

The Modern Slavery Act 2015 (*"the Act"*) came into effect on 29 October 2015 and requires those entities carrying on a business or part of a business in the UK, supplying goods or services, and having an annual turnover of £36 million or more to disclose information regarding the steps they have taken to eradicate slavery and human trafficking from their supply chain as well as within their own organisation during the previous financial year.

McKesson Corporation (*"McKesson"*) publishes this Modern Slavery Act Statement on its corporate website in the name and on behalf of McKesson Global Procurement & Sourcing Limited (*"MGPSL"*) for the fiscal year ended 31 March 2019.

### **UK Modern Slavery Act ("MSA") Statement**

MGPSL is committed to good corporate citizenship and the highest ethical standards. To fulfil these commitments, MGPSL has established and maintains systems and controls to safeguard against slavery and related human trafficking in the supply chain of products it purchases from suppliers. MGPSL does not manufacture products itself.

This Statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and constitutes MGPSL's slavery and human trafficking statement for the previous financial year (ending 31 March 2019).

### **BUSINESS AND ORGANISATION**

MGPSL is a private limited company incorporated in the United Kingdom and wholly owned by subsidiaries of McKesson. MGPSL is part of a group of companies the ultimate parent company of which is McKesson Corporation, a company incorporated in the State of Delaware, United States of America. The shares of McKesson Corporation 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 speciality care, and healthcare information technology.

MGPSL is the sourcing and procurement organization for McKesson and delivers value by establishing global partnerships and developing new service solutions with manufacturers and suppliers focused on both generic and brand pharmaceutical products. In addition, MGPSL manages McKesson's global private label strategy with focus on generic, over-the-counter and medical surgical products and works with global suppliers with operations in the US, Europe and Asia.

The Company's procurement and sourcing activities cover:

- medical-surgical products;
- unbranded generic pharmaceutical products; and
- own-label generic pharmaceutical products that are sold under McKesson Group's "NorthStar Healthcare" brand.

### **VALUES AND TRAININGS**

MGPSL is committed to sourcing quality products from suppliers who share its ethical values. McKesson's [ICARE principles](#), are; Integrity, Customer-first, Accountability, Respect and Excellence.

McKesson's [Code of Conduct](#) ("*Code of Conduct*") provides important guidelines for MGPSL's interactions with customers, suppliers and other business partners, and between employees.

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

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

## **SUPPLY CHAIN AND DUE DILIGENCE**

The Company's principal suppliers are heavily-regulated manufacturers and distributors of medical-surgical products and pharmaceutical products.

Some of MGPSL's suppliers are located in countries that may be more vulnerable to human rights abuses than others. That is why MGPSL makes several efforts to implement a zero-tolerance policy for such abuses. MGPSL therefore (i) clearly communicates its expectations to suppliers to ensure adherence to its values and ethical standards; (ii) establishes appropriate policies and processes within its businesses to make sure that the products it is selling meet the highest standards; (iii) utilises both internal and external resources to evaluate the factories of its suppliers based in higher risk countries and audit them against recognised industry standards; and (iv) requires compliance provisions and agreement with the McKesson supplier sustainability principles in its contracts.

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

If remediation is required, MGPSL works with its suppliers to improve their standards with corrective action plans and on-going reviews to make sure our standards are maintained. MGPSL aims to build relationships with its suppliers to ensure adherence to its values and ethical standards.

## **OUR RESPONSIBLE SOURCING PROGRAM**

Our Responsible Sourcing Program, which was launched in financial year 2012, builds upon the ICARE Principles and the Code of Conduct and provides a framework to:

- protect the reputation of McKesson;
- constantly evaluate supply chain risks within the business;
- enable McKesson to make informed decisions about supply chain risks;
- ensure suppliers are adhering to local legal requirements;

- improve suppliers' sustainability performance; and
- build a foundation for sustainable business development for both McKesson and its suppliers.

A dedicated Responsible Sourcing Team is responsible for leading the Responsible Sourcing Program, conducting supplier sustainability risk assessments, providing training to employees and suppliers, conducting supplier sustainability audits, and supporting and verifying compliance with supplier sustainability remediation plans. New developments within the past two financial years include:

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

Today, the Responsible Sourcing Program has four key elements: (i) the Supplier Sustainability Principles; (ii) supplier risk assessments; (iii) on-site supplier audits; and (iv) remediation.

**EFFECTIVENESS**

MGPSL carries out periodic supplier audits and, where issues are identified, it works with the supplier to ensure improvements are made. These audits include interviews with workers and the management, inspections of production sites and document reviews. Audit findings or non-conformances are prioritized based on risk. Should a critical issue be identified, MGPSL would require a timely response from the supplier, and if a supplier failed to adequately remediate the issue, the relationships would be re-evaluated and, if necessary, terminated.

MGPSL continuously evaluates its monitoring program to ensure all actions are consistent with industry norms, and it believes all efforts to date have been effective in preventing slavery and human trafficking from infecting its supply chain.

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

Signed:   
G.B. Thomas  
Director

