position McKesson for long-term success, regardless of the uncertainties surrounding the healthcare industry.

We will strengthen our core business over the short and long term by continuing to be laser focused on our customers' and business partners' needs and finding new ways to add value. And we will continue to focus on our three growth pillars: the manufacturer value proposition, specialty pharmaceuticals and the expanding role of the retail pharmacy, all supported by our ongoing investments in data and analytics. We will also continue to operate with discipline to improve our cost position and the overall speed and effectiveness of the organization.

### **In Conclusion**

I am excited to lead this great company and I am confident about our future. McKesson offers a unique array of solutions and services to our customers and business partners. We are privileged to have deep, long-standing relationships throughout the healthcare ecosystem. We have an opportunity to contribute to public policy debates about making healthcare more efficient, effective and affordable. And we have the important responsibility to help keep the drug supply chain safe and secure.

Our Board of Directors, my leadership team, and I are focused both on our plan for the year ahead and on ensuring that we are positioning ourselves for the long term in a dynamic healthcare landscape. I am looking forward to a productive relationship with Ed Mueller, our Board chair, and all of the Board members. Working together, I am confident that we'll meet and exceed your expectations.

McKesson is fortunate to have 80,000 associates dedicated to improving healthcare in every setting. Our employees take great pride in their work and the impact it has on patient care. Our distribution centers display a sign that reads: "It's not just a package, it's a patient." We know the medicines and supplies we pick, pack and ship every day are going to somebody's loved one. What we do matters, and we are proud of our role in healthcare.

Respectfully,

**Brian Tyler**

New York  
Northern California  
Washington DC  
São Paulo  
London

Paris  
Madrid  
Tokyo  
Beijing  
Hong Kong



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March 30, 2020

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549  
via email: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Ladies and Gentlemen:

On behalf of McKesson Corporation, a Delaware corporation (the “**Company**” or “**McKesson**”), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we are filing this letter with respect to the shareholder proposal (the “**Proposal**”) submitted by As You Sow on behalf of the Chang Liu Family Living Trust, Sullivan Children’s 2004 Trust and Sullivan Family 2004 Trust (the “**Proponents**”) for inclusion in the proxy materials the Company intends to distribute in connection with its 2020 Annual Meeting of Shareholders (the “**2020 Proxy Materials**”). Copies of the Proposal and correspondence relating to the Proposal are attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the “**Staff**”) will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2020 Proxy Materials. The Company has advised us as to the factual matters set forth below.

Pursuant to Staff Legal Bulletin No. 14D (CF), Shareholder Proposals (November 7, 2008), Question C, we have submitted this letter and any related correspondence via email to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov). Also, in accordance with Rule 14a-8(j), a copy of this submission is being sent simultaneously to the Proponents as notification of the Company’s intention to omit the Proposal from the 2020 Proxy Materials. Pursuant to Rule 14-8(j), we are submitting this letter not less than 80 days before the Company intends to file its definitive 2020 proxy statement. This letter constitutes the Company’s statement of the reasons it deems the omission of the Proposal to be proper.

**THE PROPOSAL**

The Proposal states:

“**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and

prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the Board's recommendations."

## **REASONS FOR EXCLUSION OF THE PROPOSAL**

The Company believes that the Proposal may be properly omitted from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(10), because the Company has already substantially implemented the Proposal.

The Commission has stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. See Exchange Act Release No. 34-40018 (May 21, 1998, n.30). The Staff has provided no-action relief under Rule 14a-8(i)(10) when a company has substantially implemented and therefore satisfied the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail, or exercised discretion in determining how to implement the proposal. See *Wal-Mart Stores, Inc.* (March 25, 2015) (proposal requests an employee engagement metric for executive compensation where a "diversity and inclusion metric related to employee engagement" was already included in the company's management incentive plan); *Exelon Corp.* (February 26, 2010) (concurring in the exclusion of proposal that requested a report on different aspects of the company's political contributions when the company had already adopted its own set of corporate political contribution guidelines and issued a political contributions report that, together, provided "an up-to-date view of the [c]ompany's policies and procedures with regard to political contributions"); *Dominion Energy, Inc.* (February 14, 2020) (proposal requests that the company evaluate how cultural shifts toward human rights and climate justice affect the corporations' governance where the company's board committee oversees sustainability and the company produces a sustainability and corporate responsibility report); and *PPG Industries, Inc.* (January 16, 2020) (proposal requests a report on the company's process for implementing human rights commitments within its operations and business relationships where the company's code of ethics and supplier policies already set forth the human rights statements sought in the proposal).

The Staff has agreed that companies' reports have substantially implemented proposals asking for implementation in alignment with third-party goals, including in *Walgreens Boots Alliance, Inc.* (November 13, 2018) (proposal requests a report describing the company's implementation plans ensuring how its policies and practices are advancing and not undermining the United Nations Sustainable Development Goals, where the company's social responsibility report disclosed the company's goals in the areas of "community, environment, marketplace and workplace"). Notably, in *JPMorgan Chase & Co.* (February 5, 2020), the Staff determined that a proposal with a similar request as the Proposal was found to be substantially implemented. That proposal requested the board to provide oversight and guidance as to how the new statement of shareholder theory (the BRT Statement) should alter the company's governance and management system, and publish recommendations regarding implementation. The Staff concurred that the company's existing actions and statements satisfied the proposal and noted that the company's board also determined that additional actions or assessments are not required under the BRT Statement. "[A] determination that the company has substantially implemented the proposal depends upon whether [the Company's] particular policies, practices, and procedures compare favorably with the guidelines of the proposal." See *Texaco, Inc.* (March 28, 1991).

The Proposal requests that the Company's board of directors (the "**Board**") review The Business Roundtable's Statement on the Purpose of a Corporation (the "**BRT Statement**") and "prepare a report discussing options as to how the Company's governance and management systems can be altered to better align with" the BRT Statement, and the report "may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations." As demonstrated by the Company's publicly available materials and its written policies and procedures governing its operations and business practices, the Company has already fulfilled the essential objectives of the Proposal with its disclosures about its existing governance and management systems that demonstrate alignment with the BRT Statement. The Company provides information that makes clear that the Company operates in alignment with the principles set forth in the BRT Statement under Board oversight. Since the Company's governance and management systems, and its existing reports, meet the essential objectives of the Proposal, the Company has substantially implemented the Proposal for purposes of Rule 14a-8(i)(10).

## 1. **The BRT Statement**

The BRT Statement, which was published on August 19, 2019, states the following:

*While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:*

- *Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.*
- *Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.*
- *Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.*
- *Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.*
- *Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.*

*Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.*

## 2. **Company Actions and Statements Align with the BRT Statement and Demonstrate Substantial Implementation of the Proposal**

### The Company's ICARE Shared Principles

As explained on its website, the Company's values are embodied in the ICARE shared principles.<sup>1</sup> As the Company disclosed, the ICARE shared principles function as the cultural foundation of the Company and

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<sup>1</sup> See <https://www.mckesson.com/About-McKesson/McKesson-Values/>.

“as a unifying set of values to guide us in our mission.” The purpose of the principles is to provide “the foundation of McKesson’s reputation as a trusted organization that goes the extra mile to advance our customers’ success.” While the ICARE shared principles encompass several elements of the Company’s focus on meaningful relationships with their stakeholders, the core topic of the principles focuses on a key aspect of the BRT Statement, which is to deliver value to customers. References to the Company’s customers are emphasized in each aspect of its ICARE shared principles with select examples as set forth below, and a full copy of which is attached hereto as Exhibit B:

- Integrity, where the Company commits “to the greater good—for our company, *our customers* and the health care industry” (emphasis added).
- Customer-First, where “our commitment to *our customers* sets us apart” and “[o]ur customers are at the center of everything we do, and our success comes from their success” (emphasis added).
- Accountability, where “[w]e take individual responsibility for the decisions we make to get results for *our customers*. We build trust with *our customers* by delivering on our promises” (emphasis added).
- Respect, where “[o]ur people treat each other, *our customers* and our vendors with dignity, consideration, open-mindedness and respect,” and “McKesson cultivates an environment of innovation and collaboration—which pays off in the way we solve problems for *our customers*” (emphasis added).
- Excellence, where “we always aim higher for *our customers* and partners, and [w]hen customers choose McKesson, they’re choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency—for the better health of *our customers* and the entire health care industry” (emphasis added).

The Company’s Fiscal 2019 Corporate Social Responsibility Report (“CSR Report”)

As described in the CSR Report,<sup>2</sup> a copy of which is attached hereto as Exhibit C, McKesson is working to use its “economic, environmental, social and governance resources thoughtfully and responsibly . . . [to] make a positive impact on our company, our environment and our society.” The CSR Report focuses on key aspects of the BRT Statement, including investing in employees and supporting communities.

*Investing in employees.* The BRT Statement with respect to commitment to employees includes: fair compensation; benefits; training and education for new skills; diversity and inclusion, dignity and respect, which are addressed in the CSR Report, with select examples as set forth below:

- “Our people are the key to our success . . . To support their growth, we provide regular feedback and training.”
- “We build the best teams by conscientiously recruiting, developing, and retaining diverse talent.”
- “We work to create and maintain an inclusive environment where everyone brings their authentic self to work . . . ” and “ICARE supports our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds, and styles.”
- “McKesson wants our employees to be excited about their careers, so we invest heavily in employee growth and development.”
- “We establish clear goals . . . and compensation increases are tied to [employee] success.”

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<sup>2</sup> See <https://www.mckesson.com/Documents/About-McKesson/Corporate-Citizenship/FY19-McKesson-Corporate-Responsibility-Report/>.

The CSR Report cites to several third-party recognitions awarded for the Company's inclusive culture and respecting the rights of employees. In a section titled "Opportunities to grow," the report discusses employees' career development and growth, including providing coaching and feedback to employees as well as employee training opportunities as an important part of employee development. The CSR Report also addresses the advancement of employee well-being and keeping the workplace safe and secure.

*Dealing with suppliers.* The Company reports on its efforts in ensuring its supply chain security, safety and security training programs and focus on the integrity of product packaging and containers. Suppliers are accountable for the quality of their products and services, which the Company audits and monitors, and takes corrective actions as necessary. Suppliers must also comply with McKesson Sustainable Supply Chain Principles (the "MSSP"). As the MSSP explains, McKesson strives to do business with companies that "share our values . . . effectively incorporate them into their business practices and management systems." The principles underlying the relationships include compliance with laws, conducting business ethically, monitoring and enforcing compliant management systems, establishing fair and non-discriminatory labor practices, paying applicable wages and benefits and permitting freedom of association.

*Support the surrounding communities.* The BRT Statement with respect to commitment to the Company's surrounding communities includes: respect the people in those communities and protect the environment by embracing sustainable practices, which are addressed throughout the CSR Report.

In a section titled "Caring for Our Communities," the Company discusses a few of the example where the Company's employees volunteered in their communities and the Company contributed to a variety of charitable organizations.

In a section titled "Eco-Efficient Operations and Transportation," the Company discusses efforts to reduce energy use in its facilities by: increasing LED lighting, monitoring and benchmarking energy use, pursuing environmental certification, reducing movement of inventory, and recycling and reusing resources. In addition, the CSR Report discloses the Company's efforts toward focusing on reducing the environmental impact from transportation in its operations, including energy reduction in both outsourced and in-house fleets, and equipment upgrades. The CSR Report discloses the Company's estimated greenhouse gas emissions (Scope 1, 2 and 3).

*Generating long-term value for shareholders.* The BRT statement commits companies to generate long-term value for shareholders, including being transparent and providing effective engagement. McKesson discloses that "[a] balanced corporate governance approach aims to strengthen confidence in our company – both in the capital markets and among the public – and creates value over the long term" as it describes its practices and processes for good corporate governance that benefits shareholders.

#### The McKesson Website

The McKesson website contains multiple disclosures that show that the Company's practices are consistent with the principles of the BRT Statement, including:

*Investing in employees.* McKesson reports publicly on its employee compensation and benefits,<sup>3</sup> which includes competitive compensation packages, training programs, paid parental leave, employee stock purchase programs, time off, an educational assistance program and performance management tracking. Information on the Company's diversity and inclusion, including employee resource groups, is also available

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<sup>3</sup> See <https://www.mckesson.com/Careers/Employee-Benefits/>.

on the website, including the breakdown of the U.S. workforce by gender, ethnicity and disability.<sup>4</sup> McKesson also discusses its commitment to the principles of equal opportunity, pay equity, inclusion and diversity, including its process and procedures for driving equitable pay decisions, and methods for addressing employee pay concerns and eliminating unexplained pay inequities.<sup>5</sup>

*Dealing with suppliers.* The BRT Statement focuses on dealing with suppliers fairly and ethically. McKesson promotes the same treatment by “opening the doors of opportunity to qualified small and diverse suppliers,” as it explains its commitment to supplier diversity.<sup>6</sup> McKesson encourages small, small-disadvantaged, minority, women, HUBZone, veteran service-disabled veteran, and/or disability-owned business enterprises (DOBE) to register as suppliers with McKesson. Through its Code of Conduct,<sup>7</sup> attached hereto as Exhibit D, McKesson stresses the importance of conducting business with suppliers and other partners honestly and with integrity.

#### 2019 Annual Report and Proxy Statement

McKesson’s 2019 annual report and proxy statement disclosures demonstrate alignment with the BRT statement as to the Company’s commitment to generate long-term value for shareholders, including shareholder engagement:

- The CEO letter<sup>8</sup> to shareholders, attached hereto as Exhibit E, communicates the Company’s priorities for “delivering healthy and sustained growth on [shareholder] investment” and the Company’s strategy as being “focused on long-term, sustainable growth.” Top priorities listed in the letter include charting the Company’s path back to sustained growth, fighting the opioid epidemic and complying with a shared responsibility of doing business in a culture of integrity and operational excellence.
- The 2019 proxy statement describes in extensive detail the Company’s perspective on shareholder engagement, including its “long-term view toward shareholder engagement” that recognizes that “shareholder feedback is critical to driving growth and creating shareholder value, which resulted in 26 meetings with shareholders representing over 39% of the Company’s outstanding common stock, and that often included the chair of the compensation committee.

### **3. Summary of Comparison Between BRT Statement and the Company’s Publicly Available Materials**

The Company’s key strategic objectives are undertaken with the oversight of, and guidance by, the Board. As demonstrated above, the Company’s materials filed with the Commission or otherwise made publicly available compare favorably with the action requested in the Proposal. The following table provides a comparison of the factors set forth in the BRT Statement and the Company’s various statements and commitments, including the identification of the materials that contain such statements and commitments.

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<sup>4</sup> See <https://www.mckesson.com/Careers/Workplace-Diversity/>.

<sup>5</sup> See <https://www.mckesson.com/Documents/About-McKesson/Corporate-Citizenship/Pay-Equity-Disclosure/>.

<sup>6</sup> See <https://www.mckesson.com/About-McKesson/Corporate-Citizenship/Supplier-Diversity/>.

<sup>7</sup> See <https://www.mckesson.com/investors/corporate-governance/code-of-conduct/>.

<sup>8</sup> See [https://s24.q4cdn.com/128197368/files/doc\\_financials/annual/2019/McKesson\\_2019\\_Annual\\_Report.pdf](https://s24.q4cdn.com/128197368/files/doc_financials/annual/2019/McKesson_2019_Annual_Report.pdf).

<b>BRT Statement</b>	<b>Sources</b>	<b>Statements and Commitments</b>
1. Deliver value to customers	ICARE Shared Principles  CEO letter to shareholders	<ol style="list-style-type: none"> <li>1. Commit to the greater good—for our company and our customers</li> <li>2. Put customers first and at the center of everything we do</li> <li>3. Take individual responsibility for the decisions we make to get results for our customers</li> <li>4. Build trust with our customers by delivering on our promises</li> <li>5. Treat our customers with dignity, consideration, open-mindedness and respect</li> <li>6. Cultivate an environment of innovation and collaboration, which pays off in the way we solve problems for our customers</li> <li>7. Always aim higher for our customers</li> </ol>
2. Invest in employees by providing fair compensation, important benefits and training, and fostering diversity, inclusion, dignity and respect	ICARE Shared Principles  CSR Report, Our People, pages 22-25  McKesson Website, Employee Benefits  McKesson Website, Workplace Diversity  McKesson Website, Corporate Citizenship—Pay Equity Disclosure  CEO letter to shareholders	<ol style="list-style-type: none"> <li>1. Treat each other with dignity, consideration, open-mindedness and respect</li> <li>2. Recognize each individual’s contribution and stay open to each other’s perspectives</li> <li>3. Provide regular feedback and training to support growth</li> <li>4. Build the best teams by conscientiously recruiting, developing and retaining diverse talent</li> <li>5. Work to create and maintain an inclusive environment where everyone brings their authentic self to work</li> <li>6. Support our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds and styles</li> <li>7. Invest heavily in employee growth and development so</li> </ol>

BRT Statement	Sources	Statements and Commitments
		<p>employees are excited about their careers</p> <ol style="list-style-type: none"> <li>8. Establish clear goals, with compensation increases tied to employee success</li> <li>9. Maintain transparency regarding employee compensation and benefits, and publicly report U.S. workforce diversity metrics</li> <li>10. Publicly disclose processes and procedures for driving equitable pay decisions, and methods for addressing employee pay concerns and eliminating unexplained pay inequities</li> </ol>
<p>3. Deal fairly and ethically with suppliers and serve as good partners to other companies</p>	<p>ICARE Shared Principles MSSP</p> <p>McKesson Website, Corporate Citizenship—Supplier Diversity</p> <p>Code of Conduct, We Deliver Honest Value in the Marketplace, Page 7</p>	<ol style="list-style-type: none"> <li>1. Treat vendors with dignity, consideration, open-mindedness and respect</li> <li>2. Focus on ensuring supply chain security and the integrity of product packaging and containers</li> <li>3. Require compliance with McKesson Sustainable Supply Chain Principles, including complying with laws, conducting business ethically, monitoring and enforcing compliant management systems, establishing fair and non-discriminatory labor practices, paying applicable wages and benefits, and permitting freedom of association</li> <li>4. Strive to do business with companies that share our values</li> <li>5. Open doors of opportunity to qualified small and diverse suppliers</li> </ol>
<p>4. Support the surrounding communities, respect the people</p>	<p>CSR Report, Eco-Efficient Operations and Transportation,</p>	<ol style="list-style-type: none"> <li>1. Facilitate and encourage volunteering and charitable</li> </ol>

<b>BRT Statement</b>	<b>Sources</b>	<b>Statements and Commitments</b>
in those communities and protect the environment by embracing sustainable practices	pages 16-21 ICARE Shared Principles	<ul style="list-style-type: none"> <li>giving</li> <li>2. Reduce energy use in facilities by increasing LED lighting, monitoring and benchmarking energy use, pursuing environmental certification, reducing movement of inventory, and recycling and reusing resources</li> <li>3. Focus on reducing environmental impact from transportation in our operations</li> <li>4. Track and disclose estimated greenhouse gas emissions</li> <li>5. Work toward our common goal: to advance the health care system for better health for all</li> </ul>
5. Generate long-term value for shareholders and commit to transparency and effective engagement with shareholders	CSR Report, page 7 CEO letter to shareholders	<ul style="list-style-type: none"> <li>1. Take balanced corporate governance approach that aims to strengthen confidence in our company – both in the capital markets and among the public – and create value over the long term</li> <li>2. Deliver healthy and sustained growth on investment</li> <li>3. Focus on long-term, sustainable growth</li> <li>4. Maintain long-term view toward shareholder engagement, which recognizes that shareholder feedback is critical to driving growth and creating shareholder value</li> <li>5. Continue extensive direct communications with shareholders</li> </ul>

As described above, the BRT Statement provides a number of commitments of each signatory company, while serving their individual corporate purpose. Those commitments are: (1) “Delivering value to our customers”; (2) “Investing in our employees”; (3) “Dealing fairly and ethically with our suppliers”; (4)

“Supporting the communities in which we work”; and (5) “Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate.” Finally, the signatory companies stated: “We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”

As the Company actions and statements discussed above indicate, the BRT Statement presents commitments that the Company has already publicly reported. The BRT Statement “commits” each signatory company to take actions that the Company had undertaken previously, disclosed previously, and continues to satisfy. In this regard, the Company has disclosed its mission and activities with regard to corporate governance, customers, employees, suppliers, communities and sustainability. The Company has also discussed its long-term efforts to achieve shareholder value in publicly available statements. As such, the Proposal requests actions that the Company has undertaken, including prior to the release of the BRT Statement, and the Company has discussed publicly numerous times.

