



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

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Table of Contents

Letter from Brian Tyler	3	Creating Better Health for Our Employees and Communities	22
Our Approach to Corporate Responsibility	5	Our People	22
Compliance and Ethics	5	Access to Healthcare	25
Our Take on Good Governance	7	Caring for Our Communities	26
How We Put Together This Report	9	GRI Content Index	30
Product Quality and Patient Safety Come First	11		
Eco-Efficient Operations and Transportation	16		
Reducing Energy Use in Our Facilities	16		
CO ₂ Emissions Performance in FY19	19		
Conserving Resources in Our Daily Work	19		

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 CO₂ 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.

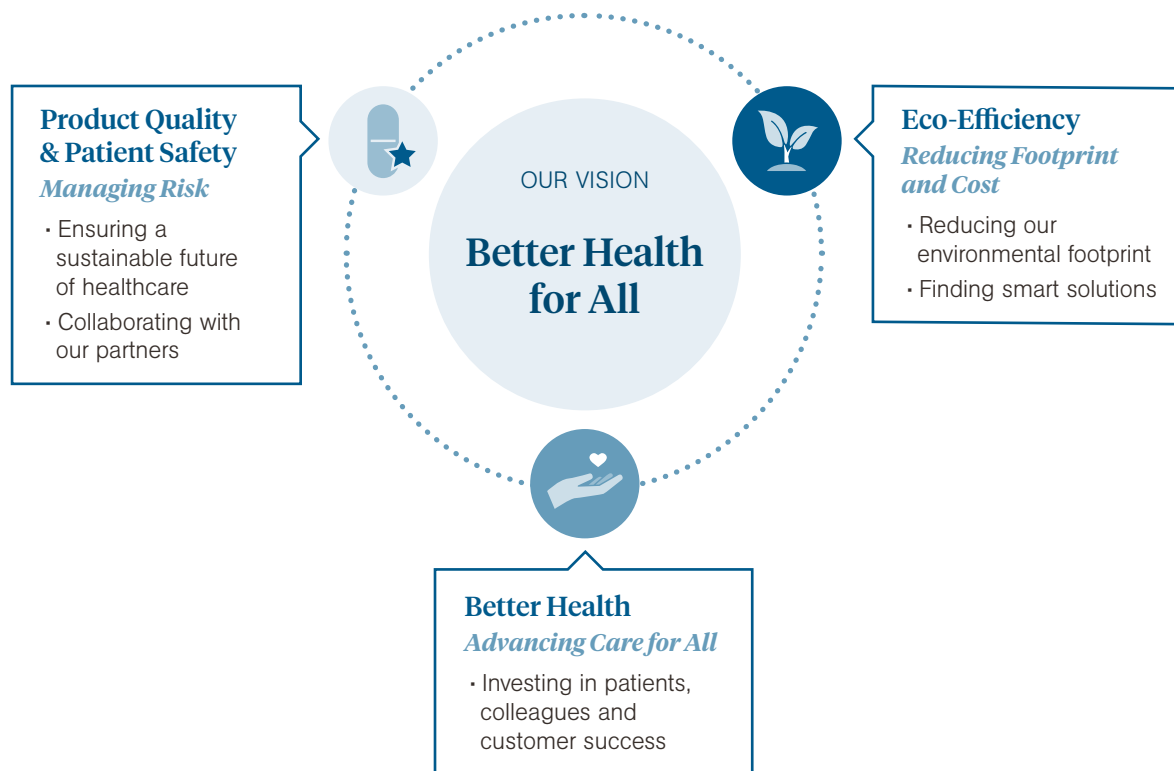
We also brought in peer benchmarking, impact mapping, synthesis and analysis of our results. The work resulted in a materiality matrix, validated with internal leaders, and a list of prioritized topics and opportunities raised through the materiality process.

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.

