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SHAREHOLDERS RENEW THEIR CAMPAIGN TO CURB ESCALATING PRICES AT U.S. DRUG MAKERS

2020 Shareholder Proposals at AbbVie, Amgen, Biogen Eli Lilly and Pfizer Ask for Study to Determine Feasibility of Incorporating Drug Pricing Risks into Exec Incentive Structures.

NEW YORK, NY – Thursday, November 14th, 2019 – Shareholder members of the Interfaith Center on Corporate Responsibility announced that they have filed proposals for the 2020 proxy related to drug pricing concerns at five major pharmaceutical companies.

The resolutions are the evolution of a multi-year campaign by investors to increase board oversight of risks due to public perceptions around escalating drug prices on key medicines. Building on 2018-2019 resolutions which called for reports on the potential links between price hikes on key drugs and executive incentive structures, the new crop of resolutions requests the companies assess the feasibility of incorporating drug pricing risks into senior executive compensation arrangements. The 2020 resolutions were filed at [AbbVie](#), [Amgen](#), [Biogen](#), [Eli Lilly](#) and [Pfizer](#).

“Shareholders have long argued that pharmaceutical companies need to review their business models and governance structures to ensure that they are helping and not hindering the access and affordability of medicines,” said Donna Meyer of Mercy Investment Services and lead filer of the resolutions at Amgen and Eli Lilly. ***“When reports are drawing a direct correlation between exec incentive packages and drug price increases, we know these companies have a governance issue they need to address. These resolutions are meant to encourage this reckoning.”***

The Institute for Clinical and Economic Review (ICER) recently published its first annual report on [Unsupported Price Increases \(UPI\) of prescription drugs in the United States](#). According to its 10/8 press release:

“In 2017 and 2018, out of nine identified drugs that had substantial price increases on top of already high current spending, seven drugs had no new important evidence to support their price increases. The net price increases on these seven drugs alone cost American insurers and patients an additional \$4.8 billion over two years.”ⁱ

The seven drugs ICER identified are Humira (AbbVie); Lyrica (Pfizer); Truvada (Gilead); Rituxan (Genentech); Neulasta (Amgen); Cialis (Eli Lilly); and Tecfidera (Biogen).

Moreover, the latest [Rx Price Watch report](#) by Leigh Purvis and Dr. Stephen W. Schondelmeyer finds that retail prices for widely used prescription drugs increased on average 5.8% between 2006 and 2018 in contrast to the general rate of inflation which was 2.4 % over the same period.

Earlier this year, a Senate panel grilled pharma executives over sales targets on key drugs as a significant component of executive compensation structures. AbbVie's CEO Richard Gonzalez's compensation exceeded \$22 million in 2017 in large part due to sales performance on its blockbuster drug Humira which has more than doubled in price since 2014 and now costs more than \$60,000 per year.ⁱⁱ

And, according to a 5/28/19 [BioPharma Dive](#) article, "The typical CEO in the drug industry earned \$5.7 million in total compensation last year, up 39% from the median figure for 2017. Averaged, however, CEO pay across the group came in at \$7.2 million, pulled higher by lofty pay packages for heads of the leading pharma and biotech companies."

Said Katie McCloskey of United Church Funds who leads the investor engagement with AbbVie, ***"Shareholders need to know that pharma companies are prioritizing the long-term health of the public and integrating that metric into their governance and compensation structures. Performance targets that incentivize unnecessary price increases at the expense of public health are a clear indicator of an upside down business model."***

"Given the performance of earlier resolutions with related themes at these same companies we know there is considerable appetite among investors for improved attention to drug pricing concerns," said Meg Jones-Monteiro, ICCR's Program Director for Health Equity. ***"As always, we hope to engage management in productive dialogue that will mitigate the reputational risks to pharma companies and, importantly, increase the access and affordability of medicines for those who need them."***

About the Interfaith Center on Corporate Responsibility (ICCR)

Celebrating its 49th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300 member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over \$500 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability. www.iccr.org

ⁱ <https://icer-review.org/announcements/icer-identifies-costliest-us-drug-price-hikes-that-are-not-supported-by-new-clinical-evidence/>

ⁱⁱ <https://www.cnbc.com/2019/02/26/senate-panel-grills-abbvie-ceo-over-bonuses-tied-to-sales-of-humira.html>