

McKesson's Fiscal 2018 Corporate Responsibility Report

Updated: 2018.09.20

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Letter from John Hammergren

McKesson's mission is to deliver better health. It's what drives our 78,000+ employees every day. And it's what drives our corporate responsibility efforts.

As a company, we're working 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, working together for the benefit of people and our planet.

Patients come first at McKesson. This year, we added a section on product quality and patient safety to the report. Besides outlining how we ensure quality, we describe how we create a better experience for patients, customers and manufacturers through Six Sigma, including more than 400 projects in the past year alone. We also champion programs that help people access quality healthcare at lower cost.

We are deeply concerned by the impact the opioid epidemic is having on families and communities across the U.S. As a distributor, we have an important role to play in safeguarding the security of the drug supply chain — a role we take very seriously. We have invested millions to enhance our anti-diversion program. We are also actively advocating for solutions that we believe will help prevent diversion and misuse of opioids and other commonly abused medications. In Fiscal 2018, we committed \$100 million to launch a new foundation dedicated to combatting the crisis.

Using resources wisely is good for business, and it's good for the environment. For example, we are adopting LED lighting across our locations. It creates fewer carbon emissions, is more cost-efficient, and offers higher-quality light for our employees and customers. We are also exploring alternative sources of

energy, and signed a long-term agreement to purchase solar power for a major McKesson facility.

Our people are the key to our success. We aim to be an employer of choice, and we invest in programs to advance employee wellbeing and career growth. We committed more than \$14 million to support the charitable causes that matter to our colleagues. In the past year, McKesson employees supported 1,183 organizations, added 2,214 new donors to the international marrow registry, and lent their help to hurricane and wildfire relief efforts.

McKesson's culture is grounded in our shared ICARE (integrity, customer-first, accountability, respect and excellence) principles. These values guide all that's described in these pages. I invite you to review this report, and learn how we're making a positive impact on our company, environment, and society.


John H. Hammergren

Chairman of the Board,
Chief Executive Officer,
McKesson Corporation



McKesson at a Glance

We have
73,000+
patients enrolled in
1,600+ CLINICAL TRIALS



We're a
Fortune 6
& "Most
Admired"
COMPANY



Our FY18
revenues were
\$208
BILLION



We deliver
1/3 of PRESCRIPTION
MEDICINE
in North America



We support **16,000+**
owned and banner
pharmacies



We serve **2.1 million+**
customers in
13 EUROPEAN
COUNTRIES
every day




We support **9,100+**
oncologists
and other specialists




We promote
*access to
healthcare*
in rural communities where
medical facilities are rare



Our LED lighting
retrofits so far are
expected to save
1.5 MILLION kWh
of electricity annually



We diverted
15,307
TONS of
recyclables away
from landfills in FY18



Fiscal Year 2018 By the Numbers



Governance and Board of Directors

- Of our Board members, 3 are women and one is a person of color
- As of March 31, 2018, 7 of 8 Board members were independent
- The Board of Directors periodically reviews our company's corporate social responsibility practices, including environmental sustainability



Product Quality and Patient Safety

- 7.2 million unused products collected, which helps keep the supply chain secure
- 441 completed Six Sigma projects in FY18



Compliance and Ethics

- Code of Conduct available in 10 languages
- Guided by our ICARE and ILEAD shared principles
- Employees can raise concerns through our whistleblower line, compliance officers, human resources and managers



Our People

- 78,000+ employees
- 64% women, 36% men
- 24% under 30 years old, 48% 30-50 years old, 28% over 50 years old
- 57% White, 43% People of Color (of U.S. employees disclosing ethnicity)
- 211,000 training hours completed
- \$3+ million in tuition assistance to 546 employees



Giving Back

- \$100 million donation to start new foundation to combat opioid epidemic
- \$10 million donation to McKesson Foundation
- \$4.3 million in cash and product donations
- \$1+ million in employee donation matching
- \$700,000 donated for disaster relief in FY18
- 14,000 employees participated in Community Days at 130 locations
- 31 employee honorees for the McKesson Community Heroes program
- 2.4 billion steps for McKesson in Motion
- 76,000 patients reached through [Giving Comfort](#)



Eco-Efficiency

- Scope 1 CO₂ emissions: 124,911 metric tons
- Scope 2 CO₂ emissions: 178,385 metric tons
- Scope 3 CO₂ emissions: 75,506 metric tons
- Our LED lighting is expected to save 1.5 million kWh of electricity annually
- We diverted 15,307 tons of recyclables away from landfills

Our Corporate Responsibility Strategy

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.

Our [ICARE shared principles](#) lead the way in our efforts: Integrity, Customer-First, Accountability, Respect and Excellence.

Our [McKesson Code of Conduct](#) is based on ICARE and shapes our everyday work. It guides us to act in an ethical, trustworthy and sustainable way.

Who we are

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 operate primarily in the United States, Canada and Europe. 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 FY18, we employed more than 78,000 people, and our total revenues exceeded \$208 billion.

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.

How we put together this report

During 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.

For McKesson, corporate responsibility (CR) means better health for our planet and people everywhere.

Our Corporate Responsibility Strategy

This report highlights three areas in our CR strategy

We put emphasis on the following 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 you'll find here

This CR Report is a deep dive into our efforts during FY18 (April 1, 2017, to March 31, 2018). We put out a report each year. McKesson Europe published a CR report in February 2018.

