

McKesson Corporation (“**McKesson**”) publishes this Modern Slavery and Human Trafficking Statement (this “**Statement**”), pursuant to section 54 of the Modern Slavery Act 2015, on behalf of McKesson Global Sourcing Limited (“**MGS**”) for the fiscal year ended 31 March 2022 (“**FY22**”).

MGS is committed to good corporate citizenship and the highest ethical standards. To facilitate the fulfilment of these commitments, MGS has established and maintains appropriate measures to safeguard against the occurrence of human rights abuses, modern slavery and related human trafficking within its supply chain, as further detailed in this Statement.

## **BUSINESS AND ORGANISATION**

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

MGS is the global sourcing organisation for McKesson, focusing on medical-surgical products and delivering value to its customers by working with global suppliers to drive efficiencies of scale in its supply chain. MGS itself does not physically manufacture products.

## **VALUES, POLICIES and TRAINING**

MGS, as part of McKesson, takes social responsibility seriously and is strongly committed to respecting international human rights and fair labour practices and explicitly condemns all kinds of modern slavery or human trafficking. MGS is committed to sourcing quality products from suppliers who share its ethical values, which are reflected in the McKesson [I2CARE principles](#), namely; Integrity, Inclusion, Customer-first, Accountability, Respect and Excellence. The I2CARE principles are central to McKesson’s [Code of Conduct](#) and serve as important guidelines for MGS’ interactions with its customers, suppliers, other business partners, and between its employees.

MGS employees receive periodic web-based and/or face-to-face training to emphasise the importance of acting with integrity and in line with the Code of Conduct and relevant applicable laws and internal policies. MGS employees have also received awareness training on the topic of modern slavery and its implications to ensure a high level of understanding of the risks of modern slavery and human trafficking.

MGS employees are encouraged to raise concerns, including potential violations of McKesson’s Code of Conduct, company policies and applicable laws. MGS provides different mechanisms by which concerns can be raised. This includes the McKesson Integrity Line, operated by an independent third party, to which concerns can be raised anonymously and that is available either by phone or online to all employees 24 hours a day, 7 days a week, in multiple languages. MGS does not tolerate any form of retaliation for raising concerns in good faith, asking questions or participating in an investigation.

## **SUPPLY CHAIN DUE DILIGENCE & RESPONSIBLE SOURCING PROGRAM**

Whilst MGS’s principal suppliers are heavily regulated manufacturers and distributors of medical-surgical products, MGS acknowledges that some of its suppliers are located in countries that may be vulnerable to an increased likelihood of human rights abuses. MGS takes the following measures to reduce this likelihood occurring in its supply chain:

- *Communicating its expectations to suppliers to ensure adherence to its values and ethical standards:* McKesson has established the McKesson Supplier Sustainability Principles (“**MSSP**”), which include a requirement for its suppliers to provide freely chosen employment and forbids involuntary labour of any kind. The MSSP are incorporated into MGS’ supplier agreements, thereby requiring MGS’ suppliers to be contractually responsible to comply with the MSSP. MGS’ supplier agreements also include language prohibiting the use of forced labour in the manufacture of products, as well as requiring suppliers to comply with all national and regional statutory requirements in the country in which they are operating, including any applicable national laws regarding forced labour.