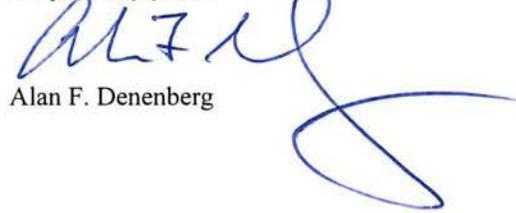
As the BRT Statement does not subject the Company to any new commitments and makes clear that the Company’s governance and management systems do not need to be “altered to better align” with the BRT Statement, the ongoing actions taken by the Company with oversight of the Board are precisely the essential objective sought by the Proposal. As such, the Company’s policies, practices, and procedures compare favorably with the action requested in the Proposal, and the Proposal may be excluded under Rule 14a-8(i)(10).

#### **SUPPLEMENTAL NOTIFICATION AND CONCLUSION**

At a meeting to be held in April 2020, the Governance Committee of the Board intends to review the Proposal to assess its significance to the Company. We will supplementally notify the Staff after the meeting.

The Company requests confirmation that the Staff will not recommend any enforcement action if, in reliance on the foregoing, the Company omits the Proposal from its 2020 Proxy Materials. If you should have any questions or need additional information, please contact the undersigned at (650) 752-2004 or alan.denenberg@davispolk.com, or Ning Chiu at (212) 450-4908 or ning.chiu@davispolk.com. If the Staff does not concur with the Company’s position, we would appreciate an opportunity to confer with the Staff concerning these matters prior to the issuance of its response.

Respectfully yours,

  
Alan F. Denenberg

Enclosures

cc w/ enc: Michele Lau, McKesson  
As You Sow

**Proposal and Related Correspondence**

## McKesson Implementation of New Purpose of a Corporation

**Whereas**, our Company’s Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) “Statement on the Purpose of a Corporation,” (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles “Integrity, Customer-First, Accountability, Respect and Excellence” (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company’s governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board’s perspective on benefits and drawbacks of the options considered, as well as the board’s recommendations.

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<sup>1</sup> “Virginia Drug Prices Lawsuit: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit](http://www.contractormisconduct.org/misconduct/2273/virginia-drug-prices-lawsuit).

<sup>2</sup> Gershon, Nina. “U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB).: 20190205d72.” Leagle, United States District Court, E.D. New York. [leagle.com/Images/Logo.png](http://leagle.com/Images/Logo.png), 4 Feb. 2019, [www.leagle.com/decision/infcco20190205d72](http://www.leagle.com/decision/infcco20190205d72).

<sup>3</sup> “Average Wholesale Price (AWP) Lawsuit: Federal Contractor Misconduct Database.” POGO’S FCMD, [www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit](http://www.contractormisconduct.org/misconduct/775/mckesson-awp-first-databank-lawsuits-average-wholesale-price-awp-lawsuit).

<sup>4</sup> “McKesson Corporation.” Legal Research Tools from Casetext, 4 Nov. 2014, <https://casetext.com/admin-law/mckesson-corporation-3>.

<sup>5</sup> “Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/int-l-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

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<sup>8</sup> “Mayes, Samuel H. “Equal Employment Opportunity Commission v. McKesson Corporation.” Digital Commons, Cornell University ILR School, 14 Sept. 2014, <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1558&context=condec>.

<sup>9</sup> “McKesson/HBOC, Inc. Securities Litigation: Federal Contractor Misconduct Database.” POGO’s FCMD, [www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation](http://www.contractormisconduct.org/misconduct/178/mckesson-hboc-merger-financial-reporting-fraud-mckesson-hboc-inc-securities-litigation).



AS YOU SOW

2150 Kittredge St. Suite 450  
Berkeley, CA 94704

www.asyousow.org

BUILDING BETTER LIVES AND SUSTAINABLE COMMUNITIES

**VIA FEDEX & EMAIL**

February 20, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039

Dear Ms. Lau,

*As You Sow* is filing a shareholder proposal on behalf of The George Gund Foundation (Proponent) a shareholder of McKesson Corporation, for inclusion in the Company's 2020 proxy statement, and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. We also enclose a proof of ownership letter establishing the Proponent's ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns. To schedule a dialogue, please contact me, Andrew Behar, Chief Executive Officer at [REDACTED]. Please send all correspondence to me **with a copy to** [REDACTED] (not\*.com). Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Andrew Behar  
Chief Executive Officer

Enclosures

- Shareholder Proposal
- Shareholder Authorization
- Shareholder Proof of Ownership Letter

Cc: Investor Relations at [REDACTED]

## McKesson Implementation of New Purpose of a Corporation

**Whereas**, our Company's Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) "Statement on the Purpose of a Corporation," (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles "Integrity, Customer-First, Accountability, Respect and Excellence" (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment;<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations.

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**Supporting Statement:** Pertinent information, in the board's discretion, may include any actions to amend the bylaws or articles of incorporation to integrate the new "Purpose;" any metrics being considered, including linkage to executive or board compensation; or any other actions providing for representation of stakeholders in governance or recommendations to shareholders regarding plans for implementation.

216.241.3114 1845 GUILDHALL BUILDING

Fax 216.241.6560 45 PROSPECT AVENUE WEST

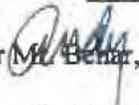
gundfoundation.org CLEVELAND, OHIO 44115

The George Gund Foundation

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

February 12, 2020

**Re: Authorization to File Shareholder Resolution**

Dear  Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with McKesson Corporation (the "Company") for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to an implementation plan for new Business Roundtable "Purpose of a Corporation".

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder alternatively authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf concerning the resolution.

Sincerely,



David T. Abbott  
Executive Director

# Key Private Bank



## Institutional Advisors

OH-01-10-0928  
100 Public Square, Suite 600  
Cleveland, OH 44113

February 20, 2020

Ms. Michele Lau  
Senior Vice President, Corporate Secretary and Associate General Counsel  
McKesson Corporation,  
6555 State Highway 161,  
Irving Texas 75039

Dear Ms. Lau,

RE: MCKESSON CORPORATION

KeyBank National Association  
127 Public Square  
Cleveland, OH 44114

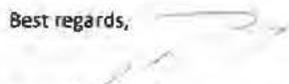
KeyBank National Association  
Custodian For The George Gund Fdn  
Under Agreement Dated 03/11/2005  
GUND\*GEORGE FDN-VULCAN DYN CUST  
[REDACTED]

George Gund Foundation  
1845 Guildhall Bldg.  
45 Prospect Ave West  
Cleveland OH 44115-1005

KeyBank National Association, a DTC participant, is a custodian for the George Gund Foundation. This letter serves as confirmation that the George Gund Foundation owns the GUND\*GEORGE FDN-VULCAN DYN CUST account. In the account they hold 7,559 shares of McKesson Corporation. They hold more than \$2000 worth of shares and have held them for more than one year.

Feel free to reach out to me directly if any additional information is required.

Best regards,

  
Craig Mosier  
Vice President  
Senior Relationship Manager  
KeyBank Institutional Advisors

Key Private Bank is part of KeyBank National Association (KeyBank). Bank and trust products are provided by KeyBank, Member FDIC and Equal Housing Lender. Credit products are subject to credit approval. Investment and insurance products are:

NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT  
• NOT INSURED BY ANY FEDERAL OR STATE AGENCY

Key Private Bank does not give legal advice.



AS YOU SOW

2150 Kittredge St. Suite 450  
Berkeley, CA 94704

www.asyousow.org  
D:\DHC\STATE, IOT, AND\2020\2020-02-20-1171

**VIA FEDEX & EMAIL**

February 20, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039

Dear Ms. Lau,

*As You Sow* is co-filing a shareholder proposal on behalf of the following McKesson Company shareholders for action at the Company's next annual meeting:

- Chang Liu Family Living Trust
- Sullivan Children's 2004 Trust
- Sullivan Family 2004 Trust

These shareholders are co-filers of the enclosed proposal with the George Gund Foundation, who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2020 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. *As You Sow* is authorized to act on the behalf of the co-filers' with regard to withdrawal of the proposal.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed. We also enclose proof of ownership letters establishing the co-filers' ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required. To schedule a dialogue, please contact me, Andrew Behar, Chief Executive Officer at [REDACTED]. Please send all correspondence to me with a copy to [REDACTED] (not\*.com). Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Andrew Behar  
Chief Executive Officer

Enclosures

- Shareholder Proposal
- Shareholder Authorizations & Proof of Ownership Letters

Cc: Investor Relations at [REDACTED]

## McKesson Implementation of New Purpose of a Corporation

Whereas, our Company's Chairman and Chief Executive Officer (CEO) Brian Tyler, in August 2019, signed the Business Roundtable (BRT) "Statement on the Purpose of a Corporation," (Statement) committing our Company to serve *all* stakeholders including employees, customers, supply chain, communities where we operate, and shareholders. In addition, McKesson proclaims to adhere to the corporate principles "Integrity, Customer-First, Accountability, Respect and Excellence" (ICARE).

Shareholders assume that Company policies and practices are aligned with the Statement and ICARE.

However, McKesson has engaged in various practices that appear to contradict these principles including, since 1995: being sued in 39 cases of misconduct, resulting in over \$2.2 billion in legal settlements; allegedly being negligent towards *customers* and excessively distributing controlled substances to communities that are deeply affected by the opioid crisis;<sup>1</sup> allegedly, knowingly and intentionally placing cancer patients at serious risk by selling defective oncology drugs;<sup>2</sup> allegedly inflating the price of prescription drugs and overcharging the Department of Defense medical treatment facilities costing customers billions;<sup>3</sup> displaying unfair labor practices related to union organizing,<sup>4,5,6</sup> racial discrimination, and sexual and retaliatory harassment;<sup>7,8</sup> and fraudulently inflating Company net income and revenue, misleading their *shareholders*.<sup>9</sup>

**Resolved:** Shareholders request our Board review the BRT Statement of the Purpose of a Corporation, signed by our Chairman and Chief Executive Officer, and prepare a report discussing options as to how our Company's governance and management systems can be altered to better align with the Statement of Purpose. The report may include the Board's perspective on benefits and drawbacks of the options considered, as well as the board's recommendations.

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<sup>2</sup> Gershon, Nina. "U.S. v. McKESSON CORPORAT: No. 12-CV-6440 (NG) (LB): 20190205d72." Leagle, United States District Court, E.D. New York. Leagle.com/Images/Logo.png, 4 Feb. 2019, [www.leagle.com/decision/infdco20190205d72](http://www.leagle.com/decision/infdco20190205d72).

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<sup>5</sup> "Intl Brotherhood of Teamsters, Local 79 v. McKesson (Unfair Labor Practices): Federal Contractor Misconduct Database." POGO's FCMD, [www.contractormisconduct.org/misconduct/2277/intl-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices](http://www.contractormisconduct.org/misconduct/2277/intl-brotherhood-of-teamsters-local-79-v-mckesson-unfair-labor-practices).

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**Supporting Statement:** Pertinent information, in the board’s discretion, may include any actions to amend the bylaws or articles of incorporation to integrate the new “Purpose;” any metrics being considered, including linkage to executive or board compensation; or any other actions providing for representation of stakeholders in governance or recommendations to shareholders regarding plans for implementation.

November 11, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

**Re: Authorization to File Shareholder Resolution**

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Chang-Liu Family Living Trust

Company: McKesson Corporation (MCK)

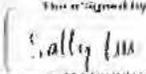
Subject: Implementation plan for new Business Roundtable "Purpose of a Corporation"

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

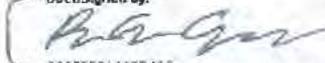
Sincerely,

This is signed by  
  
\_\_\_\_\_

Sally Liu

Trustee

Chang-Liu Family  
Living Trust

DocuSigned by:  
  
\_\_\_\_\_

Bay Chang

Trustee

Chang-Liu Family  
Living Trust

Bay-Wei Chang TTEE  
Sally Liu TTEE  
Chang Liu Family Living Trust  
\*\*  
\*

2/20/2020

**Chang Liu Family Living Trust:**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Chang-Liu Family Living Trust. As of February 20, 2020, the Chang-Liu Family Living Trust held, and has held continuously for at least one year, 168 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skoryi  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

Please be advised our cash management account program permits account holders to access the assets in the account by Visa card and checks, which are drawn and processed against a Merrill Lynch account maintained for the customer at Bank of America, N.A. However, the account holder does not maintain a depository balance at that bank. The information provided above may change daily due to activity in the account and/or changes in market value of assets held in the account. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or in part, on reliance upon this information.

This information is furnished to you in strict confidence in response to your request and is solely for your use for the purposes described in the Verification of Deposit request. If you have any questions, please contact the person whose signature appears above at the phone number provided. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or part, on reliance upon this information.

L-03-19

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November 9, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

**Re: Authorization to File Shareholder Resolution**

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Sullivan Children's 2004 Trust

Company: McKesson Corporation (MCK)

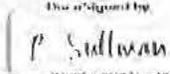
Subject: Implementation plan for new Business Roundtable "Purpose of a Corporation"

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by  
  
\_\_\_\_\_  
P. Sullivan

Trustee

Sullivan Children's  
2004 Trust

DocuSigned by  
  
\_\_\_\_\_  
Stacy Sullivan

Trustee

Sullivan Children's  
2004 Trust

Peter Sullivan TTEE  
Stacy Sullivan TTEE  
John Sullivan TTEE  
Sullivan Children's 2004 Trust  
\*\*\*

2/20/2020

Sullivan Children's 2004 Trust:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Sullivan Children's 2004 Trust. As of February 20, 2020, the Sullivan Children's 2004 Trust held, and has held continuously for at least one year, 133 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skory  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

Please be advised our cash management account program permits account holders to access the assets in the account by Visa card and checks, which are drawn and processed against a Merrill Lynch account maintained for the customer at Bank of America, N.A. However, the account holder does not maintain a depository balance at that bank. The information provided above may change daily due to activity in the account and/or changes in market value of assets held in the account. This information is provided as a courtesy and Merrill Lynch is not liable or responsible for any decisions made, in whole or in part, on reliance upon this information.

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November 11, 2019

Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

**Re: Authorization to File Shareholder Resolution**

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Sullivan Family 2004 Trust

Company: McKesson Corporation (MCK)

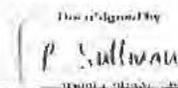
Subject: Implementation plan for new Business Roundtable "Purpose of a Corporation"

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

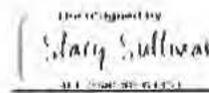
The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

The undersigned by  
  
\_\_\_\_\_  
P. Sullivan

Trustee

Sullivan Family 2004  
Trust

The undersigned by  
  
\_\_\_\_\_  
Stacy Sullivan

Trustee

Sullivan Family 2004  
Trust

Peter Sullivan TTEE  
Stacy Sullivan TTEE  
Sullivan Family 2004 Trust  
\*\*\*

2/20/2020

Sullivan Family 2004 Trust:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, DTC participant, acts as the custodian for the Sullivan Family 2004 Trust. As of February 20, 2020, the Sullivan Family 2004 Trust held, and has held continuously for at least one year, 638 shares of McKesson Corporation common stock.

Sincerely,

  
Justin Skory  
Client Relationship Manager  
Merrill Lynch Private Wealth Management  
555 California St  
Ste 1800  
San Francisco, CA 94104  
Phn: [REDACTED]  
Fax: [REDACTED]

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L-03-19

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AS YOU SEE

2150 Kittredge St. Suite 450  
Berkeley, CA 94704

2020/03/18 10:00 AM  
2020/03/18 10:00 AM

**VIA USPS & EMAIL**

March 18, 2020

Michelle Lau  
Senior Vice President, Corporate Secretary and  
Associate General Counsel  
Corporate Secretary's Office  
McKesson Corporation  
6555 State Highway 161  
Irving, Texas. 75039  
[REDACTED]

Dear Ms. Lau,

We are writing to inform you that we are designating co-filer The Chang Liu Living Trust as the lead filer (the Proponent) for the "Purpose of a Corporation" proposal. The prior lead filer, The George Gund Foundation is withdrawing because its shares were inadvertently sold due to the recent and significant market downturn. All Letters of Authorization and Proof of Ownership letters were submitted when the original filing was made on 2/20/2020.

Please confirm receipt of this Notice.

Thank you and best regards,

Gail Follansbee  
Coordinator, Shareholder Relations

Cc: Investor Relations at [REDACTED]  
Danielle Fugere, [REDACTED]

**ICARE Shared Principles**

[ABOUT US](#)[CAREERS](#)[INVESTORS](#)[CONTACT US](#)[LOGINS](#)[Pharmaceutical  
Distribution](#)[Wholesale  
Medical  
Supplies](#)[Pharmacy  
Services &  
Technology](#)[Solutions for  
Specialty  
Practices](#)[Solutions for  
Biopharma](#)[HOME](#) / [ABOUT MCKESSON](#) / [MCKESSON VALUES](#)

# McKesson Values

## *Our Shared Principles:*

### *Guiding us in our mission for better health*



At McKesson, the way we do business is just as important as the business itself. Our employees all understand the responsibility we bear as we work together toward our common goal: to advance the health care system for better health for all.

That's why we look toward our ICARE shared principles as a unifying set of values to guide us in our mission. Our company-wide values are the foundation of McKesson's reputation as a trusted organization that goes the extra mile to advance our customers' success.

**Learn what our ICARE shared principles mean to us.**

## *Integrity*

McKesson employees make decisions, both big and small, with a focus on what is ethically right. Above all, we are committed to the greater good—for our company, our customers and the health care industry.

## *Customer-First*

Our commitment to our customers sets us apart. We hear time and again from our customers that they choose McKesson for our follow-through and customer-focused service. Our customers are at the center of everything we do, and our success comes from their success. They benefit from McKesson's customized approach to their business and our ability to help them stay ahead of the changing health care landscape.

## *Accountability*

We make personal commitments—to our customers, vendors, our colleagues. We hold ourselves accountable for keeping those promises. We take individual responsibility for the decisions we make to get results for our customers. We build trust with our customers by delivering on our promises. We all own accountability for McKesson.

## *Respect*

Our people treat each other, our customers and our vendors with dignity, consideration, open-mindedness and respect. By valuing diverse styles and skills, recognizing each individual's contribution, and staying open to each other's perspectives, McKesson cultivates an environment of innovation and collaboration—which pays off in the way we solve problems for our customers.

## *Excellence*

Our journey to excellence never ends—we always aim higher for our customers and partners. We take action with success in mind and focus on results, constantly finding new ways to innovate and improve, and we rigorously measure our progress. When customers choose McKesson, they're choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency—for the better health of our customers and the entire health care industry.



ABOUT MCKESSON

[About Us](#)

[Our Values](#)

POPULAR SOLUTIONS

[Medical Supplies](#)

CUSTOMER

[ORDERING](#)

OUR BUSINESSES

[U.S. Pharmaceutical](#)

[Medical-Surgical](#)

**Fiscal 2019 Corporate Social Responsibility Report**

**Exhibit C**



McKesson's Fiscal 2019  
**Corporate  
Responsibility  
Report**

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## Letter from Brian Tyler

At McKesson, corporate responsibility means better health for our planet and people everywhere. We strive to use our economic, environmental, social and governance resources thoughtfully and responsibly. We're a global company, and this report reflects our impact around the world as we work together for the benefit of people and our planet.

Patients come first at McKesson. Our vision is to improve care in every setting — one product, one partner, one patient at a time. In this report, we share how we ensure that the products we handle and distribute, as well as those we manufacture in our private-label line of business, follow applicable regulations. We also describe how we create a better experience for patients, customers and manufacturers through Six Sigma, with more than 400 projects in Fiscal 2019 alone.

### ***A Culture of Integrity and Operational Excellence***

McKesson plays a key role in helping deliver effective and efficient healthcare. But way we do business is as important as what we do. Compliance and ethics, and strong corporate governance, provide the cornerstones of our approach to corporate responsibility.

We are deeply concerned by the impact the opioid epidemic is having on families and communities across the U.S. We are making progress on the corporate initiatives we announced in March 2018 to help address the opioid epidemic. We have worked with outside experts to help educate customers about compliance with regulations and how to identify warning signs of prescription abuse and potential diversion. We've offered thoughtful public policy recommendations, including the Prescription Safety Alert System (RxSAS) technology proposal,

and supported innovative programs and partnerships that we believe can have a meaningful impact on this challenging issue. We also contributed \$100 million to the Foundation for Opioid Response Efforts (FORE), an independently governed foundation focused on combating the crisis.

### ***Committed to Environmental Stewardship***

Using resources wisely is good for business, and it's good for the environment. We continue to focus on reducing energy use and finding alternative sources of energy. In the U.S., we signed a long-term agreement to purchase power from solar arrays, and our warehouses in Belgium have used renewable energy since our Fiscal 2017. Besides recycling and reusing resources, we also support donation programs in Canada, Europe and the U.S., so unused products and supplies reach nonprofit organizations that can benefit from them. Spending wisely has also helped to lighten our environmental impact. This past year, we saw a substantial reduction in employee air travel, which led to an 11% reduction in Scope 3 CO<sub>2</sub> emissions from the previous year.

