Taming Big Pharma
Assessing how insurers push pharmaceutical companies to improve access to medicine and pay fair taxes

Fair Insurance Guide
25 April 2019
Fair Insurance Guide

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Assessing how insurers push pharmaceutical companies to improve access to medicine and pay fair taxes

The Fair Insurance Guide is a coalition of the following organisations:
Amnesty International, FNV, Milieudefensie, Oxfam Novib, PAX and World Animal Protection.¹
25 April 2019

Research by: the Centre for Research on Multinational Corporations (SOMO)
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AtM</td>
<td>Access to Medicine</td>
</tr>
<tr>
<td>BEPS</td>
<td>Base erosion and profit shifting</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, social and governance</td>
</tr>
<tr>
<td>ETR</td>
<td>Effective tax rate</td>
</tr>
<tr>
<td>FDA</td>
<td>Food and Drug Administration (US)</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OHCHR</td>
<td>United Nations Office of the High Commissioner for Human Rights</td>
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<tr>
<td>PRI</td>
<td>Principles for Responsible Investment</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goal</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission (US)</td>
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<tr>
<td>SOMO</td>
<td>Centre for Research on Multinational Corporations</td>
</tr>
<tr>
<td>SRI</td>
<td>Socially responsible investment</td>
</tr>
<tr>
<td>TRIPS</td>
<td>Trade-Related Intellectual Property</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WTO</td>
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Summary

Access to medicine is a fundamental aspect of the human right to health. Yet there has been a flood of news stories and scandals in recent years about unethical price gouging by pharmaceutical companies charging exorbitant prices for life-saving medicines. The high price of medicines is also a serious problem in low- and middle-income countries. Many medicines remain prohibitively expensive for many of the world’s poor, who lack insurance and must pay for medicines out of their own pockets. Access to medicine in low- and middle-income countries is also limited due to severe underspending on research and development of medicines for diseases that predominantly affect poor people. This is due in part to the fact that future sales may not yield enough profit for pharmaceutical companies. In addition, Oxfam research has found that pharmaceutical companies are massively shifting their profits to tax havens. In 2016, the four largest US pharmaceutical companies – Pfizer, Merck & Co, Abbott and Johnson & Johnson – made US$ 352 billion in tax-free profits on foreign accounts. These pharmaceutical companies provide little public information about where they make their profits and where they pay taxes.

As part of their responsibility as investors, insurance companies are expected to use their leverage and encourage the pharmaceutical companies in which they invest to provide affordable medicines to those who need them and pay their fair share of taxes. Insurers are also expected to communicate to their stakeholders and the public about their engagement with pharmaceutical companies on the issue of provision of affordable medicine, the results of this engagement, and their voting record on the issue.

This study assesses the role played by nine insurance companies – Achmea, Aegon, Allianz, ASR, CZ, Menzis, NN Group, VIVAT and VGZ – as institutional investors on two major responsible business conduct issues concerning the pharmaceutical sector: affordable pricing of medicines and the fair payment of taxes by pharmaceutical companies. In total, these nine insurance companies have combined investments worth over € 14 billion in 19 selected pharmaceutical companies, giving the insurers both a responsibility and an opportunity to address these important issues with pharmaceutical companies.

Table 1 summarises the findings related to insurance companies’ performance on the transparency of investments and engagement, and on the issues of fair payment of tax and provision of affordable medicine by pharmaceutical companies. Note that this table summarises each insurer’s performance relative only to the other insurers included in this study.

Table 1 Summary of findings of insurers’ performance relative to each other, by issue

<table>
<thead>
<tr>
<th>Issue</th>
<th>Frontrunners</th>
<th>Middle performers</th>
<th>Laggards</th>
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* VGZ is included with the laggards here because it did not provide information on the specific value of its investments in pharmaceutical companies, so the proportions are unknown.
**Investments & transparency**

Most insurers have invested, in the form of corporate bonds and shares, in (almost) all of the 19 target pharmaceutical companies. Three insurers hold the lion’s share of these investments: Allianz, with € 8.2 billion is by far the largest, followed by Aegon (€ 2.8 billion) and NN Group (€ 1.6 billion). Within their portfolios, some insurers hold relatively larger shares in the pharmaceutical companies performing best on the *Access to Medicine Index* than others. More than half of Achmea and VIVAT’s investments in pharmaceutical companies go to the seven best performers in the *Access to Medicine Index*, while less than a quarter of NN Group’s investments go to the seven best performers. It must be noted though, that the *Access to Medicine Index* provides insights into the relative performance of pharmaceutical companies on improving access to medicine and that while some pharmaceutical companies have taken some measures, many of their policies still undermine access to medicines.

It is notable that, even for those companies with the largest percentage of their pharma investments in the seven best performers on the *Access to Medicine Index*, this still accounts for only approximately half of their investments. Conversely, some insurers dedicate relatively large shares of their investments to the seven worst performing companies on the *Access to Medicine Index*. While ASR and VIVAT only invest approximately 15 per cent of their portfolio in the seven worst performers, Menzis (50 per cent), Allianz (42 per cent) and NN Group (36 per cent) dedicate much larger shares of their investments to these companies.

Most insurers provide at least some degree of transparency about their investments. Menzis is the only insurer that fully discloses the names of the companies in which it invests on its website. VGZ is the only insurer that only provides information about the names of the companies in which it invests, and not about the specific value of its investments. Transparency on engagement activities and the results these have had varies widely, but there is room for improvement with all companies in order to meet expectations laid out in the OECD Guidelines for Multinational Enterprises. Most insurers have good systems in place to provide transparency about exercising shareholder-voting rights.

**Fair payment of taxes**

Insurers generally do not seem to recognise the high risk of unethical tax avoidance by pharmaceutical companies, despite clear indications of this in research reports and media articles. Achmea, ASR and CZ do include the issue in their ESG screening and company engagement processes, while Aegon explicitly states that it will not include fair payment of taxes in its topics for engagement, as it believes this lies beyond its responsibility. Those insurers that have engaged pharmaceutical companies on this issue report little progress and improvement by pharmaceutical companies.

Five of the insurers – Achmea, Allianz, ASR, NN Group and VIVAT – voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of pharmaceutical companies in 2018. Achmea, ASR, CZ and VIVAT appear to be current frontrunners on this issue, although much more can and should be done by all insurers investing in pharmaceutical companies on this issue.

**Access to medicine**

Seven insurers – Achmea, ASR, CZ, Menzis, NN Group, VGZ and VIVAT – currently include the issue of access to Medicine in their investment policies, screening and engagement processes. We were able to identify a significant amount of engagement by insurers with pharmaceutical companies on this issue generally, but transparency about the exact subjects, intensity and results are largely lacking. Some of these insurers do include the *Access to Medicine Index* in their engagement decisions or as a topic of discussion within their engagement with pharmaceutical companies. However, in general, engagement by the insurers with pharmaceutical companies on this issue does not seem to be particularly effective at delivering improvements. An interesting development to note is the court case filed by Menzis against AstraZeneca for overcharging it with exorbitantly high prices. Achmea, ASR and VIVAT also include pharmaceutical companies’ scores on the *Access to Medicine Index* in their company screening processes. Achmea, ASR, NN Group and VIVAT also include the issue of access to medicine in their voting decisions.
Allianz and Aegon, on the other hand, barely address the issue of access to medicine in their investment policies. They have not included the issue in their screening policies and have not engaged pharmaceutical companies on this topic. It is notable that, in the five years since the previous Fair Insurance Guide report dealing with the issue of pharmaceutical companies, Aegon and Allianz have still not signed the Access to Medicine Index Investor Statement. Four of the nine insurers examined – Achmea, ASR, NN Group and VIVAT – have currently signed the Investor Statement.

**Recommendations**

In order to contribute to improved performance by pharmaceutical companies on the issues of fair payment of taxes and provision of affordable medicines, this study provides 20 concrete recommendations.

With regard to the key topic of fair payment of taxes by pharmaceutical companies, insurers should include tax transparency in the ESG criteria they use for company screenings; engage companies on their tax policies and have a clear strategy on disengagement in case its engagement process with a company fails to meet its objectives.

With regard to the key topic of provision of affordable medicine by pharmaceutical companies, insurers should integrate access to medicine in their ESG screening policies, in line with the Access to Medicine Index Investor Statement; and use their voting rights to jointly file and support resolutions on the issue of access to medicine at the shareholder meetings of pharmaceutical companies.

Given the limited impact of insurers’ current engagement with pharmaceutical companies regarding fair payment of taxes and affordable medicine, insurance companies should increase pressure on pharmaceutical companies by stepping up joint efforts with other investors or legal actions. Also relevant to both topics, insurers should be more transparent about their investments in, and engagement with, pharmaceutical companies.
Samenvatting


Van verzekeringsmaatschappijen wordt verwacht, als onderdeel van hun maatschappelijke verantwoordelijkheid als beleggers, dat zij hun invloed gebruiken om de farmaceutische bedrijven waarin zij investeren betaalbare prijzen voor hun medicijnen te laten hanteren en eerlijk belasting te laten betalen. Van verzekeringsmaatschappijen wordt ook verwacht dat zij transparant communiceren over hun engagements met farmaceutische bedrijven over toegang tot medicijnen, de resultaten van deze engagements en wat zij over dit onderwerp hebben gestemd op aandeelhoudersvergaderingen.

Deze studie beoordeelt hoe negen verzekeringsmaatschappijen (Achmea, Aegon, Allianz, ASR, CZ, Menzis, NN Group, VIVAT en VGZ) uitvoering geven aan hun verantwoordelijkheid als institutionele beleggers met betrekking tot maatschappelijk verantwoord ondernemen in de farmaceutische sector. Specifiek kijken we in dit onderzoek naar het beleid van de verzekeringsmaatschappijen en de uitvoering daarvan op het gebied van ‘betaalbare geneesmiddelen’ en ‘eerlijke belasting van belastingen’ door farmaceutische bedrijven. De negen verzekeringsmaatschappijen investeerden samen meer dan 14 miljard euro in 19 geselecteerde farmaceutische bedrijven. Daarmee hebben de verzekeringsmaatschappijen zowel een verantwoordelijkheid als ook een kans om de bovengenoemde problemen met farmaceutische bedrijven aan te pakken.

Tabel 2 presenteert een overzicht van de uitkomsten van het onderzoek wat betreft de transparantie van verzekeringsmaatschappijen en hoe zij investeren en engagements en hoe zij presteren wat betreft eerlijke belastingafdrachten door farmaceuten en toegang tot medicijnen. De tabel geeft een overzicht van hoe verzekeringsmaatschappijen van elkaars perspectief proberen in verhouding tot elkaar.
Table 2 Overzicht van hoe verzekeraars naar verhouding presteren op verschillende onderwerpen.

<table>
<thead>
<tr>
<th>Onderwerp</th>
<th>Voorlopers</th>
<th>Middenmoters</th>
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<tr>
<td>Eerlijke belastingafdrachten door farmaceuten</td>
<td>Achmea, ASR, VIVAT</td>
<td>Allianz, CZ, NN</td>
<td>Aegon, Menzis, VGZ</td>
</tr>
<tr>
<td>Toegang tot medicijnen door farmaceutische bedrijven</td>
<td>Achmea, ASR, VIVAT, CZ, Menzis</td>
<td>VGZ, NN</td>
<td>Aegon, Allianz</td>
</tr>
<tr>
<td>Relatie tussen investeringen in farmaceuten en hun scores op de Access to Medicine Index</td>
<td>Achmea, ASR, CZ, VIVAT</td>
<td>Aegon</td>
<td>Allianz, Menzis, NN, VGZ*</td>
</tr>
</tbody>
</table>

* VGZ is hier ingedeeld bij ‘achterblijvers’, omdat de verzekeraar geen informatie heeft verstrekt over de specifieke waarde van haar investeringen in farmaceutische bedrijven. Daardoor blijft onbekend of er een relatie is tussen de investeringen in farmaceuten en de scores van deze bedrijven op de Access to Medicine Index.

De meeste verzekeraars investeren via bedrijfsobligaties en aandelen in (bijna) alle negentien farmaceutische bedrijven uit het onderzoek. Drie verzekeraars bezitten het leeuwendeel van deze investeringen: Allianz is met 8,2 miljard euro veruit de grootste, gevolgd door Aegon (2,8 miljard euro) en NN Group (1,6 miljard euro). Sommige verzekeraars investeren relatief meer in farmaceutische bedrijven die het hoogst scoren op de Access to Medicine Index. Zo gaat meer dan de helft van de investeringen van Achmea en VIVAT in farmaceutische bedrijven naar de zeven best presterende bedrijven in de Access to Medicine Index; bij de NN Group is dit minder dan een kwart. Daarbij dient wel te worden opgemerkt dat de Access to Medicine Index inzicht biedt in de relatieve prestaties van farmaceuten op het gebied van toegang tot medicijnen. Sommige bedrijven hebben een aantal maatregelen genomen, maar een groot deel van hun beleid ondermijnt nog altijd de toegang tot medicijnen.

Zelfs bij de bedrijven met het grootste deel van hun farmaceutische investeringen in de zeven beste presteerders van de Access to Medicine Index gaat het nog steeds om maar ongeveer de helft van hun totale investeringen in farmaceutische bedrijven. Omgekeerd hebben sommige verzekeraars relatief veel geïnvesteerd in de zeven slechtste presterende bedrijven van de Access to Medicine Index. ASR en VIVAT beleggen beiden ongeveer 15 procent van hun totale portefeuille in de farmaceutische sector in de zeven slechtste presteerders, terwijl Menzis (50 procent), Allianz (42 procent) en NN Group (36 procent) relatief veel meer hebben geïnvesteerd in deze bedrijven.

De meeste verzekeraars bieden op zijn minst enige mate van transparantie over hun investeringen. Menzis is de enige verzekeraar die de namen van de bedrijven waarin ze investeert publiek toegankelijk maakt. VGZ is de enige verzekeraar die alleen informatie verstrekt over de namen van de bedrijven waarin ze investeert, en niet over de specifieke waarde van haar beleggingen in farmaceutische bedrijven. De mate van transparantie van verzekeraars over hun engagement-activiteiten en de resultaten daarvan varieert sterk, maar alle verzekeraars moeten verbeteren om te voldoen aan de OESO-richtlijnen voor multinationale ondernemingen. De meeste verzekeraars laten transparant zien hoe zij hun aandeelhoudersstemrechten hebben gebruikt.

Eerlijke belastingafdrachten
In het algemeen lijken de verzekeraars het hoge risico van onethische belastingontwiking door

Toegang tot medicijnen
Het onderwerp ‘toegang tot medicijnen’ wordt momenteel door zeven verzekeringsmaatschappijen (Achmea, ASR, CZ, Menzis, NN Group, VGZ en Vivat) opgenomen in hun beleggingsbeleid, screening- en engagement-processen. Uit deze studie komt naar voren dat er sprake is van substantiële engagement van verzekeringsmaatschappijen met farmaceutische bedrijven op dit thema, maar in het algemeen ontbreekt transparantie over de onderwerpen, intensiteit en uitkomsten van deze engagements. Sommige verzekeringsmaatschappijen gebruiken de Access to Medicine Index in hun engagement-beslissingen of bespreken de Index tijdens hun engagements met farmaceutische bedrijven. Over het algemeen lijken deze engagements niet te leiden tot concrete verbeteringen bij farmaceutische bedrijven op dit punt. Interessant in dit opzicht is ook de rechtszaak die Menzis heeft aangespannen tegen AstraZeneca wegens het vragen van een buitensporig hoge prijs voor een bepaald medicijn.


Aanbevelingen
Om het gedrag van farmaceutische bedrijven op de onderwerpen ‘eerlijke belastingafdrachten’ en ‘toegang tot medicijnen’ te verbeteren doet dit rapport twintig concrete aanbevelingen aan verzekeringsmaatschappijen.

Met betrekking tot eerlijke belastingafdrachten door farmaceutische bedrijven dienen verzekeringsmaatschappijen deze onder meer belastingtransparantie op te nemen in hun ESG-criteria voor de screening van bedrijven; engagement te voeren met bedrijven over hun belastingbeleid; en een duidelijke strategie hebben over disinvesteringen in het geval dat engagementprocessen hun doelen niet bereiken.

Met betrekking tot bevorderen van de toegang tot medicijnen door farmaceutische bedrijven dienen verzekeringsmaatschappijen meer belastingtransparantie op te nemen in hun ESG-criteria voor de screening van bedrijven; engagement te voeren met bedrijven over hun belastingbeleid; en een duidelijke strategie te hebben over disinvesteringen in het geval dat engagementprocessen hun doelen niet bereiken.

Gezien de beperkte impact van het huidige engagement van verzekeringsmaatschappijen met farmaceutische bedrijven op deze twee onderwerpen zouden verzekeringsmaatschappijen de druk op farmaceutische bedrijven moeten opvoeren door gezamenlijke inspanningen te ondernemen met andere investeerders of door juridische stappen te nemen. Verder zouden verzekeringsmaatschappijen ook veel transparanter moeten zijn over hun investeringen en engagement met farmaceutische bedrijven.
Chapter 1  Introduction

Context and research aims

Commissioned by the Dutch Fair Insurance Guide, this report assesses the role played by nine insurance companies – Achmea, Aegon, Allianz, ASR, CZ, Menzis, NN Group, VIVAT and VGZ – as institutional investors when it comes to two major responsible business conduct issues concerning the pharmaceutical sector. These issues are:

1) affordable pricing of medicines and
2) the fair payment of taxes in the countries where the pharmaceutical company creates value, employs a workforce and makes use of public services.

In total, these nine insurance companies have combined investments of over € 14 billion in 19 selected pharmaceutical companies, giving the insurers both a responsibility and an opportunity to address these important issues with pharmaceutical companies.

Affordable pricing of medicines

Despite the fact that the United Nations Office of the High Commissioner for Human Rights (OHCHR) considers access to medicine to be a fundamental pillar of the human right to health, there has been a flood of news stories and scandals in recent years about unethical price gouging by pharmaceutical companies charging exorbitant prices for life-saving medicines. For example, in early 2019, there was a public outcry when the pharmaceutical company Novartis bought the medicine lutetium-octreotaat, registered it with the European Medicines Agency as a treatment for a rare disease and immediately increased the price five-fold. Health insurance companies publicly condemned the increased cost of the medicine, and the Dutch Minister of Health stated, “This is an example of how it should not be done: a hefty price increase without substantiation”.

In another example, AstraZeneca bought a 55 per cent share in Acerta Pharma for an initial US$ 2.5 billion in 2015, with US$ 1.5 billion to be paid after the drug Calquence was approved by the US Food and Drug Administration (FDA). There was also an agreement that AstraZeneca had the right to buy the outstanding 45 per cent of the company for US$ 3 billion. Calquence was developed by Acerta Pharma to treat mantle cell lymphoma. In October 2017, the drug was approved by the FDA and is now available on the market in the US. It is an extremely expensive medicine, costing approximately US$ 180,000 for one year of treatment, although the company has not substantiated why it charges such high prices and whether cheaper alternatives are available. These are far from the only examples. Several other pharmaceutical companies such as Gilead Sciences and Biogen have recently been criticised for producing excessively expensive medicines.