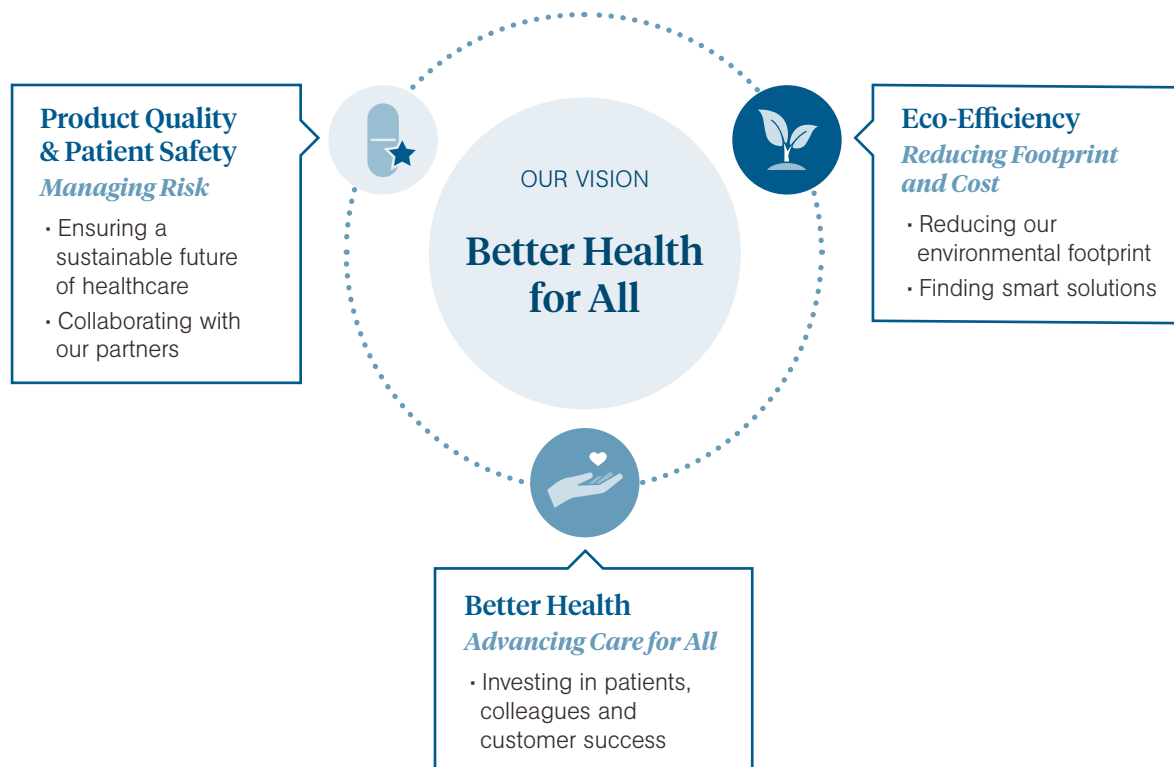
Starting with this report, our CR reports will cover the good we're doing globally. That includes our work in Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Norway, Portugal, Slovenia, Sweden, the United Kingdom and the United States.

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 FY18 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, take a look at the GRI content index at the end of this report.

What is Corporate Responsibility?



Product Quality and Patient Safety Come First

We deliver one-third of prescription medicine in North America, and we serve more than 2.1 million customers every day across 13 European countries. And 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 patients. 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 are advancing 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 — and supporting [innovative programs and partnerships](#) that we believe can have a meaningful

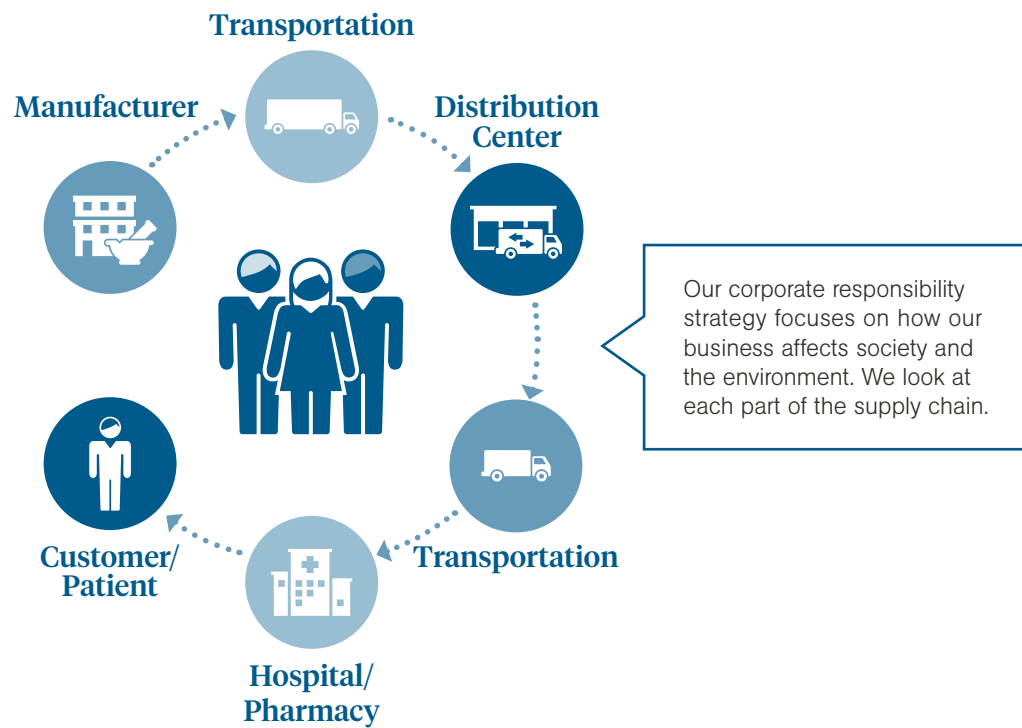
impact on this challenging issue. We are committed to engaging with all who share our dedication to acting with urgency to address this epidemic and working together to end this crisis.

