



2016 Shareholder Proposal to AbbVie Report on Pharmaceutical Drug Disposal Policy

Executive Summary

- Drug overdose now is the leading [cause](#) of accidental death in the U.S., surpassing auto accidents, with 47,055 lethal drug overdoses in 2014. Opioid addiction is [driving](#) the epidemic, with **18,893 overdose deaths related to prescription pain relievers**, and 10,574 overdose deaths related to heroin.
- AbbVie products subject to abuse leading to addiction include Vicodin, a hydrocodone combination product.
- Many consumers hold onto unneeded drugs because they lack convenient collection and disposal options, which can have tragic consequences. President Barack Obama has [stated](#) that most young people who begin misusing prescription drugs get them from the family medicine cabinet.
- Only 1% of U.S. pharmacies offer a drug take back kiosk or program. Lack of free, convenient programs for safe disposal of unneeded or expired consumer prescription drugs and accessories contributes to water pollution, illicit drug use, drug addiction, and threats to sanitation workers.
- Companies that put medications on the market and profit from them should be primarily responsible for financing take back systems.
- As You Sow has filed shareholder resolutions in 2016 with [AbbVie, Johnson & Johnson](#) and [Merck & Co.](#), asking the companies to develop policy options for working with industry peers to take primary responsibility for developing community-based prescription drug disposal programs.
- Industry peers have acted. Eli Lilly & Co. has awarded grants to drug stores in Indiana to develop take back systems. Walgreens has agreed to fund 500 kiosks in 39 states.
- ***There is no evidence AbbVie has a policy on responsibility for safe disposal of drugs like Vicodin.***

Resolution Summary

The proposal asks the company to issue a report reviewing the company's existing policies for safe disposition by users of prescription drugs to prevent water pollution, and setting forth policy options for a proactive response, including determining whether the company should endorse partial or full industry responsibility for take back programs by providing funding or resources for such programs. **[Note: The proposal does not seek a legislative solution]**



Company Liability

The company manufactures products subject to abuse that could lead to addiction including Vicodin, a hydrocodone combination product. Hydrocodone and other opioid analgesics are involved in about three of every four pharmaceutical overdose deaths, and has been [cited](#) as among the most abused prescription drugs.

The company lacks a policy on the extent to which, individually as a company, or collectively with industry peers, it should be responsible for collection and financing of a national system of safe, convenient drug disposal options. Seven West Coast counties and one state have passed laws requiring pharmaceutical companies to pay for drug disposal (details below).

Issue Background

Drug abuse: In September 2015, addressing the drug abuse crisis, President Obama stated that “most young people who begin misusing prescription drugs don’t buy them in some dark alley – they get them from the medicine cabinet.” Many of these are drugs no longer used or needed by the person they were prescribed for.

Most U.S. communities lack free, convenient, on-going collection programs that could help alleviate these critical problems. Only 1% of U.S. pharmacies offer a drug take back kiosk or program. The Drug Enforcement Administration has partnered with state and local law enforcement agencies to hold periodic National Take-Back Days for medicines, collecting and disposing of more than 5.5 million pounds of medications in just ten events. But far more convenient and ongoing collection services are [needed](#).

Development of drug disposal programs is one of four pillars of the President’s [National Drug Control Strategy](#), which states “Medication disposal programs allow individuals to dispose of unneeded or expired medications in a safe, timely, and environmentally responsible manner and can help prevent potential diversion and abuse.”

Medical accessories like syringes and needles also need safe disposal options. Three billion needles are used in U.S. homes annually to deliver medication; improper disposal puts sanitation workers at risk.

Water quality: Lack of disposal programs also impacts water quality. Many residents flush drugs down the toilet to water treatment plants not equipped to process medicines. The U.S. Environmental Protection Agency [advises](#) not to flush prescription drugs, but return them to a disposal location. A 2008 Associated Press [investigation](#) found antibiotics, anti-convulsants, mood stabilizers and sex hormones in the drinking water supplies serving 41 million Americans. Synthetic estrogens in oral contraceptives flushed into waterways have been linked to impaired reproduction and [sex changes](#) in aquatic species. In February 2016, researchers disclosed [evidence](#) of 81 drugs and personal-care products in the water and tissue of chinook in Puget Sound “with levels detected among the highest in the nation.”

The pharmaceutical industry, which puts these drugs on the market, has no established policy of taking responsibility for disposal of unused or expired drugs. The concept of producer responsibility delegates end-of-life accountability to companies that have placed them on the market. Electronics and paint manufacturers, for instance, are required to pay for collection and



recycling of their products at end-of-life under numerous U.S. state producer responsibility [laws](#). Under paint EPR laws, [PaintCare](#), an industry-run non-profit organization, is responsible for the major costs of managing leftover paint, including transportation, recycling, and processing. Proponents believe drug manufacturers who place drugs on the market should be responsible for financing systems that provides for free and convenient take back nationwide.

