

March 31, 2025

VIA ELECTRONIC SUBMISSION

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Ladies and Gentlemen:

On behalf of McKesson Corporation, a Delaware corporation (the “**Company**”), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we are filing this letter with respect to the shareholder proposal (the “**Proposal**”) submitted by Inspire Investing, LLC on behalf of Daniel W. Andersen (the “**Proponent**”) for inclusion in the proxy materials the Company intends to distribute in connection with its 2025 Annual Meeting of Shareholders (the “**2025 Proxy Materials**”). The Proposal is attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the “**Staff**”) will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2025 Proxy Materials.

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff’s online Shareholder Proposal Form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the Company’s intent to omit the Proposal from the 2025 Proxy Materials. This letter constitutes the Company’s statement of the reasons it deems the omission of the Proposal to be proper. We have been advised by the Company as to the factual matters set forth herein.

THE PROPOSAL

The Proposal states:

Resolved: Shareholders request the Board of Directors of McKesson assess and issue a report within the next year, at reasonable cost and excluding confidential information, evaluating how it oversees risks related to dispensing mifepristone and detailing any strategies beyond litigation and legal compliance the Company may deploy to mitigate these risks.

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BACKGROUND

The Company distributes branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs, and other healthcare-related products in the United States to customers, including retail pharmacies, hospitals and other healthcare providers. The Company delivers about 41,000 packages of medicine each day – approximately one-third of America’s total pharmaceutical volume. The Company is committed to ensuring access to the medications that its customers need by stocking and shipping products in response to orders from customers in accordance with applicable statutes and regulations. As such, the medications the Company distributes is in response to orders by customers. Mifepristone is one of over thousands of drug products that the Company distributes to its customers. The Company does not dispense mifepristone (as the Proposal states).

REASONS FOR EXCLUSION OF THE PROPOSAL

For the reasons discussed below, the Company believes that the Proposal may be properly omitted from the 2025 Proxy Materials pursuant to:

- Rule 14a-8(i)(5) because the Proposal relates to operations which account for less than 5% of the Company’s total assets at the end of its most recent fiscal year, and for less than 5% of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the Company’s business.
- Rule 14a-8(i)(7) because the Proposal deals with matters related to the Company’s ordinary business operations and is not significant to the Company.

I. The Proposal May Be Excluded Under Rule 14a-8(i)(5) Because It Relates to Operations That Account for Less Than 5% of the Company’s Total Assets, Earnings and Sales, and Is Not Otherwise Significantly Related to the Company’s Business.

Rule 14a-8(i)(5) provides that a shareholder proposal may be excluded “[i]f the proposal relates to operations which account for less than 5% of the company’s total assets at the end of its most recent fiscal year, and for less than 5% of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company’s business.”

In Staff Legal Bulletin No. 14M (Feb. 12, 2025) (“**SLB 14M**”), the Staff noted that the “analysis will focus on a proposal’s significance to the company’s business when it otherwise relates to operations that account for less than 5% of total assets, net earnings and gross sales. Under this framework, proposals that raise issues of social or ethical significance may be excludable, notwithstanding their importance in the abstract, based on the application and analysis of each of the factors of Rule 14a-8(i)(5) in determining the proposal’s relevance to the company’s business.”

A. The Proposal Relates to Operations That Account for Less Than 5% of Each of the Company’s Total Assets, Net Earnings and Gross Sales.

The Proposal relates to operations that account for less than 5% of each of the Company’s total assets, net earnings and gross sales. The Company reported total assets of approximately \$67 billion, net income of approximately \$3 billion and revenues of approximately \$309 billion for the fiscal year ended March 31, 2024. See pages 60 and 62 of the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

For the fiscal year ended March 31, 2024, the Company’s revenue related to distributing mifepristone to its customers was less than \$100 – significantly less than 5% – of any of total assets, net earnings and gross sales for the fiscal year ended March 31, 2024.

