

*Creating value*  *reducing impact*



**MCKESSON**

**2017 Corporate Responsibility Report**



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For additional information  
see our website:  
[www.mckesson.eu/cr](http://www.mckesson.eu/cr)



### *Dear reader,*

You are reading the first Corporate Responsibility Report of McKesson Europe. We are pleased about your interest in our company. To us, this report provides the valuable opportunity to introduce you to how we understand our environmental, social and governance responsibility, how we adopt it, and what we do to contribute to a healthy world. Our Corporate Responsibility strategy – adopted in 2016 by the Leadership Team – guides our operations.

**McKesson Europe is creating value:** Everything McKesson Europe does is about Better Health. We reach approximately 15 million patients every day through our pharmacies and our network of logistic centres, as well as through our home healthcare services, our online doctors and our pharmaceutical support services. In a world of changing healthcare, we meet new challenges for our company by assuming our responsibility in our processes and along our value chain.

**McKesson Europe is reducing negative impact:** We are aware that natural resources are limited. Our goal is to reduce potentially negative impacts on resources and the environment. Therefore, we implemented ambitious measures to protect them. In all our countries and business segments we reduce our material and energy consumption and operate in considerate ways.

In the future, McKesson Europe will continue to act in a more agile manner, to work in a more resource-efficient way and to take advantage of the chances of digitisation and to deliver the best value for our customers and society. This is crucial to leading the industry and to staying one step ahead of our competitors.

If you would like to get into contact with us, we would love to hear from you. We hope you enjoy reading this exciting and informative report.

#### **Brian S. Tyler**

Chairman of the Management Board  
Labour Relations Director

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## *McKesson Europe*

McKesson Europe is a leading international wholesale and retail company and provider of logistics and services to the pharmaceutical and healthcare sector. Our proactive and preventive approach ensures that patients receive the products and support that they require for optimum care.

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With strong brands and about 39,000 employees, the group is active in 13 European countries (thereof with own operations in ten countries; in addition, McKesson Europe manages operations in three countries and participates in one country in a joint venture). Every day, the company serves over 2 million customers – at more

than 2,100 pharmacies of its own, at about 300 managed pharmacies and at over 5,700 participants in brand partnership schemes. With 110 owned and seven managed wholesale branches in Europe, McKesson Europe supplies more than 55,000 pharmacies and hospitals every day with up to 130,000 pharmaceutical products.

### McKesson Europe

	Wholesale	Retail / Cooperations / Franchising
<b>Austria</b>	Herba Chemosan Apotheker-AG	
<b>Belgium</b>	Pharma Belgium	LloydsPharma, Pharmactiv
<b>Denmark</b>	Tjellesen Max Jenne A/S	
<b>France</b>	OCP France	Pharmactiv
<b>Germany</b>	GEHE Pharma Handel	gesund leben
<b>Ireland</b>	United Drug	LloydsPharmacy Ireland
<b>Italy</b>	Admenta Italia	LloydsFarmacia
<b>Netherlands<sup>1</sup></b>	Brocef Groep	Benu
<b>Norway</b>	Norsk Medisinaldepot	Vitus-apotek, Ditt Apotek
<b>Portugal</b>	OCP Portugal	Holon
<b>Slovenia</b>	Kemofarmacija d.d.	
<b>Sweden</b>		LloydsApotek
<b>United Kingdom</b>	AAH Pharmaceuticals	LloydsPharmacy, Careway, John Bell & Croyden, Betterlife, MASTA

<sup>1</sup> Not included in the reporting scope because the McKesson Europe holds only a minority share.

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**€20.6  
billion**

total revenue generated in 2017.



**€2.1  
billion**

gross profit generated in 2017.



**€0.2  
million**

invested in the community.



### **McKesson**

McKesson Corporation, San Francisco, USA, is the majority shareholder in McKesson Europe AG. The company acquired more than 75 per cent of McKesson Europe AG shares in 2014. McKesson is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology.

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### Corporate governance

Corporate governance stands for responsible management and control of a company with the aim of generating sustainable value-added.



### Taking responsibility seriously

A balanced corporate governance strategy aims to secure the company's competitive position, strengthen confidence in our company – both on the capital markets and among the general public – and create value over the long term. We know that good corporate governance strengthens confidence among our shareholders, business partners and employees, promotes transparency in our company and contributes to sustainable growth.

### 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. These Shared Principles shape our corporate culture. They enable us to make a positive difference among our stakeholders including customers, communities, shareholders, and each other.

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With the introduction of ICARE at McKesson Europe in 2015, we officially committed ourselves to the ICARE Shared Principles of McKesson. Thus, we are unified by our shared values despite cultural and functional differences. ICARE is what we expect from each other, and it's what our customers and employees expect from us.

## ***Compliance***

Compliance is an integral component of McKesson Europe's corporate and leadership culture. It refers to our obligation to both the law and internal guidelines. More than simply following rules, it means reconsidering our actions and adapting to new challenges and situations.

For a sustainable compliance culture, it is essential to involve everyone within the company. To meet the dynamic challenges in this area, we are constantly reviewing the compliance management system and our self-imposed standards.

## ***Organisation***

In principle, the ultimate responsibility for compliance lies with the McKesson Europe Management Board and the Country Boards. A compliance committee with representatives from Compliance and Corporate, Legal, Audit, Accounting, and Human Resources serves as a platform for integrated exchange at the head office and works in close cooperation with Country Compliance Officers in our markets.