The province of Ontario, Canada enacted a regulation in 2012 assigning responsibility for end-of-life management of pharmaceutical waste to manufacturers. Many European countries have industry-funded drug take back programs.

Recent Activity

Seven West Coast counties have passed ordinances requiring pharmaceutical companies to pay for drug disposal programs and on March 14, 2016, Massachusetts became the first state to [mandate](#) a system requiring drug companies to safely dispose of unwanted medications. It could be more cost efficient for the drug industry to develop its own national disposal plan than to be forced to pay for possibly less efficient systems mandated by laws and ordinances enacted out of frustration that the industry failed to act to develop its own system. Instead, the drug industry is using its trade association to [fight](#) ordinances without proposing a constructive alternative to them.

Industry peers have has taken action. Eli Lilly recently provided a [grant](#) to a program that will provide 100 disposal boxes at pharmacies in Indiana. Other peers have acted. In February 2016, Walgreens, the largest U.S. pharmacy chain, [announced](#) it will install drug disposal kiosks in 500 drugstores in 39 states and Washington, D.C. as part of a broader effort to counter drug abuse. The company noted “prescription drug abuse continues to be a public health and safety risk.”

This voluntary action by Walgreens gives additional credence to our view that more local drug disposal options are urgently needed. It’s a welcome start, but 500 locations comprise less than 1% of U.S. pharmacies. Drug makers need to develop policies that will result in far more local disposal options.

Response to company statement in opposition

The company’s statement in opposition says it has a containment and return option for its Humira product, which is administered intravenously. We appreciate the leadership on providing a safe disposal option for this particular product, but it does not resolve disposal for the other company’s products, especially its opioid product Vicodin.

AbbVie says addressing drug disposal requires collective effort of many parties including pharmacies, drug distributors and health care providers. We agree, but there has been no public discussion of the nature or scope of any industry-led efforts underway to determine collective responsibility. In the interim, individual companies need to show leadership.

The company argues that individual companies are not best suited to set forth policies or programs on drug disposal. It disproves this assertion by noting in its statement how it operates its own take back option for its Humira product, demonstrating that one company can make a difference. Another example of individual company action is a [grant](#) made recently by Ely Lilly &



Co. to support drug disposal collection boxes at Indiana pharmacies, and as noted above, Walgreens agreed in February to site 500 take back kiosks in 39 states.

For other social and environmental policy issues, individual companies both set specific policies and work with peers. For example, AbbVie commits to reduce carbon dioxide emissions 20% by 2020, and in doing so, it states “We work across the value chain to reduce our carbon emissions, and we encourage our suppliers, distributors and other stakeholders to reduce their impact as well.” In the same way, the company could set a goal to collect a certain percentage of unused drugs by a certain date and work with its value chain and peers to achieve it.

In the absence of company and industry leadership, companies and the industry are losing their ability to shape a cost effective national approach as regional and state governments start to impose mandated solutions. It could be more cost efficient for the drug industry to develop its own national disposal plan than to be forced to pay for possibly less efficient systems mandated by laws and ordinances enacted out of frustration that the industry failed to act to develop its own system. Instead, the drug industry is sending its trade association to [fight](#) these ordinances without evidence of proposing a constructive alternative to them.

In November 2015, the California Life Sciences Association, of which AbbVie is member, sent a letter to the Los Angeles Board of Supervisors opposing pending legislation for an ordinance that would require total industry funding of a drug disposal program. It decried the lack of “shared responsibility” but did not say what level of responsibility, if any, the industry would be willing to assume. Without such policies, there is not sufficient evidence to indicate that the industry is developing a policy for this important health and environmental issue.

Conclusion

Shareholders and the company would benefit from the report requested by the proposal.

- The company markets opioid drugs which can have a high risk of abuse leading to addiction. The company’s lack of a policy on the extent to which it should be responsible for collection and financing of a national system of safe, convenient drug disposal options puts it at risk in the midst of a horrific drug abuse crisis which took the lives of 47,000 Americans in 2014.
- Companies can act both on their own and with peers to devise a solution for the lack of drug disposal options. We cite above two recent individual actions by Eli Lilly and Walgreens.
- Shareholders deserve evidence—lacking to date—that thoughtful consideration has been given to this issue, through development of a policy explaining the extent to which the company, and the drug industry, should be actively participating in financing safe collection of unused drugs.
- In the absence of company and industry leadership, both entities are losing their ability to shape a cost effective national approach as regional and state governments impose mandated solutions (noted above).