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 the [Good Manufacturing Practice](#) guidelines in the European market.


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:** In addition, 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 also automatically lets us know if a supply is affected by a recall.

When shipping products, we use containers that keep quality and safety in check. That means caring for everything from packaging to 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. These measures help guarantee product integrity and prevent any quality issues.

When potential incidents happen, we work to respond promptly. We follow a CAPA (Corrective Action — Preventive



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

Action) process, with the goal of reducing any problems. To prevent falsified products from entering the legal distribution network, we follow a supplier qualification procedure for vendors. As part of this process, we perform regular audits and checks around 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'll be following the [Falsified Medicines Directive](#), which requires batch tracking of 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. Employees can either scan the information or enter it manually. 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. Outside these regions, our private-label suppliers must agree to McKesson's Sustainable

Supply Chain Principles (MSSP). These cover 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.

- **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 manufacturers vary. As a result, our contractual commitments, controls and processes vary by manufacturer. McKesson has processes and systems to enable manufacturers to validate McKesson's performance against our contractual arrangements.

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

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

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 by promoting 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 FY18, McKesson completed 441 Six Sigma projects, which had more than \$130 million in fiscal impact across our company, suppliers and customers.

Here are a few of our Six Sigma projects:

- **Keeping patients safer by reducing errors:** A few years ago, medication dispensing errors made headlines in the U.K. While we weren't involved, we knew we wanted to double down on our commitment to safety. The result was the SaferCare program. It works like this: each pharmacy nominates a SaferCare Champion, who is responsible for making sure staff complete a safety checklist. Every four weeks, the staff meets as a team to discuss issues and review a case study. Errors (which were already extremely low) have dropped by half since the program started.
- **Restocking faster, so pharmacists have more time with patients:** Several of our LloydsApotek pharmacies in Sweden turned to Six Sigma to improve replenishment. Patients were waiting longer to have their prescriptions filled, which reduced the quality of their experience and increased costs. After visiting pharmacies, our Six Sigma experts realized the stockrooms needed a new layout with separate scanning and

sorting stations, and that staff needed new training. With that plan in place, the pharmacies have seen faster restocking and cost savings of around 70%.

- **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. Already, government auditors have been impressed by the visibility and control in product handling of precursor returns.

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 FY19 and beyond.

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Eco-Efficient Operations and Transportation

Healthier 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, and 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 55-70%. With more efficient lighting, we can cut our CO₂ emissions and reduce our carbon footprint.

During FY18, we had LED lighting initiatives 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 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](#) and the implementation of the [European Union’s Energy Efficiency Directive](#). 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

As the first step in diversifying energy sources, we signed a long-term agreement to purchase solar power from solar arrays. We’ll install these arrays in a large distribution center in the U.S., starting in FY19. We expect the agreement to reduce costs for McKesson, producing electricity equal to approximately 74% of the facility’s annual consumption. In our warehouses in Belgium, we also switched from purchasing electricity that was generated from traditional sources to renewable energy from FY17 onward.

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. Similarly, our U.S. offices in Irving, Texas; Richmond, Virginia; Scottsdale, Arizona; and San Francisco, California, are [LEED](#) (Leadership in Energy and Environmental Design) certified. We are also pursuing [WELL](#) certification for several U.S.

locations, a system that measures features of the built environment that affect human wellness.

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. By reducing the number of miles driven, we can also cut CO₂ emissions.

Energy reduction for our in-house fleet

In some areas, we own our fleet. When it comes to buying new vehicles, fuel consumption and low CO₂ emissions are key criteria. 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:

Our U.S. offices in Irving, Texas; Richmond, Virginia; Scottsdale, Arizona; and San Francisco, California, 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

- **Equipment upgrades:** We have a multi-year initiative to upgrade our line-haul tractors and 5-ton vehicles. The annual fuel reduction is 95,770 liters.
- **Fleet changes:** In FY16, we added long combination vehicles (LCV) to our line-haul network in Quebec. LCVs use less fuel to carry goods, which reduces our carbon footprint.
- **Driver education:** We teach our drivers environmentally friendly and safe practices, such as driving at a safe speed limit and avoiding idling.