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***Code of Conduct sets common standard***

McKesson Europe operates in diverse business and legislative environments. We have a Code of Conduct to ensure that all staff uphold high-levels of legal and ethical standards. In demanding defined principles for acting in an ethical, trustworthy and sustainable way, it goes beyond formal legal requirements.

The Code of Conduct is based on ICARE and describes 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. In addition, 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.

***Helpline available***

The McKesson Europe Helpline (Ombudsman) is an independent third party to whom concerns can be raised anonymously, if requested. The ombudsman is an external lawyer, point of contact for advice on compliance-related matters and a reference person to confidentially report sensitive compliance matters as far as permitted by national law. This confidential helpline system gives all employees 24-hour access free of charge and is available in multiple languages.



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McKesson Europe operates in 13 countries in Europe and employs about 39,000<sup>1</sup> people. Our joint mission: We help people using innovative health-care services – effectively, efficiently and with conviction. We want to contribute to a healthy lifestyle and positive attitude to life. This includes responsibility for our employees as well as our partners in the supply chain. Complying with the law, good working conditions and respectful dealings with all stakeholders are essential. That is what we stand for.

#### Employees' time of service with McKesson Europe

in headcount	FY 2016	FY 2017
< 10 years	23,287	25,583
10–25 years	8,378	9,922
26–35 years	2,464	2,756
> 35 years	749	834

<sup>1</sup> Excluding the employees at our Head Office.

#### Developing our talent pool

Qualified professionals are the key to success. Being perceived as an attractive employer to existing and potential future employees is equally important. Therefore, we implemented processes to identify talent within and outside of the company, to promote employees in a targeted way, to apply their strengths in the best possible way and to provide long-term support. We also developed specific training programmes that prepare our employees for new challenges.

Beyond local training programmes, McKesson Europe established four programmes that give employees a variety of tools to help them master complex tasks and grow by tackling new challenges. Their common aim is to develop a shared understanding of the management culture at McKesson that is based on McKesson's Shared Principles. Collaboration between departments and countries increases efficiency, builds up common understanding for continuous growth and thus guarantees McKesson's business success in the long term.

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For management teams on all levels, we developed the internationally oriented programmes START, GROW, DRIVE and EXPERT. They help promoting talents and increasing McKesson’s international talent pool. START, GROW and DRIVE are programmes for managers, whereas EXPERT supports specialists in expanding their knowledge and successfully tackling increasingly complex challenges.

We regularly measure the success of our employees and work together in partnership in order to identify individual pathways for everyone according to their abilities and ambitions. All employees at McKesson Europe receive a regular performance and career development review in the course of our Annual Contribution Dialogue and additional measures.

### Gender structure for McKesson Europe

in headcount	FY 2016	FY 2017
Female	24,911	27,227
Male	9,967	11,868

### Supporting our employees’ health

The health and safety of our employees is important to us. We are only as strong as our employees – which is why we support their health and well-being. We want them to master the challenges of their day-to-day work. To this end, we implemented numerous local initiatives in the countries we are active in. For example, we trained our managers in our warehouses in the UK in good health leadership practices.

Despite adopting comprehensive precaution measures, accidents cannot be fully ruled out. In the reporting year, no fatal accidents have been notified.

### Strengthening diversity

At McKesson Europe, we are convinced that diversity means strength. Our employees are diverse in terms of age, origin, religion, physical ability, gender and sexual orientation. This is what we support and what we are proud of. We particularly support gender equality. Our

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## Gender structure for McKesson Europe by employee type

in headcount	FY 2016	FY 2017
Full-time: Female	11,490	9,292
Part-time: Female	13,421	17,935
Full-time: Male	7,127	7,678
Part-time: Male	2,840	4,190

## Age structure for McKesson Europe

in headcount	FY 2016	FY 2017
Proportion < 30 years	10,181	11,166
Proportion 31 – 40 years	7,587	8,784
Proportion 41 – 50 years	7,388	8,069
Proportion 51 – 60 years	7,422	8,356
Proportion ≥ 60 years	2,300	2,720

female and male employees are treated as equals in all areas. Remuneration is determined solely by qualification of our employees and without any consideration of gender.

With flexible office hours and part time concepts we strive for a better reconciliation of work and family life in many of our subsidiaries.

Demographic change poses challenges for society and also for McKesson Europe. The integration of our senior employees secures valuable knowledge within the company. We also support them through measures such as partial retirement and our health promotion programmes.

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## *Focus on France: OCP strengthens the inclusion of people with disabilities*



Since 2014, OCP has had an agreement with HanDialogue, a non-governmental organisation that promotes

the inclusion of disabled people. The goal is to raise awareness of employees for disabled workers. In 2015, OCP recruited nine people with disabilities. By the end of 2015 the number of handicapped employees at OCP had amounted to 216. A new partnership agreement between OCP and HanDialogue will be in place by the end of 2017.

