

Whereas, we believe in full disclosure of McKesson’s direct and indirect lobbying activities and expenditures to assess whether McKesson’s lobbying is consistent with its expressed goals and in the best interests of stockholders.

Resolved, the stockholders of McKesson request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
- 2.
3. Payments by McKesson used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
4. McKesson’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
5. Description of the decision making process and oversight by management and the Board for making payments described in section 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which McKesson is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee and posted on McKesson’s website.

Supporting Statement

We encourage transparency in the use of corporate funds to influence legislation and regulation. McKesson spent over \$11.8 million on federal lobbying from 2010 - 2016. This figure does not include state lobbying expenditures, where McKesson also lobbies but disclosure requirements are uneven or absent. For example, McKesson spent \$1,073,837 on lobbying in California from 2010 – 2016.

McKesson is a member of the Business Roundtable and serves on the board of the Healthcare Distribution Alliance (HDA), which together spent over \$37 million on lobbying in 2015 and 2016. McKesson restricts its trade associations from using its payments for political contributions, but this does not cover payments used for lobbying. This leaves a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions. McKesson does not disclose does not disclose its payments to trade associations, or the amounts used for lobbying.

We are concerned that McKesson’s lack of lobbying and trade association disclosure presents significant reputational risk. McKesson’s lobbying over Drug Enforcement Agency (DEA) legislation has drawn media scrutiny (“The Drug Industry’s Triumph Over the DEA,” *Washington Post*, October 15, 2017). McKesson’s lobbying over opioids has also attracted negative media scrutiny (“Big Pharma’s Opioid Mess Is About to Hit the Industry—Hard,” *CNBC*, October 18, 2017), as has HDA’s role in passing legislation that

weakened the DEA's ability to stop suspicious drug shipments by distributors ("Opioid Lobbyist Left a Digital Fingerprint on a Campaign by 'Patient Advocates,'" *The Intercept*, October 22, 2017).