### ***Supporting Healthy Employees & Healthy Communities***

We're committed to healthy employees and communities. That's why we invest in programs to advance employee wellbeing and career growth. We have a culture of empowerment, recognition and belonging, and were recognized as one of the [best employers for diversity](#).

Our employees have a passion for creating stronger communities. In the past year, McKesson employees supported 1,183 organizations, volunteering at the workplace and in their free time. We continue to grow the bone marrow registry through our multi-year drive, which has led to six transplants



## Letter from Brian Tyler

to date. When emergencies strike, we stand by our customers, communities and our employees. In Fiscal 2019, we expanded our employee relief fund to Canada and introduced \$1,000 grants to provide evacuation assistance to employees facing a natural disaster. During the past year alone, the Fund supported 393 employees with more than \$842,000 in grants.

Our work is grounded in our shared ICARE (integrity, customer-first, accountability, respect and excellence) principles. I invite you to review this report and learn how those principles guide us in making a positive impact for patients, the environment and our society every day.

### **Brian Tyler**

Chief Executive Officer,  
McKesson Corporation



# Our Approach to Corporate Responsibility

McKesson Corporation (McKesson) is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology. We partner with pharmaceutical manufacturers, providers, pharmacies, governments and other organizations in healthcare to help provide the right medicines, medical products and healthcare services to the right patients at the right time, safely and cost effectively.

In FY19, we employed approximately 80,000 people, and our total revenues exceeded \$214 billion. We operate primarily in the United States, Canada and Europe.

For McKesson, corporate responsibility (CR) means better health for our planet and people everywhere. As a company, we're working to use our economic, environmental, social and governance resources thoughtfully and responsibly. That way, we can make a positive impact on our company, our environment, and our society.

The cornerstones of our approach to corporate responsibility are compliance and ethics and strong corporate governance.

---

## Compliance and Ethics

At McKesson, we believe that integrity is the foundation of our culture and is critical to our long-term success. We work to inspire and enable McKesson employees to act with integrity in all we do.

### *United by our ICARE shared principles*

Everything we do is driven by our shared principles, known as [ICARE](#). These principles are a uniting force, connecting

us across business units, geographies and functional areas. They shape our corporate culture. And they help us make a positive difference for patients, customers, partners, communities, shareholders and one another.

ICARE is what we expect from each other, and what the people we touch expect from McKesson.

### *Our beacon: The McKesson Code of Conduct*

Our company operates in diverse business and regulatory environments. To ensure that all employees uphold the highest legal and ethical standards, we embed them in our Code of Conduct and require regular formal training on it.

A shared document across our company, our [Code of Conduct](#) is based on ICARE. It describes the fundamental principles, local policies and procedures that shape our work. It covers a wide range of topics that may occur when interacting with customers, industry partners and each other. It gives helpful guidance regarding where to turn in case of questions or concerns about the right thing to do. The Code of Conduct is available in 10 languages.

### *Compliance is integral to our culture*

Compliance is an integral part of our company and leadership culture. It refers to our obligation to laws, regulations and internal guidelines. For us, compliance is more than just following rules. It includes considering the actions we take, and adapting to new challenges and situations, always guided by our ICARE principles.

For our culture to be sustainable, we need to involve everyone within the company. To meet the dynamic changes in this area, we continuously review our compliance management system and self-imposed standards.

**i care** *Integrity  
Customer-First  
Accountability  
Respect  
Excellence*

# Our Approach to Corporate Responsibility

## *How we're organized*

Our Chief Compliance Officer is aided by a Compliance and Ethics Group as well as a designated compliance officer for each of our businesses. The Chief Compliance Officer oversees and monitors implementation of our programs, including the standards and guidelines set out by regulators. Our compliance program includes:

- Written policies and procedures
- Compliance communications and web resources
- Regulatory and compliance training
- Internal auditing and compliance monitoring
- A toll-free whistleblower hotline
- Investigations relating to compliance and ethics
- Corrective and/or preventive action, where necessary

In FY19, our Board of Directors formed a standing Compliance Committee, whose purpose is to assist the Board in overseeing McKesson's compliance programs and management's identification and evaluation of our principal legal and regulatory compliance risks.

## *Raising concerns and seeking guidance*

Every employee is responsible for ensuring we comply with the laws, regulations and ethical standards affecting our business.

Our employees raise concerns if they believe something inappropriate is happening at work. Managers have a duty to listen to employees' concerns and react to those concerns in an appropriate manner. By fostering an open environment, where all employees feel free to speak up without any fear of retaliation, we seek to advance our culture of compliance and integrity.

The McKesson whistleblower hotlines are available 24 hours a day, 7 days a week, in multiple languages. It allows employees to raise concerns (anonymously if they wish), including possible violations of McKesson policies or other illegal or unethical activity. We investigate all allegations, and we provide reports of allegations and investigations to senior management and the Compliance Committee of the Board of Directors.

The hotlines are only one of the ways employees can raise concerns. We encourage employees to contact their supervisor, business unit compliance officer or the Human Resources or Legal departments with any concerns. We strictly prohibit retaliation against an employee who makes a good faith complaint through any channel. After investigating, we develop a corrective plan as needed. The Audit Committee of the Board of Directors also receives reports on any allegations and investigations regarding accounting, internal accounting controls or audit matters.

## *Preventing corruption*

We do not tolerate corruption or bribery in our business practices by our employees or by third parties working on our behalf. We don't promise, offer or give anything of value to a government official or an employee or representative of our business partners with the intent to improperly influence their conduct. Similarly, we don't receive anything of value that could be interpreted to improperly influence our conduct. We expect our business partners and third parties working on our behalf to comply with all applicable anti-corruption and anti-bribery laws and standards.

## *Preventing slavery in our supply chain*

McKesson is committed to the highest ethical standards. To fulfill these standards, we take steps to ensure that slavery and related human trafficking do not form part of our supply chain, consistent with the [UK Modern Slavery Act](#).

Compliance is an integral part of our company and leadership culture. More than simply following rules, it means considering our actions and adapting to new challenges and situations, always guided by our ICARE principles.

# Our Approach to Corporate Responsibility

## *Serving government customers*

As one of the largest government contractors in the U.S., McKesson is proud to partner with government customers to meet the healthcare needs of veterans, active military, children and disadvantaged groups. McKesson recognizes that our government customers face unique challenges and obligations, and we are dedicated to helping our customers succeed. Our Compliance and Ethics program is critical to the success of our government contracts.

## **Our Take on Good Governance**

A balanced corporate governance approach aims to strengthen confidence in our company — both in the capital markets and among the public — and creates value over the long term. We know that good corporate governance advances trust among our shareholders, business partners and employees, promotes transparency in our company, and contributes to sustainable growth.

Here's a look at our practices and processes for running our company responsibly.

### ***We have an Independent Board Chair***

Edward Mueller, previously Lead Independent Director, took over as Independent Chair of McKesson's Board of Directors on April 1, 2019. He has been a member of the Board of Directors since April 2008 and the Lead Independent Director since July 2013.

### ***Our Board champions diversity and inclusion***

Every company should bring together diversity of thought. At the time of publication, three of our ten directors are women and two of our directors are persons of color. Since 2002, women have held three seats on our Board.

## ***Annual evaluations keep our Board going strong***

Our Independent Board Chair conducts annual performance evaluations for every one of our Board members. That way, we make sure all of our leaders are committed to McKesson's values and future.

## ***We plan for what's next in leadership***

Our Board reviews and provides input on our succession plan for developing our next generation of leaders, our CEO and executive officers. During FY19, the Board unanimously selected Brian Tyler, then president and chief operating officer of the company, to succeed John Hammergren as CEO, effective April 1, 2019. Brian is a 22-year McKesson veteran who has led nearly every major business within the company as well as McKesson's corporate strategy and business development unit.

## ***Key governance attributes include proxy access and the right to call a special meeting***

When our shareholders hold at least 3% of the company's stock for at least three years, they can nominate director candidates to fill up to 20% of available Board seats. We also allow record holders who have held at least 15% of our outstanding shares for at least one year to call a special meeting of stockholders.

## ***We tell you about our political contributions and lobbying activities***

Transparency and accountability matter to us. In the U.S., we voluntarily disclose corporate political contributions and file reports on lobbying activities where required by law. Additionally, we provide [a list of trade associations](#) with annual payments more than \$50,000. We also prohibit trade organizations from using our contributions for political purposes. In 2019, we further enhanced our [political contributions and lobbying policy](#) for the third consecutive year in response to shareholder feedback and include more prominent disclosure of our public policy approach and priorities.

As one of the largest government contractors in the U.S., McKesson is proud to partner with government customers to meet the healthcare needs of veterans, active military, children and disadvantaged groups.

Since 2002, women have held three seats on our Board.

---

## Our Approach to Corporate Responsibility

### ***Risk oversight is a top priority***

The entire Board and their committees work to understand and review our corporate risks. They oversee everything from our reputation and legal and financial reporting risk to compensation practices and cybersecurity.

### ***We have a global Code of Conduct***

As described earlier in this report, our [Code of Conduct](#) is where we detail the policies and procedures that shape our work. It helps our entire team make ethical decisions. We've adapted and translated our code to make sure it works in every place we do.

### ***Guidelines help us keep up with governance***

Our [Corporate Governance Guidelines](#) set forth our Board's goal of building long-term value for our stockholders and are consistent with New York Stock Exchange (NYSE) listing requirements. Our guidelines call for the Board to monitor the performance of our company, including with respect to Environmental, Social and Governance matters, and our guidelines. They include things like:

- Director qualification standards
- Access to management and independent advisors
- Compensation
- Director orientation
- Continuing education
- Management succession

### ***Our Board members are independent***

Other than [CEO Brian Tyler](#), every one of our Board members is independent, which follows the NYSE requirements and our Corporate Governance Guidelines.

### ***The Board reviews our corporate responsibility practices***

The Board of Directors periodically reviews our company's corporate responsibility practices, including environmental sustainability, pay equity and diversity and inclusion.

### ***We do more to earn trust***

- We do not have a poison pill.
- We eliminated supermajority voting requirements.
- We have a majority voting standard for uncontested director elections.

If you have any questions about McKesson's governance, [let us know](#).

⋮ We've adapted and translated our Code of Conduct to make sure it works every place we do.

# Our Approach to Corporate Responsibility

## How We Put Together This Report

In FY18, we worked with our stakeholders on a materiality assessment, which is a process to identify and prioritize potential topics that could affect our company.

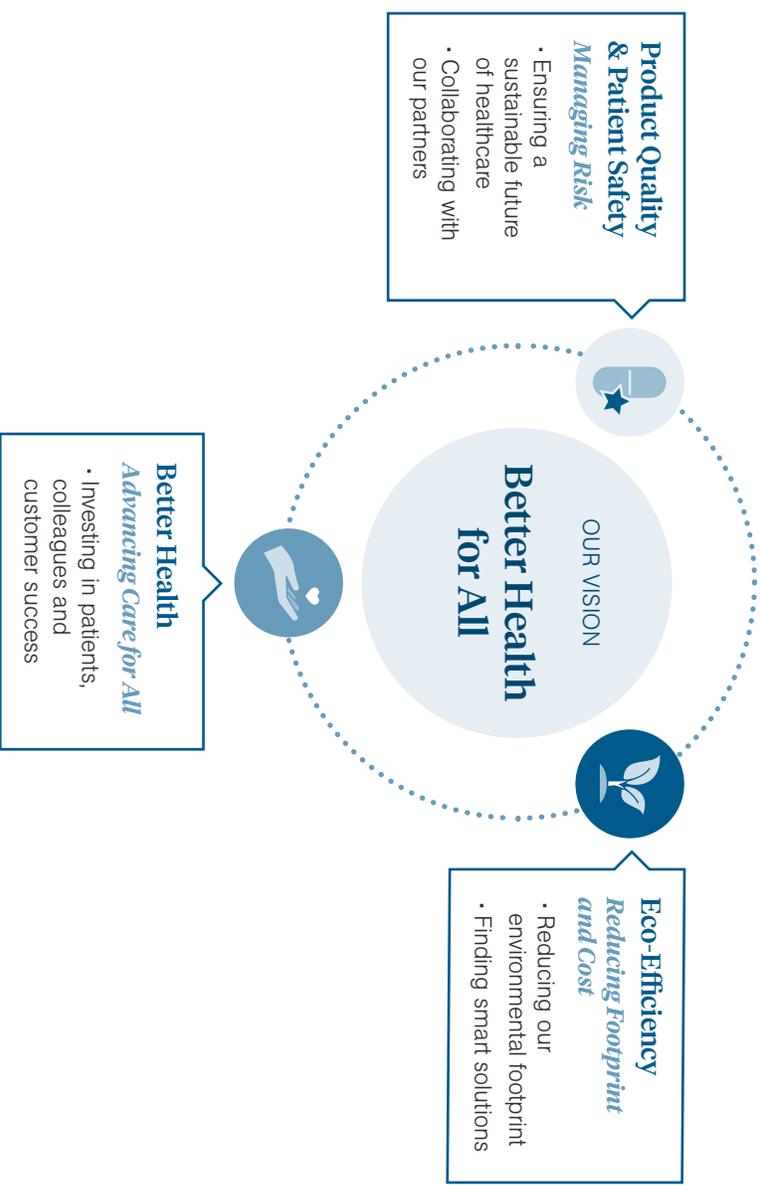
The assessment included in-depth interviews and surveys with 95 stakeholders from Canada, Europe and the U.S. They included employees, customers, suppliers, industry associations, government agencies, NGOs and joint venture partners. We involved senior leaders from multiple business units and corporate functions and sought out the perspectives of our shareholders.

We also brought in peer benchmarking, impact mapping, synthesis and analysis of our results. The work resulted in a materiality matrix, validated with internal leaders, and a list of prioritized topics and opportunities raised through the materiality process.

Through the assessment, we identified the following topics as particularly material to McKesson: product quality and patient safety; eco-efficient transport and operations; ethics and compliance; partnerships and engagement; access to healthcare and community health; and employee recruitment, engagement and retention. Based on the assessment, we developed a global corporate responsibility report that puts emphasis on the following three topics:

1. Product quality and patient safety
  2. Eco-efficient transportation and operation
  3. Better health for employees and communities
- You'll find a section on each as you keep reading.

## What is Corporate Responsibility?



## Our Approach to Corporate Responsibility

### *What you'll find here*

This report is a deep dive into our corporate responsibility efforts during FY19 (April 1, 2018, to March 31, 2019). We issue a report each year.

The report covers the good we're doing in the countries where we operate. That includes our work in Canada, Europe and the United States.

For more information about our operations, including joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability, please refer to the FY19 10-K, [McKesson's Annual Report](#).

### *The Global Reporting Initiative (GRI) framework*

We've prepared our report in accordance with the "Core" version of the [Global Reporting Initiative \(GRI\) Standards](#). It includes topic-specific standards that we identified through our materiality assessment. For more details, refer to the GRI content index at the end of this report.



Our report covers the good we're doing globally, including our work in Canada, Europe, and the United States.

## Product Quality and Patient Safety Come First

We deliver one-third of prescription medicine in North America, and we serve more than 2 million customers every day across 13 European countries. It's crucial to deliver the safest products to all of these patients, because both the people making the medicine and the people taking it count on us.

### **Responding to the opioid epidemic in the U.S.**

Each day, our distribution team delivers life-saving medicines to pharmacies, hospitals and clinics that serve millions of Americans. We take to heart that at the end of each and every item delivered — every pill bottle, every vial, every ointment — there is a patient in need. We know that it's not just a package, it's a patient.

Over the past decade, as the opioid epidemic evolved rapidly, we enhanced our teams, processes and technologies dedicated to preventing diversion. We are committed to maintaining — and continuously enhancing — [strong programs](#) designed to detect and prevent opioid diversion within the [pharmaceutical supply chain](#), while also protecting the availability of appropriate treatments for patients with serious illnesses and injuries.

This complicated, multi-faceted public health crisis must be addressed through a comprehensive and collaborative approach. Each participant in the pharmaceutical supply chain can play an important role.

We have advanced a series of [company initiatives](#) focused on helping to address the opioid epidemic, including launching a foundation dedicated to combating the crisis, offering thoughtful [public policy recommendations](#) — including the Prescription Safety-Alert System (RxSAS) technology proposal — to supporting [innovative programs and partnerships](#) that we believe can have a meaningful impact on this challenging issue.

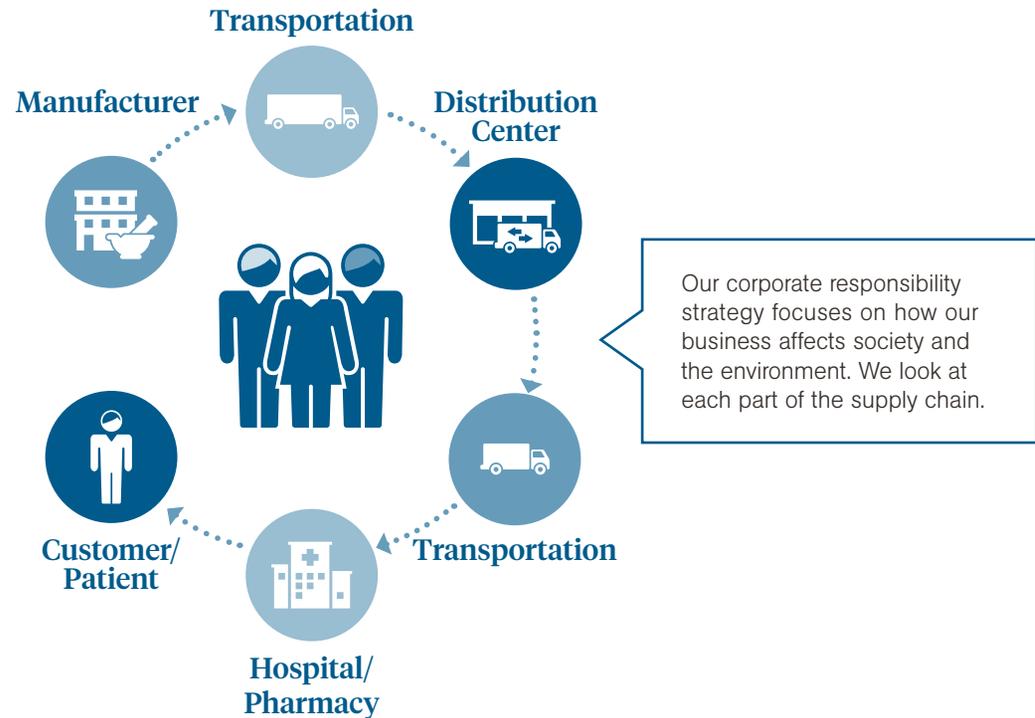
We are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this national crisis.

### **Ensuring products are safe and high quality**

Our quality management system is based on international procedures to ensure that products we handle and distribute, as well as the products we manufacture in our private-label line of business, follow applicable regulations.

### **McKesson Taking Action**

Learn more about how we are doing our part in [The Fight Against Opioid Abuse](#).



## Product Quality and Patient Safety Come First

- **Compliance:** We comply with applicable laws and regulations concerning product quality in the countries where we do business. These include the [Drug Supply Chain Security Act](#) in the U.S., the [Food and Drugs Act](#) in Canada, and the [Good Distribution Practice and Good Manufacturing Practice](#) guidelines in Europe.

These laws and regulations commit us to keeping our products traceable, handling hazardous products appropriately and continuing to work with authorized trading partners.

- **Product integrity:** Our supply chain security, safety and security-training programs focus on the integrity of product packaging and containers. Here's how:
  - **When receiving products,** we verify the quantity, supplier name and product name through the purchase order. We also make sure that the product is not set to expire soon. Our tracking system automatically lets us know if a supply is affected by a recall.
  - **When shipping products,** we use containers that maintain quality and safety and ensure appropriate temperature control. To manage cold chain products, we use sophisticated technology for environmental controls and temperature monitoring. Refrigeration experts ensure we select shipping containers that comply with manufacturers' product specifications. When we use passive cold chain solutions, we require containers to pass a qualification process. This helps guarantee product integrity and prevent any quality issues.
  - **When potential incidents happen,** we work to respond promptly. We follow a Corrective Action – Preventive Action (CAPA) process. To prevent counterfeit products from



We ship products in containers that ensure the integrity and quality of the drug are maintained at all times.