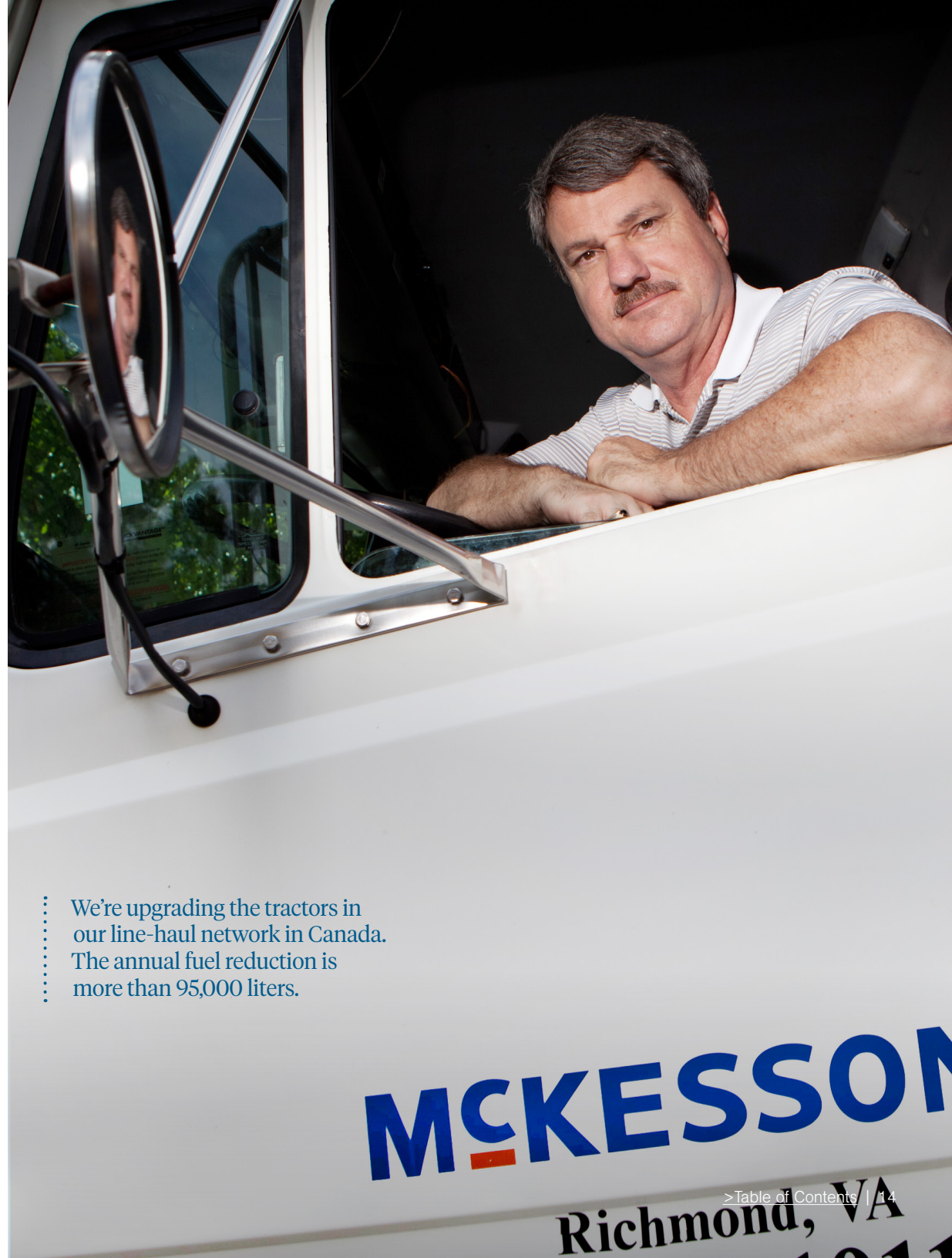
Redistribution center model

We operate two National Redistribution Centers (NRDCs) in the U.S. and one in 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, a benefit that lets 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 Canada sites offer electric/hybrid car charging stations. Also, 12% of our North American employees don't commute, as they work from home.

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
... more than 95,000 liters.

Eco-Efficient Operations and Transportation

CO₂ Emissions Performance in FY18

Earlier editions of the report included partial data from Europe and Canada. Rather than restate our FY17 data, we're using FY18 as a new baseline year.

- **Scope 1:** Direct emissions from the consumption of natural gas, heating oil, diesel fuel and gasoline. In FY18, our Scope 1 emissions increased from 92,086 to 124,911 tons of CO₂ equivalent. This increase happened because we broadened the scope of our reporting. Starting with this report, we're including emissions related to natural gas and diesel in Canada facilities and the Canada fleet in our Scope 1 calculation.
- **Scope 2:** Emissions from purchased and consumed electricity, long-distance heating consumption and purchased renewable energy. In FY18, our Scope 2 emissions fell from 193,076 to 178,385 tons of CO₂ equivalent. This decrease is due to a drop in the number of facilities in the U.S. in FY18, after McKesson contributed the majority of the businesses in our Technology Solutions segment to form a new healthcare information technology company, [Change Healthcare](#). Starting in FY18, we are including Canadian facilities in our reporting.
- **Scope 3:** In FY17, we reported travel booked through our corporate travel partner in North America. Year-to-year, emissions from this source decreased by 1%. However, we saw an overall rise in FY18, since we're now including data from our corporate travel partner in Europe and a transportation supplier.

We measure CO₂ emissions using the [IPCC Guidelines for National Greenhouse Gas Inventories](#).

	FY17 CO ₂ emissions (metric tons) *	FY18 CO ₂ emissions (metric tons)
Scope 1: Fuel Consumption for In-House U.S. Pharmaceutical, Medical-Surgical, Canada and Europe Fleets; Natural Gas Consumption in U.S., Canada and Europe Facilities; Heating Oil in Canada and Europe Facilities	92,086	124,911
Scope 2: Electricity Consumption in U.S., Canada and Europe Facilities	193,076	178,385
Scope 3: U.S., Canada and Europe Employee Air Travel; Third-Party Transportation through UPS (United Parcel Service)	27,508	75,506

*Starting with this report, we are including emissions data from McKesson Canada, air travel data from Europe, and third-party information through UPS. Our FY17 figures exclude this data; we are using FY18 as a new baseline.