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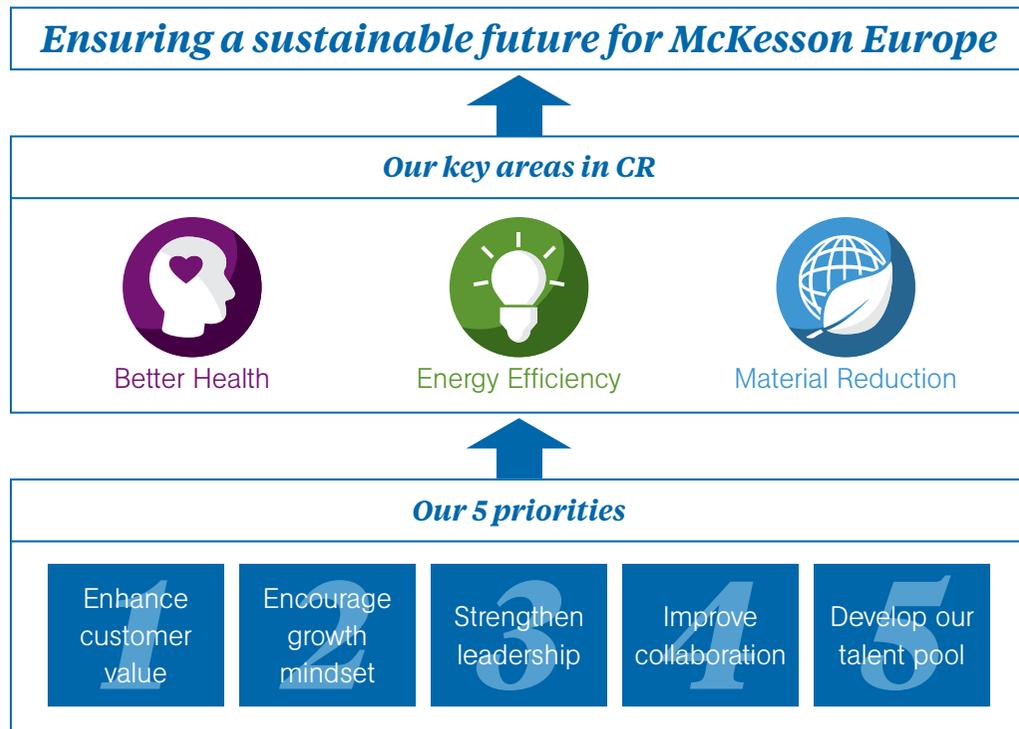
At McKesson Europe, Corporate Responsibility (CR) describes our approach to handling economic, environmental and social resources in a responsible manner. The CR Strategy is based on our ICARE shared principles as well as on the McKesson Europe Code of Conduct (see p. 9), which guides us in keeping up high legal and ethical standards among colleagues and in contacts with business partners.

Another foundation for the CR Strategy are McKesson Europe’s five company priorities. They serve as important maxims that put a clear focus on patients and customers and help to improve our market position:

- Enhance customer value
- Encourage growth mind set
- Strengthen leadership
- Improve collaboration
- Develop our talent pool

With regard to our five priorities as well as our value chain we identified our impacts in the three areas of **Better Health**, **Energy Efficiency**, and **Material Reduction** – our key areas of Corporate Responsibility. There are group and country specific actions in place, aiming at conserving resources in the long term and at offering added value for society.

The overall aim of our CR Strategy is to ensure a sustainable future for McKesson Europe by taking into account long-term developments that shape our business environment. By doing so, we reduce our operative risks and are able to exploit new business opportunities.



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## ***Responsibility along the value chain***

The CR strategy focuses on the question of how our business activities impact on the environment and society along the value chain – from the manufacturers of healthcare products via distribution centres to pharmacies, hospitals, and patients, including the necessary logistical steps between them.

All along our value chain – mainly regarding administration, logistics as well as transportation to and at the pharmacies and hospitals –, there is the potential to either reduce any negative impact of our operations or to create value, either directly or indirectly.

## ***Focusing on material issues***

In developing the CR strategy, McKesson Europe undertook a detailed analysis of the material issues for the group regarding sustainability. In preparation of the process, we evaluated the standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). A stakeholder analysis, selected interviews and workshops as well as an evaluation of established practice in the group were also part of the process.

The resulting themes were clustered and prioritised, eventually leading to seven material issues identified as having an important influence on long-term success. Four of these relate to reducing negative environmental impacts, the other three offer opportunities to make a positive impact.

The table on the next page shows how the seven material issues relate to the steps of our value chain. The upper three aim at creating value, the lower four at reducing impact.

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## McKesson Europe supply chain



Creating Value	Better Health	Sustainable business opportunities	●	●	●	●	●	●
		Product safety and quality		●	●	●	●	
		Corporate Citizenship			●	●	●	●
	Reducing Impact	Energy Efficiency	Energy	●		●		●
Fuel/CO <sub>2</sub>			●	●	●	●		
Material Reduction		Waste			●		●	●
		Paper	●		●		●	●

### Concrete fields of action

The outcomes from the materiality analysis process give us valuable insights that can be put to practical use in the company. They not only allowed focusing the CR strategy but also resulted in shaping the structure of the present

report by feeding into our three key areas in CR: Better Health, Energy Efficiency, and Material Reduction.

Thus, the seven material issues present concrete fields of action in our key areas. Respective measures and performance indicators have been developed for the majority of these topics.