## Product Quality and Patient Safety Come First

entering the legal distribution network, we follow a supplier qualification procedure for vendors. As part of this process, we perform regular audits and checks of authorizations and certifications.

- **During product recalls**, we reach out to pharmacies and other customers with details on the recall and how products can be returned to McKesson. We continuously train our customer service employees so they are up-to-date on current recalls.
- **Traceability:** In Europe, we follow the [Falsified Medicines Directive](#), which requires batch tracking of certain medicinal products. When products enter the warehouse, we record the product code, expiration date and batch number. Using handheld terminals, we track the product at every stage of its journey in the warehouse — from replenishment, to picking, to returns. If an inaccuracy occurs, the tracking system generates an alert. Our quality coordinators monitor the alerts and resolve any inconsistencies.
- **Supplier requirements:** Just as we hold ourselves accountable, we also hold our suppliers accountable for the quality of their products and services. In areas where we outsource distribution, this includes contracted carriers and couriers.

In the U.S., Canada and Europe, suppliers meet our requirements through compliance with regional, national and international legislation. For other regions, please see “Responsible sourcing” below.

- **Manufacturer requirements:** We comply with manufacturer requirements for handling and distributing products. In some cases, we have contracts with manufacturers that restrict the sale of certain medicines to certain customers, such as

prison systems and others, for lethal injections. McKesson is committed to helping manufacturers implement their policies in this area. The needs and requirements of various manufacturers are different, so our contractual commitments, controls and processes vary by manufacturer. McKesson has processes and systems to enable manufacturers to validate our performance against our contractual arrangements.

When we manage quality, our guide isn’t only laws and regulations but also best practices and international standards. For example, 10 of our businesses in Europe are ISO 9001 certified. ISO 9001 is an international standard for quality management systems.

### *Responsible sourcing*

We work with private-label suppliers outside the U.S., Canada and the European Union. Those suppliers must agree to McKesson Sustainable Supply Chain Principles (MSSP). The MSSP covers compliance with appropriate laws along with adherence to our strict policies on protecting workers, preparing for emergencies, identifying and managing environmental risk, and protecting the environment. These principles reflect our stance against forced and child labor, which we articulate in our response to the [UK Modern Slavery Act](#).

In the U.S. and Canada, before we place the first order with a new supplier, we conduct desktop or on-site audits depending on a risk matrix analysis. These audits cover all MSSP areas. On-site audits include document review, a factory tour and interviews with workers. In either case, we document the findings and require a corrective action plan for any instances of non-compliance.

Adherence by suppliers to MSSP is not optional. McKesson Global Procurement & Sourcing Limited (MGPSL) is stringent in regard to remediation efforts. These are made by suppliers

When we manage quality, our guide is not only laws and regulations but also best practices and international standards.

## Product Quality and Patient Safety Come First

when audits reveal any gaps in working conditions, health and safety, or environmental standards. To maintain high sustainable principles standards in factories we purchase products from, we follow up periodically on initial audits and closely monitor corrective actions.

When issues are identified, McKesson auditors work with the supplier to ensure improvements are made. These audits include interviews with workers and management, inspections of production sites, and document reviews. Audit findings or non-conformances are prioritized based on risk. Should a critical issue be identified, MGPSL would require a timely response from the supplier. If a supplier failed to adequately remediate the issue, the relationships would be re-evaluated and, if necessary, terminated.

### *Quality improvement through Six Sigma*

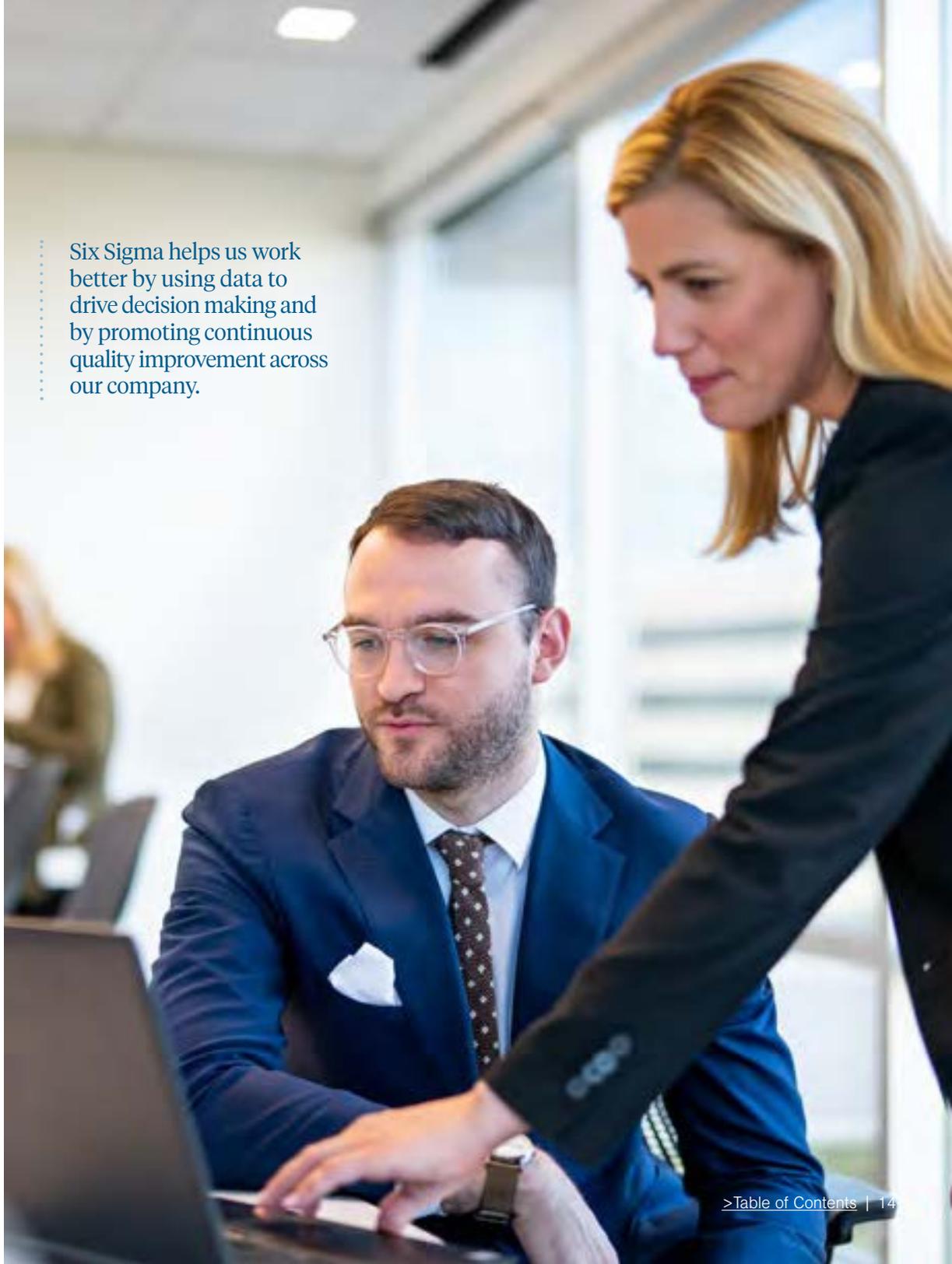
Across McKesson, we strive to continuously improve by using Six Sigma. Six Sigma helps us work better by using data to drive decision making and promote continuous quality improvement across our company. Using problem-solving tools, Six Sigma reduces defects and minimizes variances.

By improving processes, we can see fewer errors, faster cycle time and less waste.

In FY19, McKesson completed 405 Six Sigma projects, which had more than \$160 million in cost savings and avoidance across our company, suppliers and customers.

One of Six Sigma's key objectives is to train, coach, and mentor employee talent, in order to deepen the operational excellence culture across McKesson. In FY19, employees in the countries covered by our centralized learning management system completed 1,269 Six Sigma training courses.

Six Sigma helps us work better by using data to drive decision making and by promoting continuous quality improvement across our company.



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## Product Quality and Patient Safety Come First

Here are a few of our Six Sigma projects:

- **Driving enhanced value through the supply chain:** In FY19, the U.S. Six Sigma team completed five customer and supplier engagements that focused on the supply chain, from enhancing communication with the customers and suppliers to increasing service level metrics and improving cycle time for resolution of open items.
- **Reducing paper by going digital:** In 2018, a Lean Six Sigma Green Belt project paved the way into the digital future: When medicines are delivered, there is a number of documents that must be printed out and enclosed with the delivery according to fulfill official requirements. The Portuguese LSS colleagues challenged those requirements in order to make a step towards the future. The idea: Saving paper consumed by digitizing the documents. In order to get green light for this aimed change the project team closely collaborated with the Portuguese legal authorities. Although the official requirements initially insisted on the printed version, the Portuguese team was able to convince the authorities to digitize this step. This LSS initiative has a positive impact on the company's carbon footprint and was well as on the pharmacies receiving the digital documents, who now have less paper waste.
- **Tracking to better control precursor returns:** Precursors are products with active pharmaceutical ingredients that can be used to make illegal drugs, such as methamphetamine. As part of McKesson Canada's commitment to Health Canada, Six Sigma led a team to create an automated tracking system. It provides visibility along each step of a precursor return — from when the product is created and shipped to the customer to when the physical return comes back into the McKesson building for processing.

These are just a few of our Six Sigma successes. Whether it's reducing defects or streamlining processes, we look forward to tackling additional projects in FY20 and beyond.

In FY19, McKesson completed 405 Six Sigma projects, which had more than \$160 million in cost savings and avoidance across our company, suppliers and customers.

## Eco-Efficient Operations and Transportation

Communities thrive in a healthier environment. That's why we're sharpening our focus on environmental sustainability.

Establishing new environmental best practices is a priority across McKesson businesses. We work to capture the metrics most relevant to our [lines of business](#) and act on recommendations that lead to a healthier environment.

We use electricity for lighting and IT. We also use fuel for heating and transportation, including inbound and outbound distribution and business travel. We focus on efficiency across these areas.

In our distribution centers and pharmacies, we focus on reducing energy use and finding alternative sources of energy. As a company focused on distribution, transportation is important to us — in particular, fuel efficiency for our fleet.

### Reducing Energy Use in Our Facilities

Across our locations, we work to use less energy for lighting and heating.

#### *Increasing LED lighting to lessen our footprint*

Our buildings use energy mainly for lighting. In our distribution centers, lighting accounts for up to 40% of the electricity consumption. In our pharmacies, it's approximately 50–70%. With more efficient lighting, we can cut our CO<sub>2</sub> emissions and reduce our carbon footprint.

During FY19, we implemented initiatives to add LED lighting in our distribution centers, pharmacies and offices. Through these initiatives, we expect to see energy reductions of up to 40%. Our European distribution centers expect to save more than 3,300 tons of CO<sub>2</sub> emissions per year through LED lighting alone.

### Our Sustainability Initiatives

- 1 Increasing LED lighting across facilities
- 2 Monitoring and benchmarking energy use
- 3 Pursuing environmental certification
- 4 Reducing movement of inventory through our redistribution center model
- 5 Recycling and reusing resources



## Eco-Efficient Operations and Transportation

While we're bringing LED lighting to more than 350 pharmacies in Europe, we're also replacing inefficient heating systems with more efficient units, complete with timer controls and/or presence detectors. This initiative follows a successful pilot, where we helped 50 pharmacies save energy equal to 200 tons of CO<sub>2</sub> emissions yearly.

### ***Monitoring and benchmarking energy use***

We use a number of tools to benchmark our energy use, including the U.S. Environmental Protection Agency's [Energy Star Portfolio Manager](#). In many distribution centers, we also monitor energy consumption by production line, which helps us find more opportunities to conserve and cut energy use.

### ***Bringing in renewable energy to move toward the future***

In our warehouses in Belgium, we switched from purchasing electricity that was generated from traditional sources to renewable energy from FY17 onward. Three of these Belgian warehouses are equipped with solar panels and generate approximately 700 MWh of clean electricity every year.

In the U.S., we signed a long-term agreement to purchase solar power from solar arrays. We began installing these arrays in West Sacramento, California, during FY19. We expect the agreement to reduce costs for McKesson, producing electricity equal to approximately 74% of the West Sacramento facility's annual consumption.

### ***Working toward environmental certifications as we grow***

As part of our energy reduction strategy, we pursue environmental certification for new and newly renovated buildings. For example, our European headquarters in Stuttgart was recognized by the German Sustainable Business Council for its environmentally-friendly design. Our U.S. [offices](#) in San Francisco, California;

Irving, Texas; The Woodlands, Texas; and Richmond, Virginia are Leadership in Energy and Environmental Design ([LEED](#)) certified, as is our distribution center in Aurora, Illinois; we are pursuing LEED certification for our Scottsdale, Arizona; Jacksonville, Florida; and Columbus, Ohio offices. We also hold [WELL](#) certification for our Irving and Richmond offices and are pursuing it in Columbus, Jacksonville and Scottsdale.

### ***Transportation: More Efficiency, Less Impact***

More output with less energy input — this is the principle of energy efficiency. It makes perfect business sense because we save money by reducing our energy needs. At the same time, we reduce our impact on the environment by using fewer resources, which means we emit less CO<sub>2</sub>.

### ***Transportation in our operations***

We're an international business focused on distribution. For us, fuel consumption for transportation is an environmental challenge and opportunity. Our strategy focuses on optimizing delivery routes and the use of delivery vehicles. To do that, we monitor mileage and fuel consumption, and we educate our drivers on eco-efficient driving.

### ***Energy reduction for outsourced fleets***

In areas where we outsource transportation, we take advantage of external carriers' ability to optimize schedules and avoid returning empty trucks to distribution centers. We also work with customers to adjust delivery schedules to be more efficient.

### ***Energy reduction for our in-house fleet***

In some areas, we own our fleet. When buying new vehicles, key criteria are fuel consumption and low CO<sub>2</sub> emissions — while adhering to high quality standards. We teach our drivers environmentally friendly and safe practices, such as driving

Our U.S. offices in San Francisco, California; Irving, Texas; The Woodlands, Texas; and Richmond, Virginia are LEED certified.

In our warehouses in Belgium, we switched from purchasing ordinary electricity to 100% renewable energy starting in FY17.

## Eco-Efficient Operations and Transportation

at a safe speed limit and avoiding idling. We also adjust delivery routes and vehicle loading to cut mileage and increase efficiency. Our fleet in Canada's Quebec province has already seen the impact:

- **Equipment upgrades:** We have a multi-year initiative to upgrade our line-haul tractors and 5-ton vehicles. The annual fuel reduction is approximately 95,000 liters.
- **Using LCVs:** We use long combination vehicles (LCV) in our line-haul network in Quebec. LCVs use less fuel to carry goods, which reduces our carbon footprint.

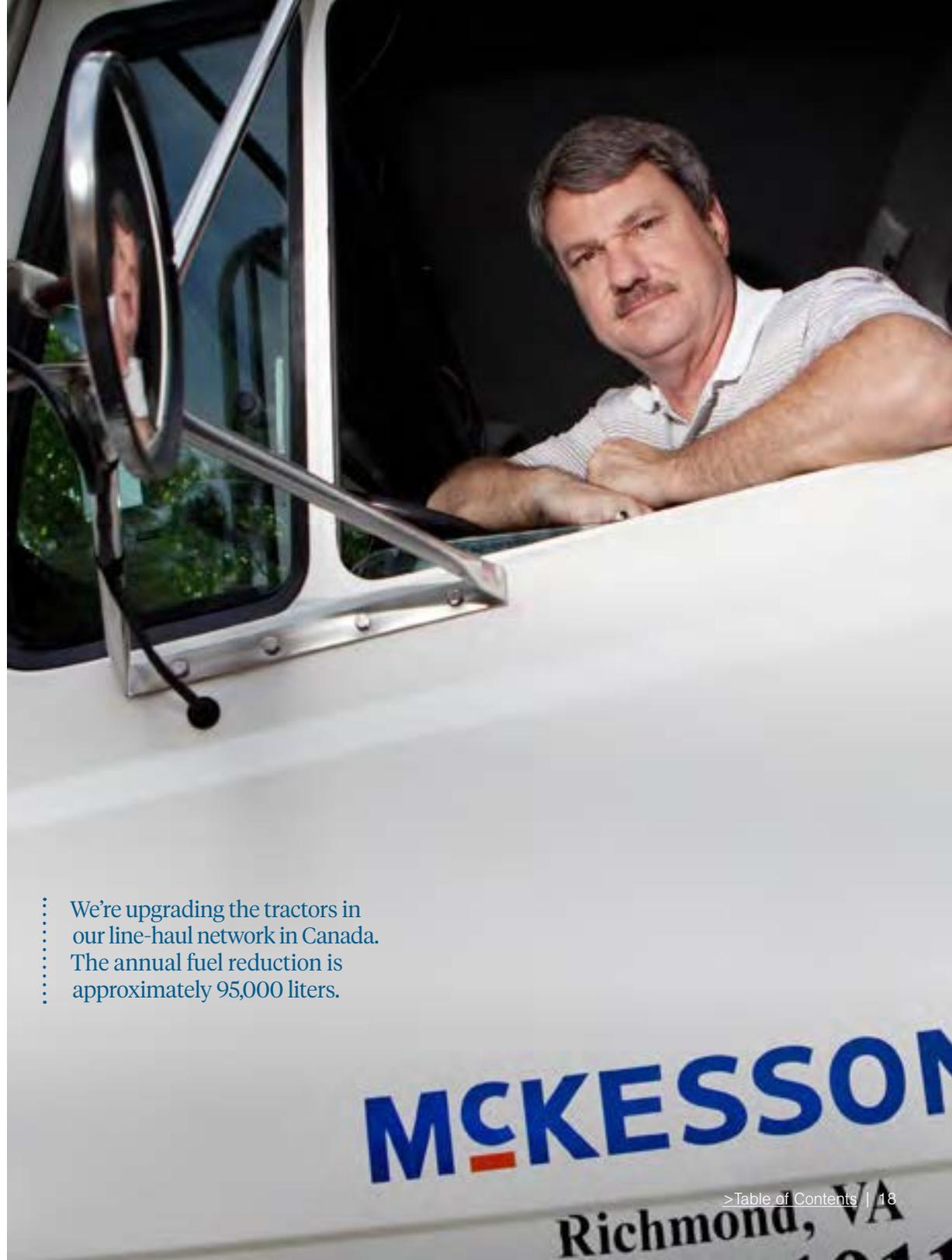
### *Redistribution Center model*

We operate National Redistribution Centers (NRDCs) in the U.S. and France. These centers help us to better manage our inventory and reduce redundancies. Even better, they help us reduce the movement of our inventory. In turn, we can save on costs and fuel within our distribution center network.

### *Employee travel and commuting*

For travel to the office, we encourage employees to use sustainable options, like bikes or buses. In North America and several European countries, McKesson also offers commuter benefits, which let employees use pre-tax dollars to pay for items like subway cards or train tickets. In Canada, our Montreal office has reserved parking spaces for people who carpool. Several sites in Canada and Europe offer electric/hybrid car charging stations.

While business travel is part of how we work, it also affects the environment. To reduce our impact, we encourage employees to use tele- and video-conferencing whenever possible to reduce travel and, by extension, our carbon footprint.



⋮ We're upgrading the tractors in  
⋮ our line-haul network in Canada.  
⋮ The annual fuel reduction is  
⋮ approximately 95,000 liters.

## Eco-Efficient Operations and Transportation

### CO<sub>2</sub> Emissions Performance in FY19

- **Scope 1:** Direct emissions from the consumption of natural gas, heating oil, diesel fuel and gasoline. Our Scope 1 emissions increased by 25% from FY18. We believe that an important factor was a particularly cold winter in North America, which increased use of heating oil. The number of sites reporting natural gas consumption also increased. However, we saw a decrease in fuel consumption in our fleet, which we attribute to increased use of hybrid vehicles.
- **Scope 2:** Emissions from purchased and consumed electricity and long-distance heating consumption. Our Scope 2 emissions decreased by 3% from FY18, driven by a decrease in electricity consumption in Europe and the U.S.
- **Scope 3:** In FY19, we saw a substantial reduction in employee air travel, which led to an 11% reduction in CO<sub>2</sub> emissions from FY18. These figures reflect air travel booked through our corporate travel partners.

We measure CO<sub>2</sub> emissions using the [IPCC Guidelines for National Greenhouse Gas Inventories](#).

### Conserving Resources in Our Daily Work

We use a variety of resources in our work. Besides power sources, we use office paper, packaging, water and materials related to distribution. We do our best to use only what we need. When we can't avoid using resources, we strive to use recycled products.