Renewable Energy Consumption (in MWh)

Energy Type	FY17	FY18
Renewable energy sourced externally	2,133	2,250
Self-generated renewable energy	282	291
Remote heating	7,341	5,679
Total	9,756	8,220

Electricity Consumption (in MWh)

Country	FY17	FY18	FY18 (Gigajoules)
Europe	147,316	135,463	487,667
Canada	N/A	17,744	63,878
U.S.	270,391	246,832	888,595
Total	417,707	400,039	1,440,140

Eco-Efficient Operations and Transportation

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.

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

We stand for sustainable handling of all materials in our daily business. 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 recycling and water use.

Hazardous waste

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.

We also report on total hazardous waste for [McKesson Europe](#). In FY18, we generated 751 tons of hazardous waste, a decline from 1,036 tons in FY17.

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.

Fossil Fuel Consumption (in metric tons CO₂)**

Fuel Type	FY17	FY18	FY18 (Gigajoules)
Diesel	244,019	210,428	763,520
Gasoline	58,616	63,658	223,705
Heating oil	3,901	6,320	20,258
Natural gas	105,430	114,023	702,759

**These figures exclude CNG (compressed natural gas) in the U.S.

Use of resources: FY17 – FY18

	FY17 (U.S. only)	FY18 (U.S. and Canada)
Materials recycled	12,886 tons , of which: <ul style="list-style-type: none">• Cardboard: 10,709 tons• Single stream: 1,925 tons• Metal: 51 tons• Wood: 6 tons• Other: 195 tons	15,307 tons , of which: <ul style="list-style-type: none">• Cardboard: 13,398 tons• Single stream: 1,624 tons• Metal: 73 tons• Wood: 98 tons• Other: 114 tons
Water use	366,786,967 liters	339,449,541 liters

Eco-Efficient Operations and Transportation

Reducing water use

Water is a limited resource, so we seek to reduce its use in our operations. In the U.S., water use dropped 11.4% from FY17 to FY18. This is because we had fewer U.S. facilities in FY18 after the formation of Change Healthcare, described earlier in this report.

One way we're limiting water use is with a smart irrigation program, currently under pilot at a large office location in the U.S. This system adjusts watering times based on weather conditions and also 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.


Reducing paper use

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. When we can't avoid using paper, we encourage use of recycled stock.

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, 2017, through March 31, 2018), McKesson was in material compliance with all applicable environmental regulations.



..... We save paper by going digital. Our digital repository in Canada saves an estimated 234 trees yearly. Plus, we use electronic handheld scanners for packing orders at distribution centers.

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 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. And we work to create an inclusive culture, so employees can bring their authentic selves to work.

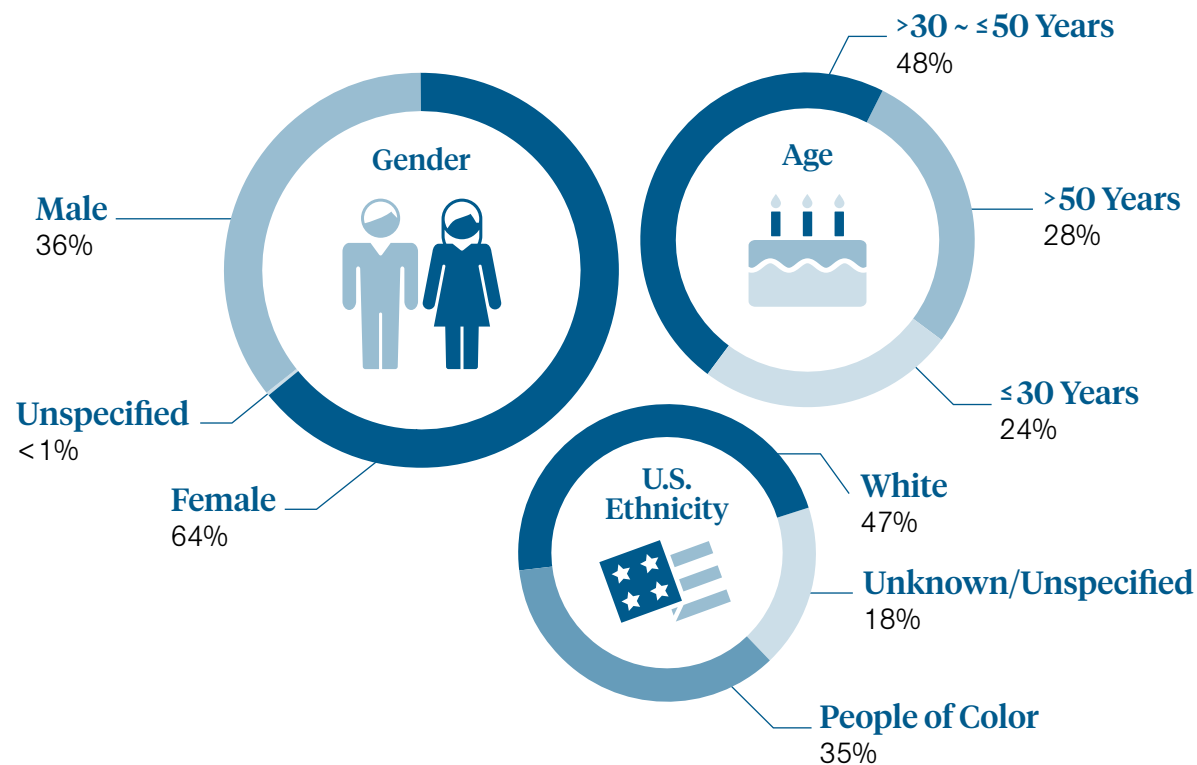
Advancing employee well-being

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, which had response rates up to 90% in FY18.