#### Sustainable Business Opportunities

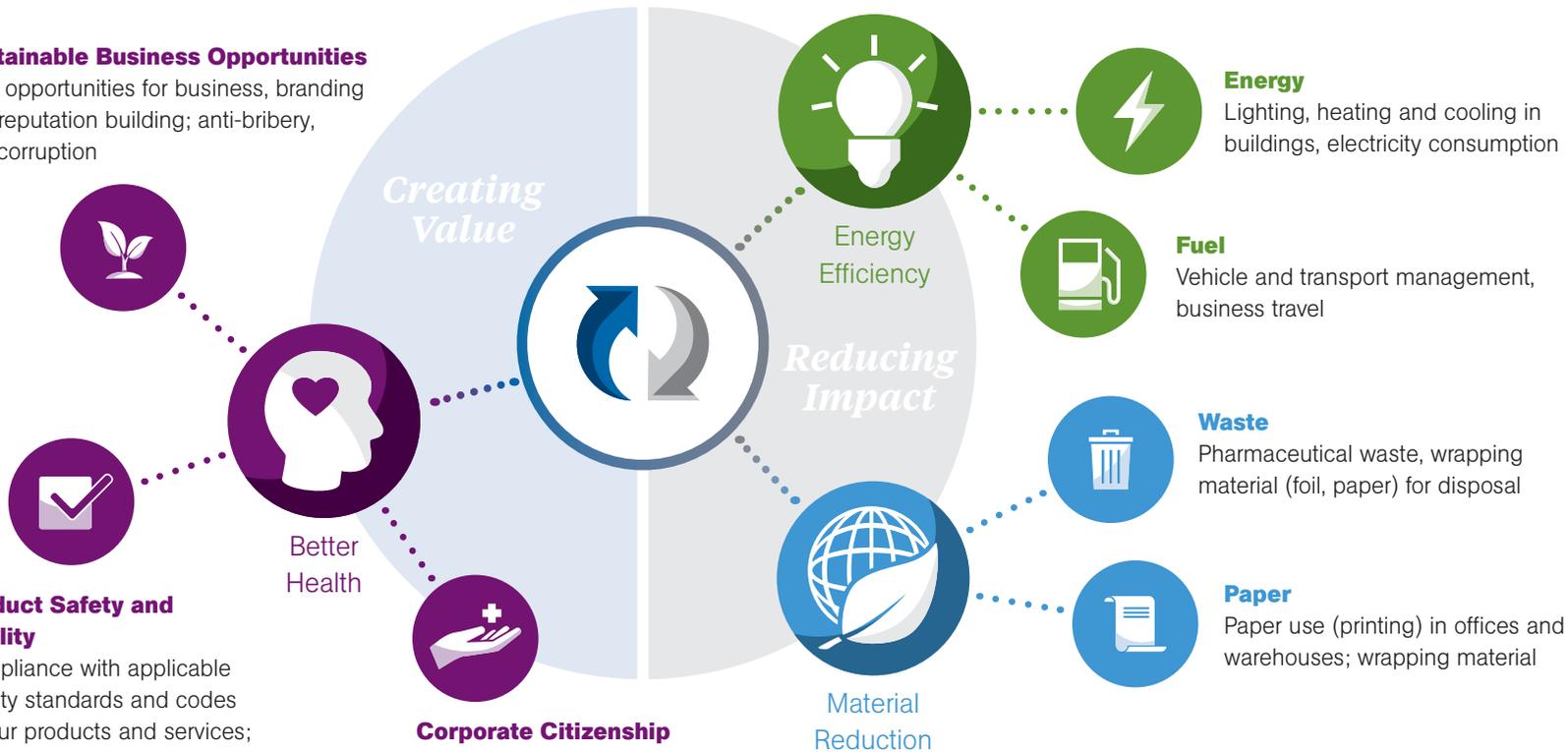
New opportunities for business, branding and reputation building; anti-bribery, anti-corruption

#### Product Safety and Quality

Compliance with applicable quality standards and codes for our products and services; implementation of integrated management systems

#### Corporate Citizenship

Better Health for our patients and the community



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***Stakeholder consultations***

Moreover, the materiality exercise established or confirmed dialogue processes with internal and external stakeholders, such as employees, analysts, customers, suppliers, lawmakers, business associations, nongovernmental organisations, and media. Depending on the group, channels used included online media, conference calls, journals, info-flyers and mailings, network meetings, and interviews. Issues discussed ranged from the refugee crisis, commitments to sustainability, product quality, current and potential regulations, strategy and management, climate change, and other issues.

***Organisation of CR at McKesson Europe***

Corporate Responsibility at McKesson Europe is organised by a dedicated CR management position at group level. It liaises with partners in the subsidiaries to ensure a common strategic approach. Ultimately, the Management Board of McKesson Europe is responsible for the group’s CR strategy.

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# Better Health

# Creating Value



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# McKesson Europe is creating value for people

McKesson Europe is one of the largest pharmacy operators in Europe. Our aim is to help our customers and pharmacies' customers to gain a more positive attitude towards life and to increase their quality of life through our product range and innovative, efficient healthcare services.

## *Creating value for our customers*

Patients and consumers receive expert, reliable health advice through our pharmacies and co-operation partners. To ensure that we can continue to offer this in the future, we place great value on regular and structured training for our pharmacists and pharmaceutical technicians.

In addition to deepening pharmaceutical knowledge, training sessions focus on issues such as advising customers, communication skills and organisation in the workplace. Parallel to our services, our special customer loyalty programmes also enable us to retain customers. The expansion of the European Pharmacy Network (EPN) to include the key categories "skin care" and "pain control" is making an additional impact.

## *Creating value at pharmacies and hospitals*

Our aim is to help our customers and pharmacies' customers gain a more positive attitude towards life and increase their quality of life through our product range and services. To ensure this, we are strengthening the role of the pharmacies as pharmaceutically competent healthcare advisers for patients and consumers and as a service provider for the healthcare system.