	FY18 CO <sub>2</sub> emissions (metric tons)	FY19 CO <sub>2</sub> emissions (metric tons)
<b>Scope 1:</b> Fuel consumption for in-house Pharmaceutical Solutions & Services, Medical-Surgical, Canada and Europe fleets; natural gas consumption in U.S., Canada and Europe facilities; heating oil in Canada and Europe facilities	124,911	157,076
<b>Scope 2:</b> Electricity Consumption in U.S., Canada and Europe Facilities	178,385	173,390
<b>Scope 3:</b> U.S., Canada and Europe employee air travel; third-party transportation	75,506	67,114

### Use of resources: FY18 – FY19\*

	FY18: U.S. and Canada	FY19: U.S., Canada and Europe
<b>Material Recycled</b>	15,307 tons	48,147 tons
<b>Materials to Landfill</b>	Not reported	19,129 tons
<b>Water use</b>	366,786,967 liters	633,370,008 liters

\*For all locations reporting recycling and/or water use data

## Eco-Efficient Operations and Transportation

Resource scarcity doesn't affect only McKesson. Companies that aim to stay competitive in the long term must work toward closed-loop systems and use their resources responsibly. This approach makes sense from both an economic and an ecological point of view.

To reduce our impact on the environment, we continuously improve the way we handle resources for our products, our services and our processes.

To hold ourselves accountable, we report on the total weight of materials that were recycled and went to landfill, and on water use. In FY19, we added data from Europe. This will represent our new baseline for reporting.

### ***Reducing water use***

Water is a limited resource so we seek to reduce its use in our operations.

One way we're limiting water use is by expanding smart irrigation programs in our facilities. This system adjusts watering times based on weather conditions and lets us check our water use remotely. Users can receive notifications about changes to the settings or equipment malfunctions. Automation saves water because the irrigation system runs less often, and it is easier to identify problems. During FY19, we expanded smart irrigation programs to include five sites and saved enough water to fill 4.4 Olympic swimming pools each year.

### ***Hazardous waste***

In the U.S., our Hazardous and Regulated Waste Management Program establishes standards to identify and manage hazardous and regulated waste and handle hazardous and regulated waste spills. Through the program, we make sure that accumulation and disposal of waste from McKesson facilities complies with international, national and regional regulations.

When it comes to e-waste, we partner with certified suppliers for both leased and non-leased assets. Leased electronic assets make up the bulk of our portfolio. Upon return, most are wiped clean and reused. If they can't be reused, the parts are recycled. In Germany, we work with AfB to ensure that electronic assets are either resold or recycled. AfB is Europe's first nonprofit IT company, and it focuses on providing employment opportunities for disabled workers.

We also report on total hazardous waste for McKesson Europe. In FY19, we generated 1,474 tons of hazardous waste, an increase from 750 tons in FY18. We believe this increase is due to more complete reporting across business lines and represents a new baseline.

### ***Transport of reusable containers***

In many of our businesses, we send medication to customers — including pharmacies and hospitals — in reusable containers. After the containers are unloaded and emptied at their destination, we use them for the next delivery. Our return system guarantees a smooth pick-up process. By reusing containers, we save valuable resources and avoid unnecessary waste every day.

### ***Green decommissioning***

When consolidating office space or moving to a new location, furniture can often go to landfill. In FY19, we partnered with a vendor that recycles, resells and donates furniture instead. To date, we have completed projects in Houston, Texas; Pittsburgh, Pennsylvania; and San Francisco, California. In the San Francisco project alone, we diverted 90 tons of waste and donated more than \$38,000 of furniture to local nonprofits. The estimated CO<sub>2</sub> offset as of the end of FY19 was 432 tons.

During FY19, smart irrigation programs expanded to five sites and saved enough water to fill 4.4 Olympic swimming pools each year.

## Eco-Efficient Operations and Transportation

### *Reducing paper use in our operations*

By going digital, we're using less paper. Our initiatives range from paperless invoices and two-sided printing, which will cut printing by 34 million sheets of paper, to electronic handheld scanners for packing orders in distribution centers. Our Canada distribution centers will all implement paperless paystubs by the end of FY20. When we can't avoid using paper, we encourage use of recycled stock.

### *Donating unused medications and products to support patients*

Part of conserving resources means ensuring that unused medications and medical supplies go to people and organizations that can benefit from them.

- When people purchase medications and don't use them, valuable products can turn into trash. A group of pharmacists from Italy's LloydsFarmacia decided to do something about that. They joined forces with the City of Bologna, the regional health authority and other pharmacies to form Farmaco Amico. They invite customers to bring in unused medications that are valid for at least six more months and in unopened packages. A nonprofit partner collects and sorts the products. Then the products go to organizations serving patients without access to healthcare, in Italy and beyond. Narcotics, medications that need refrigeration, and free samples aren't included in the program. AIFA, Italy's national prescription drug agency, monitors the process.

- Through our partnership with World Vision, McKesson's Medical-Surgical business donated 229 pallets of supplies during FY19. These donations helped support important health initiatives in seven countries. They include programs that screen and treat young children in Somalia for malnutrition and promote better access to care for pregnant and nursing women in Zambia.
- The returns teams at several distribution centers in Canada collect returned or damaged products and arrange for them to be donated to nonprofit outreach programs. They reduce waste while supporting their local communities.

### *Complying with laws and regulations*

Our environmental commitment begins by adhering to all applicable environmental laws and regulations. Just as we take great care in the safety and security of our products, services and people, we are careful and thoughtful to minimize the effect of our company operations on the environment.

During the period covered by this report (April 1, 2018, through March 31, 2019), McKesson was in material compliance with all applicable environmental regulations.

In FY19, McKesson's Medical-Surgical business donated 229 pallets of supplies, supporting important health initiatives in seven countries.

# Creating Better Health for Our Employees and Communities

Our vision for a healthier world begins with patients and extends to our employees. We know that when our employees are healthy, not only do they enjoy their own lives more, but they help create healthier communities. As a team, we work to create healthier communities through access to care, and by giving back — both with our money and with our time.

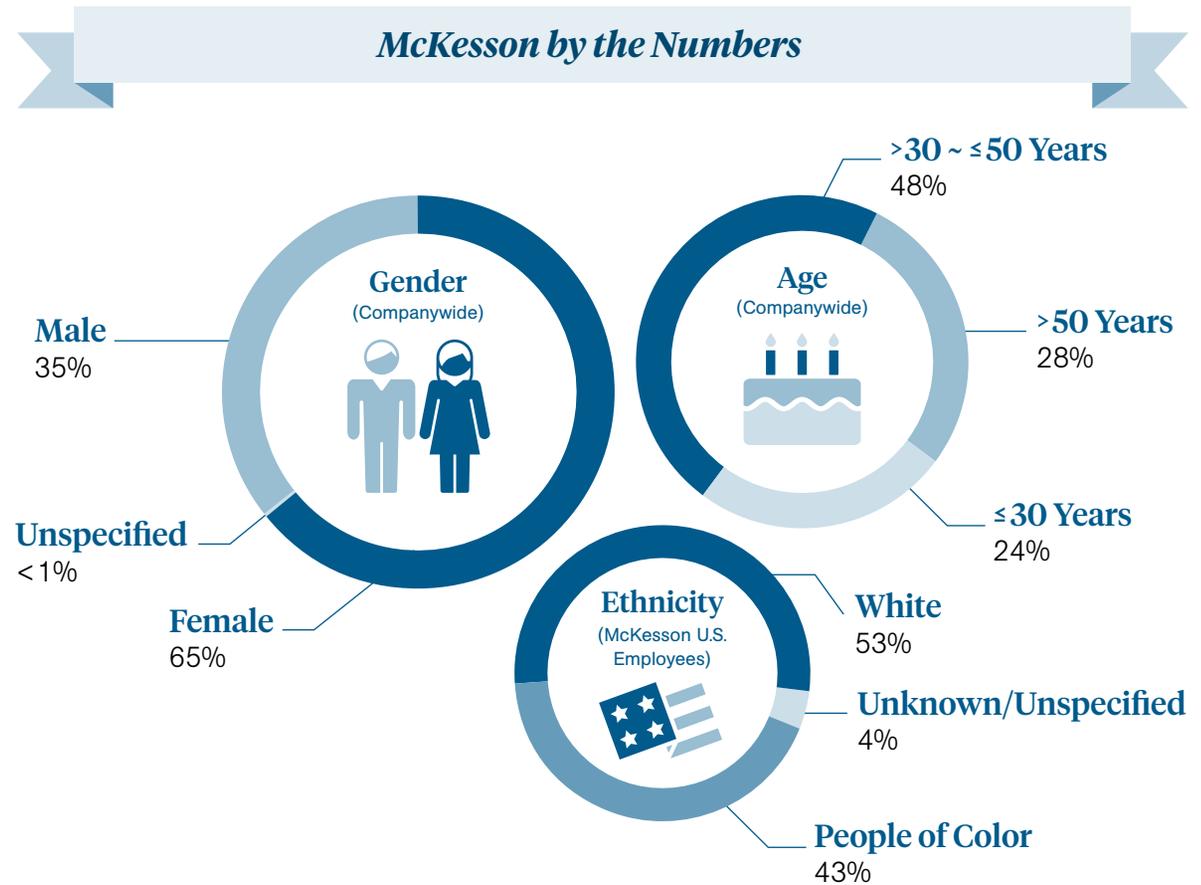
## Our People

We support healthy lifestyles for our employees and their families, and we design workplaces that are safe and secure. Beyond our facilities, a healthy workplace also means opportunities for employees to thrive and succeed.

Our people are the key to our success. We aim to be an employer of choice and to help employees leverage their strengths. To support their growth, we provide regular feedback and training. We work to create and maintain an inclusive environment where everyone brings their authentic self to work and enjoys great employee experiences at every touchpoint.

McKesson’s culture is one of empowerment, recognition, and belonging. It is grounded in our ICARE shared principles, which guide and unite all our employees. ICARE supports our inclusive corporate culture, where we treat others with respect and appreciate diverse identities, thoughts, backgrounds, and styles. Our culture is further brought to life through [ILEAD](#), which is our commitment to leadership behaviors across our work and our business. These behaviors, combined with our cultural values, are what makes McKesson unique and promote a culture in which all employees feel supported and valued.

We build the best teams by conscientiously recruiting, developing, and retaining diverse talent. We engage and build a high performing organization to deliver unrivaled business results.



## Creating Better Health for Our Employees and Communities

We are proud to be recognized for our culture of inclusion. Among other achievements in FY19, we were:

- Recognized for the fourth year by the [Disability Equality Index](#) as one of the best places to work.
- Honored as one of the [best places to work for LGBT equality](#) by the Human Rights Campaign for the 6th year in a row.
- Recognized as one of the [best employers for diversity](#) by Forbes.

We are committed to respecting the rights of all McKesson employees. Labor laws and practices vary among the countries where we do business, and we are committed to following all applicable labor laws and regulations in those countries, including those governing labor-management relationships.

### **Advancing employee well-being**

We offer programs that advance the physical, mental, financial and social well-being of our employees and their families. We focus on engaging all, and we measure our success through the annual global Employee Opinion Survey.

We know healthcare systems are different in different countries, and our programs reflect that. For example, in Canada and the U.S., our programs include an annual health review, an interactive wellness portal and an employee assistance program. In those countries, we also provide free fitness trackers that connect to an online wellness platform, organize health challenges, and maintain a network of employee Wellness Champions. We also help employees plan for retirement, whether they're far along in their career or just starting out.

### **Opportunities to grow**

McKesson wants our employees to be excited about their careers, so we invest heavily in employee growth and development. That means rewarding job assignments, one-on-one feedback from managers and opportunities for continued learning.

When it comes to career development, we focus on shared goals and individualized feedback. Each goal ladders up to our overriding goal: to improve care in every setting — one product, one partner, one patient at a time. We establish clear goals and regularly measure their achievement, and compensation increases are tied to their success. We encourage managers to provide ongoing coaching through discussions and quarterly check-in meetings. Through this process, managers provided formal feedback on 94% of eligible employees in the U.S. and Canada.

Training is important to career development. It helps employees succeed in their roles and prepares them for new challenges. It strengthens managers' coaching and management skills. Besides classroom training, we also offer classes through telepresence and fully online on-demand courses, so employees can learn when it fits their schedules. In FY19, our employees completed more than 290,000 hours of training (across the countries that are included in our centralized learning management platform, including Canada, the U.S., and some employees in the UK and Ireland).

We are always on the lookout for high-potential employees, and we have processes to help them advance. Through training, we encourage leaders to embrace diverse perspectives and lead inclusively.

In FY19, our employees completed more than 290,000 hours of training.

We support employees through the educational assistance program, which awarded over 1,175 tuition reimbursement grants totaling \$2.1 million in FY19.

## Creating Better Health for Our Employees and Communities

In North America, programs like Leaders Teaching Leaders and Women in Leadership include training, coaching and 360-degree assessments. These courses support not only the careers of future leaders, but also those of the employees in their organizations.

When employees seek higher education, we support them through the educational assistance program, which awarded 1,175 tuition reimbursement grants totaling \$2.1 million in FY19.

In Europe, we developed the START, GROW, DRIVE and EXPERT programs to promote talent and grow McKesson's international talent pool. START, GROW and DRIVE are for managers, while EXPERT supports specialists in expanding their knowledge and tackling increasingly complex challenges.

### *Keeping workplaces safe and secure*

Patient and employee safety is the foundation for all our work at McKesson. That's why we incorporate health and safety into all parts of our operations.

We start by being proactive. Our Security and Safety department in the U.S. continually monitors our environment to identify potential risks, so we can prevent and mitigate them. That includes having procedures in place and investing in equipment for physical and electronic security.

In North America, we routinely assess all of our key facilities to make sure they follow our established security and safety standards. If we identify a vulnerability, we document it and the facility prepares a plan to address it. Across distribution facilities, we prepare a monthly Leading Safety Indicator Dashboard to measure conformance to our standards.

In FY19, our distribution centers in the U.S. had a 96.9% effectiveness rate in core injury-prevention programs, including joint health and safety committees, periodic self-inspections, and employee training.



In FY20, we will continue to provide a safe and secure work environment for our employees and, by extension, for the customers and patients who depend on us.

# Creating Better Health for Our Employees and Communities

## *Reducing workplace injuries*

The first step to reducing workplace injuries is preventing them. In distribution centers, we focus on initiatives like safe lifting and pre-shift stretching. We focus on ergonomic design, as well as slip, trip and fall prevention.

In the U.S., injury rates (number of recordable injuries per 100 employees) improved in both distribution centers and offices during FY19. Total recordable injuries declined by 11% and lost-time injuries declined by 15%. In Canada, the injury frequency rate remained the same from FY18 and the severity index declined. In FY19, we gathered safety data from Europe as a baseline, and plan to expand safety reporting to include Europe starting with our FY20 corporate responsibility report.

## *Training is the cornerstone of safety*

Across McKesson North America, we foster a “working together, protecting together” culture. Our safety training programs are for employees at all levels. Throughout their time at McKesson, employees learn to identify and control hazards they may encounter at work or at home. They also receive specialized training related to their role, environment or the equipment they use. Just as we continually update our processes, we update and add new training programs, and we train managers to coach employees on safe work practices. In FY19, U.S. employees completed over 25,000 safety training courses.

In FY20, we will continue to provide a safe and secure work environment for our employees and, by extension, for the customers and patients who depend on us.

## Access to Healthcare

Across our company, we champion programs that help people access quality healthcare at a lower cost. Here are a few examples:

- **Bringing online doctors to patients:** In the UK, our LloydsPharmacy business offers online access to healthcare. Patients go to the website, choose a medication they would like to receive, and answer a series of questions. That information is examined by a doctor, who runs it through a sophisticated clinical algorithm that determines if it is safe to prescribe the medication. If the doctor needs to know more, he or she can send a personalized message to the patient in seconds. After the doctor approves the medication, he or she electronically signs the prescription. Patients can opt to either pick it up or have it delivered to their home. To keep the algorithms as safe and efficient as possible, they’re constantly updated. Besides convenience and less wait time, this service gives patients discretion for sensitive topics, such as hair-loss treatment and sexual health.
- **Bringing electronic health records to First Nations families:** In Canada, Jordan’s Principle is a legal rule designed to make sure First Nations families have equal access to healthcare. The Cowichan Tribes of Vancouver Island realized that without access to their own health information, it would be difficult to take an active role in their own healthcare. That’s why they partnered with McKesson Canada’s RelayHealth on Closing the Circle of Care. The project honors the tribes’ teachings, which include working collectively for improved health. With RelayHealth, tribe members now have secure access to their health records, along with the ability to directly message their healthcare providers online.

By helping people access quality healthcare at lower cost, we help make better health possible.

In the U.S., McKesson’s Health Mart business supports more than 5,000 pharmacies across the country, with nearly 30% located in rural communities.

## Creating Better Health for Our Employees and Communities

- **Caring for patients in rural settings:** Rural areas often have an older population with a greater need for managing medications, yet they have less access to pharmacy services. In the U.S., McKesson's Health Mart business supports more than 5,000 pharmacies across the country, with nearly 30% located in rural communities. Health Mart is a franchise program that helps independent pharmacies compete with chain and mail-order pharmacies. McKesson helps Health Mart pharmacies get competitive reimbursement rates. Other services include branding, in-store marketing advice and peer support. Keeping rural pharmacies healthy is only part of the story. In many communities, the pharmacist is the first line of defense for patients. Yet regulations are inconsistent across U.S. states. For example, pharmacists can give vaccinations in some states but not in others. In the U.S., McKesson advocates with policymakers for consistent licensing rules across states. The goal is to make care more accessible — and help shift it to lower-cost settings.

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### Caring for Our Communities

Giving back is a great way to build healthier communities. We provide opportunities that encourage and support employee volunteering and giving. Our programs are built to reflect our focus on better care, whether that means celebrating our Community Heroes or responding to emergencies.

#### ***Giving back, with a focus on better health***

In 2019, McKesson launched and seeded with \$100 million, a national, private, grantmaking foundation focused solely on advancing solutions to the opioid crisis. FORE, the Foundation for Opioid Response Efforts, works to identify actions that can be taken to stem the epidemic and drive meaningful solutions,

such as focusing on education for patients, caregivers and providers; addressing key policy issues; and increasing access to life-saving treatments. It is overseen by a board mostly comprised of outside directors, including healthcare and subject-matter experts, to ensure FORE's work reflects diverse perspectives and approaches to addressing this epidemic.

In FY19, McKesson Corporation contributed \$2.3 million in cash and merchandise to support a variety of charitable organizations in the U.S., Canada and Europe. The McKesson Foundation disbursed more than \$3.7 million to support cancer care and employees' community engagement efforts across the U.S. and Canada.

Here are some of the areas we focused on in FY19:

- **Supporting cancer patients:** In North America, the McKesson Foundation works with a network of Cancer Care Community Partners. These nonprofits are located near where our employees live and work. We support these partners through Giving Comfort, a charity program that has provided care packages to more than 76,000 cancer patients.

Employees create the care packages during Community Days, an annual volunteering event that drew 16,750 employees in 150 locations in FY19. By volunteering, employees also earn McKesson Foundation grants for their local Community Partner.

They also support the partners through McKesson in Motion, a charity wellness challenge that engaged more than 10,500 employees. During the challenge, employees completed workouts to support the fight against cancer. By participating, they earned McKesson Foundation grants for our Community Partners — just as they do for Community Days.

For the past three years, LloydsApotek has made annual donations to Ung Cancer (Young Cancer), which provides support to young cancer patients, in lieu of other holiday gift-giving.

## Creating Better Health for Our Employees and Communities

We could not bring these programs to life without the 257 employees across Canada and the U.S. who serve as Regional Volunteer Chairs across McKesson offices and distribution centers. They organize local events and inspire their colleagues to join our companywide volunteer programs.

In Europe, both our businesses and their employees showed their support for cancer nonprofits. For example, our LloydsApotek business in Sweden surveyed its employees to identify the nonprofits they most wished to support. Their top pick was Ung Cancer (Young Cancer), which provides psychosocial and community support to young cancer patients. For the past three years, LloydsApotek has made annual donations to the organization in lieu of other holiday gift-giving. In Germany, our GEHE business donates to PRIMAKLIMA, a nonprofit that organizes an annual camp to provide support and community for children fighting cancer.

- **Growing the international marrow registry:** In the U.S., we continue to partner with the [Gift of Life Bone Marrow Registry](#) to grow our McKesson Marrow Drive. Together, we've added more than 5,200 committed donors to the international registry. Employees register during voluntary biometric screenings, refer friends and family, and organize drives in the community. We also sponsor drives at partner universities. The registry urgently needs donors of diverse backgrounds, and we have partnered closely with McKesson's employee resource groups to help get the donors they need. As of the end of FY19, [the drive](#) has led to 26 matches and five transplants. Interest is growing across our company. In late FY19, our GEHE business in Germany started a marrow drive in partnership with DKMS, an international nonprofit. Starting at their headquarters office, it has already expanded to several of GEHE's warehouses.