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Moreover, the Company expects these activities to continue to represent significantly less than 5% of any of total assets, net earnings and gross sales for the fiscal year 2025, with the expected amount attributed to the distribution of mifepristone to be less than 0.002% of the Company's anticipated revenues for the fiscal year 2025. Accordingly, it is clear that the Proposal does not relate to Company operations that are economically significant to the Company and therefore may be excludable under the first prong of the Rule 14a-8(i)(5) test.

B. The Proposal Is Not Otherwise Significantly Related to the Company's Business.

Rule 14a-8(i)(5) provides that a proposal may not be excluded if it is "otherwise significantly related to the company's business." Consistent with SLB 14M, the Company believes that the Proposal is not significantly related to the Company's business after considering various factors, including that:

- Since the Company does not dispense mifepristone, a key element of the Proposal is entirely irrelevant. Based on customers' needs, the Company distributes the product to retail pharmacies, hospitals and other healthcare providers who may choose to dispense to patients. Those customers make dispensing decisions without any involvement from the Company. As such, any purported risks associated with dispensing mifepristone do not apply to the Company. As a result, the request to issue a report "evaluating how it oversees risks related to dispensing mifepristone" is moot.
- The Company's revenue and expenses related to distributing mifepristone to customers are economically insignificant to the Company. The Proposal acknowledges that mifepristone is "ancillary to its main line of business."
- The supporting statement of the Proposal references potential felony charges and criminal charges under state law as well as negative reactions that may result from dispensing mifepristone. The Company distributes mifepristone to fulfill customer orders in states where it is lawful to do so. The Company is committed to complying with applicable legal requirements. The Company does not face any felony or criminal charges related to mifepristone. "The mere possibility of reputational or economic harm alone will not demonstrate that a proposal is 'otherwise significantly related to the company's business.'" SLB 14M. The reference to "enormous legal, political, and financial risk that distributing the drug presents" in the Proposal is not relevant to the Company. The Staff recently concurred with the exclusion on the basis of Rule 14a-8(i)(5) of the same proposal in *CVS Health Corporation* (Mar. 25, 2025). *CVS Health Corporation* similarly argued that the proposal focused on the potential risks to the company from dispensing mifepristone, including potential legal liability under federal law, and that the proposal had failed to carry its burden of demonstrating that it is otherwise significantly related to the company's business.
- As in *CVS Health Corporation*, the Proposal also fails to adequately explain how any potential legal liability or negative reactions resulting from distributing mifepristone, a product which is subject to extensive Food and Drug Administration protocols, are inconsistent with or more significant than the kinds of risks the Company ordinarily monitors with respect to any of the other drugs that the Company distributes. The economic and legal risks identified in the Proposal are not unusual and they are not risks which the Company's management, with oversight of the Board, cannot properly oversee as part of its customary risk management process.

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II. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because the Proposal Deals with Matters Related to the Company's Ordinary Business Operations and Is Not Significant to the Company.

Rule 14a-8(i)(7) allows a company to omit a shareholder proposal from its proxy materials if such proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." See Exchange Act Release No. 34-40018 (May 21, 1998) (the "**1998 Release**"). The 1998 Release also identified two central considerations that underlie this policy: (i) that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (ii) the "degree to which the proposal 'micromanages' the company 'by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.'" As demonstrated below, the Proposal implicates the first consideration.

A. The Proposal Relates to the Company's Assessment and Management of Risks Related to Product Sales.

The Staff has previously taken the position that shareholder proposals that focus primarily on a company's risk management for, or sale of, a particular product are excludable under Rule 14a-8(i)(7) as relating to a company's ordinary business operations. See *The Kroger Co.* (Apr. 25, 2023) (proposal requesting the Company join the Fair Food Program which would bind the Company to source tomatoes from only certain suppliers in order to prevent human rights abuses in its supply chain); *Amazon.com, Inc.* (Apr. 3, 2019) (proposal requesting the Company conduct a human rights assessment for at least three food products it sold that presented a high risk of adverse human rights impacts); *Walgreens Boots Alliance, Inc.* (Nov. 7, 2016) (proposal requesting a report assessing the financial, legal and reputational risks of continued sales of tobacco products); *Mondelez International, Inc.* (Feb. 23, 2016) (proposal requesting a report on nanomaterials in the company's products and packaging and their associated risks); *Ball Corporation* (Feb. 4, 2016) (proposal requesting a report on the company's plans to reduce a chemical in their products due to reputational and regulatory risks associated with it).