## *Creating value together with our partners*

McKesson Europe has been working in partnership with the pharmaceutical and healthcare industry for nearly two centuries. We know that the healthcare market is a very complex field with multiple stakeholders along the value chain. With our [Shared Principles](#) we are geared towards serving the health of patients. For us this means bringing our partners' products to the pharmacies, ensuring pharmaceutical experience within our pharmacy network as well as flawless and timely distribution.

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business units were certified  
for ISO 9001.

# McKesson Europe is creating value through quality

The safety of our products is of utmost importance to the health and wellbeing of our customers. To fill this important role properly, reliable quality management is necessary. McKesson Europe takes up that responsibility by applying the highest standards of quality in all company processes: pharmacies, transportation, intermediary and administration.

## ***Best quality and product safety at all times***

McKesson Europe is committed to delivering professional and comprehensive wholesale, retail and healthcare solutions service to our customers throughout Europe. Based on our ICARE principles the McKesson Europe Quality Statement demonstrates our efforts towards best quality in all processes. McKesson Europe acts according to the laws and regulations in force, works reliably and full of integrity, trains all employees, provides safe and beneficial surroundings for work and evolves constantly.

Our integrated Management System combines methods and instruments for compliance with the requirements of various fields – e.g. quality, environmental and occupational safety and

security – in a single structure. It goes beyond the scope of Quality Management Systems and is guided through the standards provided by the International Organization for Standardization (ISO). In 2017, in Europe 10 business units were certified for ISO 9001 (2016: 9), 3 of them also have implemented an environmental management system in accordance with ISO 14001 (2016: 2).

Short supply routes make our processes more cost-efficient and sustainable. Therefore, almost all of our procurement budget is spent on suppliers from Europe.

## ***Continuously raising the standard***

To strive for continuous improvement in all parts of our organisation we use Lean Six Sigma as a systematic approach. Lean Six Sigma is a process oriented, holistic management approach that puts the customer right at the centre of all business activities and aims at verifying the quality performance of a company through continuous data measurement. Lean Management focuses on the efficient design of a company's value chain, avoiding all

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types of waste and streamlining operations. Six Sigma is a management philosophy that supports fact-based decision-making processes as an integral part of a management system. It employs a high number of problem-solving tools to continuously improve operational and back-office processes by reducing defects and by minimising variances. At McKesson Europe, the Lean Six Sigma programme provides the organisational framework for deploying the methodology. Beside the organisation of training measures the central Lean Six Sigma team

connects all individual country actions to a Europe-wide initiative, fostering the exchange of best practices and identifying and allocating expertise across national borders. The objective is to deeply embed the continuous improvement methodology and mind-set in our business practices and to establish a Europe-wide Lean Six Sigma community leading the way in striving for excellence in everything we do.

By now we realised Europe-wide savings of over €2 million in 80 projects.

## *Focus on UK: SaferCare brings excellence to the customer*

SaferCare is an initiative at Lloyds Pharmacy UK to continuously improve quality. How do we do this? We support colleagues by providing them with the training and tools to bring to life the quest for excellence – whenever they serve a customer. For example, we guide them on how to

work as a team, to learn from mistakes, and thus to reduce the risk of supplying the wrong medication or a poor quality service in our pharmacies. Ensuring that our customers are our number one priority has become a philosophy that is understood by everyone in Lloyds Pharmacy UK.

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colleagues volunteering in their free time were rewarded as Community Heroes and Honorable Mentions.

Our employees don't just give their all at work – many of them also passionately support charity organisations in their free time. Here at McKesson Europe, we greatly value this volunteer work of our employees and present awards for particularly dedicated work. Employees who, in their free time, contribute to the health of others, to society or to the environment, can apply

for financial support of USD 2,500 for a charitable organisation of their choice. In early 2017, we asked our employees for the first time to share their stories with us and present the success of their volunteer work. All applicants have one thing in common: they live by our ICARE Shared Principles – Integrity, Customer-First, Accountability, Respect and Excellence.

## *A Community Hero was named in each of the three categories*



### **Better Health for Our Patients:**

Kevin Burgess, an employee at Lloyds Pharmacy in the United Kingdom, received this award for helping with multiple medical emergencies each week in his immediate vicinity.

### **Better Health for Our Planet:**

Irene Furulund, employee at the Norsk Medisinaldepot in Oslo, received an award for voluntarily supporting farmers in rural areas in growing cashew nuts, sesame, and crops in a sustainable way.



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**Better Health for Our Community:**

Elisabeth Degelmann, an employee at the wound care centre in Nuremberg, regularly spends her holidays in Ethiopia to provide locals – especially children – with medical support.



***Focus on the United Kingdom:  
Making a difference for people with dementia***

850,000 people in the United Kingdom suffer from dementia – a number that is increasing. That is why Celesio UK joined forces with the Alzheimer's Society to raise awareness and challenge stigmas associated with dementia.

As part of the initiative "Dementia Friends", 10,000 Celesio UK employees support people with dementia in their daily lives and raise awareness for the illness. They attended information sessions to learn about what it is like to live with dementia and then transform that understanding into action. This way, employees can collectively make a big difference for people with dementia in their communities.

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## *Focus on Italy: Donations for refugees*

Donations of medication and health products aid the Italian Red Cross and the Italian Navy in caring for refugees. 4,500 people live in “Cara” in Mineo, Sicily (Italy). It is the largest refugee camp in Europe and was set up in 2011. McKesson Europe’s Italian subsidiary, Lloyds Farmacia, has supplied both the Italian Navy and the Italian Red Cross with medication and health products. These supplies helped the refugees and asylum seekers in both Mineo and on the Italian Navy’s rescue ship ‘Borsini’.