Together, we've added more than 5,200 committed donors to the international registry. As of the end of FY19, the drive had led to 26 matches and five transplants.

## Creating Better Health for Our Employees and Communities

- **Volunteering our time and professional skills:** Fiscal Year 2019 marked the first year of our General Counsel Organization (GCO) Volunteer & Pro Bono Program. This initiative offers an opportunity for members of the GCO to volunteer their time in service of their community – with options for doing so by sharing their professional skills. Through the program, GCO team members gave free legal advice to people in need at a Dallas clinic and provided free consulting to help Atlanta-area nonprofits navigate the legal system and spot legal issues that could affect them. We have had teams of GCO members volunteer at food banks in Las Colinas, Atlanta and Washington DC, and bring holiday cheer to a children’s center in Houston. The San Francisco office is currently sponsoring a research project to help enhance access to civil legal aid for victims of domestic violence.

As it enters its second year, the program will seek additional ways to help our local communities as well as undertake projects more national in scope that provide opportunities for collaboration across the GCO.

### Recognizing our heroes

Through the McKesson Community Heroes program, we celebrate employees who make outstanding contributions to their communities and workplaces. The program is open to all employees across the company. It works like this: Employees share stories of how they support the causes that matter most to them (for example, environmental awareness, patient health or a favorite charity). All applicants have one thing in common: They live by our ICARE shared principles.

Employees can nominate themselves or their peers. Voting panels in Canada, Europe and the U.S. select honorable mention recipients and finalists. An international panel selects the top winners.

In FY19, we recognized 29 employees in eight countries with grants exceeding \$48,000. The top three winners each received a \$5,000 grant.

- **Sara Shelton**, Richmond, Virginia, U.S. Sara volunteers with Safe Harbor, a nonprofit that serves survivors of domestic violence, sexual assault and human trafficking. She helps people rebuild their lives. Since 2012, Sara has covered hospital shifts for 24 – 36 hours each month. Two years ago, she joined Safe Harbor’s board.
- **Wendy Francis**, Mississauga, Ontario, Canada. For the past three years, Wendy has volunteered with Family Council of the Seven Oaks, a care center for people with Alzheimer’s, dementia and other mental health issues. Recently, she stepped up to serve as council chair, volunteering up to 15 hours every week.
- **Ezio Riva**, Carugate, Italy. Four years ago, Ezio and his friends started La Compagnia della Polenta, a nonprofit that serves the homeless in Milan, Italy. They give out homemade food along with beverages, clothes and hygiene products. To promote sustainability, they cook vegan meals and use supplies that can be recycled.

While we can only recognize a small number of employees as Community Heroes, we consider every volunteer and donor a hero. In North America, employees can earn grants for volunteering and serving on a nonprofit’s board of directors, and they can double their charitable donations through our matching gifts program.



**16,750 employees** helped build care packages **at 150 locations** across North America and raised over **\$222,000 for cancer care**



Donated more than **\$48,000** in 8 countries through **Community Heroes** volunteer award program



**10,537 employees** in the U.S and Canada participated in **McKesson in Motion** charity wellness challenge and raised **\$115,000 for cancer care**



**257 employees** serve as **Regional Volunteer Chairs** in North America



**101 employees** received the **U.S. President’s Volunteer Service Award**

# Creating Better Health for Our Employees and Communities

## Stepping forward during emergencies

When emergencies strike, we stand by our employees, customers and communities. In FY19, these were again close to home in the U.S., as many found themselves in the paths of Hurricanes Florence and Michael and in California, our neighbors faced massive and deadly fires.

When natural disasters appear likely, we act quickly. McKesson contacts customers and first responders to encourage them to order additional inventory. We prepare our facilities for difficult conditions and stock extra medication and supplies, such as vaccines for first responders. We partner with government agencies to help our drivers access roads, so patients can receive the medications they need.

In addition, we support disaster relief through our Taking Care of Our Own Fund, a relief fund that supports our people when the unexpected happens. Since 2013, it has provided cash grants to employees who face hardship after sudden and severe events, including natural disasters and personal hardships. It is supported by donations from McKesson and the McKesson Foundation, as well as from employees.

In FY19, as part of the Taking Care of Our Own Fund, we introduced \$1,000 Get You to Safety grants to provide evacuation assistance to employees. The grant money is wired within 24 hours for qualified government-declared disasters. In addition, we expanded the Fund to McKesson Canada. During the fiscal year, these grants supported more than 180 McKesson employees affected by Hurricanes Florence and Michael, as well as California fires, and floods in the Midwest and Quebec. In total, the Fund supported 393 employees with more than \$842,000 in grants in FY19.

## Philanthropy Highlights



**Assisted 393 employees** through the McKesson Foundation **Taking Care of Our Own Fund**



**\$88,000** awarded in board **service grants**



**Donated \$1 million+** through employee **matching gifts** program



**651 students** supported and **\$2.8 million** donated for **scholarships** since 1988



Added more than **5,200 potential donors** to the **international marrow registry** since start of McKesson Marrow Drive

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
GRI 101	Foundation 2016	
GRI 102	General Disclosure 2016	
<b>Organizational Profile</b>		
102-1	Name of the Organization	McKesson Corporation, <a href="#">p.5</a>
102-2	Activities, brands, products and services	<a href="#">p.5</a>
102-3	Location of headquarters	Our headquarters are at 6555 State Highway 161, Irving, Texas, U.S.
102-4	Location of operations	McKesson has significant operations in Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Slovenia, Sweden, the United Kingdom and the United States. We also have a joint venture in the Netherlands. <a href="#">p.5</a>
102-5	Ownership and legal form	<a href="#">p.5</a>
102-6	Markets served	<a href="#">p.5</a>
102-7	Scale of the organization	<a href="#">p.5</a>
102-8	Information on employees and other workers	<a href="#">p.22-23</a>
102-9	Supply chain	<a href="#">p.11</a>
102-10	Significant changes to the organization and its supply chain	No significant changes during FY19.
102-11	Precautionary principle or approach	<a href="#">p.5</a>
102-12	External initiatives	<a href="#">p.10</a>

GRI Standard/ Disclosure	Description	Page/Comment
102-13	Membership of associations	McKesson is active in trade and industry associations. For example, McKesson is a member of the Healthcare Distribution Alliance; NPAC (Neighbourhood Pharmacy Association of Canada); and GIRP, the European Healthcare Distribution Association.
<b>Strategy</b>		
102-14	Statement from senior decision-maker	<a href="#">p.3-4</a>
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards and norms of behavior	Across McKesson, we are guided by our Code of Conduct and our ICARE and ILEAD shared principles. These principles are a uniting force, connecting us across business units, geographies and functional areas. For details, please see <a href="#">mckesson.com</a> .
<b>Governance Structure</b>		
102-18	Governance structure	Our corporate governance strategy aims to secure our competitive position, strengthen confidence in our company and create value over the long term. Good corporate governance strengthens confidence among our shareholders, business partners and employees, promotes transparency in our company and contributes to sustainable growth.  See Our Take on Good Governance, <a href="#">p.7-8</a> .

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Our stakeholders include employees (including our in-house CSR Advisory Council), communities, customers, suppliers, partners, investors, government/policymakers and nongovernmental organizations. See description of materiality assessment, <a href="#">p.9</a> .
102-41	Collective bargaining agreements	<a href="#">p.23</a>
102-42	Identifying and selecting stakeholders	We considered customers, government agencies, industry associations, investors, joint venture partners, non-governmental organizations and suppliers.
102-43	Approach to stakeholder engagement	We engage internal stakeholders through our CSR Advisory Council, including regularly scheduled 1:1 meetings with members and meetings of the full council. During FY18, we engaged internal/external stakeholders through our materiality study, which included one-on-one interviews, group interviews, a survey and review of source materials.
102-44	Key topics and concerns raised	Three of our key topics for FY19 were eco-efficiency, product safety and consumer safety, and access to healthcare. In the U.S., McKesson's efforts to address the opioid epidemic was a key topic during FY19. For details, please see <a href="#">mckesson.com</a> .
102-45	Entities included in the consolidated financial statements	<a href="#">Form 10-K</a> , p. 3-8

GRI Standard/ Disclosure	Description	Page/Comment
<b>Reporting Practices</b>		
102-46	Defining report content and topic boundaries	The boundary of this report is McKesson's worldwide operations, including Europe, Canada and the U.S.  We defined content through a materiality assessment, which included employees, customers, investors, suppliers, industry associations, government agencies, NGOs and joint venture partners. The process included the perspectives of internal and external stakeholders from Canada, Europe and the U.S.  Other components of the assessment included peer benchmarking, impact mapping, synthesis and analysis of results.
102-47	List of material topics	We have included all of the topics covered in our FY18 report.
102-48	Restatements of information	None.
102-49	Changes in reporting	No significant changes.
102-50	Reporting period	April 1, 2018 to March 31, 2019 (McKesson's Fiscal 2019)
102-51	Date of most recent report	August 2018.
102-52	Reporting cycle	We report annually.
102-53	Contact point for questions regarding the report	Please direct questions to <a href="mailto:mckessoncorporatecitizenship@mckesson.com">mckessoncorporatecitizenship@mckesson.com</a> .

# GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance the <a href="#">GRI Standards: Core option</a> .
102-55	GRI content index	This table constitutes our GRI Content Index.
102-56	External assurance	We plan to pursue external assurance for future reports.
<b>Material Topics</b>		
<b>Economic Performance</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.5</a>
GRI 103-2	The management approach and its components	<a href="#">p.5</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.5</a>
<b>GRI 201: Economic Performance 2016</b>		
GRI 201-1	Direct economic value generated and distributed	Please see our Form <a href="#">Form 10-K</a> for detail on our FY19 annual revenues of \$214 billion.
GRI 201-2	Financial implications and other risks and opportunities due to climate change	We address climate change through our corporate responsibility and environmental sustainability efforts. Please see this report, <a href="#">p.16-21</a> .
<b>Indirect Economic Impacts</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.26</a>

GRI Standard/ Disclosure	Description	Page/Comment
GRI 103-2	The management approach and its components	<a href="#">p.26</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.26-29</a>
<b>GRI 203: Indirect Economic Impacts 2016</b>		
GRI 203-1	Significant indirect economic impacts	<a href="#">p.26</a>
<b>Anti-corruption</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.6</a>
GRI 103-2	The management approach and its components	<a href="#">p.6</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.6</a>
<b>GRI 205: Anti-corruption 2016</b>		
GRI 205-2	Communication and training about anti-corruption policies and procedures	<a href="#">p.6</a>
<b>Energy</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.16</a>
GRI 103-2	The management approach and its components	<a href="#">p.16</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 302: Energy 2016</b>		
GRI 302-1	Energy consumption within the organization	<a href="#">p.19</a>
GRI 302-4	Reduction of energy consumption	<a href="#">p.16-19</a>
<b>Water</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.20</a>
GRI 103-2	The management approach and its components	<a href="#">p.19-20</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>
<b>GRI 303: Water 2016</b>		
GRI 303-1	Total volume of water withdrawn with breakdown of source, standards used	<a href="#">p.19</a>
<b>Emissions</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.16</a>
GRI 103-2	The management approach and its components	<a href="#">p.16</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 305: Emissions 2016</b>		
GRI 305-1	Direct (Scope 1) GHG emissions	<a href="#">p.19</a>
GRI 305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">p.19</a>
GRI 305-5	Reduction of GHG emissions	<a href="#">p.16-19</a>
<b>Effluents and Waste</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.20</a>
GRI 103-2	The management approach and its components	<a href="#">p.20</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.19</a>
<b>GRI 306: Effluents and Waste 2016</b>		
GRI 306-2	Waste by type and disposal method	<a href="#">p.19</a>
<b>Environmental Compliance</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.21</a>
GRI 103-2	The management approach and its components	<a href="#">p.21</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.21</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 307: Environmental Compliance 2016</b>		
GRI 307-1	Non-compliance with environmental laws and regulations	During the period covered by this report (April 1, 2018, through March 31, 2019), McKesson was in material compliance with all applicable environmental regulations. <a href="#">p.21</a>
<b>Employment</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.22</a>
GRI 103-2	The management approach and its components	<a href="#">p.22</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.22</a>
<b>GRI 401: Employment 2016</b>		
GRI 401-1	New employee hires and employee turnover	We hired more than 4,400 employees in the U.S. and Canada in FY19.
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We operate in a number of countries, and our benefits vary accordingly. These can include health and wellness benefits, savings programs to prepare for retirement, commuter subsidies to encourage the use of public transportation, and flexible work arrangements when possible. We also offer programs that encourage employee community involvement, such as our companywide McKesson Community Heroes recognition program.

GRI Standard/ Disclosure	Description	Page/Comment
<b>Occupational Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.24-25</a>
GRI 103-2	The management approach and its components	<a href="#">p.24-25</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.25</a>
<b>GRI 403: Occupational Health and Safety 2016</b>		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	<a href="#">p.25</a>
<b>Training and Education</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.23-24</a>
GRI 103-2	The management approach and its components	<a href="#">p.23-24</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.23</a>
<b>GRI 404: Training and Education 2016</b>		
GRI 404-1	Average hours of training per year per employee	<a href="#">p.23</a>

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.23</a>
GRI 103-2	The management approach and its components	<a href="#">p.23-24</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.23</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
GRI 405-1	Breakout of employees and governing body members by gender, age, and ethnicity	<a href="#">p.23</a>
<b>Forced or Compulsory Labor</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.6</a>
GRI 103-2	The management approach and its components	<a href="#">p.6</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.6</a>
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
GRI 409-1	Measures taken to eliminate all forced labor	<a href="#">p.6</a>

GRI Standard/ Disclosure	Description	Page/Comment
<b>Public Policy</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	Please see the <a href="#">Political Engagement</a> page at <a href="#">mckesson.com</a> and the <a href="#">Public Affairs</a> page at <a href="#">mckesson.eu</a> .
GRI 103-2	The management approach and its components	McKesson understands that the decisions made by policymakers have a profound impact on our industry, business, customers, and the patients they serve. We seek to educate officials about the solutions we offer to improve patient safety and improve the quality and efficiency of healthcare delivery. We believe that transparency and accountability are important, so we publicly disclose political contributions in the U.S., the only country where we make them. We are committed to complying with all applicable laws relating to our work.
GRI 103-3	Evaluation of the Management Approach	Please see our response to GRI 103-2 above.
<b>GRI 415: Public Policy 2016</b>		
GRI 415-1	Total monetary value of financial and in-kind donations made directly and indirectly, by country and recipient; how value is estimated	For details, please see our <a href="#">Political Contributions Report</a> .  All information is for the U.S. We do not make political contributions in Canada or Europe.

## GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
<b>Customer Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>		
GRI 103-1	Explanation of the material topic and its Boundaries	<a href="#">p.11-14</a>
GRI 103-2	The management approach and its components	<a href="#">p.11-14</a>
GRI 103-3	Evaluation of the Management Approach	<a href="#">p.11-14</a>
GRI Standard/ Disclosure	Description	Page/Comment
<b>GRI 416: Customer Health and Safety 2016</b>		
GRI 416-1	Percentage of product and service categories for which health and safety impacts are assessed for improvement	<a href="#">p.14</a>

**Code of Conduct**

**Exhibit D**

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# McKesson Code of Conduct





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## Message from Brian Tyler



### **Dear Team,**

Ethics and integrity are at the heart of who we are as a company. Every day, our ICARE Shared Principles guide and connect us across business units, geographies and languages. As McKesson continues to grow globally and compete in the changing healthcare marketplace, doing business honestly and ethically is critical to our long-term success and ability to achieve our mission of improving healthcare in every setting.

The McKesson Code of Conduct is your guide to working with customers, industry partners, coworkers and others. Please take the time to read, understand and commit to following it. As a team, we're all responsible for protecting the company's integrity. If you ever have questions about the Code or concerns about a situation, see the "How to Take Action" section on page 4.

Thank you for your dedication to McKesson, our customers and the patients we serve.

Sincerely,

Brian Tyler  
Chief Executive Officer

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## ICARE Guides Us

Everything we do is driven by our Shared Principles, known as ICARE. These principles are a uniting force, connecting us across business units, geographies, and functional areas. These values shape our corporate culture. Our Shared Principles enable us to make a positive difference among our stakeholders, including customers, communities, shareholders, and each other.



### **INTEGRITY**

We do what's right.

Our employees make decisions, both big and small, with a focus on what is ethically right. Above all, we are committed to the greater good — for our company, our customers and the health care industry.

### **CUSTOMER-FIRST**

We succeed when our customers succeed.

Our commitment to our customers sets us apart. We hear time and again from our customers that they choose us for our follow-through and customer-focused service. Our customers are at the center of everything we do, and our success comes from their success. They benefit from our company's customized approach to their business and our ability to help them stay ahead of the changing health care landscape.

### **ACCOUNTABILITY**

We take personal responsibility for our actions and our work.

Our employees make personal commitments — to their customers, vendors, colleagues and jobs. We hold ourselves accountable for keeping those promises, and we take individual responsibility for the decisions we make to get results for our customers. We build trust with our customers by delivering on our promises.

### **RESPECT**

We treat people with dignity and consideration.

Our people treat each other, our customers and our vendors with dignity, consideration, open-mindedness and respect. By valuing diverse styles and skills, recognizing each individual's contribution, and staying open to each other's perspectives, our company cultivates an environment of innovation and collaboration — which pays off in the way we solve problems for our customers.

### **EXCELLENCE**

We insist upon quality.

Our journey to excellence never ends — we always aim higher for our customers and partners. We take action with success in mind and focus on results, constantly finding new ways to innovate and improve, and we rigorously measure our progress. When customers choose our company, they're choosing an industry leader who will work tirelessly to achieve excellence in quality, safety and efficiency — for the better health of our customers and the entire health care industry.

# Purpose and Scope of Our Code



## Purpose and Scope of Our Code

### Purpose and Scope

We do business honestly and ethically. By doing so, we grow as a company and earn the support of those who rely on our business. This Code of Conduct (the “Code”) describes fundamental principles, local policies, and procedures that shape our work. Much like ICARE, our Code connects each of us. It is a valuable tool designed to help us make ethical decisions both day-to-day and in difficult situations.

We comply with applicable laws everywhere we do business around the world. Consequently, this Code is also subject to relevant local legislation. Sometimes, local law or policy may be less or more restrictive than our Code. We must follow the stricter rules in these instances. For situations involving a conflict, contact your Compliance Officer or the Law Department.

As employees, we have a duty to read and understand our Code and the local policies applicable to our jobs. The Code can’t predict every situation we might encounter, so it is essential to check our local policies and to ask questions when we are unsure. We should also speak up when we are aware of (or even suspect) illegal or unethical behavior or violations of the Code, other local policies or applicable laws.

### Who Does the Code Cover?

This Code applies globally to all employees, officers, and directors—regardless of position or tenure. We also seek business partners who share our values and commitment to doing business with integrity.



### Remember:

It is our responsibility to follow our Code, company policies, and the law. Failure to comply can carry serious consequences, which can include, depending on local law, appropriate disciplinary actions up to termination of employment. If you have questions or concerns about any of the rules, regulations, local policies, or laws that apply to your work, raise them *before* taking action.

# Our Core Responsibilities



# Our Core Responsibilities

## Doing Business Fairly and with Integrity

Our Code—along with other company policies, guidelines, procedures, standards, and resources—guides us when confronted with a difficult situation.

### Ask Yourself:

**Is it legal and in line with internal policies?**

**Does my action reflect the ICARE principles of Integrity, Accountability, and Respect?**

**Am I being truthful and honest with everyone involved?**

**Would I feel comfortable if my actions were reported in the news?**

**How might others be affected by the choice I make?**

## Our Responsibility to Speak Up

It is important to raise concerns. This includes violations of our Code, company policies or procedures, and the law. If you're asked to commit or are aware of an illegal or unethical act, you are encouraged to speak up promptly. Our company listens to and takes concerns seriously—rest assured your concern will be investigated promptly and thoroughly.

A concern is to be raised in “good faith,” which means coming forward with a suspicion you believe to be true, even if it is later determined that no wrongdoing occurred. We do not tolerate any form of retaliation for raising concerns, asking questions, or participating in an investigation in good faith.

## WHAT IF...

What happens after I contact the Integrity Line to discuss a concern or question?

The Integrity Line representative relays the information you provide to the appropriate company resource for review and follow-up, as appropriate.