The Proposal, viewed in its entirety with the supporting statement, seeks to direct the manner in which the Company manages risks related to "dispensing" mifepristone. The supporting statement discusses potential liability and reputational concerns arising from dispensing mifepristone. Although as noted, the Company does not dispense mifepristone, the assessment and management of risks associated with the products the Company offers and distributes fall squarely within the central considerations for the ordinary business exception – a complex issue fundamental to management's ability to run the Company on a day-to-day basis. The full text of the supporting statement, which almost exclusively focuses on the alleged risks associated with mifepristone, indicates that the focus of the Proposal is to supplant the business decisions of management regarding identifying, mitigating and managing risks involved in day-to-day operations.

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B. The Proposal Concerns the Sale of a Particular Product.

The Staff has consistently acknowledged that shareholder proposals that relate to the products and services offered by a company are excludable under Rule 14a-8(i)(7). See, e.g., *HCA Healthcare, Inc.* (Mar. 10, 2025) (proposal requesting a report on the feasibility of offering plant-based meals as the primary option for patients); *Select Medical Holdings Corporation* (Mar. 4, 2025) (same); *Encompass Health Corporation* (Mar. 21, 2024) (same); *TJX Companies* (Apr. 16, 2018) (proposal requesting the board to develop an animal welfare policy applying to all of the company's stores, merchandise and suppliers because it concerned the company's products and services for sale); *The Home Depot, Inc.* (Mar. 21, 2018) (proposal encouraging the company to end sales of glue traps because it related to the products and services offered for sale by the company); *McKesson Corporation* (June 1, 2017) (proposal requesting a report describing distribution systems to prevent diversion of the Company's medicines for use in executions, and the monitoring and reporting processes); and *Pfizer Inc.* (Mar. 1, 2016) (proposal requesting a report describing steps taken by the company to prevent the sale of its medicines for use in executions).

As in the precedents described above, the Proposal relates to the Company's "dispensing" mifepristone, as well as the use of such product by end users. The decision whether, in the Company's case, to distribute individual FDA-approved products, such as mifepristone, is fundamental to the Company's day-to-day operations and cannot, as a practical matter, be subject to direct shareholder oversight.

The Company distributes a range of branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs and other healthcare-related products. The selection of products offered in the Company's distribution network is inherently in the realm of the Company's ordinary business operations and requires management to consider, among other things, the needs of the Company's customers, the product's legal and regulatory landscape, and the strategy and product offerings of the Company's competitors.

C. The Proposal Does Not Raise Significant Social Policy Issues That Transcend the Company's Ordinary Business Operations.

In the 1998 Release, the Commission expressed that while proposals relating to ordinary business matters "but focusing on sufficiently significant social policy issues generally would not be excludable" under Rule 14a-8(i)(7), the Staff has indicated that proposals that relate to both ordinary business matters and significant social policy issues may be excludable if the proposals do not "transcend the day-to-day business matters." According to SLB 14M, when evaluating whether the significant social policy exception applies, the Staff will make determinations as to excludability of proposals "on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed" and will thus "take a company-specific approach in evaluating significance."

The Staff has consistently permitted the exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. For example, in *Amazon.com, Inc.* (Feb. 3, 2015), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company "disclose to shareholders reputational and financial risks it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" where the proposal argued that Amazon's sale of foie gras implicated a significant policy issue (animal cruelty). In granting no-action relief, the Staff determined that "the proposal relates to the products and services offered for sale by the company."