The high price of medicines is also a serious problem in low- and middle-income countries. Many medicines remain prohibitively expensive for the world’s poor, who lack insurance and must pay for medicines out of their own pockets. For example, although deaths from cancer are slowly decreasing in wealthy countries due to the availability of treatments and early detection, this is not the case in low- and middle-income countries. Only 20 per cent of children diagnosed with cancer will be cured due to the high costs of treatment and, in particular, the high costs of medicines, compared with 80 per cent in high-income countries. Without insurance coverage, the World Health Organization (WHO) estimates the costs for standard breast cancer treatment to be the equivalent of about 10 years of the average annual wages in India and South Africa, but the equivalent of around 1.7 years’ salary in the US. Moreover, access to medicine in low- and middle-income countries is limited further due to severe underspending on research and development (R&D) of medicines for diseases that predominantly affect poor people, due in part to the fact that future sales may not yield enough profit for pharmaceutical companies.
Box 1: Examples illustrating the importance of affordable pricing of medicines for people

- Buying medicines can put people into debt for life, as one family in India found out when their son nearly died of encephalitis. To pay for the treatment Govind needed, his family had to borrow money. They now can no longer pay for his sisters to go to school, which illustrates the impact the exorbitantly high prices of medicine can have on families – often leading to additional disadvantages for girls.¹⁵

- Oanh is a 27-year-old kidney dialysis patient from Vietnam, who campaigned alongside other dialysis patients for the government to increase the coverage of its basic health insurance. Although the insurance now covers the basic cost of her dialysis, Oanh still needs to pay for the medicines she needs to take every day. Like Oanh, each year thousands of Vietnamese families are forced to take out loans and sell assets in order to pay for healthcare, leading them to be pushed into poverty.¹⁶

- Even in the Netherlands, prices are also sometimes so high that insurers will no longer pay for them and all but the richest patients cannot afford them. One example of this is Spinraza, made by Biogen. Dutch insurers will only cover this medicine for young children; older children and adults will not have access to the expensive medicine (it costs € 500,000 for the first year of treatment and € 250,000 for the following years). The Dutch government finds no proved effectiveness of Spinraza for this group, although patient organisations are arguing against this finding.¹⁷ The Pharmaceutical Committee of the American Chamber of Commerce in the Netherlands (AmCham), an industry group, recently called upon the Dutch government to show “restraint” in its policies promoting affordable medicines. According to AmCham, the policy to make medicine more affordable will hamper the investment climate for pharmaceutical companies in the Netherlands.¹⁸
The Access to Medicine Foundation has established a methodology to evaluate the top 20 research-based pharmaceutical companies according to their efforts to improve access to medicine in developing countries. The 2018 Access to Medicine Index shows that the pharmaceutical sector has partly responded to criticism from governments and citizens – for example, by lowering the price of (some) medicines for the poorest countries or in humanitarian situations. However, the non-governmental organisation Doctors Without Borders estimates that the few measures taken by pharmaceutical companies “have been dramatically cancelled out by many hidden policies that undermine access to medicines”. The lack of transparency on cost calculation of medicine prices is severely hampering an informed debate between the public, investors and the pharmaceutical companies.

**Payment of a fair share of taxes**

Oxfam research has found that pharmaceutical companies are shifting their profits to tax havens on a large scale. Tax avoidance by pharmaceutical companies undermines the possibility for governments to finance public health, in the US, Europe and above all in low- and middle-income countries. In 2016, the four largest US pharmaceutical companies – Pfizer, Merck & Co, Abbott and Johnson & Johnson – had US$ 352 billion in tax-free profits on foreign accounts. The pharmaceutical companies provide little public information about where they make their profits and where they pay taxes.

In 2018, the Financial Times calculated the gap between what multinationals reported as their effective tax rate (ETR) and the actual rate over the last three years. Johnson & Johnson reported a rate of 18 per cent and actually paid only 14 per cent; Pfizer reported 20 per cent and actually paid just 13 per cent. Recent Oxfam research into the global ETR of Pfizer, Johnson & Johnson, Abbott and Merck, as reported in their 2018 Securities and Exchange Commission (SEC) filings, again showed a downward trend (with the exception of Merck). The research also concluded that these four pharmaceutical companies benefited from an estimated US$ 7 billion in tax savings last year from two central provisions in the new US tax law and that these companies prioritised investor payouts in the form of stock buybacks and dividends, while investments in research and development remained stagnant. In some cases, more specific examples of tax avoidance have been reported by the media. In 2017, Australian media reported that Pfizer had used a tax avoidance arrangement through a Dutch subsidiary to create a US$ 936 million loss in Australia. Pfizer refused to respond to this information when asked by the press.

Pharmaceutical companies use their economic and political power on a large scale to obtain favourable tax conditions and to obtain a high price for medicines. Of all industries, pharmaceutical companies spend the most on influencing the US government – over US$ 200 million annually. They are among the largest political sponsors of political campaigns in the US. Pharmaceutical companies also exert a great deal of influence on European legislation, according to a study by Corporate Europe Observatory.

In recent months, Oxfam America has worked with investors to file shareholder resolutions addressing the issue of drug pricing at Johnson & Johnson, stock buybacks at Merck and Abbott Laboratories and lobbying disclosure at Pfizer. Johnson & Johnson, Abbott and Pfizer each submitted no-action requests to the SEC to block the proposals from appearing on the company’s proxy ballot. After a flurry of legal briefs, however, the proposal linking executive compensation to risks associated with high drug costs will appear on the Johnson & Johnson proxy ballot, as will the proposal at Merck. A proposal that captures Oxfam’s lobbying disclosure request will also appear on the proxy ballot at Pfizer.

**Normative standards on affordable pricing of medicines and fair payment of taxes – for pharmaceutical companies as well as insurers investing in them**

According to the United Nations (UN) OHCHR, access to medicine is a fundamental element of the human right to health, and is crucial for the exercise of a range of other human rights such as the right to development and a life of dignity. The UN Special Rapporteur on the right to the enjoyment of the highest attainable standard of physical and mental health, Paul Hunt, developed Human Rights Guidelines for Pharmaceutical Companies in relation to Access to Medicines. According to these guidelines,
“pharmaceutical companies should integrate human rights, including the right to health, into their strategies, policies, programmes, projects and activities”.

Increasing access to affordable medicine is also crucial for achieving the UN Sustainable Development Goal (SDG) 3 on ensuring healthy lives and promoting well-being at all ages. Under this goal, target 3.8 refers directly to access to medicines: “Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all”.

The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises are clear that enterprises such as pharmaceutical companies should contribute to sustainable development, avoid infringing on human rights – including the right to health, and seek to prevent or mitigate adverse human rights impacts linked to their products and services. Taken together, these normative expectations make it clear that pharmaceutical companies have a responsibility to provide affordable medicines to those who need them.

As part of their responsibility as investors, insurers are expected to encourage the pharmaceutical companies in which they invest to obey the OECD Guidelines’ provisions on sustainable development and human rights and use their leverage to ensure that pharmaceutical companies do so. Insurers are also expected to communicate to their stakeholders and the public about their engagement with pharmaceutical companies on the issue of provision of affordable medicine, the results of this engagement and their voting record on the issue.

With regard to taxes, the OECD Guidelines are clear that fair payment of taxes is an essential element of responsible business conduct and that enterprises such as pharmaceutical companies should “contribute to the public finances of host countries by making timely payment of their tax liabilities”. Importantly, the OECD Guidelines insist that enterprises should comply with both “the letter and spirit of the tax laws”, and not seek to use unethical fiscal planning construction to minimise tax payments in host countries. UN SDG 16 seeks to “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”. Within this SDG, reducing illicit financial flows has been adopted as a target under 16.4.

As part of their responsibility as investors, insurers are expected to encourage the pharmaceutical companies in which they invest to obey the OECD Guidelines’ provisions on fair payment of tax and use their leverage to ensure that pharmaceutical companies do so. Insurers are also expected to communicate to their stakeholders and the public about their engagement with pharmaceutical companies on the issue of fair payment of tax, the results of this engagement and their voting record on the issue.

On behalf of the Fair Insurance Guide, SOMO takes this context as a starting point and seeks to shed light on and analyse the role of insurance companies as responsible – or irresponsible – institutional investors in the pharmaceutical industry. This study builds on a related 2014 report by the Dutch Fair Insurance Guide to assess to what extent the recommendations in that report have been taken up by insurance companies.

Scope and research questions

The current report examines the investments – in terms of holdings of shares and bonds – of nine selected insurers in 19 pharmaceutical companies, as well as the policies towards and engagement with those 19 pharmaceutical companies regarding two issues of critical importance for the pharmaceutical industry: fair payment of taxes and access to affordable medicine.
The nine insurers were selected because they are the insurers that the Dutch Fair Insurance Guide evaluates. The Fair Insurance Guide analyses company-wide policies that apply to all subsidiaries of an insurer group. VIVAT, which became a subsidiary of the Chinese insurance company Anbang in 2015, is the only exception to this rule. The Fair Insurance Guide has chosen to continue to assess the investment policies and practices of VIVAT instead of its parent company due to its remarkable position as a subsidiary of a Chinese insurance group and its sustainability performance in the Dutch insurance sector.

The 19 pharmaceutical companies were selected based on the Access to Medicine Foundation’s Index, which ranks the top 20 research-based pharmaceutical companies according to their efforts to address access to medicine for 77 diseases, conditions and pathogens in 106 low- and middle-income countries. Only 19 of the 20 companies from the Index are included here because one of the companies – Boehringer Ingelheim GmbH – is a family-owned company with no identified investment from the selected insurers. Table 2 lists the 19 selected pharmaceutical companies and their 2018 Access to Medicine Index rank on a scale from 0 to 5 – with a score of 5 points being the highest.

Table 3 Selected pharmaceutical companies and their 2018 Access to Medicine Index rank and score

<table>
<thead>
<tr>
<th>Pharmaceutical company</th>
<th>2018 AtM Index score</th>
</tr>
</thead>
<tbody>
<tr>
<td>GlaxoSmithKline</td>
<td>4.01</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.90</td>
</tr>
<tr>
<td>Takeda Pharmaceutical</td>
<td>2.75</td>
</tr>
<tr>
<td>Novo Nordisk</td>
<td>2.68</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>2.48</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
</tr>
<tr>
<td>Roche Holding</td>
<td>2.38</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
</tr>
<tr>
<td>Gilead Sciences</td>
<td>2.29</td>
</tr>
<tr>
<td>Bristol-Myers Squibb</td>
<td>2.03</td>
</tr>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
</tr>
<tr>
<td>Daichi Sankyo</td>
<td>1.77</td>
</tr>
<tr>
<td>Astellas Pharma</td>
<td>1.46</td>
</tr>
<tr>
<td>Eli Lilly &amp; Company</td>
<td>1.27</td>
</tr>
</tbody>
</table>

The research seeks to answer the following research questions:

With regard to the insurance companies’ investments in and transparency about selected large pharmaceutical companies:

1. What is the value (in US$) of the direct shares and bonds controlled by the selected insurers in the selected large pharmaceutical companies as of February 2019?
2. Do the selected insurers publish an annual overview of the number of companies with which the insurance group has exchanged information regarding social and environmental issues?
3. Do the selected insurers publish records of the engagement process with individual companies or an overview of the goals and success rates of the engagement process?
4. Are the selected insurers’ annual sustainability reports audited by an independent auditor and does the audit provide assurance about whether the insurers provided sufficient information on key Global Reporting Initiative (GRI) sector disclosure indicators, such as the percentage of companies in their investment portfolios with which they have interacted on environmental or social issues?

With regard to the key topic of **fair payment of taxes** by pharmaceutical companies:

5. To what extent do the selected insurers have a policy aimed at encouraging pharmaceutical companies not to evade or avoid taxes and/or to pay their fair share of taxes?
6. Do the selected insurers include the issue of fair payment of taxes in their environmental, social and governance (ESG) screening policy?
7. Have the selected insurers engaged systematically with pharmaceutical companies on the issue of fair payment of taxes?
8. Have the selected insurers exercised their voting rights to raise the issue of fair payment of taxes?
9. What written commitment are the selected insurers prepared to make on concrete action within one year on the topic of fair payment of taxes by pharmaceutical companies?

With regard to the key topic of **provision of affordable medicine** by pharmaceutical companies:

10. To what extent do the selected insurers have a policy that aims to encourage pharmaceutical companies to offer the medicines they produce at affordable prices?
11. Do the selected insurers include the issue of access to medicine in their ESG screening policies?
12. Have the selected insurers engaged systematically with pharmaceutical companies on the issue of access to medicine?
13. Have the selected insurers signed the Access to Medicine Investor Statement?
14. Have the selected insurers exercised their voting rights to raise the issue of access to medicine?
15. Have the selected insurers engaged in impact investing to improve access to medicine?
16. What written commitments are the selected insurers prepared to make on concrete actions they plan to take within one year on the topic of provision of affordable medicine by pharmaceutical companies?

Research questions 2-4 and 10-15 are derived from the recommendations from the 2014 Dutch Fair Insurance Guide report. Note that CZ, Menzis and VGZ were not included in the scope of the Fair Insurance Guide in 2014. Nevertheless, the recommendations in the 2014 study are also relevant for CZ, Menzis and VGZ.

**Research approach and methods**

In order to answer research question 1, data on the shareholdings and bonds of the nine insurance companies in 19 pharmaceutical companies have been extracted from the Thomson Reuters Eikon database. Eikon only includes figures for shareholdings held directly by the insurer and/or a wholly-owned asset manager and does not include assets that have been invested by other, third party asset management companies on behalf of the insurance companies. For this reason, no data was available in Eikon for the three health insurers, CZ, Menzis and VGZ. The investment overview for Menzis in this report is based on the company’s own reporting, and the date for which its investments are recorded in Table 2 diverges slightly from the other insurers. Achmea, CZ and VIVAT provided additional information about their investments upon request. VGZ provided the names of the companies in which it invests, but not specific figures.
Information on the responsible investment policies and practices of the insurers on the two key topics of fair payment of taxes and access to affordable medicine has been gathered by publicly available primary and secondary sources. The majority of the information reported is drawn from the companies’ own policies, reports and protocols, and is supplemented with information from news outlets and civil society research publications.

As an additional method for gathering data and ensuring the accuracy of information presented in the current report, each insurer was given the opportunity to review a draft of their profile and to provide additions or corrections that would be incorporated as appropriate. The insurers were also requested to provide a brief statement on their commitment to address the key issues of fair payment of taxes and access to affordable medicine in the coming year. All nine insurers cooperated and engaged constructively with the process and provided information and feedback on the draft profiles.

**Structure of the report**

The report assesses the investments of insurance companies in the selected pharmaceutical companies as well as the insurers’ transparency about their investments and engagement processes in Chapter 2. Chapter 3 focuses on the way insurers include the fair payment of taxes by pharmaceutical companies in their investment policies, screening processes and engagement processes. Chapter 4 addresses how the insurance companies have included access to medicine in their investment, screening, engagement and voting policies and practices. Chapter 5 outlines the main conclusions and provides recommendations to the insurance companies.
Chapter 2  Insurance companies’ investments in and transparency about selected large pharmaceutical companies

2.1 Overview of insurance companies’ investments in selected pharmaceutical companies

As of February 2019, the nine insurance companies examined in this research had invested more than €14 billion in the 19 selected pharmaceutical companies in the form of corporate bonds and shares (see Table 4). Three insurers hold the lion’s share of these investments: Allianz, with €8.2 billion is by far the largest, followed by Aegon (€2.8 billion) and NN (€1.6 billion). The investments of Achmea, ASR and VIVAT combined account for another €1.4 billion, while the investments of health insurers CZ and Menzis only amount to €40 million. VGZ provided the names of the companies in which it invests but not specific figures. As a result, the actual total investment of the nine insurance companies may be slightly higher.

In general, most insurers have invested in (almost) all of the 19 target pharmaceutical companies. More than half of these investments (€8.6 billion) are in seven companies (AbbVie, Pfizer, Bayer, Johnson & Johnson, GlaxoSmithKline, Gilead Sciences and Takeda Pharmaceutical). Interestingly, some of these pharmaceutical companies are among the best performers in the 2018 Access to Medicine Index (GlaxoSmithKline, Johnson & Johnson, Takeda Pharmaceutical), while others are among the worst performers (Gilead Sciences, Bayer, AbbVie). The insurance companies’ investments in two of the worst performers (Astellas Pharma and Daiichi Sankyo) are relatively small.