## How to Take Action – McKesson Employees

You can ask a question or raise a concern by contacting any of the following:

- Your Manager or Supervisor
- Your Compliance Officer or the Global Compliance and Ethics Office\*
- Your Human Resources Department or the U.S. HR Support Center\*
- Corporate Security & Safety\*
- The Law Department\*
- McKesson’s Integrity Line

### McKesson’s Integrity Line

- McKesson’s Integrity Line is operated by an independent third party.
- It is available 24 hours a day, seven days a week, with operators available in multiple languages.
- Anyone within or outside the company can use the Integrity Line to raise a confidential concern. Concerns can be raised anonymously, if requested.
- McKesson’s Integrity Line is accessible via the phone or the web. Web access is available by pointing your browser to [integrity.mckesson.com](http://integrity.mckesson.com).
- Inside the U.S., the Integrity Line is accessible via phone at 1-877-625-4625. Local toll-free numbers for locations outside the U.S. are listed at [integrity.mckesson.com](http://integrity.mckesson.com).
- In some countries, local laws may limit the types of concerns raised via McKesson’s Integrity Line. Additional information is available at [integrity.mckesson.com](http://integrity.mckesson.com). Should you wish to report other matters, please contact your local manager, Human Resources, or the Law Department.

\*Specific contact information can be found on McKNet.

## How to Take Action – McKesson Europe Employees

You can ask a question or raise a concern by contacting any of the following:

- Your Manager or Supervisor
- Your Compliance Officer or Group Compliance & Corporate\*
- Your Human Resources Department\*
- The Legal Department\*
- The Compliance Helpline

### Compliance Helpline

- The Ombudsman is an independent third party to whom concerns can be raised anonymously, if requested.
- The Ombudsman is available 24 hours a day, seven days a week, with support available in multiple languages.
- The Ombudsman can be reached under 00800 – OMBUDSMAN or 00800 – 66283762 (toll-free from any McKesson Europe country) and also by fax: +49(0)521.557333-44 or email: [ombudsman@thielvonherff.com](mailto:ombudsman@thielvonherff.com).
- In some countries, local laws may limit the types of concerns raised via the Ombudsman. In these cases, please contact the other resources named above if you wish to raise a concern.

\*Specific contact information can be found on the McKesson Europe Net.

## Cooperate with Investigations

We are committed to prompt investigation of any concerns brought to our attention. It is important to provide all information requested in any investigation conducted by our company. Always provide accurate information, and do not make untrue or misleading statements or encourage anyone else to do so.

Government agencies also may request information from or about our company. If you are contacted by an outside investigator, please contact the Law Department or your Compliance Officer immediately.

If you are notified by the Law Department, your Compliance Officer or your manager that documents in your possession are subject to a legal hold or are needed for an investigation, be sure to follow directions and preserve those documents. Under no circumstances should you destroy, conceal, or alter those records in any way.

## Managers' Responsibilities – Leading by Example

Managers have a special responsibility to lead by example and model and encourage ethical behavior. This is an integral part of the leadership role. Regular conversations with your direct reports about the importance of integrity in the workplace are expected. In addition, always remember to:

- Understand and promote the Code and the internal policies.
- Set a positive example through your own ethical behavior.
- Make sure your employees know they can come to you with questions and concerns, and that you'll listen and respond appropriately.
- Not retaliate against an employee for raising a concern in good faith.

### Remember:



If you feel that you or someone you know at our company has experienced retaliation, you should raise the issue immediately through the resources listed in the **How to Take Action** section of this Code.

**We Deliver Honest Value  
in the Marketplace**



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## **We Deliver Honest Value in the Marketplace**

### **Marketing and Selling Honestly**

The way we market and sell is a reflection of our values and is a key driver of our success. It is essential to remember the following standards when marketing and selling to all customers.

- Represent yourself and the company with integrity to protect our reputation as a trustworthy organization.
- Only make honest, accurate claims about our company's products and services.
- Talk about the benefits of our own products, rather than disparaging those of our competitors.
- Do not use misleading or unfair comparative advertising.

### **Service and Product Quality**

Our company has built a reputation around excellent services and high-quality, safe products. To protect that reputation we comply with quality and safety-related standards. These include applicable laws and regulations and internal procedures that promote the safe handling, distribution and manufacture of high-quality goods.

We also hold our suppliers accountable to ensure the quality of the products and services they provide to us. If you see anything that may compromise our reputation for quality, you should promptly raise the issue.

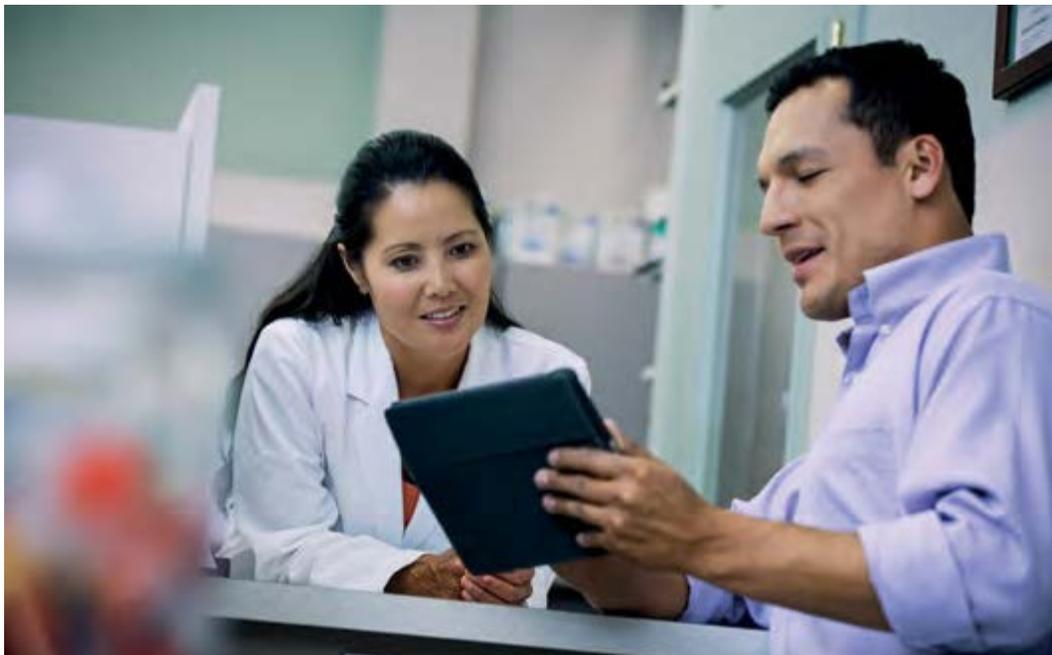


## Marketing and Selling to Healthcare Professionals

We respect the integrity of the relationship between patients and providers, and the healthcare decisions they make. We also believe that anyone who pays for healthcare goods and services should get full value for their purchases. To help ensure this happens, there are many laws intended to protect against fraud, waste, and abuse in healthcare. We comply with these laws by not offering things of value, including gifts or entertainment, which may improperly influence the decisions of Healthcare Professionals.

When Healthcare Professionals provide services to our company, we compensate them at fair market value for their work and take all local legal requirements into account. We ensure that the decision to hire the services of Healthcare Professionals, and the amount we pay for those services, is not intended to improperly influence their purchasing decisions.

For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.



### Remember:



What is acceptable in the commercial business environment may be unacceptable when interacting with government customers or Healthcare Professionals and will vary by business location, national legislation and jurisdiction. The laws and regulations that apply to these activities are complex and can involve multiple regulatory agencies. Check if local policies are implemented in your country for specific limits and requirements regarding activities and relationships with Healthcare Professionals and government customers, and act accordingly. Contact your Compliance Officer or the Law Department should you require additional guidance.

## WHAT IF...

Can I take a prospective client to lunch?

There may be legal limits on the meals and entertainment we can offer to Healthcare Professionals or other business partners. We also want to avoid even the appearance of obligating or inappropriately influencing the potential customer. For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.

## Marketing and Selling to Governments

We value our ability to compete fairly when providing goods and services to government customers, whether federal, state, provincial, or local. There are many local laws intended to protect the integrity of government purchasing, covering topics from seeking new business opportunities, to bidding and negotiating contracts, to developing a relationship with government employees, to accurately recording and reporting required information, to hiring former government employees.

In all aspects of our business with government customers, we are careful to comply with our company's implemented local policies and applicable laws to guard against improper influence and abuse. For example, there are restrictions to giving gifts, meals, or entertainment to government employees. For more details, speak to your Compliance Officer or check if local policies are implemented in your country.

## Remember:



We play a special role in maintaining the integrity of healthcare delivery to government customers. Be careful to fully comply with all applicable laws, regulations, and existing local policies when interacting with government entities and individuals.



## Anti-Corruption

We do not tolerate corruption or bribery in our business practices by our employees or third parties working on our behalf. In many of the places where we do business, we may be subject to a variety of anti-corruption and commercial bribery laws.

We do not promise, offer, or give “anything of value” to either a government official or an employee or representative of our commercial business partners with the intent to improperly influence their conduct. We also do not receive anything of value that could be perceived to improperly influence our conduct.

We also expect our business partners and other third parties working on our behalf to comply with all local anti-corruption and anti-bribery laws and standards. This includes third parties who might interact with a customer or a government official on our behalf.

You cannot hire a third party agent or entity to do something that would not be allowed under this Code. Additionally, you cannot hire a consultant or third party agent who you suspect may attempt to engage in bribery or corrupt activities. If you plan to engage a third party who might interact with a customer or government official on our behalf, please speak to your Compliance Officer or check if local policies are implemented in your country.



### Remember:

“Anything of value” is broadly interpreted and can include such items as cash, gifts, meals, entertainment, travel expenses, charitable donations, loans, and job placements.



### Key Terms

A “**government official**” is broadly defined and includes more than just someone who is elected to public office. It can include employees of federal, state, and provincial governments, international organizations, or state-owned entities, such as doctors at a public hospital or professors at a public university. The term also includes judges, members of health or supervisory authorities, and members of the military — in short, any public servant. Officials of political parties or candidates for public office may also be government officials.

## WHAT IF...

You are at an industry trade show. A competitor's sales representative, who works in your territory, asks you to lunch in order to discuss a sales opportunity that will be "mutually beneficial." What should you do?

Before responding to the invitation, consult with the Law Department or your Compliance Officer for guidance.

## Fair Competition

We value a marketplace in which our company competes to sell superior services and quality products at fair prices. Laws in many of the places where we do business are intended to protect fair and open competition. To comply with these laws, you should not discuss, coordinate, or agree with a competitor to fix prices, divide sales opportunities or territories, split or "fix" bids, refuse to deal with (or boycott) a supplier or customer, or otherwise limit distribution channels in an illegal manner.

Check if local policies are implemented in your country and consult with the Law Department if your conduct may give even the impression that our company is unfairly leveraging a dominant market position to affect competition. In addition, you should get guidance from the Law Department before participating in a trade association or standard-setting organization or discussing a joint venture arrangement (whether with a competitor, customer, or supplier).



## Competitive Intelligence

We value fair and open competition, and we only gather competitive information through legal and ethical means. For example, we do not collect information about our competitors through deception, manipulation, or misrepresentation. If a new employee comes to the company from one of our competitors, we welcome the addition, but not any confidential information about their former employer.

If you have questions or concerns about competitive information, contact the Law Department or your Compliance Officer for guidance.

## Political Contributions

We value a system in which each of us is free to express our political voice. In some cases, laws or internal policies attribute personal political contributions made by employees and their families to the company and restrict such contributions or impose reporting requirements. For this and other reasons, it is important that you not use company time or resources for personal political activity. You should not state, or even imply, that the company requires, guides, or supports your personal political activities.

In Europe, we do not make political donations as a company. However, the company ensures our views are expressed to governments and policy leads in an appropriate, transparent and effective manner on matters that could impact our business or our customers.

Federal, state, and local laws may exist to prevent improper influencing of public officials or restrict how the company participates in the political process. These laws require anyone who seeks to influence public officials to register as a lobbyist and require reporting by those who engage in lobbying activities. To comply with these laws, the company requires you to notify Public Affairs or the local Law Department before engaging in any activity on behalf of the company to influence a public official, whether directly or indirectly, through oral or written communication.



## International Trade

We value our ability to source and distribute quality products and services in countries around the globe. In order to protect and promote fair and safe international trade, laws in many of the places we work regulate where, when, and how we may import and export our products. These laws, which may also relate to associated licensing and recordkeeping, and to embargoes and international boycotts, are complex. For more details, please speak to your Compliance Officer or check if local policies are implemented in your country.



**We Treat Others  
with Respect**



# We Treat Others with Respect

## Prevention of Workplace Harassment

We are committed to providing a workplace free from harassment. While harassment can look and sound different depending on the circumstances, it creates or contributes to an offensive, intimidating, and uncomfortable workplace and will not be tolerated. Harassment is commonly understood to include verbal, physical, visual, or written conduct. In some countries bullying conduct may constitute harassment. Some examples of harassing behavior can include:

- Inappropriate, demeaning, or offensive jokes, comments, or other messaging
- Unwanted physical conduct
- Threats
- Sexually suggestive visual images, statements, or actions

Anyone who witnesses or experiences any form of harassment should speak up right away. Harassment-related concerns may be raised through the resources listed in **How to Take Action**. Our company does not tolerate retaliation against those who raise concerns in good faith.

For more details, please speak to your Human Resources Department or check if local policies are implemented in your country.

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## WHAT IF...

What should I do about a coworker who makes me uncomfortable by regularly touching my shoulder when walking by saying "hello"?

If you feel comfortable doing so, have a conversation with your coworker and ask them to stop. If that doesn't work or you'd rather not discuss the matter directly, contact the resources listed in **How to Take Action** for assistance.

## **Diversity and Non-Discrimination**

We maintain a balanced and diverse work environment by providing equal opportunity to employees and treating each other with dignity and acceptance, even when our ideas or experiences may differ. We cooperate to make sure our workplace is respectful, inclusive, and productive.

We all benefit from our ability to attract the best and brightest in the industry. That means employment decisions (for example, hiring, terminations, promotions, and transfers) are made on individual merit. We do not engage in unlawful discrimination.

For more information, please check if local policies are implemented in your country.

## **Corporate Citizenship**

Our commitment to good corporate citizenship is a fundamental part of creating sustained value for both society and our company. We also value the opportunity to give back to our communities. In many locations, our corporate citizenship program encourages community involvement efforts in order to improve the health of our communities, develop a highly engaged and healthy workforce, and create better health for all. We strive to do business with entities that share our ICARE principles.

We seek to preserve and protect the environment, and we are committed to complying with environmental laws. Reports of any actual or potential environmental, health, or safety problems, or violations of policies in these areas, should be immediately raised to your manager or through the resources listed in [How to Take Action](#).



## **Workplace Security and Safety**

We are committed to providing safe, secure, and hazard-free work environments worldwide. Safety is everyone's responsibility—we should all speak up about unsafe conditions or activities and ensure they are reported appropriately. For more information, please check if local policies are implemented in your country.

## **Prevention of Workplace Violence**

A safe environment is free from all forms of violence, be it a verbal or physical threat, an act of intimidation or abuse, or a blatant physical assault. No matter its form, violence at our company will not be tolerated. If you witness violence between coworkers or third parties working on our behalf, you should report it immediately. If the situation escalates and there is a threat to your immediate safety or the safety of those around you, call local authorities first.

## **Substance Use in the Workplace**

We help ensure the safety of our workplace by arriving ready to give our best each day. But we can't give our best if we are under the influence of drugs or alcohol. These impair our judgment and motor skills, while also putting our coworkers, customers, and others at risk. During authorized company events or at special occasions, we may drink alcohol in moderation but are expected to act appropriately and professionally during such times.

We may not illegally possess, use, or sell drugs or alcohol while conducting company business or on company property.

For more information, please check if local policies are implemented in your country.



## Confidentiality

### Patient and Consumer Information

We are committed to protecting personal information and protected health information. Complex laws limit the way health plans, pharmacies, hospitals, and other covered entities can access, use, or disclose patients' personal data and other special categories of data. You may only access, use, store or disclose such data if necessary, if you are specifically authorized to do so as part of your official job responsibilities, and if you are acting in compliance with all applicable laws and company policies.

For more information, please check if local policies are implemented in your country.



## Employee Information

Those of us with access to personal employee information must take special care to limit its access to only those company personnel with a legitimate need to know it. We must safeguard it appropriately both during and after our employment with the company. If you become aware of any instance where personal employee information was or may have been improperly disclosed, immediately contact your Compliance Officer about your concern.

### Remember:

We respect each other by protecting personal employee information we encounter in the course of our work. All personal employee information should only be used for its lawful and intended purpose.



**We Operate  
with Integrity**



# .....

## **We Operate with Integrity**

### **Conflicts of Interest**

Operating with integrity means we avoid activities, relationships, or situations that can create an actual or potential conflict of interest, or the appearance of one. A conflict of interest arises when a personal interest, relationship or activity may interfere with our business objectivity or loyalty to our employer. When performing our jobs, we should always put our company's best interests before any personal interest.

Conflicts may arise in many situations. For example, outside business activities, such as serving on a board of directors, employment, self-employment, or working on a consulting basis, can lead to a conflict of interest depending on the entity or organization with which you are affiliated. Although we cannot list every conceivable situation, the following are some common examples of actual or apparent conflicts that may arise:

- Work or affiliation with, or a significant financial interest in, a company or organization that is in the healthcare industry, or a company supplier, customer or other business partner.
- Supervising or having the responsibility for hiring a family member.
- Giving or receiving gifts, meals, or entertainment in situations where someone else could perceive those business courtesies as impairing our judgment or loyalty to the company.
- Any outside business relationship between the company and you or someone in your family (e.g., joint ventures, partnerships, personal loans, etc.).
- Avoiding these ethical standards by acting through a relative or other party (such as a spouse's company, investments in someone else's name, etc.).

The best way to address conflicts of interest is to do so before they arise and by communicating situations that could pose or be perceived as a conflict of interest.

For more information, please contact your Compliance Officer or check if local policies are implemented in your country.

## **Business Relationships with Family and Friends**

There may come a time when your spouse, significant other, child, parent, in-law, or relative is working for a competitor, supplier, or customer (or holds a significant ownership in such a company). While such situations are allowed, they call for extra sensitivity to security, confidentiality, and conflicts of interest.

Specifically, you should not be involved with or attempt to influence the bidding, negotiating, or contracting process between our company and yourself, a family member, a close friend, or the employer of any of these parties. The very appearance of a conflict of interest can create problems, regardless of the correctness of your behavior. To remove the potential for doubt or suspicion, you should disclose your specific situation to your manager.

## **Family Relationships**

We may not exercise influence at work over another employee with whom we have a family relationship. Exercising influence includes, but is not limited to, supervising or providing input about the other employee's hiring, performance, or compensation. When such a situation or the potential for it arises, please speak with your manager or your Compliance Officer for further guidance.



## Gifts and Entertainment

In some cultures the exchange of gifts or entertainment may be a customary way to build good working relationships. However, be cautious, as gifts or entertainment accepted from or given to a business associate has the potential to create an appearance of impropriety or a conflict of interest, even where none exists.

For example, we should not receive a gift or entertainment from a representative of a business with a pending transaction, such as a contract renewal or Request For Proposal review.

We should not ask a supplier or other business partner for a gift, meal, entertainment or other item of value, either for ourselves or for any family members or friends. Requesting such a business courtesy is not appropriate.

### Remember:



At a minimum, we may not accept a gift or other benefit that could influence or be perceived to influence any business decision. Only accept or offer a business courtesy if it is infrequent, is limited in value, and would not create a sense of obligation or the appearance of impropriety.

## Guidance for Acceptable Gifts, Meals or Entertainment

An acceptable business courtesy meets the following criteria:

- Could not be perceived as an attempt to influence a business decision
- Does not make us appear biased
- Is reasonable in cost
- Is not cash or a cash equivalent
- Is not requested by you or a team member
- Occurs in a setting appropriate for a business discussion
- Would not embarrass our company if disclosed to the public

Please check if local policies are implemented in your country, including specific limits that may apply. Contact your Compliance Officer if you are unsure if it would be appropriate to give or receive a gift, meal or entertainment.

## WHAT IF...

My sales representative from a large IT vendor has offered to take me to lunch. Can I accept her offer?

Ensure the restaurant's prices are not unusually high, that there is a legitimate business purpose for the meal, and that the meal meets all of the criteria described in the Gifts and Entertainment section of this Code. You don't want to create the impression that the company's business can be bought. Please check with your Compliance Officer for specific guidance.

## Confidential Information

While performing our day-to-day work, we may have access to confidential information—about our company, business partners, and customers.

