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**SHAREHOLDERS TOLD OPIOID COMPANIES THEY HAD AN OVERSIGHT PROBLEM;
THEY'RE STARTING TO LISTEN**

Shareholder engagement is leading to broad governance changes at opioid manufacturers, distributors and retailers, as detailed in progress report by Investors for Opioid Accountability.

NEW YORK, NY - WEDNESDAY, SEPTEMBER 11TH, 2019 - After two years of shareholder engagement, the Investors for Opioid Accountability (IOA) coalition [released a progress report](#) detailing landmark agreements with 20 opioid manufacturers, distributors and retail pharmacies implicated in the crisis.

Founded in 2017, the IOA comprises institutional investors representing faith-based communities and health care systems, unions, public pension funds, including multiple state and city funds, and global asset managers. The investors first sought to engage opioid companies because they were witnessing the human and economic impact of the opioid crisis on their constituents. As long-term investors in these companies, members of the IOA were unified by the need to address corporate accountability in governance, compliance and compensation practices especially in light of mounting legal and financial risks facing these companies.

Inspired by the early wins at McKesson accomplished by the Teamsters and state treasurers in consultation with Segal Marco Advisors, and by long-standing engagements by members of the Interfaith Center on Corporate Responsibility (ICCR) with pharmaceutical companies on domestic and global health issues, the IOA was positioned as a rapid response team pressing for improved corporate oversight to stem the crisis. In less than two years, the IOA would see its ranks swell to 54 funds representing more than \$4 trillion in assets under management and advisement. The IOA is co-led by Mercy Investment Services and the UAW Retiree Medical Benefits Trust.

“When the latest data show prescription opioids are responsible for over 47,000 deaths annually, clearly no one is untouched by the opioid crisis,” said Donna Meyer, Director of Shareholder Advocacy, Mercy Investment Services, a member of ICCR. “As long-term investors in opioid companies, we felt compelled to act swiftly and decisively to use our collective investor voice to call on companies to account for their role in the opioid crisis. We are heartened to see our efforts having such a profound impact. As a result of our engagements, opioid companies are fundamentally changing their governance structures to

strengthen oversight and better mitigate the risks of addiction and overdose, and investors are increasingly supporting resolutions asking for these common sense measures.”

Since 2017, the IOA has engaged with companies and filed shareholder resolutions that focus on governance strategies to strengthen board risk oversight, compensation incentives and a compliant and ethical culture in support of improved opioid management.

“The IOA focused corporate attention on actions firms could take to strengthen oversight and helped institutional investors seek answers to their common questions,” says Maureen O’Brien, Vice President and Corporate Governance Director, Segal Marco Advisors. “Directors’ and executives’ willingness to respond to the IOA’s questions and corporate governance suggestions demonstrates how effectively market participants can work collectively to mitigate risk.”

Among the milestones documented in the report are:

- A majority (52%) of shareholder proposals led to agreements with the companies;
- Of the shareholder resolutions filed, seven resolutions at Rite Aid, Walgreens, Mallinckrodt, Mylan, and Assertio Therapeutics received majority votes and an additional two resolutions received majority support at AmerisourceBergen from independent voters, leading to reforms;
- Twelve companies agreed to conduct risk assessments of opioid-related business practices including governance, compliance, compensation and political lobbying and to report these findings publicly. Two of these companies (Cardinal Health and Assertio) established special board-level committees on opioids;
- Ten companies agreed to adopt misconduct clawback policies to recoup executive pay, including the public disclosure of the use of the clawback;
- Three companies agreed to separate their chair and CEO positions (McKesson, Cardinal Health and AmerisourceBergen), and;
- Two companies agreed to disclose when they adjusted metrics to exclude legal costs when calculating their executive pay awards.

“The breadth and depth of the investor response testifies to how critical corporate accountability and strong board oversight are to addressing the social and financial dimensions of this crisis. Unfortunately, it shouldn’t take an almost unprecedented level of investor action to ensure that drug companies are following the highest standards of ethics, integrity and oversight,” says Ken Hall, General Secretary-Treasurer, International Brotherhood of Teamsters.

The most recent [Gallup Poll](#) of Americans’ view of business industry sectors ranked pharmaceutical companies last, with only 27% of respondents having a favorable view of the sector, down precipitously versus the prior year’s poll.

A total of 20 companies were engaged by the IOA including:

- Distributors – AmerisourceBergen Corporation (ABC), Cardinal Health Inc. (CAH), McKesson Corporation (MCK);

- Manufacturers – Abbott Laboratories (ABT), AbbVie Inc. (ABBV), Allergan Plc (AGN), Assertio Therapeutics Inc. (ASRT), Insys Therapeutics Inc. (INSYQ), Johnson & Johnson (JNJ), Mallinckrodt Plc (MNK), Mylan NV (MYL), Teva Pharmaceutical Industries Ltd. (TEVA);
- Retail Pharmacies – CVS Health Corp (CVS), Rite Aid Corporation (RAD), and Walgreens Boots Alliance Inc. (WBA); and,
- Treatment & Addiction Drug Manufacturers – Alkermes Plc (ALKS), Amphastar Pharmaceuticals Inc. (AMPH), Indivior Plc (INVVY), Mylan NV (MYL), and Pfizer Inc. (PFE).

“We are very encouraged by what we’ve been able to accomplish in such a short time, but there is still much to be done,” said Meyer. “There are new companies we will be bringing this issue to in the coming months, and international sales will be a focus going forward as we see the crisis being exported to other countries.”

The report and more detail on the IOA can be found at <http://uawtrust.org/IOA> and <https://www.iccr.org/our-issues/health/opioid-crisis>

About the Investors for Opioid Accountability

The Investors for Opioid Accountability (IOA) was established in July 2017 out of heightened concern that opioid company risks both threaten long-term shareholder value and have profound long-term implications for our economy and society. The IOA uniquely represents influential and diverse funds from across the investing universe including faith-based, sustainability, public, and labor funds as well as comptrollers, treasurers and asset managers that are taking swift and decisive actions to hold manufacturers, distributors, and retail pharmacies’ boards accountable for their role in the opioid crisis. The IOA consists of 54 investors with over \$4 trillion in assets under management and is co-led by Mercy Investment Services, Inc. and the UAW Retiree Medical Benefits Trust.