Table 4 Insurance companies’ total investments (shares and bonds) in target pharmaceutical companies, in millions of euros, as of February 2019*

<table>
<thead>
<tr>
<th>Pharmaceutical company</th>
<th>AtM rank</th>
<th>Achmea</th>
<th>Aegon</th>
<th>Allianz</th>
<th>ASR</th>
<th>CZ</th>
<th>Menzis</th>
<th>NN</th>
<th>VGZ</th>
<th>VIVAT</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GlaxoSmithKline</td>
<td>4.01</td>
<td>90.8</td>
<td>268.8</td>
<td>583.2</td>
<td>9.8</td>
<td>0.9</td>
<td>3.6</td>
<td>28.8</td>
<td>unspecified</td>
<td>86.6</td>
<td>1,061.0</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>42.5</td>
<td>133.4</td>
<td>158.9</td>
<td>17.0</td>
<td>1.8</td>
<td>-</td>
<td>11.6</td>
<td>unspecified</td>
<td>41.6</td>
<td>401.5</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>53.9</td>
<td>312.4</td>
<td>617.4</td>
<td>24.1</td>
<td>3.2</td>
<td>-</td>
<td>51.9</td>
<td>-</td>
<td>68.9</td>
<td>1,124.9</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.90</td>
<td>8.3</td>
<td>10.2</td>
<td>427.3</td>
<td>10.8</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>4.4</td>
<td>-</td>
<td>45.5</td>
</tr>
<tr>
<td>Takeda Pharmaceut.</td>
<td>2.75</td>
<td>16.7</td>
<td>125.5</td>
<td>829.0</td>
<td>-</td>
<td>0.5</td>
<td>0.5</td>
<td>23.9</td>
<td>-</td>
<td>9.9</td>
<td>1,003.9</td>
</tr>
<tr>
<td>Novo Nordisk</td>
<td>2.68</td>
<td>5.3</td>
<td>35.3</td>
<td>481.2</td>
<td>7.0</td>
<td>0.8</td>
<td>1.4</td>
<td>77.9</td>
<td>unspecified</td>
<td>28.9</td>
<td>636.9</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>65.4</td>
<td>295.0</td>
<td>172.1</td>
<td>10.4</td>
<td>0.8</td>
<td>1.6</td>
<td>165.3</td>
<td>unspecified</td>
<td>118.3</td>
<td>820.8</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>2.48</td>
<td>7.8</td>
<td>341.2</td>
<td>210.1</td>
<td>8.9</td>
<td>0.9</td>
<td>-</td>
<td>63.6</td>
<td>unspecified</td>
<td>54.5</td>
<td>686.0</td>
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<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>-</td>
<td>3.2</td>
<td>0.9</td>
<td>-</td>
<td>0.2</td>
<td>0.3</td>
<td>1.5</td>
<td>-</td>
<td>3.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Roche Holding</td>
<td>2.38</td>
<td>13.4</td>
<td>139.2</td>
<td>230.5</td>
<td>31.6</td>
<td>1.6</td>
<td>2.7</td>
<td>136.9</td>
<td>unspecified</td>
<td>141.7</td>
<td>695.5</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>46.0</td>
<td>282.3</td>
<td>755.9</td>
<td>18.0</td>
<td>2.2</td>
<td>-</td>
<td>288.4</td>
<td>unspecified</td>
<td>34.3</td>
<td>1,421.3</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>11.4</td>
<td>78.0</td>
<td>341.3</td>
<td>8.0</td>
<td>1.9</td>
<td>-</td>
<td>162.4</td>
<td>unspecified</td>
<td>25.0</td>
<td>626.4</td>
</tr>
<tr>
<td>Gilead Sciences</td>
<td>2.29</td>
<td>2.8</td>
<td>287.4</td>
<td>649.4</td>
<td>3.4</td>
<td>0.7</td>
<td>-</td>
<td>83.7</td>
<td>-</td>
<td>27.9</td>
<td>1,054.8</td>
</tr>
<tr>
<td>Bristol-Myers Squibb</td>
<td>2.03</td>
<td>2.1</td>
<td>83.0</td>
<td>252.6</td>
<td>3.3</td>
<td>0.7</td>
<td>1.6</td>
<td>94.9</td>
<td>unspecified</td>
<td>10.1</td>
<td>447.7</td>
</tr>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>16.5</td>
<td>163.6</td>
<td>1,336.8</td>
<td>5.3</td>
<td>1.1</td>
<td>6.0</td>
<td>198.9</td>
<td>unspecified</td>
<td>19.7</td>
<td>1,745.1</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>82.5</td>
<td>169.2</td>
<td>878.7</td>
<td>7.0</td>
<td>0.7</td>
<td>1.7</td>
<td>20.7</td>
<td>unspecified</td>
<td>43.9</td>
<td>1,194.1</td>
</tr>
<tr>
<td>Daichi Sankyo</td>
<td>1.77</td>
<td>1.4</td>
<td>6.7</td>
<td>5.3</td>
<td>-</td>
<td>0.2</td>
<td>0.4</td>
<td>1.8</td>
<td>-</td>
<td>3.5</td>
<td>19.1</td>
</tr>
<tr>
<td>Astellas Pharma</td>
<td>1.46</td>
<td>4.7</td>
<td>5.7</td>
<td>11.1</td>
<td>-</td>
<td>0.3</td>
<td>0.5</td>
<td>46.3</td>
<td>-</td>
<td>4.8</td>
<td>72.6</td>
</tr>
<tr>
<td>Eli Lilly and Company</td>
<td>1.27</td>
<td>20.1</td>
<td>75.1</td>
<td>293.0</td>
<td>4.5</td>
<td>1.1</td>
<td>-</td>
<td>118.1</td>
<td>unspecified</td>
<td>3.2</td>
<td>512.5</td>
</tr>
<tr>
<td>Total value</td>
<td>491.6</td>
<td>2,815.2</td>
<td>8,234.9</td>
<td>169.2</td>
<td>19.5</td>
<td>20.3</td>
<td>1,581.2</td>
<td>unspecified</td>
<td>771.5</td>
<td>14,039.2</td>
<td></td>
</tr>
</tbody>
</table>

Data sources: Thomson Reuters Eikon (Aegon, Allianz, ASR, NN); Achmea, CZ and VIVAT provided data upon request; Menzis publishes its investments on its website (see Annex). VGZ provided the names of the companies in which it invests but not specific figures. Figures in US dollars were converted to euros based on the exchange rate on 28 February 2019 (1 US$ = € 0.7943).

* Exact dates differ per insurer. Please see the insurer profiles for the exact dates.
Within their portfolios, some insurers hold relatively larger shares in the seven highest scoring pharmaceutical companies in the Access to Medicine Index than other insurers (Table 4). For example, more than half of Achmea and VIVAT’s investments in pharmaceutical companies go to the seven companies that are ranked highest in the index, while less than a quarter of NN’s investment goes to the top seven companies. Aegon, Allianz, ASR and CZ all invested between 40 and 50 per cent of their total portfolio in the top seven high performers. Conversely, ASR and VIVAT only invested approximately 15 per cent of their portfolio in the seven worst performers, while Menzis (50 per cent), Allianz (42 per cent) and NN (36 per cent) dedicate much larger shares of their investments to these companies. The insurance companies’ investments in two of the worst performers on the Access to Medicine Index (Astellas Pharma and Daiichi Sankyo) are relatively small (0.6 per cent). However, investment in the single worst performer (Eli Lilly and Company) is significant (€512.5 million, or 3.7 per cent of total investment), primarily from Allianz and NN.

Table 5 Relative share of investments in pharmaceutical companies in the seven best and worst performers on the 2018 Access to Medicine Index, per insurer

<table>
<thead>
<tr>
<th>Share (%) of investment portfolio</th>
<th>Achmea</th>
<th>Aegon</th>
<th>Allianz</th>
<th>ASR</th>
<th>CZ</th>
<th>Menzis</th>
<th>NN</th>
<th>VGZ</th>
<th>VIVAT</th>
<th>Total share</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 7 highest performers</td>
<td>57.6</td>
<td>41.9</td>
<td>39.7</td>
<td>46.8</td>
<td>41.1</td>
<td>34.8</td>
<td>23.0</td>
<td>no data</td>
<td>51.8</td>
<td>39.6</td>
</tr>
<tr>
<td>In 7 lowest performers</td>
<td>26.5</td>
<td>28.1</td>
<td>41.6</td>
<td>13.9</td>
<td>24.1</td>
<td>50.2</td>
<td>35.7</td>
<td>no data</td>
<td>14.7</td>
<td>35.9</td>
</tr>
</tbody>
</table>

2.2 Investors’ overall transparency about investments and engagement processes

According to the government-backed OECD guidance for institutional investors, insurers should communicate to their stakeholders and the public about “the companies with which the [insurer] has engaged, engagement activities undertaken by the [insurer], results of engagement with specific companies, and voting records of the [insurer] in investee company shareholder meetings.”47 The GRI reporting standard for financial services also expects insurers to disclose information on the percentage and number of pharmaceutical companies in their portfolio (FS6) and the percentage and number of companies held in the insurer’s portfolio with which the insurer has interacted on environmental or social issues (FS10).48 Finally, according to the OECD Guidelines, insurers should apply high-quality standards for financial as well as non-financial disclosure, including environmental and social reporting, as well as having their reporting audited by an independent auditor.49

In terms of transparency about investments, Menzis is the only insurer that fully discloses the names of the companies for which it owns shares and bonds on its website, including the relative weight of these investments in its portfolio.50 Achmea, CZ and VIVAT provided data about their investments upon request for this research. The figures for Aegon, Allianz, ASR and NN were extracted from Thomson Reuters Eikon, a trading and financial analysis database. As mentioned above, VGZ does not publish specific information about its investments, but does publish a general overview of its portfolio broken down by sector.51

The level of reporting on engagement processes varies considerably between the insurers. Achmea52 and VIVAT’s asset management subsidiary ACTIAM53 publish quarterly reports on their engagement processes, which include the names of the companies engaged, reasons for engagement, success rates and descriptions of ‘enhanced engagements’. ASR publishes a comparable report twice a year, although it does not report on the success rates of its engagements.54 CZ55 and Menzis56 publish quarterly engagement reports too, but do not disclose the names of the companies with which they have interacted through their engagement manager. VGZ publishes a list of the companies it has engaged with and the focus areas of these engagements annually.57 Allianz58 and NN59 are less transparent in terms of reporting on their engagement processes: they publish the total number of companies they engaged with, but do not disclose more detailed information, such as a list of companies with which they have engaged or an overview of the goals and success rates of their engagement processes. Aegon does not publicly report on the outcomes of its engagement processes at all.
Achmea,⁶⁰ Allianz,⁶¹ ASR,⁶² NN⁶³ and VIVAT⁶⁴ have their sustainability report or the sustainability section in their annual report audited by a third party. However, these audits do not provide assurance about whether the insurers provided sufficient information on GRI sector disclosure indicators FS6 and FS10 (e.g. disclosing the percentage of companies in their investment portfolios with which they have interacted on environmental or social issues). Aegon,⁶⁵ Menzis,⁶⁶ CZ⁶⁷ and VGZ⁶⁸ do not audit their sustainability reporting.
Chapter 3  Fair payment of taxes by pharmaceutical companies

The OECD Guidelines are clear: fair payment of taxes is an essential element of responsible business conduct and that enterprises such as pharmaceutical companies should “contribute to the public finances of host countries by making timely payment of their tax liabilities”. Importantly, the OECD Guidelines insist that enterprises should comply with both “the letter and spirit of the tax laws”, and not seek to use unethical fiscal planning construction to minimise tax payments in host countries. As part of their responsibility as investors, insurers are expected to encourage the pharmaceutical companies in which they invest to obey the OECD Guidelines’ provisions on fair payment of tax and use their leverage to ensure that pharmaceutical companies do so too. Insurers are also expected to communicate to their stakeholders and the public about their engagement with pharmaceutical companies on the issue of fair payment of tax, the results of this engagement, and their voting record on the issue.

In line with the OECD Guidelines and Guidance for institutional investors, Oxfam has called on insurers to use their leverage over pharmaceutical companies in the following ways with regard to fair payment of taxes:

- Engage companies on their tax policies and practices.
- This engagement can include dialogues, roundtables, collaborative activities, investor statements and resolutions when appropriate.
- Ask companies to adopt more transparency around their corporate tax practices that would impact their tax risk.
- Engage companies on the disclosure of their actual spending on R&D, production, marketing and pricing of their medicines, as well as their pricing practices.
- Engage companies on their lobbying disclosure.
- Communicate that responsible tax management is an aspect of sustainable profitability.
- Signal that transparency around corporate tax practices is evidence of strong and responsible corporate governance.

This section explores the extent to which the selected insurers have a policy aimed at encouraging pharmaceutical companies not to evade or avoid taxes and/or to pay their fair share of taxes, as well as the degree of engagement carried out by the insurers with pharmaceutical companies on this issue.

3.1 Insurers’ policies on fair payment of taxes by pharmaceutical companies

As a point of departure for further analysis, it is appropriate to examine the rating that the Dutch Fair Insurance Guide has given to the major insurers regarding their policies on responsible tax in 2018. The 2018 analysis covered policy issues associated with the insurers’ own responsible tax behaviour, as well as policy elements aimed at the tax practices of their investee companies. None of the insurers received the highest scores of 10 (excellent), 9 (very good) or even 8 (good). ASR and VIVAT performed the best, scoring 7 (highly satisfactory) out of 10 points, and Achmea scored 6 (satisfactory). Next came Aegon and NN Group scoring 2 (poor). Finally, the remaining four insurers – Allianz, CZ, Menzis and VGZ – scored just 1 point (very poor). In the 2018 analysis, ASR was the only insurer that required its investee companies to report on their turnover, profits, staff numbers, costs, subsidies from governments and (tax) payments for each country in which they are active. ASR was also the only insurer to require investee companies to publish company-specific tax agreements obtained by governments.

SOMO sought to update and provide additional substance to the 2018 analysis of the insurers’ policies on this subject. It is worth noting at the outset that none of the insurers has a specific policy or focus on fair payment of taxes by pharmaceutical companies, despite the pharmaceutical sector’s notoriety for systematically hiding their profits in overseas tax havens.
3.1.1 Endorsement and use of general normative standards that cover the issue of fair payment of taxes

On a general level, six of the insurers – Achmea, Aegon, Allianz (through asset manager PIMCO), ASR, NN Group, VIVAT (through asset manager ACTIAM) – encourage all of the companies in which they invest to uphold the OECD Guidelines on Multinational Enterprises, which include a chapter on taxation. Three of the insurers – CZ, Menzis and VGZ – do not explicitly encourage investee companies to uphold the OECD Guidelines. Also on a general level, most of the insurers – including Achmea, Aegon, Allianz, ASR, CZ, Menzis and NN Group – endorse the UN Principles for Responsible Investment (PRI). These include the issue of tax avoidance as a key governance issue under the ESG criteria for responsible investment by insurers. VIVAT’s asset management subsidiary company ACTIAM, which is responsible for managing more than 95 per cent of VIVAT’s assets, has endorsed the PRI. The remaining share of VIVAT’s assets (<5 per cent) “does not meet these Principles”. From the insurers selected for examination in the current study, only VGZ does not explicitly endorse the UN PRI.

3.1.2 Policies specifically targeted at fair payment of taxes

Beyond these general policies for investee companies, Achmea has a policy of requiring the companies in which it invests to publish their entire group structure – including group entities that are indirectly or partially owned – and to publish information about company-specific tax agreements they have with governments.

Aegon has a company-wide policy on fair payment of taxes by its investee companies that makes it explicit that, “Paying taxes is part of companies’ social responsibility. Aegon expects companies to pay taxes in the countries where they do business.” Beyond the OECD Guidelines, Aegon also explicitly mentions support for the OECD’s framework on base erosion and profit shifting (BEPS), which refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. However, fair payment of taxes is not listed as one of Aegon’s four topics of “special attention” in its investment policy. In fact, Aegon communicated that it has a policy of not specifically engaging pharmaceutical companies on their tax policies “because it is not up to Aegon as a private enterprise to enforce other companies’ compliance with laws. Clearly, enterprises that have been convicted for tax evasion do not meet the criteria of our Responsible Investment Policy.” It should be noted here that the issue of fair payment of tax goes beyond tax evasion, which is illegal, and includes tax avoidance, which may not be illegal, but is generally recognised as unethical and in conflict with the spirit of tax laws, and thus in conflict with the OECD Guidelines.

Allianz lists tax transparency explicitly as one of the indicators in its ESG scoring approach and expects investee companies to follow the “B Team Responsible Tax Principles”. These include several relevant principles and expectations for corporate behaviour related to responsible tax management and tax transparency.

ASR explicitly includes responsible tax strategies, transparent reporting on tax payments and potential tax disputes and controversies in its socially responsible investment (SRI) criteria, which it uses to screen all potential investee companies. ASR uses these criteria to determine which companies are labelled as “best performers” and are prioritised in the company’s investment decisions.

CZ is a member of the UN PRI tax disclosure engagement project, which started in 2018 and aims to engage companies on their tax policies and transparency. CZ has also stated that fair payment of taxes was an important issue for its engagement manager, BMO Global Asset Management, in recent years.

NN Group includes tax transparency among the material issues that are part of the ESG screening process for the pharmaceutical sector.
VIVAT has a Responsible Tax Policy, but this policy does not appear to address VIVAT’s expectations regarding the fair payment of taxes by companies in which it invests.\footnote{VIVAT’s Corporate Responsibility Focus Areas.} Fair payment of taxes is not listed as one of VIVAT’s Corporate Responsibility Focus Areas.\footnote{VIVAT’s asset manager, ACTIAM, explicitly includes disclosure of information about taxes/royalties paid to governments as a criterion for investees in its ESG scoring process.} ACTIAM also encourages companies to report according to the GRI G4 Sustainability Reporting Guidelines, which contain provisions on tax transparency.\footnote{Menzis and VGZ do not have an explicit policy on fair payment of taxes by investee companies. Fair payment of taxes is not listed as one of VGZ’s engagement and exclusion topics, but the company does claim that fair payment of taxes is part of the governance criteria it uses in its ESG screening (although it is not explicitly listed).}

Menzis and VGZ do not have an explicit policy on fair payment of taxes by investee companies. Fair payment of taxes is not listed as one of VGZ’s engagement and exclusion topics,\footnote{3.2 Insurers’ engagement with pharmaceutical companies and exercise of shareholder voting rights to address fair payment of taxes} but the company does claim that fair payment of taxes is part of the governance criteria it uses in its ESG screening (although it is not explicitly listed).\footnote{Insurers have engaged and exercised their shareholder voting rights to varying degrees with pharmaceutical companies on the issue of fair payment of taxes. Only two of the insurers – Achmea and CZ – appear to have actively engaged investee companies on this issue in recent years. Achmea appears to have been the most active. In 2018, Achmea engaged with pharmaceutical companies AstraZeneca, Johnson & Johnson, Pfizer, Amgen and Biogen on their tax policies and transparency around their corporate tax practices.\footnote{The other seven insurers – Aegon, Allianz, ASR, Menzis, NN Group, VGZ and VIVAT – do not appear to have engaged (through dialogue, meetings, statements or resolutions) pharmaceutical companies on their tax policies or their corporate tax practices that would impact their tax risk. In their response to a draft profile, NN clarified that “the pharmaceutical sector has not been one of our focus sectors for thematic engagement, but could be considered in the future”.} They carried out this engagement through meetings and by sending letters.\footnote{Looking at shareholder voting on the tax issue more broadly, several of the insurers are on record as having exercised their shareholder voting rights to encourage pharmaceutical companies’ to increase the degree of transparency they provide around their own lobbying. In 2018, five of the insurers – Achmea, Allianz, ASR, NN and VIVAT – voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies – AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals in 2018.} However, despite its engagement efforts, Achmea has noted that the pharmaceutical companies generally remained reluctant to improve on the issues of more transparency on tax payments and responsible tax policies.\footnote{CZ claims that its engagement manager BMO Global Asset Management engaged with Novartis in 2017 on this issue on behalf of CZ. However, like Achmea, CZ also indicates that engagement with companies on the issue of responsible tax has yielded only limited results.}

Insurers have engaged and exercised their shareholder voting rights to varying degrees with pharmaceutical companies on the issue of fair payment of taxes. Only two of the insurers – Achmea and CZ – appear to have actively engaged investee companies on this issue in recent years. Achmea appears to have been the most active. In 2018, Achmea engaged with pharmaceutical companies AstraZeneca, Johnson & Johnson, Pfizer, Amgen and Biogen on their tax policies and transparency around their corporate tax practices.\footnote{They carried out this engagement through meetings and by sending letters.} However, despite its engagement efforts, Achmea has noted that the pharmaceutical companies generally remained reluctant to improve on the issues of more transparency on tax payments and responsible tax policies.\footnote{CZ claims that its engagement manager BMO Global Asset Management engaged with Novartis in 2017 on this issue on behalf of CZ. However, like Achmea, CZ also indicates that engagement with companies on the issue of responsible tax has yielded only limited results.}