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## *Focus on Germany: Arrival Aid – Support with German bureaucracy for refugees*



McKesson Europe supported the launch of Arrival Aid Stuttgart – a charitable organisation that aids refugees in the course of their asylum procedure. The volunteers do a remarkable job by helping the newly arrived to navigate their way through the jungle of German bureaucracy. The organisation aims to support

refugees during the asylum process and prepare them for the interview that leads to the decision whether they will be allowed to stay in Germany. McKesson Europe supported them with a seed capital of €15,000 and by that initiated – in cooperation with a local law firm – the founding of Arrival Aid Stuttgart. Aside from financial support, McKesson Europe helped the organisation by providing rooms for the education processes, as well as a material donation of discarded computer monitors and a donation of €1 for each Christmas card that was written by a McKesson Europe colleague.

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# Energy Efficiency

# Reducing Impact



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# Reducing the need for electricity

The key areas of energy consumption at McKesson Europe are electricity for lighting and IT and fuel for heating and transportation, including logistics and business trips. Our energy efficiency measures are targeted at both areas.

In operations, energy is mostly used for lighting: in our warehouses it accounts for up to 40% of the electricity consumption. In our pharmacies approximately 55–70% of the electricity usage is for lighting purposes. Therefore, increasing the efficiency of our lighting systems to reduce climate-damaging CO<sub>2</sub> emissions has a significant impact on our carbon footprint.

## *LED lighting in warehouses and pharmacies*

Currently many of McKesson Europe's warehouses have conventional lighting, such as fluorescent tubes and discharge lighting. Compared to more modern technologies, these consume a lot of energy. Therefore, McKesson Europe

has decided to upgrade all warehouses that still use energy intensive lighting by installing LED systems.

In doing so, McKesson Europe plans to reduce its energy consumption for lighting in warehouses by approximately 40% and save over 3,300 tonnes of CO<sub>2</sub> emissions per year. The carbon reduction has the same positive impact on the climate as planting 3.3 million m<sup>2</sup> of trees – the equivalent of 468 football fields.

Our approach for reducing electricity consumption in the pharmacies is to seek consensus and give advice within the European Pharmacy Network (EPN), McKesson Europe's brand strategy for a standardised pan-European pharmacy market. Lloyds-branded pharmacies in the United Kingdom therefore share the same approach, for instance, in terms of the type of lighting used. Since 2016, work has been under way to retrofit the lighting systems in over 350 Lloyds stores with LED units and associated controls. At the same time, inefficient heating was replaced with more efficient units, complete with timer controls and/or presence



**~40%**

the energy consumption in our warehouses will be reduced annually by upgrading the lighting with LED systems.

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detectors. The overall objective is to reduce electricity consumption, and thereby CO<sub>2</sub> emissions, by an average of 30% per pharmacy. A pilot project consisting of 50 stores had already been re-fitted with LED lighting until the end of FY 2017 and is on target to save electricity equating to 200 tonnes of CO<sub>2</sub> emissions every year.

### Consumption of fossil fuels

in MWh	FY 2016	FY 2017
Diesel	127,504	128,217
Gasoline	37	108
Heating oil	3,943	3,901
Natural gas	49,279	50,948

### Consumption of electricity and long-distance heating

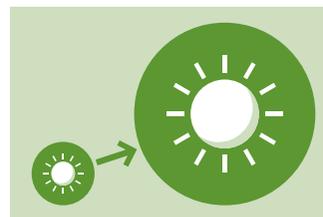
in MWh	FY 2016	FY 2017
Total electricity consumption	154,786	149,732
– of which renewable energy sourced externally	2,285	2,133
– of which self-generated renewable energy	35	282
Remote heating	6,796	7,341

### Traditional and renewable energy

During FY 2017, our total energy consumption (incl. diesel fuel and gasoline consumption, electricity, heating oil, natural gas, remote heating, and renewable energy) amounted to 340,247 Megawatt hours (MWh) (FY 2016: 342,345 MWh).

During FY 2017, we measured reductions in electricity consumption. Our goal for the upcoming years is to intensify our efforts in reducing our energy consumption in transport.

The production of self-generated renewable energy from mainly solar energy rose from 35 to 282 MWh in the course of the year.



In 2017, self-generated solar energy rose from 35 to 282 MWh.

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## *Focus on Germany: The new McKesson Europe headquarters*



The new McKesson Europe head office in Stuttgart has been awarded Gold certification for its energy-effi-

cient, environmentally-friendly design in accordance with the standards of the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB, the German Sustainable Building Council). The eco-friendly air condition, the LED lighting concept and roof greening save approximately 30% of electricity compared to conventional buildings.

Hence, the new building not only shows the company's commitment to Stuttgart as a location but also demonstrates McKesson Europe's dedication to sustainability.

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# Reducing impact through efficiency gains

Achieving more business 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 protect the environment by using fewer resources and emitting less CO<sub>2</sub>, as a consequence.

Naturally, in a business based on distribution, fuel consumption for transport purposes constitutes a considerable environmental challenge. Our strategy therefore focuses on optimising the fleet, monitoring mileage and fuel consumption, and making drivers aware of environmentally friendly driving habits in all countries, in which we have our own fleets. However, in countries where we operate with partner companies our influence in this regard is limited.

