Investors for Opioid and Pharmaceutical Accountability (IOPA)

Five years of change-making

The IOPA was established in July 2017 to engage with opioid manufacturers, distributors and retail pharmacies on opioid-related business risks that have implications for long-term shareholders, communities and the economy.

In 2023, the IOPA wound down its collaborative efforts. In its five years of operations, the coalition actively engaged numerous corporate boards and executives in dialogue, filed more than a hundred shareholder proposals, and took on the most important governance reforms within major pharmaceutical companies to better manage societal and enterprise risks.

Our coalition, which included 67 members representing over US$4.2 trillion in assets under management, left the industry with some of the following reforms in place:

Board risk reporting

Central to the IOPA's strategy to involve the board in opioid risk oversight was a shareholder resolution that asked independent directors to investigate and report on how the board is assessing and managing legal, financial, and reputational risks related to its opioid business.

14

companies issued board risk reports following IOPA engagement

2

companies created a Board level committee dedicated to opioid oversight

Independent Chair

Regulatory or compliance problems may be avoided if management knows there is strong, independent board oversight of the company's actions.

3

IOPA reached agreements at three companies to separate the role of Board Chair and CEO. At eight other companies, our proposals achieved high voter support, signaling strong investor interest in this governance reform.

Misconduct Clawbacks

Clawback provisions (which allow boards to recoup executive pay if misconduct comes to light) can help set a "tone at the top" that emphasizes compliance and ensures that employees do not benefit financially from conduct that is harmful to the company and to shareholders, even if it does not result in a financial restatement.

17

companies adopted a robust misconduct clawback policy, and another nine agreed to provide enhanced disclosure to shareholders of any use of their clawback policy.

Bonus deferral

Deferring portions of executive compensation gives a board an effective mechanism to recoup incentive compensation in the event of misconduct by allowing for adjustment of incentive compensation prior to payout or settlement.

4

After IOPA worked with companies to develop industry standards, four companies amended their executive compensation policies.

Lobbying disclosure and assessment

Board oversight of lobbying and political spending safeguards corporate reputations and protects shareholder value. Disclosure of activity helps to hold the company accountable for its political spending, while independent assessments of the activity can identify hidden risks and misalignment.

2

companies pledged to assess their trade association lobbying, and three others improved political spending and lobbying disclosure after strong votes from shareholders.

Executive accountability

When companies booked major settlements in opioid-related lawsuits, the executives that presided over these companies at the time of misconduct were largely insulated from the financial fallout because legal settlements are often removed from non-GAAP performance metrics. The IOPA challenged this default practice, to hold executives accountable for their decisions.

5

Five companies changed their default calculations for non-GAAP performance metrics to consider liability for large legal settlements.

4

The IOPA campaigned for a "no" vote on executive compensation at four companies, where a substantial percentage of shareholders voted down pay. Three companies subsequently docked a portion of their CEO's compensation.

Companies engaged by IOPA, 2017-2023

Abbott Labs
AbbVie
Alkermes
Allergan
AmerisourceBergen
Amgen
Amphastar
Assertio
TherapeuticsBiogen
Bristol-Myers Squibb
Cardinal Health
CVS Health
Eli Lilly
Emergent Biosolutions
Endo International
Gilead Sciences
Indivior
Insys Therapeutics
Johnson & Johnson
Mallinckrodt
McKesson
Moderna
Mylan
Novartis
Novo Nordisk
Pfizer
Rite Aid
Sanofi
Teva
Viatris
Walgreens
Walmart

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