Just as the insurers’ policies towards fair payment of taxes by their investees differ significantly, so does the actual engagement of insurers with pharmaceutical companies and their shareholder voting records on this issue. It is beyond the scope of this research to identify the tax behaviour of all the pharmaceutical companies in which the insurers invest. However, as an example, Oxfam research has identified pharmaceutical companies such as Johnson & Johnson, Merck & Co and Pfizer – in which all insurers in this study but Menzis invest\footnote{The other seven insurers – Aegon, Allianz, ASR, Menzis, NN Group, VGZ and VIVAT – do not appear to have engaged (through dialogue, meetings, statements or resolutions) pharmaceutical companies on their tax policies or their corporate tax practices that would impact their tax risk. In their response to a draft profile, NN clarified that “the pharmaceutical sector has not been one of our focus sectors for thematic engagement, but could be considered in the future”.} – as systematically hiding their profits in overseas tax havens and depriving countries in the Global South of tax income. This is money that is urgently needed to meet the health needs of people in those countries.\footnote{Looking at shareholder voting on the tax issue more broadly, several of the insurers are on record as having exercised their shareholder voting rights to encourage pharmaceutical companies’ to increase the degree of transparency they provide around their own lobbying. In 2018, five of the insurers – Achmea, Allianz, ASR, NN and VIVAT – voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies – AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals in 2018.}
The other four insurers – Aegon, CZ, Menzis and VGZ – did not exercise voting rights with pharmaceutical companies on this issue. Aegon – which holds shares in AbbVie, Bristol-Myers Squibb, Pfizer and Eli Lilly and Company – does not appear to have exercised its voting rights at the shareholder meetings of these companies in 2018, although there were opportunities to vote for proposals that address the issue of lobbying transparency. Menzis has chosen to exercise its voting rights only regarding its investments in Dutch companies, which implies that Menzis will not use its voting rights on any issue at the shareholder meetings of the pharmaceutical companies in which it has invested. VGZ did not exercise its voting rights on any ESG theme with any company – including pharmaceutical companies.121

3.3 Insurers’ commitment with regard to fair payment of taxes by pharmaceutical companies

As part of the research method for this report and to gain additional insight into the insurers’ policies and plans related to fair payment of taxes by pharmaceutical companies, SOMO asked each insurer to briefly express, in its own words, its commitment on this issue:

- Achmea claims that it “recognizes the challenge [of fair payment of tax] within the pharmaceutical sector as described in this report. Achmea will continue using our influence as an investor according to the commitment in the next paragraph”.122
- Aegon committed “strongly to a socially responsible tax policy, convinced that the payment of taxes explicitly relates to responsible business conduct. We do not specifically engage pharmaceutical companies on their tax policies because it is not up to Aegon as a private enterprise to enforce other companies’ compliance with laws. Clearly, enterprises that have been convicted for tax evasion do not meet the criteria of our Responsible Investment Policy”.123
- In contrast, ASR noted that, “Fair payment of taxes is and will continue to be part of a.s.r.’s ESG screening of all companies, including pharmaceutical companies”.124
- CZ confirmed that, “going forward we will continue to work on the topic of fair payment of taxes”.125
- Menzis was clear that it has “no plans to revise our investment policy regarding the issue of tax. A theme will come on our agenda when our engagement provider flags it as an engagement priority. For the time being other themes have higher priority for 2019, such as the price of medicine and climate.”126
- NN explained that “Engagement with the pharmaceutical sector has not been one of our focus sectors for thematic engagement, but could be considered in the future.”127
- VGZ mentioned that it “closely follows trends, developments and expectations. Whenever changes and/or refinements are desired, it will adjust the investment policy.”128
- VIVAT’s asset management subsidiary ACTIAM clarified that, “we invest in companies which comply with our Fundamental Investment Principles, whereby criteria regarding tax payments are included. This also includes pharmaceutical companies. In case of severe controversies, we exclude companies from our investments.”129
Chapter 4  Provision of affordable medicine by pharmaceutical companies

As part of their responsibility as investors, insurers are expected to encourage the pharmaceutical companies in which they invest to obey the OECD Guidelines’ provisions on sustainable development and human rights and use their leverage to ensure that pharmaceutical companies provide affordable medicines to those who need them. Insurers are also expected to communicate to their stakeholders and the public about their engagement with pharmaceutical companies on the issue of provision of affordable medicine, the results of this engagement, and their voting record on the issue.

In line with the OECD Guidelines and Guidance for institutional investors, the Dutch Fair Insurance Guide has called on insurers to use their leverage over pharmaceutical companies in the following ways with regard to provision of affordable medicine:

- Have a public policy aimed at encouraging pharmaceutical companies to offer the medicines they produce at affordable prices.
- Explicitly include the issue of access to medicine in ESG screening policy.
- Engage systematically with pharmaceutical companies on the issue of access to medicine.
- Sign the Access to Medicine Investor Statement.
- Exercise voting rights at pharmaceutical companies’ shareholder meetings to raise the issue of access to medicine.
- Engage in impact investing to improve access to medicine.

This section explores the extent to which the selected insurers have a policy aimed at encouraging pharmaceutical companies to offer the medicines they produce at affordable prices, as well as the degree of engagement carried out by the insurers with pharmaceutical companies on this issue.

4.1 Insurers’ policies on provision of affordable medicine by pharmaceutical companies

In the 2018 Fair Insurance Guide policy updates, Achmea and ASR scored two out of two points (100 per cent) on the questions about policies related to access to medicine. VIVAT, CZ and Menzis each scored one point (50 per cent), while the other insurers did not score any points.

Two insurers have mentioned the issue of accessible and/or affordable medicine in their investment policies or in their non-financial reporting. Health insurer CZ, for example, has included the issue in its Code on Socially Responsible Investment by stating that it finds it important that its investee companies support affordable healthcare. In general, CZ has stated that it prefers to address the issue through an approach that is based on engagement rather than divestment or exclusion of companies. ASR addressed the issue in one of its ESG Updates in 2018 and has included access to medicine in its ESG screening process, voting and engagement decisions. ASR states that the ESG scores resulting from the screening process are used structurally for its portfolio construction, which has led to a strong representation of the top-5 performers in the Access to Medicine Index in its portfolio. It should be noted here that the Access to Medicine Index has only been partially successful and that affordability of medicine continues to be a major issue. Additional engagement with and pressure on even the top-five companies remains necessary.

Other insurers, such as Achmea, Menzis, NN Group, VIVAT and VGZ, have addressed the issue of access to medicine in media statements and in the statements they provided for this research:

- Achmea has explicitly stated that it finds the profit margins for certain medicines excessive and that it continues its commitment to engaging with pharmaceutical companies on the issue of affordable healthcare.
- Menzis has stated that it aims to influence the pricing policies of pharmaceutical companies through engagement programmes and strongly encourages pharmaceutical companies to improve their practices regarding, amongst other issues, pricing policies and pricing models, corruption, internal controls and reporting. It has also included access to medicine in its exclusion policy.
• NN Group has indicated that access to and affordability of healthcare is an issue it takes into account in its ESG screening process for the pharmaceutical sector, for example, by using several of the criteria that are integrated in the Access to Medicine Index.142
• VIVAT’s asset management subsidiary ACTIAM does not specifically focus on access to medicine in its investment criteria, but has addressed the issue in its ESG screening process and participates in collaborative engagements on access to medicine with pharmaceutical companies.143 The company has stated it prefers its engagement over exclusion, but may use the latter measure in case of unsuccessful engagements.144
• VGZ has stated that it has included affordable pricing in its ESG criteria for investments and that the company may decide to place a company on its exclusion list in case companies fail to meet these criteria.145

The investment policies of Aegon146 and Allianz147 do not specifically address access to medicine, although the issue may be covered by their general policies on human rights. The companies also did not provide specific information on their policies regarding access to medicine upon request for this research.

4.2 Insurers’ inclusion of access to medicine in screening policies

Explicitly including the issue of access to medicine in their ESG screening policy allows investors to make a positive impact on public health by steering investment toward those pharmaceutical companies that do provide affordable medicines. In this regard, relevant topics related to access to medicine include drugs donations, research on neglected diseases, differential pricing, corruption and bribery, product recalls and unethical marketing.

Achmea,148 ASR149 and VIVAT150 have included the issue of access to medicine in their ESG screening processes and include a pharmaceutical company’s score on the Access to Medicine Index in their ESG scoring processes. Menzis includes the issue in its screening process too, although it is unclear whether the company scores from the Access to Medicine Index play a role in this process.151 NN Group has stated that the affordability and accessibility of medicine are included in the company’s ESG screening process for pharmaceutical companies and that it uses various criteria that are used by the Access to Medicine Index in its screening process.152 Aegon,153 Allianz,154 CZ155 and VGZ156 do not explicitly mention access to medicine in their ESG screening policies, and it is unclear whether they use the Access to Medicine Index in their ESG scoring processes. However, CZ and VGZ have made public statements about access to medicine, and VGZ has excluded the companies Biogen and Gilead Sciences, both of which have received negative news coverage because of high medicine prices, from its investment portfolio because of their pricing policies.157

4.3 Insurers’ systematic engagement with pharmaceutical companies on the issue of access to medicine

Given the significance of the impact that access to medicine can have on the enjoyment and exercise of the human right to health, and following the guidance provided by the OECD Guidelines and Guidance for institutional investors, there is a strong argument to be made for insurers undertaking systematic engagement with pharmaceutical companies on the issue of access to medicine. This systematic engagement can include structural and repeated engagement with pharmaceutical companies on this issue, as well as cooperating with other investors and taking a common approach to voting activities. Engagement through exercising voting rights is covered in section 4.5 below.
Between 2015 and 2018, most insurers engaged pharmaceutical companies on the issue of access to medicine, through either collective engagement processes or individual engagements. Achmea\textsuperscript{158} engaged 11 large pharmaceutical companies, of which nine are listed in the \textit{Access to Medicine Index}, on their pricing policies, amongst other issues. VIVAT\textsuperscript{159} and CZ\textsuperscript{160} each collaborated in collective engagements that involved all 19 companies in the \textit{Access to Medicine Index}, with the respective aims to encourage these companies to provide data to the Index (VIVAT) and to discuss the issue of medicine pricing (CZ). Menzis, too, encouraged several pharmaceutical companies to collaborate in the data collection process of the Index through a joint-investor letter and engaged over 30 companies on medicine pricing in 2018 as part of its engagement project on responsible drug pricing models.\textsuperscript{161} Interestingly, Menzis initiated court proceedings against AstraZeneca in 2018, arguing from its position as an insurer (rather than as an institutional investor) that AstraZeneca charged excessively high prices for the medicine Seroquel.\textsuperscript{162} Menzis is demanding €4.2 million in compensation.

Several insurers have also engaged specific companies on issues related to access to medicine. NN Group,\textsuperscript{163} VGZ\textsuperscript{164} and VIVAT\textsuperscript{165} have all engaged Novartis on corruption issues and ASR\textsuperscript{166} will engage the company as well in 2019. ASR has also engaged GlaxoSmithKline\textsuperscript{167} on a corruption issue in 2016 and AstraZeneca\textsuperscript{168} on medicine pricing in 2019. In addition, NN Group\textsuperscript{169} and VIVAT\textsuperscript{170} engaged Johnson & Johnson on product integrity and corruption issues. Allianz (through its asset management subsidiary has mentioned access to medicine as an engagement issue, but does not provide details about which companies it has engaged on this matter.\textsuperscript{171} There are no indications that Aegon engaged companies on access to medicine.

While some insurers have shown serious efforts in terms of engaging pharmaceutical companies on access to medicine, there is still much room for further systematic, collective engagement with pharmaceutical companies on access to medicine. For example, Allianz (€1.3 billion) and NN Group (€200 million) hold relatively large investments in AbbVie, but have not engaged the company, despite its low score on the \textit{Access to Medicine Index} and the controversies regarding its medicine pricing policy. Similarly, Allianz (€650 million) and Aegon (€290 million) hold large investments in Gilead Sciences, but do not report on engaging this company on its controversial medicine pricing policy. VGZ does not report on any systematic, collective engagement with pharmaceutical companies on access to medicine.

Several insurers (Achmea,\textsuperscript{172} ASR,\textsuperscript{173} CZ,\textsuperscript{174} Menzis\textsuperscript{175} and VIVAT\textsuperscript{176}) include the \textit{Access to Medicine Index} in their engagement decisions or as a topic of discussion within their engagements with pharmaceutical companies. Aegon, Allianz, NN Group and VGZ, however, do not explicitly indicate whether they include the company scores on the \textit{Access to Medicine Index} in their engagement decisions. Achmea\textsuperscript{177} and ASR\textsuperscript{178} indicate that their engagement processes with pharmaceutical companies on improving access to medicine have been relatively successful in meeting their objectives, while CZ, Menzis and VIVAT do not report on the outcomes of their engagement processes.

4.4 Insurers’ endorsement of the Access to Medicine Investor Statement

Insurers are important stakeholders of the \textit{Access to Medicine Index}, and the Index has developed a specific statement that can be signed by insurers and other investors. By signing the Access to Medicine Investor Statement, insurers can express their support for the Access to Medicine Foundation’s efforts on the issue, commit to taking the \textit{Access to Medicine Index} into account in the ESG analysis they conduct on the companies in which they invest and agree to provide input to support the further development of the Index.\textsuperscript{179}
Box 2: Access to Medicine Index Investor Statement

The Access to Medicine Index Investor Statement reads, “We believe the issue of access to medicine in developing countries can present potentially significant business impacts for global companies in the pharmaceutical sector. As greater emphasis is placed on accessing new markets as a source for future industry growth, pharmaceutical companies are brought into ever closer contact with Access to Medicine issues in developing countries. Mismanagement of these issues can impact negatively on political relationships and corporate brands and encumber market access. On the other hand, if pharmaceutical companies act responsibly and with foresight, commercial potential can be unlocked. As investors, we seek assurances that the management of the companies in which we invest have fully considered the risks and opportunities of this issue, and have effective policies and processes for dealing with the challenges. By taking management of this issue into account, alongside other key ESG and financial issues, the investment community can better assess the long-term investment value of such companies. We are increasingly reviewing corporate approaches to access to medicine and associated aspects of intellectual property as a key strategic consideration in our analysis of the sector, where this is appropriate to do so.”

Four insurers have signed the Access to Medicine Investor Statement, either directly (Achmea and ASR) or through their asset management subsidiaries (VIVAT via ACTIAM and NN Group via NN Investment Partners). CZ and Menzis did not sign the Statement, but their engagement manager (BMO Global Asset Management) did. Aegon, Allianz and VGZ did not sign the Statement.

When the 2014 Fair Insurance Guide case study on pharmaceutical companies and Access to Medicine was published, only three insurers included in the case study had signed the Access to Medicine Index Investor Statement – APG (its insurance subsidiary, Loyalis, currently belongs to ASR), Delta Lloyd (acquired by NN Group) and SNS Reaal (acquired by VIVAT). In addition, Achmea had committed to doing so. In 2015, Achmea indeed signed the Investor Statement, followed by ASR in 2018.

4.5 Insurers’ exercise of voting rights to address access to medicine

Exercising shareholder voting rights and voting at shareholder meetings is an important way for insurers to both signal to insurers that the issue of access to medicine is important, as well as seeking to use their leverage to encourage pharmaceutical companies to respect human rights, including the right to health, as is recommended by the OECD Guidelines. Insurers can also alone or jointly file resolutions about issues related to access to medicine and add components of access to medicine resolutions filed about other topics at shareholder meetings.

In 2017, Achmea, Allianz, ASR, CZ, NN Group and VIVAT all voted in favour of resolutions that addressed the issue of access to medicine at the shareholder meetings of AbbVie, Amgen, Biogen, Bristol-Myers Squibb, Eli Lilly and Company. The resolutions called for relating positive action on the issue of medicine pricing to the levels of compensation company executives receive and received support from 21-28 per cent of the shareholders of these five companies. CZ and VIVAT were the only insurers to also support a resolution that called for reporting on risks related to drug price increases at the shareholder meeting of Vertex Pharmaceuticals.
In addition, these six insurers all voted in favour of a resolution aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals). Aegon voted in favour of the access to medicine resolution at the shareholder meeting of Biogen and did not vote at the other shareholder meetings at which access to medicine was addressed. Menzis only votes at the shareholder meetings of Dutch companies, and since none of the 19 selected pharmaceutical companies are Dutch, this implies that the insurer did not exercise voting rights on the issue of access to medicine with pharmaceutical companies. VGZ does not vote on any ESG theme with any company, including on access to medicine with pharmaceutical companies.

There are no records of the insurers exercising their voting rights or proposing resolutions that address the issue of access to medicine at the shareholder meetings of other pharmaceutical companies that are listed in the Access to Medicine Index, despite the controversies related to the pricing policies of some of these companies, such as AstraZeneca and Gilead Sciences. Moreover, Aegon, Menzis and VGZ did not vote at (all of) the shareholder meetings of pharmaceutical companies at which they could have voted on the access to medicine resolutions that are mentioned above.

With the exception of ASR, none of the insurers explicitly includes pharmaceutical companies’ scores on the Access to Medicine Index in their voting decisions. ASR considers its Socially Responsible Investments (SRI) criteria in its voting decisions, which include the issue of access to medicine.

4.6 Insurers’ impact investing to improve access to medicine

Insurers can engage in impact investing to improve access to medicine. Impact investing includes investing in funds that bring together pharmaceutical companies and investors. Such funds can generate returns while having a beneficial impact on public health, and they can provide insurers with a way to improve the provision of affordable medicines by small- and medium-sized enterprises, as well as companies not publicly traded on a stock exchange.

Four insurers in the current study – Achmea, ASR, NN Group and VIVAT – clearly engage in impact investing to improve access to medicine, while the other five insurers do not appear to be doing so or do not engage in impact investing at all. Achmea, ASR and NN Group have included improving access to medicine as one of the objectives of part of their impact investment portfolio – for example, of one of their impact investment funds. VIVAT has included access to medicine as an important factor in the ESG screening process of one of its impact investment funds. Aegon and Allianz engage in impact investing, but do not include improving access to medicine as one of the intended positive outcomes. Menzis does target the healthcare sector with its impact investments, but it does not specifically report on improving access to medicine being an intended outcome. CZ does not engage in impact investing. It is unclear whether VGZ does so.

4.7 Insurers’ commitment with regard to provision of affordable medicines by pharmaceutical companies

As part of the research methods for this report, and to gain additional insight into the insurer’s policies and plans related to provision of affordable medicine by pharmaceutical companies, SOMO asked each insurer to briefly express in its own words its commitments to concrete actions on the issue of access to medicine that it will implement within one year. In general, most insurers did not commit to such concrete actions, with the exception of Achmea (intensification of voting) and Menzis (publication of new exclusion criteria). Most insurers stated that they will continue implementing their existing policies on affordable healthcare.

