



Report – Available at General Synod on Work in Support of Resolution “On Recognizing Opioid Addiction as a Health Epidemic, Ensuring Access to Treatment and Pharmaceutical Corporate Responsibility”

United Church Funds is an associated ministry of the United Church of Christ, investing on behalf of churches and institutions of the UCC, with the mission of “Investing for a Just World for All.” As part of this mission, United Church Funds works to make the corporations in which we invest more sustainable and less harmful to communities and creation.

The 24th General Synod noted that “the emphasis of the United States’ war on drugs continues to be on the production and supply of illegal substances rather than focusing on the demand for drugs in our own land;” and “according to federal statistics, 72 percent of all users of illegal drugs are white, 15 percent are African America, and 10 percent are Hispanic; however, African Americans constitute 36.8% percent of those arrested for drug violations and over 42 percent of those in federal prisons for drug violations.” That same General Synod resolved to urge “the federal government to: 1. Shift its emphasis from a law enforcement paradigm in favor of a policy that treats drug use as a health problem with social and economic implications. 2. Eliminate racial disparities in U.S. drug laws, such as unequal sentencing for possession of crack cocaine and powder cocaine.” (03-GS-45)¹

At that time, General Synod could not have predicted the epidemic of opioid addiction that the U.S. has faced over the last decade. Moreover, it would have been hard to predict just how large a role legal painkillers – produced by major pharmaceutical companies – would have in the creation of this opioid crisis. This new addiction, born stateside and impacting rural populations the hardest, will need a multipronged approach to resolve.

UCF recognizes that pharmaceutical companies in which we have shares should be changed for the better. In 2017, UCF joined the Investors for Opioid Accountability (IOA). The IOA was established 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.

¹ http://rescarta.ucc.org/jsp/RcWebImageViewer.jsp?doc_id=8abee2f6-352d-48f9-958b-49a311bc4489/ucoc0000/UD000001/00000025

The IOA consists of 54 investors with over \$3.5 trillion in assets under management and reflects the high level of concern investors have about board accountability and oversight of these opioid companies.

The IOA's corporate engagements focus on adopting or strengthening corporate governance practices that improve board independence, accountability and oversight related to opioid risks. Specifically, the IOA calls on companies to (1) conduct an evaluation of the board's oversight of opioid business risks dating back to 2012 and report to investors on what governance, compensation, corporate political lobbying/spending and compliance practices exist to mitigate these risks; (2) adopt a misconduct clawback policy; (3) separate chair and CEO positions; and (4) disclose circumstances related to excluding legal and settlement costs from executive pay awards. IOA focus companies are opioid manufacturers, distributors and retail pharmacies.

In the two years of its existence, the IOA has filed 33 shareholder resolutions and/or engaged with 22 companies. It has had several notable wins, including forcing several boards to separate their Chair of the Board from their CEO – thereby creating better oversight. The IOA filed a resolution with Rite Aid, a retailer, seeking a board report on the risks of opioids to its business and received 61% support from shareholders. A resolution at Amerisource Bergen, a distributor, seeking a policy of “clawing back” executive compensation in instances of misconduct, received 52% support.

United Church Funds recognizes that opioids are a critical part of treatment with regard to cancer, end of life and certain chronic conditions. However, there is no reason that West Virginia should have received 110 prescriptions per 100 people in 2016.² There is no reason that legal opioid prescription should have led to a massive uptake of illegal synthetic opioids and heroin.³ These were avoidable outcomes. Poor oversight and dishonest marketing of pharmaceutical companies abetted this problem. United Church Funds supports this resolution and is committed to continuing to be part of the solution.

² <https://www.drugabuse.gov/drugs-abuse/opioids/opioid-summaries-by-state>

³ https://object.cato.org/sites/cato.org/files/pubs/pdf/pa_864.pdf