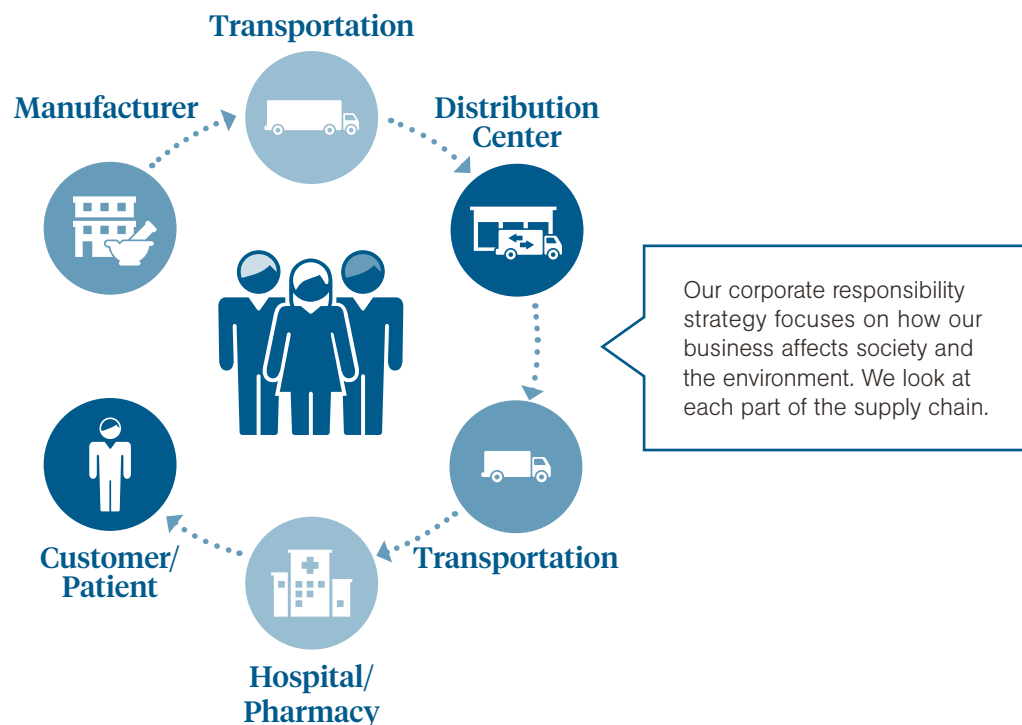
We are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this national crisis.

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.



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
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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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂.

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 CO₂ 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.