Achmea indicated that it “recognizes the challenges within the pharmaceutical sector as described in this report” and that it wants to continue using its influence as an investor to contribute to “the improvement of positive societal impact by the pharmaceutical industry”. Achmea committed to continuing its engagement with pharmaceutical companies on affordable medicine and stated it will intensify “addressing relevant topics in our proxy voting policy”.
Aegon stated that it is currently investigating the inclusion of the Access to Medicine Index in its screening process.\textsuperscript{202} Allianz stated only in general terms that it “takes its role as corporate citizen very seriously” and that it engages regularly with companies in which it invests on ESG issues, but did not specifically comment on the issue of access to medicine and explicitly stated that it does not disclose “the specific content and topics of [its] engagements”.\textsuperscript{203}

ASR did not provide a specific commitment for additional action in the coming year, but reiterated that it is already implementing all of the recommendations from the 2014 Fair Insurance Guide report on this issue and suggested that it will continue to do so.\textsuperscript{204} CZ indicated that it would continue to address the topic of access to medicine in the engagements its voting and engagement manager conducts.\textsuperscript{205} It says that through these “voting and engagement programmes”, shareholders like CZ are able to combine their powers and influence the pricing of medicine by pharmaceutical companies.

Menzis committed to publishing its new exclusion policy for pharmaceutical companies in the second half of 2019, in which it has broadened the potential reasons for exclusion of companies from its investment portfolio.\textsuperscript{206} Excessive medicine pricing and violations of the UN Global Compact principles will now be included in this exclusion policy.

NN Group stated that it currently has ongoing engagements with three pharmaceutical companies on several issues that relate to their compliance with responsible business conduct norms, such as the OECD Guidelines for Multinational Enterprises and the UN Global Compact. NN Group stated that these issues, such as corruption and product quality and safety, could also undermine access to medicine. It said that the pharmaceutical sector is not one of its focus sectors for engagement, but “could be considered in the future”.\textsuperscript{207}

VIVAT stated that it prefers engagements above exclusion of companies from its investment portfolio and that it may take time to achieve results through these engagement processes.\textsuperscript{208} In case of non-successful engagements, VIVAT will still consider exclusion.

VGZ stated that affordable medicine is currently part of its ESG investment criteria and that it will consider excluding companies from its portfolio whenever it notices possible breaches of these criteria.\textsuperscript{209} VGZ indicated that it does not plan to alter its current approach, but that it does closely follow trends and expectations.
Chapter 5  Conclusions and recommendations

5.1 Conclusions

This section provides conclusions drawn from the analysis above and provides an answer to each of the research questions posed in section 1.2.

With regard to the insurance companies’ investments in and transparency about engagement with pharmaceutical companies:

1. This research has revealed that all nine of the insurance companies examined invest – through holding shares, bonds or both – in pharmaceutical companies. As of February 2019, the nine insurance companies had invested more than €14 billion in the 19 selected pharmaceutical companies in the form of corporate bonds and shares.

2. Three insurers hold the lion’s share of these investments: Allianz, with €8.2 billion is by far the largest, followed by Aegon (€2.8 billion) and NN (€1.6 billion).

3. In terms of transparency about investments, most insurers provide at least some degree of transparency. Menzis is the only insurer that fully discloses the names of the companies of which it owns shares and bonds on its website, including the relative weight of these investments in its portfolio. VGZ is the only insurer that does not provide transparency about the specific value of its investments in pharmaceutical companies, though in response to this research VGZ did provide the names of the companies.

4. Transparency on engagement activities and the results thereof varies widely, but there is room for improvement with all companies in order to meet expectations laid out in the OECD Guidelines. Achmea, ASR and VIVAT appear to be the frontrunners on this issue, followed by CZ, Menzis and VGZ. Aegon, Allianz and NN appear to provide the least amount of transparency on engagement.

5. Most insurers have good systems in place to provide transparency about exercising shareholder voting rights, although CZ and VGZ do not provide specific public information about their votes at the shareholder meetings of each company in which they hold shares.

6. Achmea, ASR, Allianz, NN and VIVAT have their sustainability report or the sustainability section in their annual report audited by a third party. However, these audits do not provide assurance about whether the insurers provided sufficient information on some key GRI sector disclosure indicators, such as the percentage of companies in their investment portfolios with which they have interacted on environmental or social issues. Aegon, Menzis, CZ and VGZ do not have their sustainability reporting audited.

With regard to the key topic of fair payment of taxes by pharmaceutical companies:

7. Insurers generally do not seem to recognise the high risk of unethical tax avoidance by pharmaceutical companies, despite clear indications of this in research reports and media articles.

8. In terms of policies on fair payment of taxes, Achmea, Aegon and ASR appear to have the most detailed and developed policies on this issue.

9. Many insurers claim to cover the issue generally under the “G/governance” in ESG criteria and do not mention it specifically.

10. Interestingly, Aegon explicitly states that it will not include fair payment of taxes in its topics for engagement, as it believes this lies beyond its responsibility. ASR and CZ, on the other hand, do include the issue in their ESG screening and company engagement processes.

11. In terms of actual engagement and exercising shareholder voting rights on this issue, Achmea and CZ appear to be the only insurers that have done so in recent years, although this engagement does not appear to have been particularly systematic or effective.

12. Those insurers that have engaged pharmaceutical companies on this issue report little progress and improvement by pharmaceutical companies.
13. Related to fair payment of taxes, five of the insurers – Achmea, Allianz, ASR, NN and VIVAT – voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of pharmaceutical companies in 2018.

14. Achmea, ASR and VIVAT appear to be current frontrunners on this issue, although much more can and should be done by all insurers investing in pharmaceutical companies on this issue.

15. Four insurers provided a written commitment to undertake concrete action on the issue of fair payment of taxes within one year. Achmea committed to continue using its influence on pharmaceutical companies to encourage them to pay their fair share of tax; ASR committed to continue to engage all pharmaceutical companies on this issue; CZ committed to continue to “work on” the issue; and VIVAT committed to exclude pharmaceutical companies involved in controversies related to fair payment of taxes. The other five insurers did not make a specific commitment for concrete action within a year.

With regard to the key topic of provision of affordable medicine by pharmaceutical companies:

16. Five insurers (Achmea, ASR, CZ, Menzis and VIVAT) include the Access to Medicine Index in their engagement decisions or as a topic of discussion within their engagements with pharmaceutical companies. However, with the exception of ASR, pharmaceutical companies’ scores on the Access to Medicines Index do not appear to be a crucial factor in investment decisions by the insurers, even those including the Index in their engagement.

17. Most insurers have invested in (almost) all of the 19 target pharmaceutical companies; however, within their portfolios, some insurers hold relatively larger shares in the pharmaceutical companies performing best on the Access to Medicine Index than others.

18. More than half of Achmea and VIVAT’s investments in pharmaceutical companies go to the seven best performers in the Access to Medicine Index, while this is less than a quarter for NN. Aegon, Allianz, ASR and CZ all invested between 40 and 50 per cent of their total portfolio in the top seven best performers on the Access to Medicine Index. It is notable that, even for those companies with the largest percentage of their pharma investments in the seven best performers on the Access to Medicine Index, this still accounts for only approximately half of their investments.

19. Conversely, some insurers dedicate relatively large shares of their investments to the seven worst performing companies on the Access to Medicine Index. While ASR and VIVAT only invest approximately 15 per cent of their portfolio in the seven worst performers, Menzis (50 per cent), Allianz (42 per cent) and NN (36 per cent) dedicate much larger shares of their investments to these companies.

20. The insurance companies’ investments in two of the worst performers on the Access to Medicine Index (Astellas Pharma and Daiichi Sankyo) are relatively small (<1 per cent). However, investment in the single worst performer (Eli Lilly and Company) is significant (€ 512.5 million, or 4 per cent of total investment), primarily from Allianz and NN.

21. We were able to identify a significant amount of engagement by insurers with pharmaceutical companies on this issue generally, but transparency about the exact subjects, intensity and results are largely lacking.

22. Achmea and ASR indicate that their engagement processes with pharmaceutical companies on improving access to medicine have been relatively successful in meeting their objectives. CZ, Menzis and VIVAT have engaged but do not report on the outcomes of their engagement processes.

23. Six insurers (Achmea, Allianz, ASR, CZ, NN Group and VIVAT) all voted in favour of resolutions that addressed the issue of access to medicine at the 2018 shareholder meetings of six pharmaceutical companies. CZ and VIVAT also supported a resolution that addressed access to medicine at the shareholder meeting of Vertex Pharmaceuticals. In addition, these six insurers all voted in favour of a resolution aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018. Aegon, Menzis and VGZ did not vote at the shareholder meetings of (most of) these pharmaceutical companies.
24. An interesting development to note is the court case filed by Menzis against AstraZeneca for overcharging it with exorbitantly high prices.

25. It is notable that, in the five years since the previous Fair Insurance Guide report dealing with the issue of pharmaceutical companies, Aegon and Allianz have still not signed the Access to Medicine Index Investor Statement. Four of the nine insurers examined – Achmea, ASR, NN Group and VIVAT – have currently signed the Investor Statement.

26. Only two insurers provided a written commitment to undertake concrete action on the issue of access to medicine within one year. Achmea committed to intensifying its shareholder voting on this issue, and Menzis committed to publishing new exclusion criteria. The other seven insurers did not make a specific commitment for concrete action within a year, but they did say that they would continue implementing their existing policies on provision of affordable medicine. ASR noted explicitly that it was already implementing all recommendations from the 2014 Fair Insurance Guide report and would continue to do so.

Table 5 summarises the findings related to insurance companies’ performance on transparency of investments and engagement, and on the issues of fair payment of tax and provision of affordable medicine by pharmaceutical companies. Note that this table summarises each insurer’s performance relative to the other insurers included in this study.

Table 6 Summary of findings of insurers’ performance relative to each other, by issue

<table>
<thead>
<tr>
<th>Issue</th>
<th>Frontrunners</th>
<th>Middle performers</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency of investments and engagement</td>
<td>Achmea, ASR, Menzis, VIVAT</td>
<td>CZ</td>
<td>Aegon, Allianz, NN, VGZ</td>
</tr>
<tr>
<td>Fair payment of tax by pharma companies</td>
<td>Achmea, ASR, VIVAT, CZ</td>
<td>Allianz, NN</td>
<td>Aegon, Menzis, VGZ</td>
</tr>
<tr>
<td>Provision of affordable medicines by pharma companies</td>
<td>Achmea, ASR, VIVAT, CZ, Menzis</td>
<td>VGZ, NN</td>
<td>Aegon, Allianz</td>
</tr>
<tr>
<td>Proportion of investments in pharma companies scoring well vs poorly on Access to Medicine Index</td>
<td>Achmea, ASR, VIVAT</td>
<td>Aegon, CZ</td>
<td>Allianz, Menzis, NN, VGZ*</td>
</tr>
</tbody>
</table>

* VGZ is included with the laggards here because it did not provide information on the specific value of its investments in pharmaceutical companies, so the proportions are unknown.

5.2 Recommendations

This section provides concrete recommendations to all insurers with regard to overall transparency of investments and engagement, as well as with regard to the issues of fair payment of taxes and provision of affordable medicines by pharmaceutical companies. Note that some insurers have already implemented some of these recommendations, while others still need to address most of them.

With regard to the insurance companies’ investments in and transparency about engagement with investee companies:

1. Insurers should implement the government-backed guidance provided by the OECD with regard to due diligence and responsible business conduct by institutional investors. This guidance document contains several recommendations and practical tips for insurers with regard to transparency and communication about their due diligence processes and actions.
2. Insurers should follow the example of Menzis and provide a transparent overview of their investment portfolio (shares and bonds), which includes the names of the companies in which they invest and the relative weight of each investment in its overall portfolio.

3. Insurers should publish transparent and regular reports on their engagement processes, which should include the names of the companies engaged, the status of these engagements, the specific issues on which these engagements focus and success rates.

4. Insurers should have their annual sustainability report and/or other non-financial reporting audited for compliance with GRI Sustainability Reporting Standards by an independent external auditor.

With regard to the key topic of **fair payment of taxes** by pharmaceutical companies:

5. Insurers should demand companies in which they invest must follow the OECD Guidelines for Multinational Enterprises and pay their fair share of taxes in jurisdictions where economic activity takes place and refrain from using corporate structures that facilitate tax avoidance.

6. Insurers should include tax transparency in the ESG criteria they use for company screenings, which should include country-by-country reporting and publishing a full list of subsidiaries in every country where they operate.

7. Insurers should engage companies on their tax policies and practices, specifically on the aspects mentioned in recommendations 4 and 5, and set clear objectives for these engagements.

8. Insurers should have a clear strategy on disengagement in case its engagement process with a company fails to meet its objectives.

9. Insurers should demand companies in which they invest should disclose all contributions made to political candidates, policy-makers, trade associations, think tanks, coalitions and other political entities to influence policy.

10. Given the limited impact of insurers’ current engagement with pharmaceutical companies regarding fair payment of tax, insurance companies should increase pressure on pharmaceutical companies by increasing joint efforts with other investors or legal actions.

With regard to the key topic of **provision of affordable medicine** by pharmaceutical companies (note that many of these recommendations are the same as in the 2014 Fair Insurance Guide report, but since they have only partly been implemented are still relevant):

11. Insurers should address access to medicine in their investment policies and specify their strategies to progress on this issue.

12. Insurers should endorse the Access to Medicine Index Investor Statement.

13. Insurers should integrate access to medicine in their ESG screening policies, in line with the Access to Medicine Index Investor Statement.

14. Insurers should use their voting rights to jointly file and support resolutions on the issue of access to medicine at the shareholder meetings of all companies in the Access to Medicine Index.

15. Insurers should jointly engage with the 19 listed companies on the Access to Medicine Index on the issue of access to medicine. Investors should specifically demand from pharmaceutical companies that they publicly declare actual spending on R&D, production and marketing of medicines and commit to full transparency on medicine prices, results of clinical trials and patent information. Moreover, investors should request that pharmaceutical companies declare their support for the UN High-Level Panel on Access to Medicines and its recommendations, including governments’ right to use mechanisms in the World Trade Organization (WTO) Agreement on Trade-Related Intellectual Property (TRIPS) to reduce medicine prices, affirming that intellectual property protection must not take precedence over public health needs. Insurers should also encourage pharmaceutical companies to implement the company-specific recommendations from the Access to Medicine Foundation.
16. As recommended by the OECD guidance for institutional investors, insurers should have a clear strategy for when an engagement process fails to meet its objectives, which also specifies when investors decide to disengage/divest.

17. Insurers should include improving access to medicine as one of the intended positive outcomes of their impact investment strategies.

18. Insurers should demand that pharmaceutical companies endorse the OECD Guidelines for Multinational Enterprises.

19. Insurers should report in a transparent way on their efforts to address the issue of access to medicine, the outcomes of these actions and the way access to medicine is integrated in the ESG screening process.

20. Given the limited impact of insurers’ current engagement with pharmaceutical companies regarding affordable medicine, insurance companies should increase pressure on pharmaceutical companies by increasing joint efforts with other investors or legal actions.
Annex 1: Insurer profile – Achmea

Investment in selected large pharmaceutical companies

Achmea has invested approximately 490 million euros in pharmaceutical companies under its ‘Own Risk’ portfolio, which makes it the fifth largest investor of the nine insurance companies that are examined in this research.

Table 7 Achmea’s shareholdings and bond holdings in selected large pharmaceutical companies (as of 28 February 2019), in euros

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
<th>Value bond holdings</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>3,499,587</td>
<td>13,031,550</td>
<td>16,531,137</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>4,694,663</td>
<td>-</td>
<td>4,694,663</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>1,490,900</td>
<td>6,348,011</td>
<td>7,838,911</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>2,874,797</td>
<td>79,598,560</td>
<td>82,473,357</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>2,086,589</td>
<td>-</td>
<td>2,086,589</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>1,381,113</td>
<td>-</td>
<td>1,381,113</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>7,551,780</td>
<td>12,565,363</td>
<td>20,117,143</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>2,801,964</td>
<td>-</td>
<td>2,801,964</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>5,347,350</td>
<td>85,476,402</td>
<td>90,823,752</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>10,448,814</td>
<td>43,438,863</td>
<td>53,887,677</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>7,668,830</td>
<td>3,710,202</td>
<td>11,379,033</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>1,481,853</td>
<td>6,786,957</td>
<td>8,268,810</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>8,653,708</td>
<td>33,892,888</td>
<td>42,546,596</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>5,271,139</td>
<td>-</td>
<td>5,271,139</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>10,862,360</td>
<td>35,101,101</td>
<td>45,963,461</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>10,143,439</td>
<td>3,221,968</td>
<td>13,365,407</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>4,950,316</td>
<td>60,483,695</td>
<td>65,434,011</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>1,206,939</td>
<td>15,495,653</td>
<td>16,702,593</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td><strong>92,416,140</strong></td>
<td><strong>399,151,214</strong></td>
<td><strong>491,567,354</strong></td>
</tr>
</tbody>
</table>

*Source: data provided by Achmea.*

The overview only includes investments at ‘Own Risk’ of Achmea.

Policy on fair payment of taxes by pharmaceutical companies

On a general level, Achmea does encourage all of the companies in which it invests to uphold the OECD Guidelines on Multinational Enterprises, which include a chapter on taxation fair payment of taxes. Achmea also endorses the United Nations’ Principles for Responsible Investment (PRI), which include the issue of tax avoidance as a key governance issue under the ESG criteria it identifies as important.
Achmea invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people.\textsuperscript{216} In 2018, Achmea engaged with AstraZeneca, Johnson & Johnson, Pfizer, Amgen and Biogen on their tax policies, practices and transparency around their corporate tax practices.\textsuperscript{217} Achmea has engaged with these companies through meetings and by sending letters.\textsuperscript{218} Thus far, Achmea’s calls for more transparency on tax payments and responsible tax policies do not appear to have had any impact on pharmaceutical companies’s behaviour.

Achmea scored 6 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.\textsuperscript{219}

**Policy on provision of affordable medicine by pharmaceutical companies**

Achmea has a public policy aimed at encouraging pharmaceutical companies to offer the medicines they produce at affordable prices. In a 2018 interview with the Dutch newspaper, \textit{Volkskrant}, Achmea claimed, “We find the profit margins on some medicines too high. We would like to see a real balance between the price of medicines, on the one hand, and the reimbursement for pharmaceutical companies that take the risk of developing them on the other. We conduct extensive dialogues with biopharmaceutical companies in which we invest”.\textsuperscript{220} Moreover, Achmea identifies “affordable and accessible healthcare” as a key material issue for its sustainability policy and reporting.\textsuperscript{221} The company has a policy of raising the issue of access to medicine as part of the “S” (social) in its ESG investment positive screening criteria.

