

McKesson Corporation ("McKesson") fully supports the UK government's objectives to eradicate modern slavery and human trafficking and publishes this Modern Slavery and Human Trafficking Statement, pursuant to section 54 of the Modern Slavery Act 2015, on behalf of McKesson Global Sourcing UK Limited ("MGSUK") for the fiscal year ended 31 March 2020.

MGSUK is committed to good corporate citizenship and the highest ethical standards. Our approach reflects our commitment to acting ethically and with integrity in all our business relationships, helping to ensure that slavery and human trafficking is not taking place anywhere in our business. We expect all those in our supply chain to adopt a similar approach. To further fulfil these commitments, MGSUK has established and maintains systems and controls to safeguard against slavery and related human trafficking in the supply chain of products it purchases from suppliers. MGSUK does not manufacture products itself.

BUSINESS AND ORGANISATION

MGSUK is a private limited company, incorporated in England and Wales, and wholly owned by subsidiaries of McKesson Corporation, a company incorporated in the State of Delaware, United States of America. The shares of McKesson are traded on the New York Stock Exchange. The McKesson group is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology.

MGSUK is the sourcing organization for McKesson, focused on over-the-counter and medical surgical products, and delivers value by driving the supply chain by working with global suppliers.

COMMITMENT AND POLICIES

MGSUK is committed to sourcing quality products from suppliers who share its ethical values. McKesson's ICARE principles are; integrity, Customer-first, Accountability, Respect and Excellence.

McKesson's Code of Conduct, provides important guidelines for MGSUK's interactions with customers, suppliers and other business partners, and between employees.

The ICARE principles are central to the Code of Conduct. All employees are encouraged to raise concerns including potential violations of (i) the Code of Conduct; (ii) company policies and (iii) the laws of the countries in which MGSUK operates. MGSUK has sophisticated reporting mechanisms in place to collect and relay information regarding potential violations to appropriate company resources for review and follow up.

MGSUK has a number of policies which underpin our approach to tackling the risk of modern slavery in our supply chain. These include:

- McKesson Supplier Sustainability Principles (MSSP), which include a clause on freely chosen employment and forbid involuntary labour of any kind. All potential suppliers are assessed against MSSP during the onboarding process to ensure they meet the criteria before entering into a supply agreement. The MSSP is then incorporated into the supply agreement so suppliers are legally bound to comply with the principles.
- Responsible Sourcing Program which builds upon the ICARE Principles and the Code of Conduct and provides a framework to protect the reputation of McKesson; constantly evaluate supply chain risks within the business; enable McKesson to make informed decisions about supply chain risks; ensure suppliers are adhering to local legal requirements; improve suppliers' sustainability performance; and build a foundation for sustainable business development for both McKesson and its suppliers.
- Whistleblowing provisions set out in the Code of Conduct which encourages employees to raise concerns including potential violations of (i) the Code of Conduct; (ii) company policies; and (iii) the laws of the countries in which MGSUK operates. McKesson treats all concerns in good faith and the Integrity Line, operated by an independent third party, is available either by phone or online to all employees 24 hours a day, 7 days a week, in multiple languages.

MGSUK conducts web-based and/or face to face training for employees to emphasize the importance of acting with integrity and in line with the ICARE principles and Code of Conduct.

IMPLEMENTING AND MONITORING

Responsible Sourcing Program

A dedicated Responsible Sourcing Team is responsible for leading our Responsible Sourcing Program, which builds upon the ICARE Principles and the Code of Conduct and has four key elements: (i) the Supplier Sustainability Principles; (ii) supplier risk assessments; (iii) supplier audits; and (iv) remediation.

The Responsible Sourcing Program has provided McKesson with a clear framework to enable it to continually evaluate risks within its supply chain and make informed decisions about those risks, whilst ensuring that suppliers adhere to local legal requirements thereby improving their sustainability performance. These actions build a foundation for sustainable business development for both McKesson and its suppliers and enable McKesson to protect its own reputation.

In recent years McKesson has updated methodologies for checking labour issues; updated supplier scorecards, which now include responsible sourcing metrics; updated on-boarding processes for new suppliers, which now include responsible sourcing assessments; and conducted joint supplier audits that have involved both the Responsible Sourcing Team and the Quality Assurance Team.