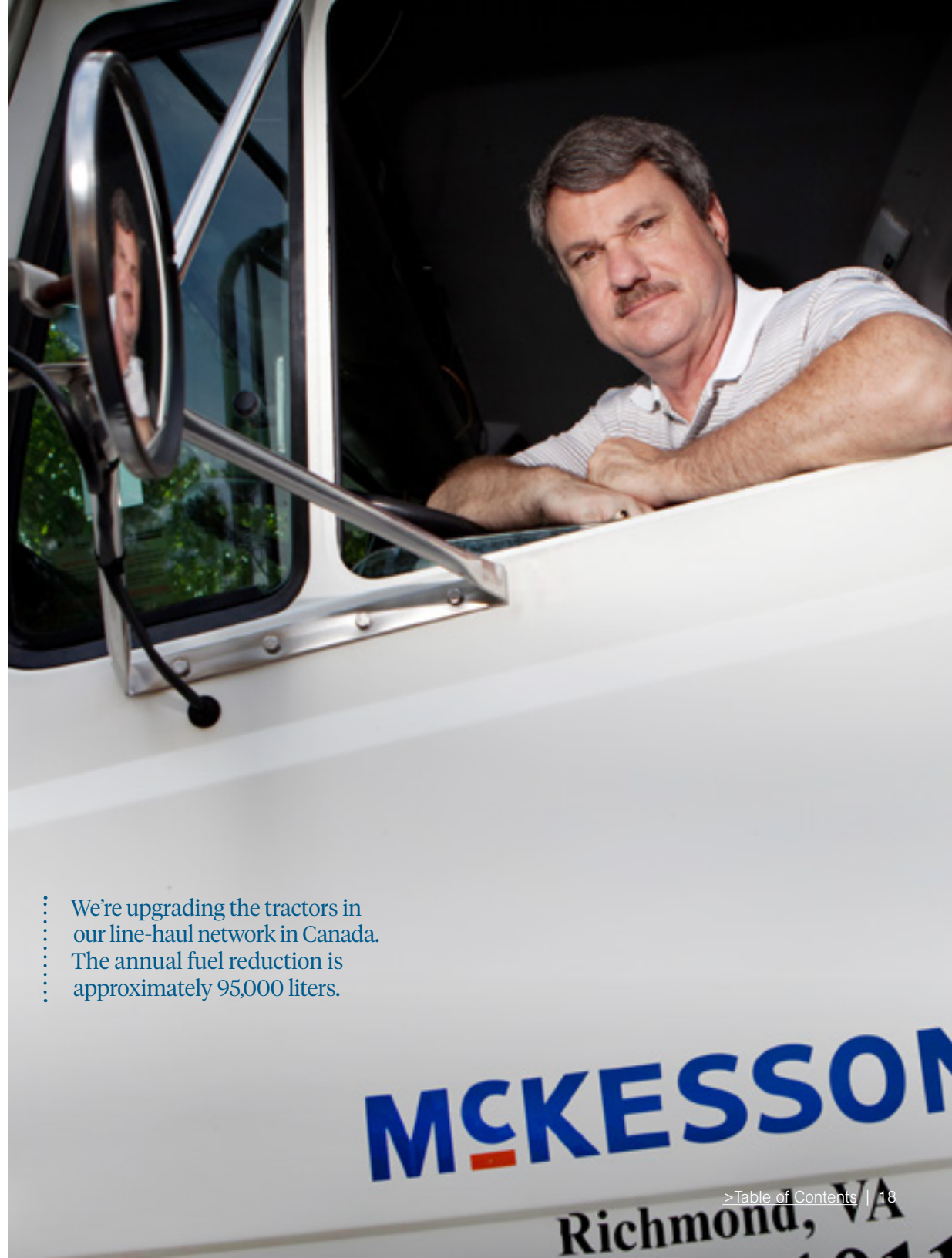
Redistribution Center model

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

CO₂ 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 CO₂ emissions from FY18. These figures reflect air travel booked through our corporate travel partners.

We measure CO₂ 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 ₂ emissions (metric tons)	FY19 CO ₂ emissions (metric tons)
Scope 1: 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
Scope 2: Electricity Consumption in U.S., Canada and Europe Facilities	178,385	173,390
Scope 3: 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
Material Recycled	15,307 tons	48,147 tons
Materials to Landfill	Not reported	19,129 tons
Water use	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 CO₂ 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.