Achmea scored 9 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.\textsuperscript{222}

**Implementation of recommendations from the 2014 Fair Insurance Guide**

**Recommendation 1: Include access to medicine in screening policy**

Achmea explicitly includes the issue of access to medicine in its ESG screening policy. Achmea identifies “health” as one of the key themes that it focusses on in its investment screening. In this context, the insurer refers to its endorsement of the Access to Medicine Index and claims that its investment choices are informed by the results of the Access to Medicine Index.\textsuperscript{223} Achmea does not provide any more specific information on which specific aspects of access to medicine form part of its ESG screening criteria. It should also be noted that Achmea does not apply positive ESG screening to its entire portfolio of shareholdings.\textsuperscript{224}

**Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine**

In 2014, the Dutch Fair Insurance Guide reported that “Achmea committed to intensify its engagement with pharmaceutical companies from 2015 on”.\textsuperscript{225} Between 2015 and 2018 Achmea engaged nine pharmaceutical companies from the Access to Medicine Index (AbbVie, AstraZeneca, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Novo Nordisk, Roche and Sanofi-Aventis) as well as two other large pharmaceutical companies (Amgen and Biogen)\textsuperscript{226} on the issues of access to healthcare, business ethics, clinical trial transparency, innovation management and product quality management.\textsuperscript{227} As part of the first two issues, Achmea discussed pricing policy topics such as intra-country price differentiation and limiting price increases.\textsuperscript{228} In most cases, Achmea’s engagement manager considered it had met its engagement goals on the issue of access to medicine and closed the engagement processes on this issue.\textsuperscript{229}

Between 2009 and 2012, Achmea actively engaged with pharmaceutical company Pfizer on the issue of access to medicine. Achmea asked Pfizer to further improve transparency about its goals and achievements on the issue of access to medicine, especially in developing markets. Achmea also asked Pfizer to show that it improved its systems, report transparently and cooperate with partners and other pharmaceutical companies on the issue of access to medicine. According to Achmea, three of the insurer’s four goals for
engaging with Pfizer on the issue of access to medicine were achieved, leading Achmea to deem the engagement successful. The pharmaceutical company Gilead Sciences has been criticized for producing extremely expensive medicines. Achmea invests in Gilead Sciences, but - in contrast to the above-mentioned eleven companies - there is no record of Achmea engaging with Gilead to address access to medicine. Achmea could engage Gilead on implementing the company-specific recommendations from the Access to Medicine Foundation.

**Recommendation 3: Sign the Access to Medicine Investor Statement**

Achmea has signed the *Access to Medicine Investor Statement*.  

**Recommendation 4: Exercise voting rights to address access to medicine**

Achmea publishes a record of its exercise of voting rights at its investee companies’ shareholder meetings, which shows that it voted in favour of resolutions that addressed the issue of access to medicine at shareholder meetings of five pharmaceutical companies in 2018 (AbbVie, Amgen, Biogen, Bristol-Meyers Squibb, Eli Lilly and Company). These resolutions focused on relating positive action on the issue of medicine pricing to the levels of compensation company executives receive. Achmea voted against a resolution addressing reporting on the risks of excessive price increases at the shareholder meeting of Vertex Pharmaceuticals. The resolutions received support of 21-28 percent of the shareholders of these six companies. Achmea also voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals).

However, there is no record of Achmea exercising its voting rights with Gilead Sciences to address access to medicine, despite the company having been criticized for producing extremely expensive medicines. There are no indications that the insurer includes pharmaceutical companies’ score on the AtM Index in exercising its voting rights.

**Recommendation 5: Engage in impact investing to improve access to medicine**

Achmea engages in impact investing, including with the aim of improving access to medicine. Achmea invests in IFHA II, which invests in private companies that are active in increasing access to healthcare, including health products, in Africa. The majority of the investments in IFHA II are structured as equity participation, being a majority or a strategic minority interest. The portfolio consists of investments in healthcare providers in Nigeria, Mauritius, Uganda and Nigeria.

**Recommendation 6: Be transparent about investments and engagement processes**

Achmea publishes quarterly reports with an overview of its engagement with investee companies on social and environmental issues. Achmea also publishes detailed records of its “enhanced engagement” processes with individual companies, including a record of goals of the engagement and whether these were achieved.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). PwC audits Achmea’s annual report, but does not provide any assurance about whether the insurer provided sufficient information on GRI sector disclosure indicators FS6 and FS10 (e.g. disclosing the percentage of the companies in its investment portfolio with which Achmea has interacted on environmental or social issues).
Recommendation 7: Cooperate fully with the Fair Insurance Guide

Achmea cooperated in this research by providing feedback on a draft version of this insurer profile and providing additional data for the investment overview.

Insurer’s position

“Achmea recognizes the challenges within the Pharmaceutical sector as described in this report. Achmea will continue using its influence as an investor according to the commitment in the next paragraph”. 243

Insurer’s commitment

“Achmea wants to keep contributing to the improvement of positive societal impact by the pharmaceutical industry. Our aim for the coming period is to continue our engagement with pharmaceutical companies on, among others, affordable medicines worldwide. Also we will intensify addressing relevant topics in our proxy voting policy”. 244
Annex 2: Insurer profile – Aegon

Investment in selected large pharmaceutical companies

Aegon has invested approximately 3.2 billion US dollar in bonds and/or shares of all of the 19 stocklisted pharmaceutical companies that are included in the Access to Medicine Index. This makes Aegon the second largest investor in pharmaceutical companies of the insurance companies covered in this research.

Table 8 Direct shareholdings (as of 23 January 2019) and bond holdings (as of 28 February 2019) of Aegon and subsidiaries in selected large pharmaceutical companies, in US dollar

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
<th>Value bond holdings</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>27,429,552</td>
<td>158,641,000</td>
<td>186,070,552</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>6,447,245</td>
<td>N/A</td>
<td>6,447,245</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>274,800,060</td>
<td>113,156,000</td>
<td>387,956,060</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>74,277,441</td>
<td>118,136,000</td>
<td>192,413,441</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>20,359,867</td>
<td>74,025,000</td>
<td>94,384,867</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>7,630,435</td>
<td>-</td>
<td>7,630,435</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>3,595,516</td>
<td>N/A</td>
<td>3,595,516</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>22,747,971</td>
<td>62,598,000</td>
<td>85,345,971</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>22,730,144</td>
<td>304,064,000</td>
<td>326,794,144</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>226,895,822</td>
<td>78,726,000</td>
<td>305,621,822</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>164,038,828</td>
<td>191,228,000</td>
<td>355,266,828</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>40,200,331</td>
<td>48,500,000</td>
<td>88,700,331</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>10,970,482</td>
<td>647,000</td>
<td>11,617,482</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>57,928,754</td>
<td>93,778,000</td>
<td>151,706,754</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>40,187,128</td>
<td>N/A</td>
<td>40,187,128</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>148,145,238</td>
<td>172,890,000</td>
<td>321,035,238</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>62,644,711</td>
<td>95,635,000</td>
<td>158,279,711</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>309,530,592</td>
<td>25,862,000</td>
<td>335,392,592</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>19,620,387</td>
<td>123,105,000</td>
<td>142,725,387</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td><strong>1,540,180,503</strong></td>
<td><strong>1,660,991,000</strong></td>
<td><strong>3,201,171,503</strong></td>
</tr>
</tbody>
</table>

Source: Thomson Reuters Eikon.

Policy on fair payment of taxes by pharmaceutical companies

Aegon N.V. has a companywide policy on fair payment of taxes by its investee companies.\(^{245}\) The policy does not specifically mention pharmaceutical companies, but these are included in the scope of the general policy. Aegon’s policy says, “Paying taxes is part of companies’ social responsibility. Aegon expects companies to pay taxes in the countries where they do business.” Companies are expected to comply with the provisions on tax payment in the OECD Guidelines for Multinational Enterprises. We support the OECD’s framework on base erosion and profit shifting (BEPS), which refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations”.\(^{246}\) Aegon also endorses the United Nations’ Principles for Responsible Investment (PRI), which include the issue of tax avoidance as a key governance issue under the ESG criteria it identifies as important.\(^{247}\)
However, Aegon invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people. There are no indications that Aegon has engaged (through dialogue, meetings, statements, or resolutions) pharmaceutical companies on their tax policies and practices nor that the insurer has asked pharmaceutical companies to adopt more transparency around their corporate tax practices that would impact their tax risk. Fair payment of taxes is not listed as one of Aegon’s four topics of “special attention” in its investment policy, and there is no record of Aegon having engaged with any pharmaceutical companies on this issue.

Aegon scored 2 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.

**Policy on provision of affordable medicine by pharmaceutical companies**

Aegon does not have a specific public policy aimed at encouraging pharmaceutical companies to offer the medicines they produce at affordable prices. Affordability or access to medicine is not listed as one of Aegon’s priority topics of “special attention” in its investment policy.

Achmea scored 3 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.

**Implementation of recommendations from the 2014 Fair Insurance Guide**

**Recommendation 1: Include access to medicine in screening policy**

Aegon does not explicitly include the issue of access to medicine or pharmaceutical companies’ score on the Access to Medicine Index in its ESG screening policy.

**Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine**

There is no record of Aegon having engaged systematically with pharmaceutical companies on the issue of access to medicine. Aegon does not use the Access to Medicine Index in company’s score on the Access to Medicine Index.

An example of a company with which Aegon could have engaged on this issue is AstraZeneca. Aegon has invested approximately 388 million US dollar in AstraZeneca (see table above). In 2015, AstraZeneca bought a 55% share in Acerta Pharma for an initial US$2.5 billion, with US$1.5 billion to be paid after the drug Calquence was approved by the US Food and Drug Administration (FDA) and an agreement that AstraZeneca has the right to buy the outstanding 45% for US$3 billion. Calquence, was developed bij Acerta Pharma to treat mantle cell lymphoma. In October 2017, the drug was approved by the FDA and is on the market in the US. It is an extremely expensive medicine, costing approximately US$180,000 for one year of treatment, without proper substantiation for this price level. For example, Aegon could engage AstraZeneca on implementing the company-specific recommendations from the Access to Medicine Foundation.

**Recommendation 3: Sign the Access to Medicine Investor Statement**

Aegon has not signed the Access to Medicine Investor Statement.
Recommendation 4: Exercise voting rights to address access to medicine

Aegon publishes a record of its exercise of voting rights at its investee companies’ shareholder meetings, which shows that it voted in favour of a proposal that addressed access to medicine at the shareholder meetings of Biogen in 2018. Aegon holds shares in AbbVie, Bristol-Myers Squibb, Pfizer and Eli Lilly and Co, but does not report on exercising its voting rights at the shareholder meetings of these companies in 2018, at which it could have voted in favour of proposals that address the issues of access to medicine or lobbying transparency. There is also no record of Aegon exercising its voting rights with AstraZeneca, despite this company’s marketing of the extremely expensive medicine Calquence. There are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights.

Recommendation 5: Engage in impact investing to improve access to medicine

Aegon engages in impact investing, but not on the issue of improving access to medicine.

Recommendation 6: Be transparent about investments and engagement processes

Aegon publishes annual reports with an overview of its voting record with investee companies, but it does not publish a record of its engagement with investee companies. Aegon does publish a list of companies that it has excluded from its investments, which currently does not include any pharmaceutical company.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). Aegon’s Responsible Investment Report is not audited by an independent auditor that assesses whether the insurer provided sufficient information on decisive criteria such as sector disclosure indicators.

Recommendation 7: Cooperate fully with the Fair Insurance Guide

Aegon cooperated in this research by providing feedback on a draft version of this insurer profile.

Insurer’s position

“Aegon strongly commits to a socially responsible tax policy, convinced that the payment of taxes explicitly relates to responsible business conduct. We are transparent about our tax position and report, amongst others, on our tax payments in each country in which we are located. We do not specifically engage pharmaceutical companies on their tax policies because it is not up to Aegon as a private enterprise to enforce other companies’ compliance with laws. Clearly, enterprises that have been convicted for tax evasion do not meet the criteria of our Responsible Investment Policy.”

Insurer’s commitment

“We do not yet engage with companies based on their score in the Access to Medicine Index, but we are currently investigating whether this could be useful for our screening process. It is relevant to note that Aegon Nederland has signed the Responsible Business Conduct Agreement for the Insurance Sector which states that insurers embrace Access to Medicine.”
Annex 3: Insurer profile – Allianz

Investment in selected large pharmaceutical companies

Allianz has invested approximately 9.3 billion US dollar in bonds and/or shares of all of the 19 stocklisted pharmaceutical companies that are included in the Access to Medicine Index. Allianz is by far the largest investor among the nine insurers, accounting for more than half of the total investments in the 19 pharmaceutical companies in this research.

Table 9 Direct shareholdings (as of 23 January 2019) and bond holdings (as of 28 February 2019) of Allianz and subsidiaries (including PIMCO) in selected large pharmaceutical companies, in US dollar

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
<th>Value bond holdings</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>541,519,871</td>
<td>978,541,000</td>
<td>1,520,060,871</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>12,576,584</td>
<td>N/A</td>
<td>12,576,584</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>37,954,108</td>
<td>201,000,000</td>
<td>238,954,108</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>252,324,890</td>
<td>746,843,000</td>
<td>999,167,890</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>223,753,516</td>
<td>63,515,000</td>
<td>287,268,516</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>6,032,930</td>
<td>N/A</td>
<td>6,032,930</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>1,058,556</td>
<td>N/A</td>
<td>1,058,556</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>226,803,441</td>
<td>106,404,000</td>
<td>333,207,441</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>356,582,886</td>
<td>381,819,000</td>
<td>738,401,886</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>244,749,886</td>
<td>418,448,000</td>
<td>663,197,886</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>663,705,398</td>
<td>38,309,000</td>
<td>702,014,398</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>360,115,063</td>
<td>27,975,000</td>
<td>388,090,063</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>400,746,968</td>
<td>85,167,000</td>
<td>485,913,968</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>65,013,622</td>
<td>115,683,000</td>
<td>180,696,622</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>547,189,144</td>
<td>N/A</td>
<td>547,189,144</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>580,936,601</td>
<td>278,596,000</td>
<td>859,532,601</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>196,774,042</td>
<td>65,365,000</td>
<td>262,139,042</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>164,735,822</td>
<td>30,990,000</td>
<td>195,725,822</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>5,753,600</td>
<td>936,955,000</td>
<td>942,708,600</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td><strong>4,888,326,928</strong></td>
<td><strong>4,475,610,000</strong></td>
<td><strong>9,363,936,928</strong></td>
</tr>
</tbody>
</table>

Source: Thomson Reuters Eikon.

Policy on fair payment of taxes by pharmaceutical companies

Allianz and its asset management subsidiary, PIMCO, do not have a specific policy on the fair payment of taxes by companies in which they invest. Allianz does mention the OECD Guidelines for Multinational Enterprises on their human rights web page. Allianz, AllianzGI and PIMCO have also signed the UN Principles for Responsible Investment (PRI).

Allianz invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people. Allianz lists tax transparency as one of the indicators in its ESG scoring approach.
Allianz, as a founding company of the B Team Responsible Tax Principles, has communicated its expectations on responsible tax management and tax transparency to other companies. However, there are no indications that Allianz has engaged (through dialogue, meetings, statements, or resolutions) pharmaceutical companies on their tax policies and practices nor that the insurer has asked pharmaceutical companies to adopt more transparency around their corporate tax practices that would impact their tax risk.

Allianz scored 1 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.

**Policy on provision of affordable medicine by pharmaceutical companies**

Allianz does not specifically mention the issue of affordable medicine in its Sustainability Report 2017 or in its Allianz ESG Integration Framework. PIMCO does not mention the issue of affordable medicine in its ESG Investing Report 2017.

Allianz scored 1 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.

**Implementation of recommendations from the 2014 Fair Insurance Guide**

**Recommendation 1: Include access to medicine in screening policy**

Allianz and PIMCO take ESG criteria into account in their investment analysis and decision-making processes, including access to healthcare. However, access to medicine is not explicitly mentioned and there are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in its screening policy.

**Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine**

Allianz engages with companies with the aim to improve their ESG practices, but does not include access to medicine as a focus area. Allianz Global Investors (AllianzGI), the company’s asset management branch, does not mention the issue in its Engagement Report 2017. PIMCO does mention medicine pricing, particularly in the United States, as an issue about which it engaged in 2017. Overall, however, there are no indications of systematic engagement with pharmaceutical companies about access to medicine. No information is available about whether the insurer bases its decision to engage with a pharmaceutical company on that company’s score on the Access to Medicine Index.

An example of a company with which Allianz could have engaged on this issue is AstraZeneca. Allianz has invested approximately 239 million US dollar in AstraZeneca (see table above). In 2015, AstraZeneca bought a 55% share in Acerta Pharma for an initial US$2.5 billion, with US$1.5 billion to be paid after the drug Calquence was approved by the US Food and Drug Administration (FDA) and an agreement that AstraZeneca has the right to buy the outstanding 45% for US$3 billion. Calquence was developed by Acerta Pharma to treat mantle cell lymphoma. In October 2017, the drug was approved by the FDA and is on the market in the US. It is an extremely expensive medicine, costing approximately US$180,000 for one year of treatment, without proper substantiation for this price level. For example, Allianz could engage AstraZeneca on implementing the company-specific recommendations from the Access to Medicine Foundation.

**Recommendation 3: Sign the Access to Medicine Investor Statement**

Neither Allianz nor PIMCO have signed the Access to Medicine Investor Statement.
Recommendation 4: Exercise voting rights to address access to medicine

AllianzGI publishes a record of its exercise of voting rights at its investee companies’ shareholder meetings, which shows that it voted in favour of resolutions that addressed the issue of access to medicine at shareholder meetings of five pharmaceutical companies (Abbvie, Amgen, Biogen, Bristol-Meyers Squibb and Eli Lilly and Company). These resolutions focused specifically on relating positive action on the issue of medicine pricing to the levels of compensation company executives receive. The resolutions received support of 21-28 percent of the shareholders of these six companies. Allianz voted against a shareholder proposal about access to medicine at the shareholder meeting of Vertex Pharmaceuticals Incorporated. In addition, Allianz voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals). There is no record of Allianz exercising its voting rights with AstraZeneca on access to medicine, despite this company’s marketing of the extremely expensive medicine Calquence.

There are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights.

Recommendation 5: Engage in impact investing to improve access to medicine

AllianzGI and PIMCO engage in impact investing, but there are no indications that improving access to medicine is among its intended positive outcomes.

Recommendation 6: Be transparent about investments and engagement processes

AllianzGI and PIMCO report on the total number of companies they engaged with in 2017, but there is no information that shows that access to medicine was one of the themes on which they engaged.

AllianzGI and PIMCO do not publish more detailed information, such as a list of companies with which they have engaged or a detailed and externally monitored overview of the goals and success rates of their engagement processes.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). PwC audits the Allianz Group Sustainability Report and Non-Financial Report, but does not provide any assurance about whether the insurer provided sufficient information on GRI sector disclosure indicators FS6 and FS10 (e.g. disclosing the percentage of the companies in its investment portfolio with which Allianz has interacted on environmental or social issues).

Recommendation 7: Cooperate fully with the Fair Insurance Guide

Allianz cooperated in this research by providing feedback on a draft version of this insurer profile.

Insurer’s position and commitment

“Allianz, as leader in the Dow Jones Sustainability Index, takes its role as corporate citizen very seriously. We invest in companies worldwide, and we engage actively and do so regularly with those companies on ESG related and other issues. We do not disclose the specific content and topics of those engagements.”
Annex 4: Insurer profile – ASR

Investment in selected large pharmaceutical companies

ASR has invested at least 190 million US dollar in most of the pharmaceutical companies that are listed in the Access to Medicine Index. It is possible that ASR also holds bonds in these companies through external asset management companies. This makes ASR the sixth largest investor in the 19 pharmaceutical companies covered by this research.