Supply chain and due diligence

Whilst MGSUK's principal suppliers are heavily-regulated manufacturers and distributors of medical-surgical products and pharmaceutical products, MGSUK acknowledges that some of its suppliers are located in countries that may be more vulnerable to human rights abuses than others. MGSUK, therefore, makes several efforts to implement a zero-tolerance policy for such abuses, namely:

- clearly communicating its expectations to suppliers to ensure adherence to its values and ethical standards;
- establishing appropriate policies and processes within its businesses to make sure that the products it is selling meet the highest standards;
- utilising both internal and external resources to evaluate the factories of its suppliers based in higher risk countries and audit them against recognised industry standards; and
- requiring compliance provisions and agreement with the McKesson supplier sustainability principles in its contracts.

MGSUK has designed and implemented a number of processes within its sustainable logistics and quality management systems to assess suppliers of the products introduced into the supply chain. The focus areas included in the assessment process include, but are not limited to, Commercial, Compliance and Quality Assurance. These supplier agreements include language that requires all suppliers to obey national and regional statutory requirements in the country in which they are operating, including any applicable national laws regarding human trafficking, forced labour and other forms of modern slavery.

In the event that issues arise for which remediation is required, MGSUK works with its suppliers to improve their standards with corrective action plans and on-going reviews to make sure our standards are maintained. MGSUK aims to build relationships with its suppliers to ensure adherence to its values and ethical standards.

EFFECTIVENESS

MGSUK arranges and delivers regular training for suppliers to enable them to understand the MSSP and further actions that can be taken to increase compliance with the principles.

MGSUK carries out periodic supplier audits and, where issues are identified, it works with the supplier to ensure improvements are made. These audits include interviews with workers and the management, inspections of production sites and document reviews. Audit findings or non-conformances are prioritized based on risk. The results of the audits are integrated within a supplier scorecard which measures suppliers' performance and is reviewed with suppliers on a quarterly basis. Should a critical issue be identified, MGSUK would require a timely response from the supplier, and if a supplier failed to adequately remediate the issue, the relationships would be re-evaluated and, if necessary, terminated.

OUR RESPONSE TO COVID-19

We are aware that the unique and unprecedented set of challenges brought about by the COVID-19 pandemic could lead to an increase in modern slavery as businesses try to adapt to the situation. We began taking steps to manage the risks as they emerged to guard against this happening within our organisation and our supply chains.

Covid-19 secure risk assessments were undertaken in all parts of the business to help us formulate mitigation plans to protect the health and safety of our colleagues. All non-essential employees in the impacted entities were mandated to work from home and arrangements made for them to have appropriate office equipment to ensure a safe and comfortable working environment, and all non-essential travel and face to face meetings were suspended.

To help prevent the spread of the virus, we continued to pay sick pay in accordance with our internal policy throughout the pandemic.

We are currently reviewing homeworking arrangements to ensure colleagues can work safely from home. We are looking to implement further social distancing measures as we plan towards re-introducing colleagues back into our business premises once it is safe to do so in line with Government guidance.

Colleagues have had regular communications throughout the period, with additional communication being enacted including written communication from their own entities, enterprise-wide communication, and regular group calls. All usual recruitment checks were carried out virtually and all employees continued to have access to usual support or grievance procedures as they remain available online and escalation routes are unchanged.

We continued to adhere to our recruitment processes during the pandemic, adapting them as necessary in line with Government guidance. For example, we undertook right to work checks for new colleagues via digital means in accordance with the Government's temporary process.

We supported suppliers during the pandemic by continuing to pay for orders promptly. We worked closely with suppliers throughout the period to source essential products and minimise interruptions in the supply to our customers.

We are continuously monitoring the situation and reviewing our existing measures in line with Government guidance. The Board of Directors has been kept up to date throughout the pandemic regarding risk levels and is actively involved in determining any adjustments that need to be made to existing measures.

GOING FORWARD

Following a review of the effectiveness of the steps we have taken in FY20 to ensure there is no slavery or human trafficking in our supply chains, we intend to take the following further steps to combat slavery and human trafficking:

- We will continue to enhance our supplier due diligence process.
- We have developed a Modern Slavery Policy for the business which underlines our commitment to tackling modern slavery within our organisation and our supply chain. We aim to implement this during the forthcoming financial year.
- To ensure we maintain a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business we will run an awareness campaign in FY21 and will review the training available for our employees.
- We will continue to work alongside our employees in developing our approach to working environments in relation to Covid-19, to ensure their safety and that of their loved ones.

This Statement has been approved by the board of directors of MGSUK, and the board has authorized G.B. Thomas, Director, to sign the Statement on behalf of MGSUK.

Signed:



Name:

G.B. Thomas

Position:

Director

Date:

30th September 2020