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Investors Applaud Hospira, Walgreens for Support of Principles on Biosimilars, Alternatives to Higher Cost Drugs

Detroit, Michigan - A coalition of 20 institutional investors with \$430 billion in assets under management commends Hospira and Walgreens for supporting principles on biosimilar issues. The principles, included in the *Investor Statement on Board Oversight of Biosimilar Issues* ("*Investor Statement*"), call on boards of directors to provide balanced information to policymakers about biosimilar patient safety issues and to increase transparency around the companies' state and federal lobbying on biosimilars. Biosimilars are safe and less costly alternatives to brand biologic drugs and are used to treat patients with serious illnesses, including cancer, rheumatoid arthritis and multiple sclerosis.

Hospira, the world's leading provider of injectable drugs and infusion technologies, and a global leader in biosimilars, is the only North American company providing biosimilars in Europe and Australia. Walgreens is the largest drug retail chain in the United States, filling 821 million prescriptions in 2013. Both Hospira and Walgreens provided support for the Investor Principles without formal solicitation by the coalition.

"We commend Hospira and Walgreens for their initiative and corporate leadership on biosimilars and for responding to the interests of their long-term investors," said Robert Naftaly, Chairman, UAW Retiree Medical Benefits Trust. "These boards understand that business decisions related to biosimilars raise important corporate governance considerations, and should be aligned with investor interests."

"From our six plus years of experience providing biosimilars to patients in Europe, Hospira knows that open communication around biosimilar education, data and policies is integral to driving awareness of this brand new class of drugs in the United States," said Sumant Ramachandra, M.D., Ph.D., Senior Vice President and Chief Scientific Officer, Hospira. "Hospira supports the coalition in its efforts to ensure that stakeholders have access to transparent, balanced and factual information to support the successful formation of a U.S. biosimilars market. This approach will help enable patients and the U.S. healthcare system to fully realize the billions of dollars in savings biosimilars are expected to bring."

Hospira is one of the first companies to submit biosimilar regulatory applications to the FDA, with one application already submitted through its biosimilar partner and one targeted for FDA



submission by the end of 2014/early 2015. The company currently markets three biosimilar products.

Thomas J. Sabatino, Jr. Executive Vice President, Chief Legal and Administrative Officer of Walgreens said, "We appreciate the opportunity to once again work constructively with the UAW Retiree Medical Benefits Trust, and to partner with our shareholders in support of principles that help further Walgreens' mission to help people get, stay and live well."

"It is hugely encouraging that Hospira and Walgreens have contacted our group to support the principles we are advancing. We urge other companies to follow their lead," said Tim Goodman, Associate Director, Hermes EOS Services, LTD.

Hospira and Walgreens join Amgen and Novartis in supporting the Investor Principles.

This past year, national concern over escalating prices of specialty drugs reached a watershed with substantial attention focused on the impact of escalating costs on patient access and the broader health care system. Growth in the U.S. spending on specialty drugs, like biologics, is expected to dwarf growth in overall prescription drug spending in coming years. A recent Rand Corporation study predicts that biosimilars will lead to a \$44.2 billion reduction in spending on biologic drugs over the next decade.

In several European markets, biosimilars have led to lower costs and increased access without any reported safety issues since 2006. Biosimilars will soon enter the U.S. markets. In July, the U.S. Food and Drug Administration received its first application for the marketing of a biosmilar in the United States.

"As investors in the health care sectors, we view competition and innovation as both good for the bottom line of the companies in which we invest and good for the health of our members," said William Atwood, Executive Director, Illinois State Board of Investments.

The investor coalition released the Investor Statement in August out of concern that U.S. biosimilars policies needed to consider the positive European biosimilars experience as a foundation for policies supporting adoption of biosimilars in this country.

Several states are currently considering legislation to allow for pharmacist dispensing of interchangeable biosimilars. State legislation that builds upon existing technology including electronic medical records, e-prescribing and electronic management systems to notify physicians of biosimilar and other biologic drug substitutions will likely drive the greatest consensus.



The investor coalition began its work in 2013 by engaging with several pharmaceutical companies on biosimilar state and federal lobbying activities. Since then, the coalition has grown steadily and now consists of diverse groups of funds that represent global, public sector, labor, and faith-based and health care investor interests.

In 2015, the Investor Coalition will engage with more companies in related healthcare sectors on the biosimilar principles and convene a multistakeholder meeting to discuss implementation of the principles.

The Investor Statement is available via this link: click here to see.

Members of the investor coalition include:

Adrian Dominican Sisters Portfolio Advisory Marco Consulting Group

AFL-CIO Office of Investment Massachusetts Laborers Benefit Funds

AFT Retirement Plan & Trust Mercy Investment Services, Inc.

Bon Secours Health Systems, Inc. Middletown Works Hourly & Salaried Union Retirees Health Care Fund

Boston Common Asset Management New York Common Retirement Fund

Calvert Investments Northwest Coalition for Responsible Investment

CHE Trinity Health

The Nathan Cummings Foundation

Dominican Sisters of Hope

Trillium Asset Management, LLC

Hermes Equity Ownership Services

UAW Retiree Medical Benefits Trust

Ursuline Sisters of Tildonk, U.S. Province

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