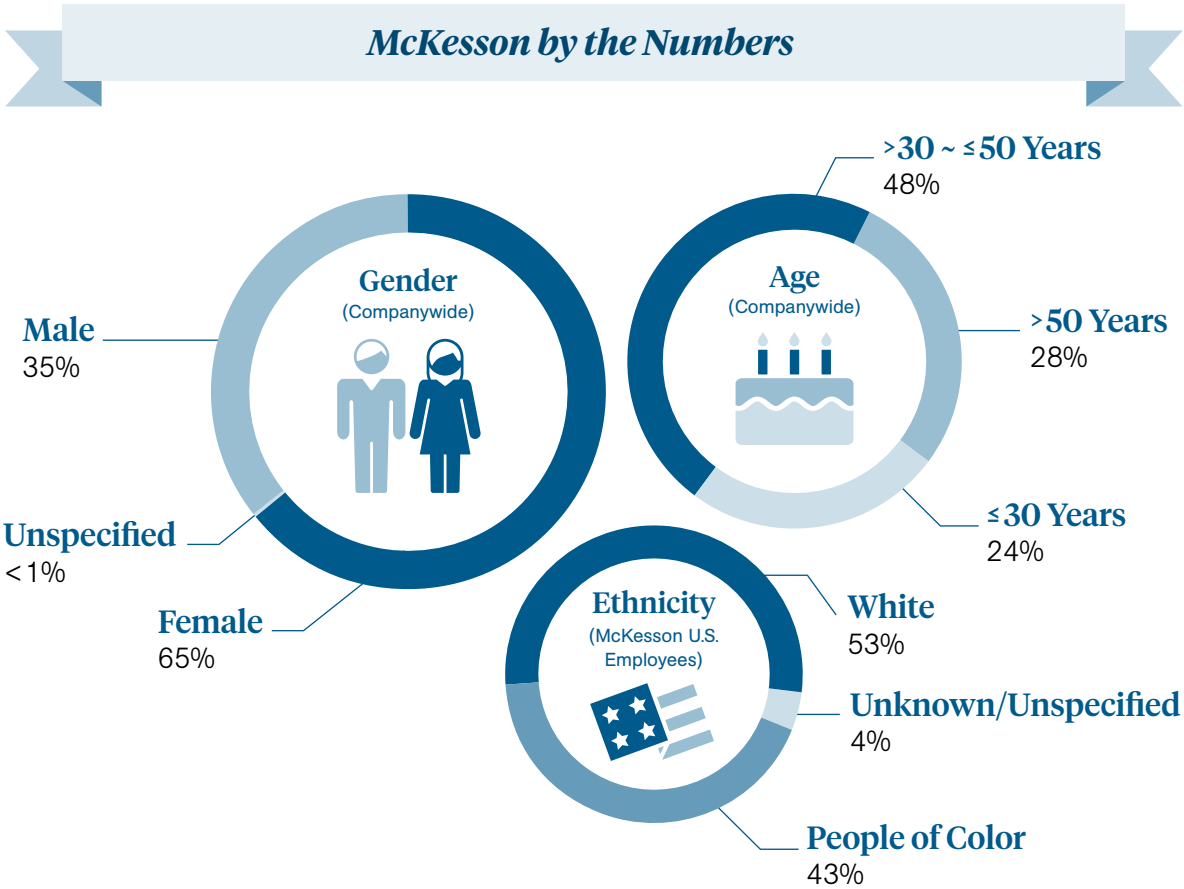
Our People

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 [LEAD](#), 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.

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

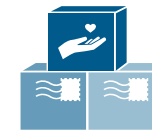
Through the McKesson Community Heroes program, we celebrate employees who make outstanding contributions to their communities and workplaces. The program is open to all employees across the company. It works like this: Employees share stories of how they support the causes that matter most to them (for 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	
Organizational Profile		
102-1	Name of the Organization	McKesson Corporation, p.5
102-2	Activities, brands, products and services	p.5
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. p.5
102-5	Ownership and legal form	p.5
102-6	Markets served	p.5
102-7	Scale of the organization	p.5
102-8	Information on employees and other workers	p.22-23
102-9	Supply chain	p.11
102-10	Significant changes to the organization and its supply chain	No significant changes during FY19.
102-11	Precautionary principle or approach	p.5
102-12	External initiatives	p.10

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.
Strategy		
102-14	Statement from senior decision-maker	p.3-4
Ethics and Integrity		
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 mckesson.com .
Governance Structure		
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, p.7-8 .

GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
Stakeholder Engagement		
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, p. 9 .
102-41	Collective bargaining agreements	p. 23
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 mckesson.com .
102-45	Entities included in the consolidated financial statements	Form 10-K , p. 3-8

GRI Standard/ Disclosure	Description	Page/Comment
Reporting Practices		
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 mckessoncorporatecitizenship@mckesson.com .

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 GRI Standards: Core option .
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.
Material Topics		
Economic Performance		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.5
GRI 103-2	The management approach and its components	p.5
GRI 103-3	Evaluation of the Management Approach	p.5
GRI 201: Economic Performance 2016		
GRI 201-1	Direct economic value generated and distributed	Please see our Form Form 10-K 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, p.16-21 .
Indirect Economic Impacts		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.26

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

GRI Content Index

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

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

GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
GRI 307: Environmental Compliance 2016		
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. p.21
Employment		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.22
GRI 103-2	The management approach and its components	p.22
GRI 103-3	Evaluation of the Management Approach	p.22
GRI 401: Employment 2016		
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
Occupational Health and Safety		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.24-25
GRI 103-2	The management approach and its components	p.24-25
GRI 103-3	Evaluation of the Management Approach	p.25
GRI 403: Occupational Health and Safety 2016		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	p.25
Training and Education		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.23-24
GRI 103-2	The management approach and its components	p.23-24
GRI 103-3	Evaluation of the Management Approach	p.23
GRI 404: Training and Education 2016		
GRI 404-1	Average hours of training per year per employee	p.23

GRI Content Index

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

GRI Standard/ Disclosure	Description	Page/Comment
Public Policy		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	Please see the Political Engagement page at mckesson.com and the Public Affairs page at mckesson.eu .
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.
GRI 415: Public Policy 2016		
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 Political Contributions Report . 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
Customer Health and Safety		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.11-14
GRI 103-2	The management approach and its components	p.11-14
GRI 103-3	Evaluation of the Management Approach	p.11-14
GRI Standard/ Disclosure	Description	Page/Comment
GRI 416: Customer Health and Safety 2016		
GRI 416-1	Percentage of product and service categories for which health and safety impacts are assessed for improvement	p.14