In general, confidential information is any nonpublic information, including our trade secrets and intellectual property and that of our customers and business partners. Some examples of confidential information include:

- Pricing information
- Financial data
- Technical data
- Equipment layout and design
- Product costs
- Technical processes
- Sales and marketing strategies
- Product features and functions
- Product roadmap information
- Customer/Client lists

These and other types of confidential information should be shared only with colleagues who have a business need to know them, are informed of their confidential

nature, and are authorized to see them. If confidential information must be shared with a current or potential business partner, a company-approved Non-Disclosure Agreement must be signed by the recipient before information is communicated. If you need a Non-Disclosure Agreement, contact the Law Department.

### Remember:



Confidential information should not be shared with anyone outside of the company without appropriate processes. This includes consultants, distributors, temporary workers, suppliers, customers, and other partners.

## Books, Records, and Financial Reporting

Our company relies on the integrity of the financial and other business records we produce every day to make important business decisions. It is critical that you ensure that all records you produce (no matter how insignificant they might seem) are complete, accurate, and current. We comply with generally accepted accounting principles when maintaining our books and records.



### Key Terms

A **“Record”** is recorded information in any format (e.g., paper or electronic), made or received, that needs to be retained and managed for business, operational, legal, regulatory, and/or historical purposes to document or evidence our company’s decisions, actions, or transactions.

The laws and regulations that govern our global work require us to keep honest and accurate books and records. The accuracy of our books and records also contributes to the quality of the financial reports we file with government agencies and make available to the public. Our company is committed to making full, fair, accurate, timely, and understandable disclosures.

### Contracts

We are committed to diligently following the company’s contracting processes. Some ways to do so are the following:

- Do not commit to any contract, payment, or other obligation unless you are authorized to do so.
- Make sure contracts are complete, in writing, and appropriately approved, such as being reviewed by the Law and Finance Departments as required. Do not make business agreements that don’t meet our standards.
- Do not use side letters, off-the-books arrangements, or any other mechanism that is not within our guidelines.
- Follow our contracting processes and procedures, including the delegation of authority policies.



## Records Retention

Our company manages and retains records in a way that protects the integrity of our information. We comply with existing company policies and applicable laws to ensure that our records are authentic, accurate, accessible, complete, secure, compliant, and effective.

We must preserve documents and records with legal holds and those subject to local regulations. In the U.S. and Canada, direct any questions about how long a record must be retained to the appropriate Records and Information Management (RIM) representative at [askRIM@mckesson.com](mailto:askRIM@mckesson.com).

## Insider Trading

Our company values its ability to offer its stock in a fair and open marketplace. Trading while in possession of material nonpublic information is a violation of our insider trading policy and the law. Doing so subjects those involved to disciplinary action, as well as potential civil or criminal penalties. You are also prohibited from providing inside information—about our company or its suppliers, customers, or other parties—to others. Material nonpublic information comes in various forms. Some examples of this information include:

- Earnings and earnings forecasts
- Significant new products or developments, such as new or lost contracts
- Significant litigation or investigations
- Acquisition or divestiture discussions
- Events regarding our securities (e.g., repurchase plans, changes to dividends, sales of additional securities)
- Significant cybersecurity incidents



### Key Terms

**“Material”** information means a reasonable investor would consider it important when making an investment decision like buying or selling stock.



## Protecting Company Assets

Our company's assets are valuable and must be protected. Generally, company assets such as equipment, facilities, and documents must only be used for authorized activities. We all have a duty to protect these corporate assets from loss, damage, theft, and misuse. We should also ensure their efficient use and avoid waste. Lost, damaged, or stolen assets should be reported to the appropriate resource listed in [How to Take Action](#).

## Protecting Intellectual Property

Intellectual property (IP) is another important company asset. IP refers to intangible assets developed through creative work done by our employees and partners. IP is safeguarded by legal protections including patents, trademarks, copyrights, and trade secrets. Our technology, software, and technical data contain large amounts of IP, and our policy is to protect the company's IP rights to the fullest extent possible. In

addition to protecting our IP, we also respect the IP rights of others. This includes, in a broader sense, avoiding infringement of any third party's patents, trademarks, copyrights, and trade secrets. We also respect rights of others concerning software, including open-source software. When we work with third parties, we have a duty to ensure through contracts that our company obtains appropriate rights to IP created in such engagements. If you have questions or concerns about our company's IP, contact the Law Department for more information, and check if local policies are implemented in your country.



## Proper Use of Company Technology

We each have a responsibility to use our company's network, computer, and communications systems ethically and legally and with special care. While in some locations occasional personal use of these systems is permitted, our usage must be appropriate and in line with existing local policies and must not interfere with our daily work. To the extent permitted by local law, our company reserves the right to monitor our access and use of all company systems.

We should secure all confidential data using good judgment in order to protect it from theft or loss. Confidential data may be stored on company devices or held or processed by third parties on our behalf and in accordance with applicable law. Appropriate controls should be put in place to protect confidential data, such as restricting access on a "need to know" basis, password protection, encryption, and physical security. Only share information (such as through email, postings to social media sites, and granting systems access) based on a real business need. Electronic information can be altered and distributed without our consent and is difficult to recover once it becomes public.

## Social Media and Electronic Activity

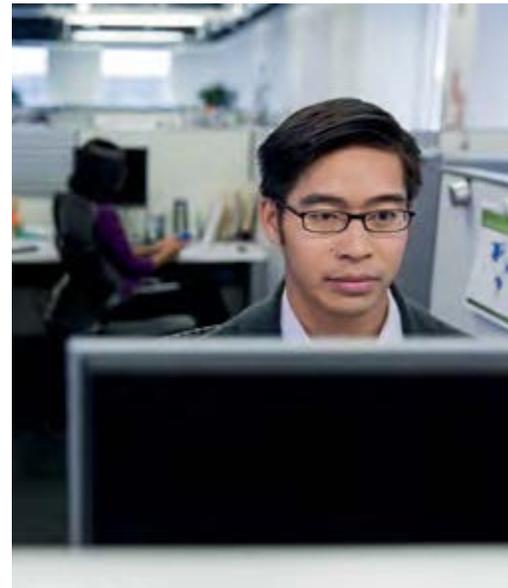
We respect the legal rights of our employees and contingent workers to use social media. In general, we may use our personal time however we see fit. Activities in or outside work that affect your job performance, the performance of other employees or contingent workers, or the company's reputation and business interests are proper areas of concern for the company and may be subject to company policies.

The Communications Department governs official company-sponsored social media activities. Unless you are officially authorized to speak publicly about the company, its products, or its solutions, do not represent or imply that you are speaking for the company. Please note only authorized spokespersons may communicate on behalf of the company with the media, securities analysts, investors, or other market professionals.

### Remember:



We each have a responsibility to use our company's network, computer, and communications systems ethically, legally, and in accordance with our ICARE principles.



## **Responding to Inquires from the Press and Others**

Speaking with the press, securities analysts, other members of the financial community, shareholders, or groups or organizations as a company representative should occur only after you have been authorized to do so by the company.

Any inquiries from the media or the public should be immediately forwarded to the Communications Department. Requests for information from regulators or the government should be promptly referred to the Law Department.

Requests for financial or other information about the company from the financial community or shareholders should be promptly referred to Investor Relations.

## **Waivers**

Situations may arise from time to time that warrant a formal waiver of a provision of this Code for an individual. Waivers will not be granted except where necessary, and will be limited and qualified as needed to protect the company and our shareholders to the greatest extent possible. We will promptly disclose such waivers for directors and executive officers to the extent and in the manner required by law, regulation, or stock exchange listing standard. Contact your Compliance Officer or the Law Department for waiver approvals from the Chief Compliance Officer or Board.



## Integrity Line for McKesson Employees

Country	ITFS Number
Bermuda	1-866-737-6850
Canada (English)	1-877-625-4625
Canada (French)	1-855-350-9393
China (Northern)	10-800-712-1239
China (Southern)	10-800-120-1239
Ireland	1-800615403
Israel	1-80-9214405
Luxembourg	800-2-1157
Malaysia	1-800-80-8641
United Kingdom	08-000328483
United States	1-877-625-4625

## Compliance Helpline for McKesson Europe Employees

### McKesson Europe's Ombudsman can be reached:

- In any language
- 24 hours a day, 7 days a week
- Under the universal & toll-free number: 00800 – OMBUDSMAN or 00800 – 66283762 and also by fax: +49(0)521.557333-44 or email: [ombudsman@thielvonherff.com](mailto:ombudsman@thielvonherff.com)





**CEO Letter to Shareholders**

**Exhibit E**

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## To Our Valued Shareholders:

I am honored and humbled as I write to you for the first time as the CEO of this great organization.

Each company takes a different approach to an annual letter to investors. I plan to use this letter as another vehicle to communicate our priorities and give you my assessment on how we're tracking against the performance you expect from us — delivering healthy and sustained growth on your investment.

### What You Can Expect of Me

I couldn't be more excited about this opportunity to lead the 80,000 associates of McKesson as we collectively work to improve healthcare in every setting.

My leadership views and style have been shaped by my parents, the values they taught me, my education, and the wide variety of teams that I have led over the years. There is no doubt that my time sweeping floors and cleaning greasy machines in our small family-owned machine shop in Livermore, California influenced my views on the important role every single person in our company plays — no matter their seniority or title.

With more than 20 years of McKesson experience, I have had the benefit of leading nearly every business in our company. And while there are many important elements of being a successful leader, in my opinion, good communication and teamwork will be foundational pillars of our success.

As CEO, I believe my job is to coordinate with colleagues throughout the company to set strategy and culture, and then hold our teams accountable to deliver on their objectives. While our strategy is focused on long-term, sustainable growth, it is grounded in the company's long-standing ICARE values (integrity, customer-first, accountability, respect and excellence), which includes an unwavering commitment to inclusion and diversity. What we do is important — but how we do it is equally as important.

On day one, I had two priorities: our customers and our employees. So, I spent the morning with a major customer (hint: they are the largest retailer in the U.S. and an important partner of ours), held a call with the top 135 leaders of the company, and then visited with our Conroe, Texas distribution center team. I had the privilege of walking the floor and seeing the tremendous pride that team takes in their work — including their 99.9% order accuracy, their employee safety record and their dedication to customer service.

Now, let's turn to the business. I'd like to address three topics that are top of mind for me — returning to growth, the opioid epidemic and our company's culture.

### 1. Charting Our Path Back to Sustained Growth

I'd like to begin by acknowledging that we are not happy with our total shareholder return in the last five years. But we believe that we have navigated through some pretty intense industry-wide headwinds and are seeing improved momentum in our business performance.

Within a very dynamic market, we demonstrated the resiliency of our differentiated portfolio of businesses and solutions. We took decisive action to address challenges in our European and Canadian businesses related to government reimbursements. We have scaled businesses in many growing markets, and we are a critical resource to providers in low-cost, highly accessible community care settings.

I feel confident in our financial flexibility, which is reinforced by a strong balance sheet and solid cash flow generation.

*I am pleased with the progress we are making on our three key growth pillars: increasing our value proposition for our manufacturer partners; expanding our solutions related to specialty pharmaceuticals; and growing our position in future retail and dispensing models.*

Last year, under our former CEO John Hammergren’s leadership, we introduced a multi-year strategic growth initiative. I am pleased with the progress we are making on our three key growth pillars: increasing our value proposition for our manufacturer partners; expanding our solutions related to specialty pharmaceuticals; and growing our position in future retail and dispensing models.

**Manufacturer Value Proposition.** As part of our effort to deepen our partnership with manufacturers, we created a new business unit, McKesson Life Sciences, and expanded our service offerings to better support them as they bring their innovations to market. We’ve made investments in areas where we know our customers need support and partnership to improve the efficiency of their operations and the effectiveness of their care. We’re focused on providing advanced, data-driven solutions; therapy access and adherence programs; innovative and flexible supply chain solutions; and other tools that help ensure that medicines get delivered to patients when they need them and where they need them.

The acquisitions of RxCrossroads, CoverMyMeds and Biologics Specialty Pharmacy have expanded our capability to help our biopharma partners commercialize their products more efficiently. RxCrossroads’ plasma business integrates well with BDI Plasma, which we acquired in 2017. We are bolstering these offerings with our own data and analytics to further help inform our partners’ research and development decisions.

**Specialty.** Our Specialty business had an excellent year and we continue to focus on building our competencies in this growing segment. And as we see more care shifted to non-acute settings, the acquisition of Medical Specialties Distributors, a national leader in alternate site infusion supply, brought new and important offerings to our Medical-Surgical business’ portfolio.

The US Oncology Network is a physician-led organization and the nation’s largest network of integrated, community-based oncology practices. We are proud to support The Network, a pioneer of oncology clinical pathways; a key contributor through its research programs to the FDA approval of numerous lifesaving medications; and a leading organization dedicated to advancing high-quality, evidence-based cancer care.

McKesson also offers advanced tools built for oncology such as an advanced electronic health record system, practice analytics, and robust regimen and pathways selection support. We’re proud of the role we play in strengthening patient access to integrated care in local communities across the U.S.

**Future of Retail Pharmacy.** With the evolution of the retail landscape, we continue to evolve our retail offerings, creating omnichannel experiences and broadening our services portfolio. We’re working on innovations that will change the way consumers think about a trip to the pharmacy. We’re focused on providing patients with a personalized experience. Our goal is to create a holistic retail pharmacy experience and ensure that we are at the forefront of our industry, providing solutions that put the patient at the center of all we do. We do this for our own stores in Canada and Europe and with our retail customer partners.

In addition to these three areas of focus, we are making internal investments and improvements to support our growth objectives.

**Data and Analytics.** Over the past year, we have made great strides to enhance our data and analytics capabilities. This includes a collaboration with Google Cloud that will enable us to accelerate how we leverage our data to develop insights and predictive capabilities to support

better patient outcomes and reduce waste. Additionally, we have been investing in a next-generation oncology data platform and are also working to create an interactive patient platform, enabling deeper customer engagement.

**Driving Efficiency.** Given the dynamic nature of today’s healthcare environment, it is even more critical that we improve processes and reduce costs to enhance our financial performance and better serve our customers. In FY19, we made improvements to the way our corporate functions are organized and support our businesses. In the past year, our technology, finance, general counsel organization and human resources functions all underwent significant changes to help improve effectiveness and efficiency. We also made significant investments in our data and analytics capabilities to support our growth objectives.

We also made the important decision to move our corporate headquarters to Dallas, Texas. By co-locating the corporate office with our largest business unit, we will improve the speed of decision making, create broader career development opportunities for our associates, and foster easier collaboration and communication. We will continuously look for opportunities to optimize our operating model to improve the overall speed and effectiveness of the organization.

In FY19, we also took steps to lower expenses across the organization, and that will remain a focus in the coming years. We’ve also engaged our employees to identify ways to work smarter. We reinvested most of these efficiency gains into the internal growth priority areas referenced earlier.

## 2. Fighting the Opioid Epidemic

I am — and our company is — deeply concerned about the impact the opioid crisis is having on families and communities across the U.S., and I am committed to using McKesson’s capabilities to be part of the solution. It is disheartening when some single out or misrepresent our role as a distributor of prescription opioids. The opioid epidemic is a complicated, multifaceted public health crisis that must be addressed through a comprehensive and collaborative approach. Each participant in the pharmaceutical supply chain must play a role in solving this national crisis. And McKesson is committed to doing our part.

“The opioid epidemic is a complicated, multifaceted public health crisis that must be addressed through a comprehensive and collaborative approach.”

Over the past decade, as the opioid epidemic evolved rapidly, we have invested in our programs and enhanced our teams, processes and technologies dedicated to preventing diversion. We use complex and dynamic data analytics and regularly report controlled substances transactions, including orders deemed suspicious and blocked by our programs. We leverage the expertise of internal and external regulatory and other experts with relevant experience. We are committed to maintaining — and continuously enhancing — strong programs designed to detect and prevent opioid diversion.

We also understand that providers want to be sure that these strong pain medicines are available for legitimate patients with serious illnesses and injuries. As a distributor, McKesson is not in a position to second guess the decisions made by the healthcare providers and pharmacists who interact with patients.

We are making progress on the six corporate initiatives we announced in March 2018 to help address the opioid epidemic. We have worked with outside experts to help educate customers about compliance with regulations and how to identify warning signs of prescription abuse and potential diversion. We’ve offered thoughtful public policy recommendations, including the Prescription Safety Alert System (RxSAS) technology proposal, and supported innovative programs and partnerships that we believe can have a meaningful impact on this challenging issue. We also contributed \$100 million to the Foundation for Opioid Response Efforts (FORE), an independently governed foundation focused on combating the crisis.

Sadly, there is no quick fix to the public health challenge associated with drug abuse. There has been good progress made to reduce the overall number of opioid prescriptions written. But there are still street drugs like heroin, methamphetamine, cocaine and illicit fentanyl on the rise. This illustrates the complex nature of the problem and underscores the need for government, industry, social institutions and other players to work together if we are going to bring this crisis to an end.

We at McKesson are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this crisis. For more information about our efforts, please visit [www.mckesson.com/about-mckesson/fighting-opioid-abuse/](http://www.mckesson.com/about-mckesson/fighting-opioid-abuse/).

### 3. A Culture of Integrity and Operational Excellence

The way we do business is critically important to me and to McKesson. All of us at McKesson understand the responsibility we bear as we work together to deliver better health.

**A Culture of Compliance and Integrity.** We have long seen compliance as a critical business strategy, and it's a strategy that is rooted in our shared values. More than two decades ago, we introduced our ICARE values. These shared values have guided — and will continue to guide — all that we do.

*We help our employees understand our shared responsibilities to lead with integrity, to speak up when we think something's not right, and to help keep the pharmaceutical supply chain safe and secure as we strive to improve care in every setting.*

We help our employees understand our shared responsibilities to lead with integrity, to speak up when we think something's not right, and to help keep the pharmaceutical supply chain safe and secure as we strive to improve care in every setting. That leadership obligation starts with me and must be followed by every employee of this company. Our strong compliance programs require annual training to refresh and reinforce the rules and expectations. We leverage our advisory groups of customers and business partners to make sure we are always using the best practices across the industry.

**Operational Excellence.** A key priority for us is delivering operational excellence to our customers and adhering with — and adapting to — the regulatory environment. We believe that McKesson is differentiated by its commitment to operational excellence. Last year 99.9% of our orders were filled correctly and on time. Our employees are exceptionally proud of this nearly flawless execution — almost as proud as they are of the impact their work has on patients' health and wellbeing.

### The Year Ahead

I strongly believe that the only way to run our business is to manage it from the outside in — that is, we need to always seek to see ourselves from our customers' point of view.

We are focused on injecting innovation into all parts of the company to prepare McKesson — and our customers — for tomorrow's world of healthcare. The breadth and depth of our insights and assets provide a platform for developing new solutions to get ahead of developing trends.

For instance, our Pharmacy Services & Technology business has been investing in real-time benefit tools and cost transparency solutions for patients, prescribers and pharmacies, empowering them to make informed choices about the cost of therapy. And, in anticipation of a potential world without rebates, we are working with our biopharma partners and pharmacy customers on the exploration of new and innovative operating models.

In fiscal 2020, while we will continue to stay engaged in industry issues such as drug pricing and reimbursements, we are focused on what is in our control — our core business and our strategic growth initiatives. That focus will help position McKesson for long-term success, regardless of the uncertainties surrounding the healthcare industry.

We will strengthen our core business over the short and long term by continuing to be laser focused on our customers' and business partners' needs and finding new ways to add value. And we will continue to focus on our three growth pillars: the manufacturer value proposition, specialty pharmaceuticals and the expanding role of the retail pharmacy, all supported by our ongoing investments in data and analytics. We will also continue to operate with discipline to improve our cost position and the overall speed and effectiveness of the organization.

### **In Conclusion**

I am excited to lead this great company and I am confident about our future. McKesson offers a unique array of solutions and services to our customers and business partners. We are privileged to have deep, long-standing relationships throughout the healthcare ecosystem. We have an opportunity to contribute to public policy debates about making healthcare more efficient, effective and affordable. And we have the important responsibility to help keep the drug supply chain safe and secure.

Our Board of Directors, my leadership team, and I are focused both on our plan for the year ahead and on ensuring that we are positioning ourselves for the long term in a dynamic healthcare landscape. I am looking forward to a productive relationship with Ed Mueller, our Board chair, and all of the Board members. Working together, I am confident that we'll meet and exceed your expectations.

McKesson is fortunate to have 80,000 associates dedicated to improving healthcare in every setting. Our employees take great pride in their work and the impact it has on patient care. Our distribution centers display a sign that reads: "It's not just a package, it's a patient." We know the medicines and supplies we pick, pack and ship every day are going to somebody's loved one. What we do matters, and we are proud of our role in healthcare.

Respectfully,

**Brian Tyler**