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.

McKesson by the Numbers



Creating Better Health for Our Employees and Communities

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 advance healthcare in support of better health for all. We establish clear goals and regularly measure their achievement, and compensation increases are tied to their success. Besides holding annual (or more frequent) one-on-one performance evaluations, we encourage managers to provide ongoing coaching.

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 WebEx and fully online courses, so employees can learn when it fits their schedules. In FY18, our employees completed more than 211,000 hours of training (across Canada, Italy, Norway, Slovenia and the U.S., all countries that are included in our centralized learning management platform).

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 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.

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.

In our transformative healthcare landscape, we know it will take the best and brightest to keep us ahead of the curve. Our diversity and inclusion strategy focuses on building a strong pipeline of future leaders, whose diverse backgrounds and viewpoints infuse innovation, agility and creativity into our company.

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 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 facilities, we prepare a monthly Safety Indicator Dashboard to measure conformance to our standards.

In FY18, our distribution centers in the U.S. had a 96.8% effectiveness rate in injury prevention programs, including joint health and safety committees, periodic self-inspections and employee training.

In FY18, our employees completed more than 211,000 hours of training.

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 FY18. Total recordable injuries declined by 13%, and lost-time injuries declined by 14%.

In Canada, the injury frequency rate remained the same from FY17 to FY18. The severity index increased from 10 to 13, which remains low (the severity index is from 1 – 75). This small increase was due to missed opportunities to offer modified work to some employees following their injuries. The team has developed an action plan to address this issue in FY19 and beyond.

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 FY18, U. S. employees completed 55,502 safety training courses.

In FY19, we’ll continue to provide a safe and secure work environment for our employees and, by extension, for the customers and patients who depend on us.



In FY19, 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

Access to Healthcare

Across our company, we champion programs that help people access quality healthcare at a lower cost. Here's how:

- **Bringing online doctors to patients:** In the U.K., our LloydsPharmacy business offers online access to healthcare. Patients go to the website, choose a treatment 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 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.

- **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 4,900 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, in some states, pharmacists can give vaccinations 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.

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 4,900 pharmacies across the country, with nearly 30% located in rural communities.

Creating Better Health for Our Employees and Communities

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

At the end of FY18, McKesson committed \$100 million to a newly formed foundation to help fight the opioid epidemic. The new foundation will 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. Its work will be overseen by a board mostly comprised of outside directors, including healthcare and subject-matter experts, to ensure the foundation's work reflects diverse perspectives and approaches to addressing this epidemic.

Besides our \$100 million commitment, in FY18 McKesson contributed \$4.3 million in cash and merchandise to support a variety of charitable organizations in the U.S., Canada and Europe. McKesson also invested \$10 million in the McKesson Foundation (separate from the new foundation).

Here are some of the areas we've focused on in FY18:

- **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 14,000 employees in 130 locations in FY18. 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 9,000 employees. In one month, employees logged 2.4 billion steps to support the fight against cancer. By participating, they earned McKesson Foundation grants for our Community Partners — just as they do for Community Days.

- **Providing unused medications to patients in need:** When people purchase medications and don't use them, valuable products turn into trash. A group of pharmacists from LloydsPharmacy (owned by McKesson Europe) 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 non-profit partner collects and sorts the products. Then the products go to organizations serving patients without access to healthcare, in Italy and beyond.

AIFA, Italy's national prescription drug agency, monitors the process. Narcotics, medications that need refrigeration and free samples aren't included in the program. So far, the donations have added up: as of early 2018, Farmaco Amico has provided more than \$660,000 in medications to patients in need.

- **Growing the international marrow registry:** We continue to partner with the [Gift of Life Bone Marrow Registry](#) to grow our McKesson Marrow Drive. Together, we've added more

In one month, more than 9,000 employees logged 2.4 billion steps to support the fight against cancer through McKesson in Motion, a charity wellness challenge.

A group of pharmacists from LloydsPharmacy (owned by McKesson Europe) joined forces to start Farmaco Amico. As of early 2018, they have donated more than \$660,000 in medications to patients in need.

Creating Better Health for Our Employees and Communities

than 5,000 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 FY18, the drive has led to six matches and a successful transplant.

Recognizing our heroes

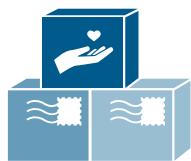
Through the McKesson Community Heroes program, we celebrate employees who make outstanding contributions to their communities and workplaces. The program is open to all employees across the company. It works like this: employees share stories of how they support the causes that matter most to them (for 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 FY18, we recognized 31 employees with grants exceeding \$50,000. The top three winners each received a \$5,000 grant. Watch for their stories on mckesson.com.

- **Jack Covert**, Rancho Cordova, California, U.S. Jack founded Wolfpack Robotics, an after-school program that teaches students to build robots. Many graduates have gone on to science and technology careers.
- **Leonora Kinsella**, Dublin, Ireland. Leonora chairs the board of Hugh's House. When children must travel for hospital treatment, Hugh's House offers a "home away from home" for their families.
- **The Trenton Distribution Center Returns Team**, Trenton, Ontario, Canada. This team collects returned or damaged products and arranges for them to be donated to community outreach programs. Team members reduce waste while supporting the local community.

While we only recognize a small number of 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.