When it comes to buying new vehicles, fuel consumption and low CO<sub>2</sub> emissions are key criteria. We also optimise delivery routes and vehicle loading, thereby reducing total mileage and increasing efficiency.

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## *Slightly higher CO<sub>2</sub> emissions*

In FY 2017, our Scope 1 CO<sub>2</sub> emissions rose slightly from 44,914 to 45,425 tonnes of CO<sub>2</sub> equivalent.

McKesson Europe measures CO<sub>2</sub> emissions using the Greenhouse Gas (GHG) Protocol methodology developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Emissions in Scope 1 cover direct GHG emissions from the consumption of natural gas, heating oil, diesel fuel and gasoline.

### **Scope 1 CO<sub>2</sub> emissions**

<b>2017</b>	tonnes of CO <sub>2</sub> equivalent		45,425
<b>2016</b>	tonnes of CO <sub>2</sub> equivalent		44,914

### **Scope 2 CO<sub>2</sub> emissions**

<b>2017</b>	tonnes of CO <sub>2</sub> equivalent		61.4
<b>2016</b>	tonnes of CO <sub>2</sub> equivalent		64.2

Scope 2 emissions result from purchased and consumed electricity, long distance heating consumption and purchased renewable energy. They decreased slightly from 64.2 to 61.4 tonnes of CO<sub>2</sub> equivalent.

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# Material Reduction



# Reducing Impact

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We use a variety of materials both in our operations and in administrative work: office paper, packaging and transport materials. Going forward, we want to limit usage to the minimum amount required. Where the use of materials is unavoidable we strive to opt for recycled products.

Resource scarcity not only affects McKesson Europe. Companies that aim to stay competitive in the long term have to work towards closed-loop systems and use their resources responsibly. This is sensible both from an economical and an ecological point of view.

Here at McKesson Europe, we stand for sustainable handling of all materials in our daily business. In order to reduce our impact on the environment, we continuously improve the way we handle resources for our products, our services and our processes. The aim is to use materials efficiently and also use recycled or recyclable materials.

For example, we utilise reusable boxes in our transport processes. We send medication to our customers – pharmacies and hospitals – in transport boxes. After these have been unloaded and emptied at the destination, the wholesale companies of McKesson Europe and partner companies simply take the used

## Waste by type and disposal method

Type of waste	Unit	FY 2016	FY 2017
Pharmaceutical waste <sup>1</sup>	t	892.8	1,036.3
Non-hazardous waste	t	21,911.4	22,121.6
- Waste for recycling	t	17,862.9	17,855.1
- Other waste (non-hazardous, non-recycling)	t	4,048.3	4,266.5
<b>Total weight of waste</b>	<b>t</b>	<b>22,804.2</b>	<b>23,157.9</b>

<sup>1</sup> Pharmaceutical waste is the only type of hazardous waste in and from the processes of McKesson Europe.

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boxes and use them for the next delivery. We developed a return system which guarantees a smooth pick-up process. By reusing the boxes for further deliveries we save valuable resources and avoid the unnecessary waste of transport materials on a daily basis.

We also optimised planning of the delivery routes, the optimal utilisation of the delivery vehicles and an appropriate delivery frequency of the products to our customers.

### *Focus on France: Sustainable paper*

The responsible handling of timber for manufacturing printing and packaging materials is an important lever in environmental protection. Our French platforms Virtuose and OCP-R print invoices on paper that consists of 60% recycled and FSC-certified material. FSC certification ensures that the materials used for paper produc-

tion come from responsibly managed forests that provide environmental, social, and economic benefits.

The Forest Stewardship Council (FSC) is an international non-profit, independent organisation that actively promotes responsible forestry and the conservation of biodiversity.

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# Limiting paper use in our processes

One of the main resources McKesson Europe is using in its business processes is paper. Especially in our administration, paper is still an indispensable material, and one which we aim to handle responsibly. In 2017, McKesson Europe used 1,117 tonnes of paper in our offices and operations (2016: 1,099 tonnes).

In many warehouses we use electronic hand-held scanners when packing the orders. This makes it possible to reduce the numerous paper printouts and save water, as well as to reduce CO<sub>2</sub> emissions. The employees have all required information at hand, without unnecessarily affecting the environment.

We also conserve resources on a daily basis in our offices. In general, at McKesson Europe all areas ensure that as little paper is used as possible. Electronic filing systems help this process. If a document has to be printed out, we use our common printers which mostly use certified paper.

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**-1,5 mio**

sheets of paper less used –  
an equivalent to 500 trees.

## *Focus on Germany: Less paper, more service*

Digitisation enables innovation. Since the start of 2017 GEHE offers its customers in pharmacies a new kind of bill: the electronic invoice collection on GEHE POINT. By this system customers receive their invoices online, save paper, and keep an overview on their bills at all times. The data system keeps the user updated with recent spendings and stores all invoices in one safe place. GEHE POINT also means less work for our employees at the pharmacies.

The electronic invoice collection is a part of the GEHE initiative to make invoicing smarter, easier and more convenient. Another example for digital innovation from this initiative is eInvoice, a true branch novelty. It's an electronic invoice version, replacing the common billing process with pharma manufacturers. eInvoice is simple, stress-free, environmental-friendly and results in 1.5 million sheets of paper less used – an equivalent to 500 trees.

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This Corporate Responsibility Report explains how McKesson Europe is creating Better Health for its customers, the environment and society in general.

The reporting period is fiscal year 2017 (1 April 2016 to 31 March 2017). The data provided in this report relate to all affiliates of McKesson Europe that are consolidated in the McKesson Europe Annual Report. Any deviations from this are clearly pointed out.