Table 10: Direct shareholdings (as of 23 January 2019) of ASR in selected large pharmaceutical companies, in US dollar

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>6,049,872</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>-</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>10,084,842</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>7,976,083</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>3,738,191</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>-</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>-</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>5,073,402</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>3,913,320</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>11,157,198</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>27,351,311</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>9,110,771</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>12,314,814</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>19,322,374</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>7,967,741</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>20,504,161</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>35,914,943</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>11,879,662</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td><strong>192,358,683</strong></td>
</tr>
</tbody>
</table>

Source: Thomson Reuters Eikon. Note: no information about ASR’s bond holdings was found. ASR chose not to provide additional data upon request.

Policy on fair payment of taxes by pharmaceutical companies

ASR has included responsible tax strategies, transparent reporting on tax payments and potential tax disputes and controversies in its Socially Responsible Investments (SRI) criteria, which apply to all companies. ASR uses these criteria to determine which companies are labelled as ‘best performers’ and are prioritised in the company’s investment decisions. ASR has also included companies’ compliance with the OECD Guidelines, which also cover the issue of tax payments, in its SRI criteria.

ASR has endorsed the OECD Guidelines on Multinational Enterprises, which include a chapter on taxation. ASR also endorses the United Nations’ Principles for Responsible Investment (PRI).

ASR invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax
havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people.297 However, there are no indications that ASR has engaged (through dialogue, meetings, statements, or resolutions) pharmaceutical companies on their tax policies and practices nor that the insurer has asked pharmaceutical companies to adopt more transparency around their corporate tax practices that would impact their tax risk. There are also no indications that the insurer has communicated that responsible tax management is an aspect of sustainable profitability, nor that it has signalled that transparency around corporate tax practices is evidence of strong and responsible corporate governance. Fair payment of taxes is not listed as an issue on which ASR’s engages with companies.298

ASR scored 7 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.299

Policy on provision of affordable medicine by pharmaceutical companies

ASR addresses the issue of access to medicine in its Quarterly ESG Update for Q3 in 2018 and has committed itself to the Access to Medicine Index.300 ASR has included access to medicine in its SRI criteria.301 In response to a draft version of this research, ASR stated that the company that implements its SRI screening process, Vigeo Eiris, has included the Access to Medicine Index as an official source of information in its screening process since mid-2018.302 As such, Vigeo Eiris now includes the Index in all the ESG screenings it conducts for its clients, according to ASR. ASR states that in its portfolio construction it structurally uses the ESG scores from the screening process, which has lead to a strong representation of the top-5 performers in the Access to Medicine Index in its portfolio.303

ASR scored 10 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.304

Implementation of recommendations from the 2014 Fair Insurance Guide

Recommendation 1: Include access to medicine in screening policy

ASR has included access to medicine in its SRI criteria.305 ASR uses these criteria to determine which companies are labelled as ‘best performers’ and are prioritised in the company’s investment decisions. ASR states that, since mid-2018, the company it has contracted for its SRI screening process, Vigeo Eiris, has included the Access to Medicine Index as an official source of information in its screening process.306

Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine

ASR successfully completed an engagement process with GlaxoSmithKline on a corruption issue in 2016.307 It has also announced that it will start a new engagement process with Novartis in the first half of 2019,308 about which it will report in the second half of 2019.309 In general, ASR does not report on systematic engagement with pharmaceutical companies on the issue of access to medicine. ASR’s decisions on whether to engage with a company can be based on the companies’ score on the SRI screening process, which includes the Access to Medicine Index, or controversies related to the company.310

An example of a company with which ASR could engage on this issue is AstraZeneca. ASR has invested approximately 10 million US dollar in AstraZeneca (see table above). In 2015, AstraZeneca bought a 55% share in Acerta Pharma for an initial US$2.5 billion, with US$1.5 billion to be paid after the drug Calquence was approved by the US Food and Drug Administration (FDA) and an agreement that AstraZeneca has the right to buy the outstanding 45% for US$3 billion. Calquence was developed by Acerta Pharma to treat mantle cell lymphoma. In October 2017, the drug was approved by the FDA and is on the market in the US.311 It is an extremely expensive medicine, costing approximately US$180,000 for one year of treatment.
In response to a draft version of this profile, ASR stated that it had engaged AstraZeneca on medicine pricing and regulation issues and discussed the Calquence case and the Access to Medicine Index with the company.\textsuperscript{313}

**Recommendation 3: Sign the Access to Medicine Investor Statement**

ASR has signed the Access to Medicine Investor Statement.\textsuperscript{314}

**Recommendation 4: Exercise voting rights to address access to medicine**

ASR’s voting policy takes the company’s SRI policy into consideration and as such indirectly refers to the issue of access to medicine in its voting policy.\textsuperscript{315}

ASR publishes a record of its exercise of voting rights at its investee companies’ shareholder meetings, which shows that ASR voted in favour of resolutions that addressed the issue of access to medicine at shareholder meetings of five pharmaceutical companies (Abbvie, Amgen, Biogen, Bristol-Meyers Squibb, Eli Lilly and Company).\textsuperscript{316} These resolutions focused specifically on relating positive action on the issue of medicine pricing to the levels of compensation company executives receive. The resolutions received support of 21-28 percent of the shareholders of these five companies.\textsuperscript{317} In addition, ASR voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals).\textsuperscript{318} However, ASR voted against a resolution addressing reporting on the risks of excessive price increases at the shareholder meeting of Vertex Pharmaceuticals. There is no record of ASR exercising its voting rights on the issue of access to medicine with AstraZeneca, despite this company’s marketing of the extremely expensive medicine Calquence.

In response to a draft version of this profile, ASR stated that it is currently researching shareholder proposals on the issue of access to medicine that target Johnson & Johnson and Pfizer.\textsuperscript{319}

**Recommendation 5: Engage in impact investing to improve access to medicine**

ASR engages in impact investing, with ‘contributing to health improvements’ being one of its stated objectives.\textsuperscript{320} ASR claims that reduced costs of medicine and improved accessibility of healthcare are part of this objective. An example is ASR’s investment in the Life Science Partners (LSP) fund, which, among other goals, aims to support the development of cheaper medicine.\textsuperscript{321}

**Recommendation 6: Be transparent about investments and engagement processes**

ASR reports on the total number of engagement projects in which it participated.\textsuperscript{322} ASR publishes a list of companies it engaged with, including its status, reasons for engagement and engagement objectives.\textsuperscript{323} The company does not mention access to medicine as one of the specific themes on which it engages with companies. The list does not include any pharmaceutical company, with the exception of GlaxoSmithKline.

ASR has also published a list of the companies it has excluded from its investments.\textsuperscript{324} The list does not include any of the pharmaceutical companies that are examined in this report.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). The corporate responsibility section in the ASR annual report has been audited by EY, but the audit does not check whether ASR’s report provides sufficient information on GRI sector disclosure indicators FS6 and FS10 that request disclosure the percentage and number of companies with which the company has interacted on environmental or social issues.\textsuperscript{325}
Recommendation 7: Cooperate fully with the Fair Insurance Guide

ASR cooperated in this research by providing feedback on a draft version of this insurer profile.

Insurer’s position

“Both fair payment of taxes and access to medicine are criteria on which companies are screened according to a.s.r. policy. The company ESG score resulting from the screening is being structurally used for portfolio construction. The top 5 scoring companies in the AtM Index have a majority weight in our portfolio. a.s.r. takes its responsibility as shareholder seriously by exercising its voting rights and engaging with companies we invest in. Decision to start a dialogue is based on ESG screening and potential controversies as in the case GlaxoSmithKline, Novartis or NovoNordisk. a.s.r. reports on its engagement activities on its website.”

Insurer’s commitment

“All recommendations from the 2014 research are integrated in a.s.r. SRI policy and implementation:
- AtM is signed and fully integrated in ESG screening.
- Whether or not a company is being engaged depends on different factors. When pharmaceutical companies are engaged, Access to Medicine is always discussed.
- Access to Medicine is acknowledged in a.s.r. voting practices.
- a.s.r. has multiple impact investments in listed and non-listed companies that improve access to medicine.
- a.s.r. SRI policy as well as active ownership reports and quarterly updates are published on the a.s.r. website

Fair payment of taxes is part of a.s.r. ESG screening of all companies, including pharmaceutical companies.”
Annex 5: Insurer profile – CZ

Investment in selected large pharmaceutical companies

CZ invests its assets through an investment fund called CZ Beleggingsfonds, which is managed by the insurer’s subsidiary CZ Fund Management B.V. Stichting CZ Fund Depositary serves as the fund owner. CZ Beleggingsfonds contains numerous sub-funds, which invest in shares, company bonds, state bonds, money market, covered bonds and mortgages. In 2015-2017, CZ Fund Management B.V. had outsourced its asset management activities to Delta Lloyd Asset Management N.V., NN Investment Partners B.V., Robeco Institutional Asset Management B.V. and State Street Global Advisors Limited. Consequently, CZ’s investments in pharmaceutical companies cannot be traced through these companies’ shareholder listings.

According to CZ’s statement in a Dutch newspaper, the company had invested about seven per cent of its shares portfolio (25.6 million euros) in the ‘Pharmaceuticals, Biotechnology & Life’ sectors in 2017. This includes 1.6 million euros worth of investments in Biogen, Vertex and Gilead. According to data provided by CZ, CZ holds about 19 million euros worth of shares in the 19 pharmaceutical companies that are examined in this report. CZ does not hold any bonds in pharmaceutical companies. Among the insurance companies in this study, CZ is one of the smallest investors in pharmaceutical companies.

Table 11: CZ’s shareholdings and bond holdings in selected large pharmaceutical companies (as of 28 February 2019), in euros

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
<th>Value bond holdings</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>1,060,593</td>
<td>-</td>
<td>1,060,593</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>265,719</td>
<td>-</td>
<td>265,719</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>884,225</td>
<td>-</td>
<td>884,225</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>674,477</td>
<td>-</td>
<td>674,477</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>716,807</td>
<td>-</td>
<td>716,807</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>200,526</td>
<td>-</td>
<td>200,526</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>203,108</td>
<td>-</td>
<td>203,108</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>1,058,191</td>
<td>-</td>
<td>1,058,191</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>708,043</td>
<td>-</td>
<td>708,043</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>868,907</td>
<td>-</td>
<td>868,907</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>3,199,991</td>
<td>-</td>
<td>3,199,991</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>1,870,876</td>
<td>-</td>
<td>1,870,876</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>109,027</td>
<td>-</td>
<td>109,027</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>1,756,077</td>
<td>-</td>
<td>1,756,077</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>777,459</td>
<td>-</td>
<td>777,459</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>2,197,407</td>
<td>-</td>
<td>2,197,407</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>1,629,274</td>
<td>-</td>
<td>1,629,274</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>786,671</td>
<td>-</td>
<td>786,671</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>491,004</td>
<td>-</td>
<td>491,004</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td><strong>19,458,382</strong></td>
<td>-</td>
<td><strong>19,458,382</strong></td>
</tr>
</tbody>
</table>

Source: data provided by CZ.
Policy on fair payment of taxes by pharmaceutical companies

In 2017, CZ invested 99.8% of its assets in accordance with the company’s Code on Socially Responsible Investment (CZ Code Maatschappelijk Verantwoord Beleggen).³³³ CZ has committed to the UN Principles on Responsible Investment (PRI). The Code does not specifically mention fair payment of taxes³³⁴, but CZ states that this issue is covered under the Governance pillar of its ESG investment criteria.³³⁵ CZ scored 1 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.³³⁶

Oxfam research in 2018 found that large pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people.³³⁷ There are no public indications that CZ has engaged (through dialogue, meetings, statements, or resolutions) pharmaceutical companies in particular on their tax policies, practices and reporting. However, in response to a draft version of this insurer profile, CZ stated that fair payment of taxes was an important issue for its engagement manager, BMO Global Asset Management, in recent years.³³⁸ CZ states that it is a member of the UNPRI tax disclosure engagement project that started in 2018, which aims to engage companies on their tax policies and transparency. In 2017, Novartis was among the companies BMO Global Asset Management engaged on this issue on behalf of CZ. CZ indicates that, in general, the engagement with companies on the issue of responsible tax has yielded only limited results.³³⁹

Policy on provision of affordable medicine by pharmaceutical companies

In its Code on Socially Responsible Investment, CZ states that it finds it important that the companies in which it invests support affordable healthcare.³⁴⁰ Moreover, CZ aims to influence the pricing policies of pharmaceutical companies through ‘voting & engagement programmes’.³⁴¹ CZ scored 1 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.³⁴²

Implementation of recommendations from the 2014 Fair Insurance Guide

It must be noted that CZ was not included in the 2014 Fair Insurance Guide and the case study research about pharmaceutical companies and access to medicine.³⁴³ However, the recommendations from this study are also relevant for CZ.

Recommendation 1: Include access to medicine in screening policy

CZ takes ESG criteria into account when selecting and monitoring external asset management companies, which include healthcare and ethical issues, but does not specifically mention the issue of access to medicine.³⁴⁴ There are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in its screening policy.³⁴⁵

Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine

CZ engages with companies through an external engagement manager (BMO Global Asset Management) in order to encourage companies to apply ‘best practices’ regarding ESG issues.³⁴⁶ CZ publishes its most recent engagement report on its website. In the fourth quarter of 2018, CZ reports about contributing to the Access to Medicine Foundation.³⁴⁷

In response to Dutch media reports CZ has stated that increased transparency about pricing policies is one of its engagement objectives for pharmaceutical companies.³⁴⁸ In achieving this objective, CZ has stated that it prefers engagement above disinvestment. CZ also reports that it encourages pharmaceutical companies to apply responsible pricing policies and good practices that are highlighted by the Access to
In response to a draft version of this insurer profile, CZ has stated that in 2018, BMO Global Asset Management engaged all 19 pharmaceutical companies that are examined in this report on the issue of medicine pricing. In general, the reports CZ receives on this engagement process show that the companies are making only slow progress on this issue, although there are some positive exceptions. This engagement project will continue in 2019.

Recommendation 3: Sign the Access to Medicine Investor Statement

CZ has not signed the *Access to Medicine Investor Statement*. BMO Global Asset Management, the engagement manager of CZ, did sign the Statement.

Recommendation 4: Exercise voting rights to address access to medicine

CZ only publishes a thematic categorisation of its votes against or abstentions at shareholder meetings. CZ’s voting decisions mainly focus on CZ’s criteria regarding ‘good corporate governance’. CZ does not specify whether it exercised its voting rights on the issue of access to medicine or if it includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights. The company does mention that it aims to influence the pricing policies of pharmaceutical companies in cooperation with other investors through ‘voting & engagement programmes’.

In response to a draft version of this profile, CZ has stated that it voted, through its engagement manager BMO Global Asset Management, in favour of resolutions that addressed the issue of access to medicine at shareholder meetings of five pharmaceutical companies in 2018 (AbbVie, Amgen, Biogen, Bristol-Meyers Squibb, Eli Lilly and Company). These resolutions focused on relating positive action on the issue of medicine pricing to the levels of compensation company executives receive. CZ also voted in favour of a resolution addressing reporting on the risks of excessive price increases at the shareholder meeting of Vertex Pharmaceuticals. The resolutions received support of 21-28 percent of the shareholders of these six companies. CZ also stated that it voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals).

Recommendation 5: Engage in impact investing to improve access to medicine

CZ does not engage in impact investing.

Recommendation 6: Be transparent about investments and engagement processes

CZ reports on the total number of companies it engaged with in the fourth quarter of 2018. Healthcare is one of the themes about which CZ engages with companies. CZ does not publish more detailed information, such as a list of companies with which it has engaged or a detailed and externally monitored overview of the goals and success rates of its engagement process.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). The corporate responsibility section in the CZ annual report has not been audited for the provision of sufficient information on decisive criteria such as sector disclosure indicators.

Recommendation 7: Cooperate fully with the Fair Insurance Guide

CZ cooperated in this research by providing feedback on a draft version of this insurer profile and providing data for the investment overview.
Insurer’s position and commitment

“CZ invests in the pharmaceutical industry, amongst other sectors. Pharmaceutical companies play a very important role in the healthcare system, because they enable the development of medicines. The healthcare system cannot do without this industry. A number of pharmaceutical companies charge extremely high prices for a number of medicines and do not provide insights into the costs of these medicines. CZ also invests in these companies. In this way, we are able to join the table as shareholders and to influence the policies of these companies. We do not do this on our own, but together with other investors which have the same point of view as we do. Through these ‘voting and engagement programmes’, we are able to combine the powers of the investors. In this way, we try to influence policies, fair prices and fair payment of taxes. CZ believes that in this way it can achieve the best results.

We work closely with BMO Global Asset Management, our voting and engagement manager, on the topics of access to medicine and fair payment of taxes. Going forward, we will continue doing that”.

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Annex 6: Insurer profile – Menzis

Investment in selected large pharmaceutical companies

In 2017, Menzis’ total investment portfolio was worth 1.6 billion euros\(^{362}\), which the company invested in three private funds (Menzis Geldmarkt Fonds, Menzis Vastrentend Fonds, Menzis Aandelen Fonds).\(^{363}\) Menzis has outsourced its asset management to external asset management companies and specialised investment funds.\(^{364}\) However, Menzis does publish a list of the companies of which it holds shares and their relative value in the companies’ shares portfolios.

Based on Menzis’ details about the invested capital per client and total number of clients\(^ {365}\), the estimated value of Menzis’ shareholdings and bond holdings is displayed in Table 12, although it must be noted that this only serves as an indication of the actual value. Based on this overview, Menzis had invested approximately 20 million euros in the selected pharmaceutical companies through bonds and shareholdings by the end of Q2 of 2018. The shareholdings accounted for approximately 4.6 percent of Menzis’ total shares portfolio, while the bond holdings accounted for 1.9 percent of the company’s total investments in corporate bonds.

This roughly corresponds with Menzis’ statement in the Dutch newspaper de Volkskrant, in which it stated that it had invested about 6 percent (24 million euros) of its shares portfolio in large pharmaceutical companies in 2017.\(^{366}\) At the end of 2017, Menzis had a 1.2 million euro stake in Biogen, while it did not hold shares in Vertex and Gilead. Among the insurance companies in this study, Menzis is one of the smallest investors in the 19 pharmaceutical companies that are included in the Access to Medicine Index.