14,000 employees helped build care packages **at 130 locations** across North America and raised over **\$140,000 for cancer care**



Donated more than **\$50,000** in 10 countries through **Community Heroes** volunteer award program



We walked **2.4 billion steps** in the U.S. as part of **McKesson in Motion** charity step challenge and raised **\$115,000 for cancer care**



200 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

In the U.S., we are a certifying organization for the [President's Volunteer Service Award](#). In FY18, 101 employees earned this award.

Stepping forward during emergencies

When emergencies strike, we stand by our employees, customers and communities. In FY18, these were close to home in the U.S., as thousands found themselves in the paths of Hurricanes Harvey and Irma. North of our San Francisco headquarters, our neighbors faced a massive and deadly fire in California's Napa and Sonoma counties.

When natural disasters appear likely, we act quickly. McKesson contacts customers and first responders in North America 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 by:

- **Donating cash:** We support the work of Direct Relief and other disaster relief agencies with unrestricted donations, to be directed where need is greatest.
- **Donating products:** We donated products valued at \$335,000 for hurricane relief, working with non-profit partners World Vision and Americares. We also donated face masks and relief supplies to support recovery from California fires.
- **Supporting employees:** In the U.S. and Canada, the [Taking Care of Our Own Fund](#) is 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. Many McKesson employees live in the path of Hurricanes Harvey and Irma. During FY18, the fund supported more than 280 employees with grants.

Philanthropy Highlights



Assisted 281 employees through the McKesson Foundation **Taking Care of Our Own Fund**



\$55,000 awarded in board **service grants**



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



621 students supported and **\$2.6 million** donated for **scholarships** since 1988



Added **5,176 potential donors** to the **international marrow registry** since start of McKesson Marrow Drive

Our Company

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

That's why we look toward our ICARE shared principles as a unifying set of values to guide us in our mission. Through our compliance and ethics program and sound governance practices, we bring ICARE to life.

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 everything 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 the people we touch — customers, communities, shareholders and each other.

ICARE is what we expect from each other, and what customers and employees expect from McKesson.

Our beacon: the McKesson Code of Conduct

Our company operates in diverse business and legislative environments. To ensure that all employees uphold the highest legal and ethical standards, we embed them in our [Code of Conduct](#).

A shared document across our company, the 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 where to turn to in case of questions or concerns about the right thing to do. The Code of Conduct is available in ten 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, and for us, it's more than just following rules. It means 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.

How we're organized

Our Chief Compliance Officer is aided by a Compliance, Regulatory and Ethics Group as well as a designated compliance officer in 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

i care *Integrity
Customer-First
Accountability
Respect
Excellence*

Our Company

- A toll-free whistleblowing hotline
- Investigations relating to compliance and ethics
- Corrective and/or preventive action (where necessary)

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 have a duty to 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 hotline is 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.

An independent third-party provider (in Europe, an ombudsman) answers and documents all calls before forwarding them to McKesson. We investigate all allegations and provide reports of allegations and investigations to senior management and the [Audit Committee](#) of the Board of Directors.

The hotline is 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.

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 seen to improperly influence our conduct. We expect our business partners and third parties working on our behalf to comply with all local 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](#).

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 meeting their unique needs and exceeding their expectations.

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

Our Company

Our Take on Good Governance

A balanced corporate governance approach aims to secure the company's competitive position, strengthen confidence in our company — both in the capital markets and among the public — and create 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 a strong, independent leader

Our Lead Independent Director works on behalf of the Board of McKesson Corporation and helps carry out our Corporate Governance Guidelines.

Our Board champions diversity and inclusion

Every company should bring together diverse minds. We want to lead by example, both in our leadership and our industry. At the time of publication, three of our nine directors are women and one of our directors is a person of color. Since 2002, women have held three seats on our Board.

Annual evaluations keep our Board going strong

Our Lead Independent Director does annual performance evaluations for every one of our Board members. That way, we make sure everyone's 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. Each year, our Lead Independent Director facilitates the Board's review of our plan for CEO succession.

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 25% of our outstanding shares for at least one year to call a special meeting of stockholders.

We tell you about our political contributions

Transparency and accountability matter to us. In the U.S., we voluntarily disclose any corporate political contributions. Additionally, we provide a list of trade associations with payments more than \$50,000, and in 2018, we made public an enhanced lobbying policy. We also make sure trade organizations never use our contributions for political purposes.

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 financial reporting risk to compensation practices and cybersecurity.

We have a global Code of Conduct

As we describe 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.

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

Our Company

Guidelines help us keep up with governance

Our Corporate Governance Guidelines cover governance matters and are consistent with NYSE listing requirements. 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

Beyond Chairman and CEO [John Hammergren](#), every one of our Board members is independent, which follows the NYSE requirements and our Corporate Governance Guidelines.

The Board reviews our corporate social responsibility practices

The Board of Directors periodically reviews our company's corporate social responsibility practices, including environmental sustainability.

We do more to earn trust

- We do not have a poison pill.
- We cut out 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.

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
102-2	Activities, brands, products and services	p. 6
102-3	Location of headquarters	Our headquarters are at One Post Street, San Francisco, California, 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.
102-5	Ownership and legal form	p. 6
102-6	Markets served	p. 6
102-7	Scale of the organization	p. 6
102-8	Information on employees and other workers	p. 18
102-9	Supply chain	p. 8
102-10	Significant changes to the organization and its supply chain	In March 2017, we marked the completion of our previously announced agreement with Change Healthcare Holdings, Inc. to create a new healthcare information technology company, Change Healthcare. This company includes most of the former McKesson Technology Solutions (MTS) businesses. This agreement led to a decrease in the number of McKesson facilities in the U.S. in FY18.