- *Dedicated Responsible Sourcing Program:* McKesson has a dedicated Responsible Sourcing Team responsible for leading the Responsible Sourcing Program, which has established policies and processes within McKesson to ensure the products it is sourcing and selling meet the highest standards. The program is based on four key pillars: (i) the MSSP; (ii) supplier risk assessments; (iii) supplier audits; and (iv) remediation. The Responsible Sourcing Program has provided MGS with a clear framework to help enable it to continually evaluate risks within its supply chain and make informed decisions about those risks, whilst ensuring that suppliers adhere to local legal requirements thereby improving their sustainability performance. These actions build a foundation for sustainable business development for both MGS and its suppliers.
- *Supplier training:* MGS provides regular training to its suppliers on its Responsible Sourcing Program, with particular emphasis placed on the topic of modern slavery to enable suppliers to fully understand the MSSP and identify what further actions they may take to increase compliance with the MSSP. In FY22 this training was provided to suppliers in territories considered to be at higher-risk of forced labour, and in FY23 the scope of the program will continue to be expanded to cover additional territories.
- *Supplier audits and assessments:* MGS utilises internal and external resources to evaluate its supplier factories and to audit them against recognised industry standards. MGS carries out these supplier audits and assessments periodically, and, where necessary, uses the services of third-party providers for these evaluations. The use of such third-party services has allowed McKesson to successfully rely on industry-sourced knowledge, especially in locations where McKesson has been restricted from travelling to in-person due to local restrictions associated with the Covid-19 pandemic. Audit findings of non-conformances are generally ranked based on risk, and results are summarised in a supplier scorecard which measures a supplier's performance and is reviewed with the supplier on a quarterly basis. MGS aims to build relationships with its suppliers to ensure adherence to McKesson's values and ethical standards, and where an issue has been identified, MGS has worked with the supplier to help ensure remediation efforts and improvements are made. In the event an issue arises for which remediation is required, MGS works with the supplier to improve its standards with corrective action plans and on-going reviews to make sure McKesson's standards are maintained.
- *Termination or suspension of supplier relationship:* in FY22 MGS has continued to update its methodologies for evaluating potential supplier labour issues, update its supplier scorecard process to include enhanced responsible sourcing metrics, as well as update its on-boarding processes for new suppliers to include responsible sourcing assessments. In the event a critical issue has been identified, MGS has required a timely response from the supplier and, if the supplier has failed to adequately remediate the issue, the relationship has been re-evaluated and, if necessary, terminated. MGS continues to be ready and willing to reject or terminate business relationships with new or existing suppliers in case adherence to McKesson's standards cannot be evidenced or maintained.
- *Enhanced due diligence of higher-risk suppliers:* in FY22 MGS conducted enhanced due diligence of certain suppliers. This risk-based due diligence included on-site assessments, engaging with suppliers on supply chain mapping and traceability requirements, and enhancements to contracts to impose greater obligations on suppliers to monitor and mitigate modern slavery risks in their supply chains.

## COVID-19 PANDEMIC

MGS recognises the unprecedented challenges that were brought about by the Covid-19 pandemic beginning in FY21 and that persisted into FY22. MGS appreciated that the pandemic generally led to an increased chance of labour rights' violations in industry supply chains as businesses sought to continue operations and address challenges associated with employee health, factory shutdowns, labour and supply shortages, and mandated lockdowns. In FY22 MGS continued to monitor these emerging risks in order to guard against the occurrence of modern slavery within its organisation and its supply chain. MGS supported its suppliers during the pandemic by continuing to pay for orders promptly and working closely with suppliers to source essential medical products and minimise interruptions in the supply of products to MGS' customers.

To help prevent the spread of the virus, McKesson continued to monitor governmental guidance, adhered to local government requirements, facilitated homeworking for its personnel and encouraged employee vaccination. MGS continued to pay sick pay in accordance with its internal policy.

**EFFECTIVENESS**


MGS believes its efforts in FY22 as outlined in this Statement have been appropriate in helping prevent modern slavery and human trafficking in MGS' supply chain.

**GOING FORWARD**

Following a review of the effectiveness of the steps MGS has taken in FY22 to help ensure its supply chain is free of modern slavery and human trafficking, MGS intends to take the following further steps to combat the occurrence of modern slavery and human trafficking:

- Continue to monitor the legal and risk landscape within the UK, MGS' operations and its supply chain, and implement any additional measures, as appropriate.
- Implement and raise awareness of a McKesson modern slavery policy, intended to enhance MGS' capacity and underline its commitment to tackling modern slavery within its supply chain.
- Review its Responsible Sourcing Program and introduce improvements, as appropriate.
- Continue to enhance its supplier due diligence and risk identification processes.
- Continue to reinforce McKesson's I2Care values around speaking up and making ethical decisions.

This Statement has been approved by the Board of Directors of MGS, and the Board has authorised G.B. Thomas, Director, to sign the Statement on behalf of MGS.

Signed:   
Name: Bryn Thomas  
Position: Director  
Date: 9/20/2022