The report is based on the GRI Standards of the Global Reporting Initiative. This report has been prepared in accordance with the GRI Standards: Core option. This means that it was subjected to an analysis of the topics relevant to our business and our Corporate Responsibility Strategy (materiality).



*The Global Reporting Initiative (GRI) is an independent international organization that has pioneered sustainability reporting since 1997. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. They are the first global standards for sustainability reporting.*

This Corporate Responsibility Report has successfully undergone a Materiality Disclosures service which confirms that at the time of publication of the Report, the disclosures GRI 102-40 to GRI 102-49 from the GRI Standards were correctly located in both the content index and in the text of the final report.

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This report has been prepared in accordance with the GRI Standards: Core option.

Disclosures		Page/Comment
<b>GRI 102: General Disclosures 2016</b>		
<i>Organizational Profile</i>		
GRI 102-1	Name of the organisation	05
GRI 102-2	Activities, brands, products, and services	05
GRI 102-3	Location of headquarters	06
GRI 102-4	Location of operations	05
GRI 102-5	Ownership and legal form	06
GRI 102-6	Markets served	05
GRI 102-7	Scale of the organisation	05
GRI 102-8	Information on employees and other workers	12; A survey of data on minorities is a matter of the individual national regulatory standards. Therefore, a differentiation on the basis of gender and age and other categories is not possible.
GRI 102-9	Supply chain	17
GRI 102-10	Significant changes to the organisation and its supply chain	No changes
GRI 102-11	Precautionary Principle or approach	07/08
GRI 102-12	External initiatives	40
GRI 102-13	Membership of associations	McKesson Europe is for example a member of GIRP, the European Healthcare Distribution Association.
<i>Strategy</i>		
GRI 102-14	Statement from senior decision-maker	03
<i>Ethics and integrity</i>		
GRI 102-16	Values, principles, standards, and norms of behaviour	07

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<b>Disclosures</b>		<b>Page/Comment</b>
<b>Governance Structure</b>		
GRI 102-18	Governance structure	08
<b>Stakeholder Engagement</b>		
GRI 102-40	List of stakeholder groups	19
GRI 102-41	Collective bargaining agreements	For reasons of data protection we do not publish this information.
GRI 102-42	Identifying and selecting stakeholders	19
GRI 102-43	Approach to stakeholder engagement	19
GRI 102-44	Key topics and concerns raised	19
<b>Stakeholder Engagement</b>		
GRI 102-45	Entities included in the consolidated financial statement	40
GRI 102-46	Defining report content and topic boundaries	16
GRI 102-47	List of material topics	17
GRI 102-48	Restatements of information	No restatements
GRI 102-49	Changes in reporting	No changes
GRI 102-50	Reporting period	40
GRI 102-51	Date of most recent report	This is the first CR Report McKesson Europe has published.
GRI 102-52	Reporting cycle	We plan to report on our CR activities on an annual basis.
GRI 102-53	Contact point for questions regarding the report	46
GRI 102-54	Claims of reporting in accordance to the GRI Standards	40
GRI 102-55	GRI Content Index	41
GRI 102-56	External assurance	This report has not been externally assured.

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Material topics		
GRI 201	Economic performance 2016	see Annual Report 2017, p. 58
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	05
GRI 201-1	Direct economic value generated and distributed	see Annual Report 2017, p. 58
GRI 203	Indirect economic impacts 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	24
GRI 203-1	Significant indirect economic impacts	06, 24 – 27
GRI 204	Procurement practices 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	22
GRI 204-1	Proportion of spending on local suppliers	22
GRI 205	Anti-corruption 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	09
GRI 205-2	Communication and training about anti-corruption policies and procedures	09
GRI 302	Energy 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	29
GRI 302-1	Energy consumption within the organisation	30
GRI 302-4	Reduction of energy consumption	30
GRI 305	Emissions 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	32
GRI 305-1	Direct (Scope 1) GHG emissions	33
GRI 305-2	Energy indirect (Scope 2) GHG emissions	33
GRI 305-5	Reduction of GHG emissions	33

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GRI 306	Effluents and Waste 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	35
GRI 306-2	Waste by type and disposal method	35
GRI 307 Environmental compliance 2016		
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	09
GRI 307-1	Non-compliance with environmental laws and regulations	McKesson Europe was not charged any significant fines or non-monetary penalties for failure to adhere to environmental laws and regulations in the reporting year.
GRI 403 Occupational health and safety 2016		
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	11
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	11
GRI 404 Training and education 2016		
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	10
GRI 404-1	Average hours of training per year per employee	10; We don't provide information on the average hours of training for employees at McKesson Europe because the benefit is not commensurate with the expenditure involved.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	11

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<b>Disclosures</b>		<b>Page/Comment</b>
GRI 405	Diversity and equal opportunity 2016	
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	11
GRI 405-1	Diversity of governance bodies and employees	11/12; A survey of data on minorities is a matter of the individual national regulatory standards. Therefore, a differentiation on the basis of gender and age and other categories is not possible.
<b>GRI 415</b>		
<b>Public policy 2016</b>		
GRI 103	Management approach 2016 (incl. 103-1, 103-2, 103-3)	09
GRI 415-1	Political contributions	In Europe, we do not make political donations as a company.

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*The Annual Report is available in German and English and can be accessed via the Internet for download at [www.mckesson.eu](http://www.mckesson.eu).*

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