Here, the Proposal is not significant to the Company's business, and has no nexus to the Company's operations. The Company does not dispense mifepristone, and it is one of thousands of products that the

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Company distributes. As such, given that the Company does not dispense mifepristone, and it constitutes only a very small percentage of the Company's product offerings, this demonstrates that the Proposal does not raise a policy issue that transcends the Company's ordinary business operations.

CONCLUSION

For the reasons set forth above, we believe that the Proposal may be excluded from its 2025 Proxy Materials pursuant to Rule 14a-8(i)(5) and Rule 14a-8(i)(7).

Respectfully yours,



Ning Chiu

Attachment

cc w/ att: Michele Lau, Executive Vice President and Chief Legal Officer
Saralisa Brau, Corporate Secretary and Assistant General Counsel
Robert Netzly and Tim Schwarzenberger, Inspire Investing LLC

Proposal

Report on Risks of Dispensing Mifepristone

Supporting Statement:

McKesson is one of the largest healthcare companies in the United States and provides goods and services to millions of growing American families.

Unfortunately, McKesson has faced increasing political pressure to dispense the abortion drug mifepristone. The New York City Comptroller recently urged McKesson and several other retailers to “immediately take the necessary steps” to begin dispensing mifepristone and warned that failing to do so “raises significant investor concerns,” including “the company’s responsiveness to a growing market opportunity.”¹

Although dressed up as a fiduciary argument, the Comptroller’s radical position ignored all of the business decisions that go into whether to sell a particular product—decisions that should be made by McKesson leadership based on how it will serve their customers.

That is why 17 state financial officers from 15 states wrote to McKesson advising it to ignore the Comptroller. As the officers stated, “[t]he Comptroller’s efforts are part of a disturbing trend of public servants leveraging the pension funds of government employees for political gain” and “are an attempt to launder political views through the commercial marketplace with little regard for the companies or their shareholders.”²

Investment advisors and other financial professionals with over \$100 billion in assets under management and significant holdings in McKesson also wrote to the company urging it to “avoid politicizing its services and to continue doing what it has always done best, provide excellent grocery and retail goods to families.”³

They advised McKesson of the enormous legal, political, and financial risk that distributing the drug presents. This includes potential felony charges for violating the Comstock Act, other criminal charges under state laws protecting life, uncertainty from both ongoing and new litigation⁴ challenging the FDA’s approval of the drug, and significant political and reputational risk from engaging on a divisive and contentious social issue.

The FDA’s own label for the drug admits that roughly 4% of the women who take the drug go to the emergency room for treatment, among other serious health risks.⁵ Dispensing mifepristone is much more complicated than dispensing ibuprofen—a comparison made by the Comptroller—or similar routine commercial goods. Instead, it is fraught with legal, political, and reputational risks to McKesson.

¹ <https://comptroller.nyc.gov/newsroom/nyc-comptroller-presses-pharmacy-giants-to-provide-abortion-medication-or-risk-losing-investor-confidence/>

² <https://nypost.com/2024/09/09/us-news/state-finance-bigs-rip-brad-lander-for-pushing-retailers-to-sell-abortion-pill/>

³ <https://news.bloomberglaw.com/esg/christian-investors-push-costco-kroger-to-shun-mifepristone>

⁴ <https://www.cjonline.com/story/news/politics/state/2024/10/21/kansas-missouri-idaho-sue-to-roll-back-abortion-pill-laws/75781244007/>

⁵ https://www.supremecourt.gov/DocketPDF/23/23-235/301142/20240222125412317_23-235%20%2023-236%20Brief%20for%20the%20Respondents.pdf

As shareholders, we believe that it is in McKesson's best interest to support growing families and avoid selling a product that is ancillary to its main line of business and filled with substantial risk.

Resolved: Shareholders request the Board of Directors of McKesson assess and issue a report within the next year, at reasonable cost and excluding confidential information, evaluating how it oversees risks related to dispensing mifepristone and detailing any strategies beyond litigation and legal compliance the Company may deploy to mitigate these risks.