GRI Standard/ Disclosure	Description	Page/Comment
102-11	Precautionary principle or approach	p. 6
102-12	External initiatives	p. 7
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
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. For details, please view the Governance section of this report. See Our Take on Good Governance, p. 27-28 .

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.6 .
102-41	Collective bargaining agreements	p. 6
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 FY18 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 FY18. For details, please see mckesson.com .

GRI Standard/ Disclosure	Description	Page/Comment
Reporting Practices		
102-45	Entities included in the consolidated financial statements	Form 10-K , p.3-8
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 the topics covered in our FY17 report and have added additional topics related to access to healthcare, product quality and consumer safety, and our supply chain. These topics result from the materiality assessment described above.
102-48	Restatements of information	We are restating the number of languages in which we publish our Code of Conduct. This is due to an error in last year's report.

GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
102-49	Changes in reporting	We are expanding Scope 1 and Scope 2 emissions reporting to reflect the availability of data from Canada, as well as Europe and the U.S. We are also expanding Scope 3 reporting to include additional data on emissions related to product deliveries. Rather than restate FY17 data, we will use FY18 as a new baseline year. Thus, this report reflects McKesson's worldwide operations, including Europe, Canada and the U.S. Previous editions of the report included partial data from Europe and Canada.
102-50	Reporting period	April 1, 2017, to March 31, 2018 (McKesson's Fiscal 2018)
102-51	Date of most recent report	August 2017. McKesson Europe published a corporate responsibility report in February 2018. McKesson Europe is fully integrating into McKesson's corporate social responsibility report starting with this edition.
102-52	Reporting cycle	We report annually.
102-53	Contact point for questions regarding the report	Please direct questions to mckessoncorporatecitizenship@mckesson.com .
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	The environmental data in this report was reviewed by McKesson's Internal Audit team. We plan to pursue external assurance for our FY19 report.

GRI Standard/ Disclosure	Description	Page/Comment
Material Topics		
Economic Performance		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p. 7
GRI 103-2	The management approach and its components	p. 6
GRI 103-3	Evaluation of the Management Approach	p. 6
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 FY18 annual revenues of \$208 billion. In Canada and the U.S., we hired more than 5,800 employees during FY18.
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 our FY18 Proxy Statement , p. 20-21.
Indirect Economic Impacts		
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. 22-24

GRI Content Index

GRI Standard/ Disclosure	Description	Page/Comment
GRI 203: Indirect Economic Impacts 2016		
GRI 203-1	Significant indirect economic impacts	p.22
Anti-corruption		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.26
GRI 103-2	The management approach and its components	p. 26
GRI 103-3	Evaluation of the Management Approach	p.26
GRI 205: Anti-corruption 2016		
GRI 205-2	Communication and training about anti-corruption policies and procedures	p.26
Energy		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.12
GRI 103-2	The management approach and its components	p.15
GRI 103-3	Evaluation of the Management Approach	p.15
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organization	p.15
GRI 302-4	Reduction of energy consumption	p.12-15

GRI Standard/ Disclosure	Description	Page/Comment
Water		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.16-17
GRI 103-2	The management approach and its components	p.17
GRI 103-3	Evaluation of the Management Approach	p.16
GRI 303: Water 2016		
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Emissions		
GRI 103: Management Approach 2016		
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GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	p.15
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Effluents and Waste		
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GRI 103-2	The management approach and its components	p.16
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GRI 306: Effluents and Waste 2016		
GRI 306-2	Waste by type and disposal method	p.16
Environmental Compliance		
GRI 103: Management Approach 2016		
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GRI 103-2	The management approach and its components	p.17
GRI 103-3	Evaluation of the Management Approach	p.17
GRI 307: Environmental Compliance 2016		
GRI 307-1	Non-compliance with environmental laws and regulations	During the period covered by this report (April 1, 2017, through March 31, 2018), McKesson was in material compliance with all applicable environmental regulations. p.17

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Employment		
GRI 103: Management Approach 2016		
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GRI 103-2	The management approach and its components	p.18
GRI 103-3	Evaluation of the Management Approach	p.18
GRI 401: Employment 2016		
GRI 401-1	New employee hires and employee turnover	We hired more than 5,800 employees in the U.S. and Canada in FY18.
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.
Occupational Health and Safety		
GRI 103: Management Approach 2016		
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GRI 103-2	The management approach and its components	p.19-20
GRI 103-3	Evaluation of the Management Approach	p.19-20

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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.20
Training and Education		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.19
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GRI 103-3	Evaluation of the Management Approach	p.19
GRI 404: Training and Education 2016		
GRI 404-1	Average hours of training per year per employee	p.19
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.18
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GRI 103-3	Evaluation of the Management Approach	p.18

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GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Breakout of employees and governing body members by gender, age, and ethnicity	p.18
Forced or Compulsory Labor		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.26
GRI 103-2	The management approach and its components	p.26
GRI 103-3	Evaluation of the Management Approach	p.26
GRI 409: Forced or Compulsory Labor 2016		
GRI 409-1	Measures taken to eliminate all forced labor	p.26
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 .

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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.
Customer Health and Safety		
GRI 103: Management Approach 2016		
GRI 103-1	Explanation of the material topic and its Boundaries	p.8-10
GRI 103-2	The management approach and its components	p.8-10
GRI 103-3	Evaluation of the Management Approach	p.11

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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.8