

**Document Name:** California Comprehensive Compliance Program

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McKesson has established a Comprehensive Compliance Program that is based on the Compliance Program Guidance for Pharmaceutical Manufacturers issued by the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services (68 Fed. Reg. 23731, (May 5, 2003)). Although many of the provisions of the OIG Guidance are inapplicable to McKesson's activities as a full-line distributor of pharmaceuticals, medical equipment and supplies, our Comprehensive Compliance Program incorporates the applicable principles of the OIG Guidance. Our Comprehensive Compliance Program consists of the following elements:

## **I. Leadership and Oversight**

McKesson has established a comprehensive compliance program that is integrated throughout the Company and its various business units. McKesson has designated a corporation-wide Chief Compliance Officer who has the overall responsibility for overseeing and monitoring implementation of McKesson's Comprehensive Compliance Program. They report directly to both the Board of Directors and an Executive Compliance and Ethics Committee composed of other senior executives. The compliance program responsibilities include: reporting to management on compliance matters and program effectiveness; periodically reviewing the Company's written compliance policies and procedures and revising as necessary; overseeing the Company's compliance training program; coordinating internal compliance monitoring activities; reviewing complaints, reports and questions received through the McKesson toll-free Ethics Line and other internal lines of communication; coordination of investigations relating to compliance matters and, where necessary, ensuring that corrective action is taken. McKesson has also established a Compliance, Regulatory and Ethics Department to assist the Compliance Officer in these activities. At the operating business unit level, McKesson has designated a separate compliance officer or contact to assist the Compliance Officer in carrying out the above activities at the business unit level.

## **II. Written Policies and Procedures**

McKesson has a Code of Business Conduct and Ethics (the Code of Conduct, available [here](#)), which sets forth legal and ethical standards of conduct to guide McKesson employees and management. Among other more issue specific policies, McKesson has also adopted U.S. Marketing Compliance Policies and other compliance procedures that provide employees with guidance in key areas that present a risk of liability under the health care fraud and abuse laws, including the following areas:

- Product training and education meetings
- Support of third party programs
- Sales and promotional meetings
- Arrangements with consultants
- Gifts and Entertainment
- Providing reimbursement and other economic information to customers
- Grants and charitable donations
- Interactions with government employees and officials
- State spending limits and reporting requirements.

### III. Compliance Training

McKesson Corporation has implemented a comprehensive compliance training program which combines both interactive on-line training and in-person training programs for its employees. Employees with company internet access, both domestic and international, are required to annually complete a comprehensive on-line ethics and compliance training course as well as other compliance training courses that may be assigned as relevant to an employees assigned duties . The company training also includes separate trainings on topics such as Fraud and Abuse Laws, sexual harassment, HIPAA and patient privacy, antitrust and trade regulation laws; environmental health and safety and other ethics and compliance risks.

In addition to this general training, McKesson has developed a program of specific training on its U.S. Marketing Compliance Policies, which were adopted in February 2009. This training is mandatory for all current and new employees involved in sales and marketing activities.

### IV. Internal Reporting of Concerns and Questions

McKesson has established a toll-free Ethics Line, available 24-hours a day, 7 days a week, which employees can use (anonymously, if they wish) to report violations of the Company's policies or other suspected illegal or unethical activity. Calls are answered by an independent third-party provider who documents all calls received before forwarding them to the McKesson Corporation Compliance, Regulatory and Ethics Department. All allegations are investigated and, on a periodic basis, a comprehensive report of allegations and investigations is provided to senior management and the Board of Directors.

In addition to the Ethics Line, employees are encouraged to contact the Compliance Department, their business unit Compliance Contact, the Law Department, or their supervisors with any questions or concerns they may have regarding this Comprehensive Compliance Program, any Company policies and procedures, or the proper course of action in a particular situation. The Compliance, Regulatory and Ethics Department maintains both a separate phone line and email address for this purpose. Retaliation against an employee who makes a complaint through the Ethics Line or other channels is strictly prohibited.

### V. Auditing and Monitoring

The design and overall effectiveness of the McKesson Comprehensive Compliance program itself is subject to ongoing evaluation. In furtherance of our objective to prevent and detect instances of noncompliance, McKesson has also established an independent audit program to monitor and evaluate compliance with selected individual company policies and procedures and federal and state laws and regulations. As is suggested by the HHS-OIG Guidance, the nature, extent and frequency of our compliance monitoring and auditing is dependent upon a variety of factors, including regulatory requirements, changes in our business practices, and other considerations.

### VI. Implementation and Enforcement of Standards

The McKesson Code of Business Conduct and Ethics requires any employee who knows of or suspects a violation of applicable laws or regulations, the Code of Conduct, the U.S. Marketing Compliance Policies, or other McKesson policies and procedures, to immediately report that information to a supervisor, the business unit's Compliance Contact, the Law Department or the Ethics Line.

McKesson has adopted Investigation Protocols and Procedures governing the investigation of all reported allegations and which establishes standards and procedures for reporting issues to senior management and the consistent implementation of corrective measures and disciplinary action up to and including termination.

**VII. Responding to Detected Problems and Taking Corrective Action**

Regardless of whether they are detected through the Ethics Line or other lines of internal communication or through monitoring and audits, all compliance concerns are promptly investigated. Disciplinary action, re-training, revision of policies and procedures, or other corrective actions are promptly taken as warranted by the situation.

**VIII. Limitation on Gifts to California Medical and Health Professionals and Declaration**

California Health & Safety Code §§ 19400 and 19402 require certain pharmaceutical manufacturers and distributors to establish an annual dollar limit on gifts, promotional materials, or items or activities that the company provides to an individual Medical or Health Professional in California. A “Medical or Health Professional” is defined as (1) a person licensed by the state to prescribe drugs for human patients; (2) a medical student; or (3) a member of a drug formulary committee. In accordance with this statute, McKesson has adopted a “Company-wide” limit on the retail value of gifts, promotional materials, or items or activities for any individual California Medical or Health Professional. This limit does not include drug samples for free distribution to patients; support for continuing medical education forums; financial support for health educational scholarships; and fair market value payments for consulting and other legitimate services.

As of June 11, 2018, to the best of our knowledge, we are in compliance in all material respects with our Comprehensive Compliance Program, as described above, as well as the applicable requirements of California Health & Safety Code §§ 119400 and 119402. Our Comprehensive Compliance Program may be updated from time to time as we continue to review our activities in this area.