Table 12 Menzis’ shareholdings and bond holdings in selected large pharmaceutical companies (as of Q2 2018), in euros

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>% of shares portfolio</th>
<th>Estimated value shareholding</th>
<th>% corporate bonds portfolio</th>
<th>Estimated value bond holding</th>
<th>Estimated total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>0.74%</td>
<td>2,420,000</td>
<td>1.27%</td>
<td>3,580,511</td>
<td>6,000,511</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>0.16%</td>
<td>510,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>0.52%</td>
<td>1,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>0.48%</td>
<td>1,570,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>0.12%</td>
<td>390,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>0.10%</td>
<td>330,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>0.52%</td>
<td>1,700,000</td>
<td>0.66%</td>
<td>1,860,738</td>
<td>3,560,738</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>0.43%</td>
<td>1,390,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>0.83%</td>
<td>2,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>0.49%</td>
<td>1,590,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>0.16%</td>
<td>510,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td></td>
<td>4.55%</td>
<td>1.93%</td>
<td>5,441,249</td>
<td>20,251,249</td>
</tr>
</tbody>
</table>

Source: estimated values based on Menzis Beleggingenportefeuille Q2 2018 and Menzis Actualiteit Vermogensbeheer Q2 2018.\(^ {367}\)
Policy on fair payment of taxes by pharmaceutical companies

Oxfam research in 2018 found that large pharmaceutical companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people. Menzis has signed the UN Principles for Responsible Investment (PRI), but does not have a specific policy on the fair payment of taxes by the companies in which it invests.

Menzis scored 1 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.

Policy on provision of affordable medicine by pharmaceutical companies

Menzis does not publish a specific policy on the issue of affordable medicine in its annual report for 2017 or strategic investment policy (including the section on investments in healthcare). However, Menzis has stated that it closely monitors the discussions about affordable medicine and aims to influence the pricing policies of pharmaceutical companies through engagement programmes. Interestingly, Menzis initiated court proceedings against AstraZeneca in 2018, arguing from its position as an insurer (rather than as an institutional investor) that AstraZeneca charged excessively high prices for the medicine Seroquel. Menzis claims 4.2 million euros in compensation.

Menzis scored 1 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.

Implementation of recommendations from the 2014 Fair Insurance Guide

It must be noted that Menzis was not included in the 2014 Fair Insurance Guide and the case study research about pharmaceutical companies and access to medicine. However, the recommendations from this study are also relevant for Menzis.

Recommendation 1: Include access to medicine in screening policy

Menzis takes ESG criteria into account in its selection of external asset management companies. In 2017, 95% of the companies in Menzis’ shares portfolio had an ESG score. In its annual reports of 2011-2014 Menzis states that access to medicine is included in its ESG screening processes. Menzis has also made this statement in Dutch media. It is unclear whether the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in its screening policy.

Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine

Menzis engages with companies on ESG issues through external engagement managers (Eumedion, BMO Global Asset Management (formerly F&C Investments)). Menzis has published its engagement report for Q2 in 2018 on its website, in which it does not report on the issue of access to medicine or healthcare. Menzis does mention improving access to medicine, particularly in ‘third world countries’, as an objective of its engagement with pharmaceutical companies in 2014. In response to Dutch media reports Menzis has also stated that the price levels of certain medicines is one of its engagement topics.

In response to a draft version of this insurer profile, Menzis stated that in 2018, it engaged several pharmaceutical companies through a joint-investor letter, which encouraged the companies to participate in the Access to Medicine Foundation’s data collection process ahead of the publication of the 2018 Index. It also stated that it has a specific engagement project on medicine pricing (‘Responsible Drug Pricing Models’), which led it to engage with thirty companies on this issue in 2018. Amongst other issues, the conversations with these companies focused on alternative pricing models, price rise limits, transparent reporting and disclosure on lobbying and political expenses.
An example of a company with which Menzis could engage on the issue of access to medicine is AbbVie Inc. Menzis has invested approximately 6 million euros in AbbVie Inc. AbbVie produces the drug Venetoclax, which is used for different indications of leukemia. The price of this medicine is estimated at around 75,000 euros per year per patient in the Netherlands.\textsuperscript{387} Due to its extremely high price, the Dutch public health insurance system currently does not cover this medicine.\textsuperscript{388} Menzis could engage AbbVie on implementing the company-specific recommendations from the Access to Medicine Foundation, for example.\textsuperscript{389}

**Recommendation 3: Sign the Access to Medicine Investor Statement**
Menzis has not signed the *Access to Medicine Investor Statement*.\textsuperscript{390} BMO Global Asset Management, the engagement manager of Menzis, did sign the Statement.

**Recommendation 4: Exercise voting rights to address access to medicine**
Menzis publishes an annual overview and motivation of its votes against or abstentions at shareholder meetings of Dutch enterprises.\textsuperscript{391} These votes did not concern the issue of access to medicine in 2017 and 2018. Menzis has chosen to exercise its voting rights only regarding its investments in Dutch companies. This choice implies that Menzis will not use its voting rights at the meetings of the pharmaceutical companies in which it has invested.

**Recommendation 5: Engage in impact investing to improve access to medicine**
Menzis reports that it engages in impact investing in the healthcare sector, but access to medicine does not appear to be one of its intended outcomes.\textsuperscript{392}

**Recommendation 6: Be transparent about investments and engagement processes**
Menzis is the only insurer that has published a list of its investment portfolio in the second quarter of 2018. The company has also published a list of the companies it has excluded from its investments, amongst which Novartis (for corruption reasons), AstraZeneca and Aurobindo Pharma.

Menzis reports on the total number of companies it engaged with in the second quarter of 2018.\textsuperscript{393} Healthcare is one of the themes about which Menzis engages with companies. Menzis does not publish more detailed information, such as a list of companies with which it has engaged or a detailed and externally monitored overview of the goals and success rates of its engagement process.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). The corporate responsibility section in the Menzis annual report has not been audited for the provision of sufficient information on decisive criteria such as sector disclosure indicators.\textsuperscript{394}

**Recommendation 7: Cooperate fully with the Fair Insurance Guide**
Menzis cooperated in this research by providing feedback on a draft version of this insurer profile.

**Insurer’s position**
“Menzis has a specific engagement project “Responsible Drug Pricing Models”. We engaged with over thirty companies in 2018 as part of this project. We had in-depth discussions with several of the companies, which indicated that management teams are only slowly coming to terms with how to implement effective practices around this issue. We strongly encouraged them to improve practices in the following areas: board expertise and oversight; company policy and commitments; voluntary price rise limits; adoption of alternative drug pricing models; disclosure on lobbying and political expenses; internal controls; and transparent reporting”.\textsuperscript{395}
**Insurer’s commitment**

“In 2018 Menzis has tightened its exclusion policy for pharmaceutical companies. Menzis will exclude a company if Dutch patients are unable to access a (new) medicine, which has a positive impact in terms of life expectancy or life quality compared to medicines or appliances that are available at that moment, because the company is charging too high a price and price negotiations between the Ministry of Healthcare, Wellbeing and Sport and the supplier have failed.

Moreover, we have given ourselves the freedom to exclude a company faster than our exclusion list provider does when a company is potentially involved in serious violations of the UN Global Compact norms.

These revisions have not been published as a new policy (our aim is to do this in the second half of 2019), but have led to two additional exclusions: AstraZeneca and Aurobindo.

Biogen has not been excluded because the company has made the medicine Spinraza available during the negotiations and the outcome of the negotiations is now that the medicine will be covered by the public health system in the Netherlands.

AstraZeneca has been excluded because Menzis started a court case against this pharmaceutical company. At its core, the case was about the fact that Menzis blames the pharmaceutical company for excessively extending the duration of a patent on medicines, leading to excessive costs for health insurance policy holders. With the case, Menzis wants to claim compensation for these losses (for health insurance policy holders) from the company. Menzis wants to prevent that large pharmaceutical companies abuse their position and the delaying function of patent protection to maintain unnecessarily high prices for medicine. Naturally, the targeted amount of compensation will be used to the advantage of health insurance policy holders.

We have no plans to revise our investment policy regarding the issue of tax. A theme will come on our agenda when our engagement provider flags it as an engagement priority. For the time being other themes have higher priority for 2019, such as the price of medicine and climate”.
Annex 7: Insurer profile – NN Group

Investment in selected large pharmaceutical companies

NN Group has invested approximately 1.8 billion US dollar in shares and bonds of the 19 stocklisted pharmaceutical companies that are included in the Access to Medicine Index. NN is the third largest investor in the 19 pharmaceutical companies that are included in this research.

Table 13 Direct shareholdings (as of 23 January 2019) and bond holdings (as of 28 February 2019) of NN Group and subsidiaries in selected large pharmaceutical companies, in US dollar

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
<th>Value bond holdings</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>225,985,303</td>
<td>157,000</td>
<td>226,142,303</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>52,648,337</td>
<td>N/A</td>
<td>52,648,337</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>72,372,072</td>
<td>-</td>
<td>72,372,072</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>22,424,985</td>
<td>1,093,000</td>
<td>23,517,985</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>107,857,814</td>
<td>-</td>
<td>107,857,814</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>2,094,318</td>
<td>-</td>
<td>2,094,318</td>
</tr>
<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>1,713,426</td>
<td>N/A</td>
<td>1,713,426</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>134,126,393</td>
<td>209,000</td>
<td>134,335,393</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>95,137,860</td>
<td>-</td>
<td>95,137,860</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>32,665,061</td>
<td>115,000</td>
<td>32,780,061</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>59,050,620</td>
<td>-</td>
<td>59,050,620</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>184,714,902</td>
<td>-</td>
<td>184,714,902</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>930,261</td>
<td>4,055,000</td>
<td>4,985,261</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>13,105,947</td>
<td>115,000</td>
<td>13,220,947</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>88,634,338</td>
<td>N/A</td>
<td>88,634,338</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>322,893,628</td>
<td>5,011,000</td>
<td>327,904,628</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>152,489,669</td>
<td>3,185,000</td>
<td>155,674,669</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>187,364,340</td>
<td>654,000</td>
<td>188,018,340</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>25,794,874</td>
<td>1,373,000</td>
<td>27,167,874</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td></td>
<td>1,782,004,148</td>
<td>15,967,000</td>
<td>1,797,971,148</td>
</tr>
</tbody>
</table>

*Source: Thomson Reuters Eikon.*

Policy on fair payment of taxes by pharmaceutical companies

NN Group and its asset manager, NN Investment Partners (NN IP), do not have a specific (public) policy on the fair payment of taxes by companies in which they invest. NN Group expects the companies in which it invests to comply with the OECD Guidelines for Multinational Enterprises, which include a chapter on taxation. NN Group has also signed the UN Principles for Responsible Investment (PRI). In response to a draft version of this profile, NN stated that it expects companies to comply with generally accepted corporate governance practices, as reflected in the OECD Corporate Governance Guidelines and the Global Corporate Governance Principles of the International Corporate Governance Network (ICGN).
NN Group invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people.\textsuperscript{400} There are no indications that NN Group has engaged (through dialogue, meetings, statements, or resolutions) pharmaceutical companies on their tax policies and practices nor that the insurer has asked pharmaceutical companies to adopt more transparency around their corporate tax practices that would impact their tax risk. In response to a draft version of this insurer profile, NN Group stated that tax transparency is among the material issues that are part of the ESG screening process for the pharmaceutical sector.\textsuperscript{401}

NN Group scored 2 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.\textsuperscript{402}

**Policy on provision of affordable medicine by pharmaceutical companies**

In general, NN Group expects companies in which it invests to recognise ‘the impact of their business decisions on social and human rights issues in the regions in which they do business’.\textsuperscript{403} NN Group does not specifically mention the issue of affordable medicine or access to healthcare in its Responsible Investment Policy Framework\textsuperscript{404} or in the NN Investment Partners Responsible Investment Transparency Report 2018.\textsuperscript{405} However, in response to a draft version of this profile, NN Group stated that it considers access to and affordability of medicine as a material ESG issue for the pharmaceutical sector.\textsuperscript{406}

NN Group scored 2 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.\textsuperscript{407}

**Implementation of recommendations from the 2014 Fair Insurance Guide**

**Recommendation 1: Include access to medicine in screening policy**

NN Group takes ESG criteria into account in its investment analysis and decision-making processes, but does not specifically mention access to medicine as an issue of concern.\textsuperscript{408} In its Investment Guidance paper on Human Rights, NN Group does mention access to medicine as an area in which pharmaceutical companies can have positive impacts on human rights in developing countries.\textsuperscript{409} In response to a draft version of this insurer profile, NN Group did state that it takes various criteria that the Access to Medicine Index uses into account in its ESG screening.\textsuperscript{410}

**Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine**

NN Group engages with companies with the aim to improve their ESG practices.\textsuperscript{411} There are no indications that access to medicine is included in NN Investment Partners’ engagement activities.\textsuperscript{412} Despite having signed the Access to Medicine Investor Statement, there are no indications that the insurer uses the pharmaceutical companies’ score on the Access to Medicine Index in its engagement with the companies. NNIP does not mention engaging pharmaceutical companies in its Responsible Investing Report 2018.\textsuperscript{413} However, in response to a draft version of this insurer profile, NN indicates that it currently participates in collective engagements with Bayer, Johnson & Johnson and Novartis through its engagement service provider (GES International/Sustainalytics) or the Climate Action 100+ initiative.\textsuperscript{414} The engagements with Johnson & Johnson and Novartis relate to pharmaceutical product and safety issues as well as corruption, while NNIP’s engagement with Bayer focuses on general product safety and environmental/climate change issues.

An example of a company with which NN Group could have engaged on the issue of access to medicine is AbbVie Inc. NN Group has invested approximately 226 million euros in AbbVie Inc. AbbVie produces the drug Venetoclax, which is used for different indications of leukemia. The price of this medicine is estimated
at around 75,000 euros per year per patient in the Netherlands. Due to its extremely high price, the Dutch public health insurance system currently does not cover this medicine. NN Group could engage AbbVie on implementing the company-specific recommendations from the Access to Medicine Foundation, for example.

**Recommendation 3: Sign the Access to Medicine Investor Statement**

NN Investment Partners has signed the *Access to Medicine Investor Statement*.

**Recommendation 4: Exercise voting rights to address access to medicine**

The company does not mention access to medicine in its Global Voting Policy or its Voting Policy for Proprietary Investments. There are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights.

NN Investment Partners publishes its voting decisions, which show that it voted in favour of resolutions that aimed at increasing access to medicine at shareholder meetings of five pharmaceutical companies (Abbvie, Amgen, Biogen, Bristol-Meyers Squibb and Eli Lilly and Company). NN Investment Partners voted against a shareholder proposal aimed at increasing access to medicine at the shareholder meeting of Vertex Pharmaceuticals Incorporated. However, it did vote in favour of shareholder proposals aimed at increasing transparency about lobbying activities at the shareholder meetings of AbbVie, Pfizer, Eli Lilly and Co and Vertex Pharmaceuticals.

**Recommendation 5: Engage in impact investing to improve access to medicine**

NN Group engages in impact investing and mentions access to healthcare as one of its focus areas. Among NN’s impact investing portfolio is the NN Global Equity Impact Opportunities Fund. 3 out of the top-10 holdings in this fund have ‘access to health solutions’ as their impact focus area, through which NN aims to contribute to SDG 3 on health.

**Recommendation 6: Be transparent about investments and engagement processes**

NN Group reports on the total number of companies with which it engaged in 2018 and its voting activities in its Responsible Investing Report 2018. There is no information that shows that access to medicine is one of the themes about which NN engages with companies. NN Group does not publish more detailed information, such as a list of companies with which it has engaged or a detailed and externally monitored overview of the goals and success rates of its engagement process.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). KPMG has conducted a limited assurance review of the non-financial information in the NN Annual Review 2018, but does not provide any assurance about whether the insurer provided sufficient information on GRI sector disclosure indicators FS6 and FS10 (e.g. disclosing the percentage of the companies in its investment portfolio with which NN has interacted on environmental or social issues).

**Recommendation 7: Cooperate fully with the Fair Insurance Guide**

NN Group cooperated in this research by providing feedback on a draft version of this insurer profile.

**Insurer’s position**

“Environmental, social and governance (ESG) factors form an integral part of our investment process. For companies, we identify material issues at industry group level, and examine to what extent they apply to the individual companies we invest in. Material issues in the pharmaceutical sector include corporate governance (including bribery & corruption and tax transparency), product quality & safety and pollution &
waste. Also access & affordability to/of health solutions is a topic we look at. We believe the Access to Medicine Index is a positive initiative; we take the different criteria that are applied by the Access to Medicine Index into account. 428

**Insurer’s commitment**

“Active ownership is an important element of our Responsible Investment policy. We have ongoing engagements with i.e. three major pharmaceutical companies which are constituents of the Access to Medicine Index. The focus for these engagements is on compliance with accepted international conventions, such as the UN Global Compact, OECD Guidelines and other accepted standards. Main issues engaged on is product quality & safety, and bribery & corruption. Note that these issues could undermine access to health and/or medicine. The pharmaceutical sector has not been one of our focus sectors for thematic engagement, but could be considered in the future”. 429
Annex 8: Insurer profile – VGZ

Investment in selected large pharmaceutical companies

Stichting Juridisch Eigendom FGR VGZ is the legal owner of the company’s assets, after VGZ closed its asset management subsidiary, Insurance Asset Management bv in 2018. The value of VGZ’s shares portfolio was 332.2 million euros by the end of 2017.

VGZ has outsourced its asset management to external asset management companies and specialised investment funds. Consequently, the investments of VGZ in pharmaceutical companies cannot be traced directly through these companies’ shareholder listings. VGZ publishes on its website an overview of its investments by sector, as agreed in the Dutch responsible business conduct agreement for the insurance sector (the ‘IMVO-convenant’), in which the insurer indicates that by the end of 2018 it had directed 4.48 percent of its total investments toward the health sector. In communication with SOMO, VGZ indicated that it invests in 12 of the 19 selected pharmaceutical companies (Table 2). VGZ provided the names of the companies in which it invests but not specific figures.

Table 14 VGZ’s investments in selected large pharmaceutical companies (as of 31 December 2018)

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Inc</td>
<td>1.88</td>
<td>unspecified</td>
</tr>
<tr>
<td>Astellas Pharma Inc</td>
<td>1.46</td>
<td>-</td>
</tr>
<tr>
<td>AstraZeneca PLC</td>
<td>2.48</td>
<td>unspecified</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>1.88</td>
<td>unspecified</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Co</td>
<td>2.03</td>
<td>unspecified</td>
</tr>
<tr>
<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>-</td>
</tr>
<tr>
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<td>2.48</td>
<td>-</td>
</tr>
<tr>
<td>Eli Lilly and Co</td>
<td>1.27</td>
<td>unspecified</td>
</tr>
<tr>
<td>Gilead Sciences Inc</td>
<td>2.29</td>
<td>-</td>
</tr>
<tr>
<td>GlaxoSmithKline PLC</td>
<td>4.01</td>
<td>unspecified</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>3.05</td>
<td>-</td>
</tr>
<tr>
<td>Merck &amp; Co Inc</td>
<td>2.32</td>
<td>unspecified</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>2.9</td>
<td>-</td>
</tr>
<tr>
<td>Novartis</td>
<td>3.21</td>
<td>unspecified</td>
</tr>
<tr>
<td>Novo Nordisk A/S</td>
<td>2.68</td>
<td>unspecified</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>2.34</td>
<td>unspecified</td>
</tr>
<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>unspecified</td>
</tr>
<tr>
<td>Sanofi SA</td>
<td>2.49</td>
<td>unspecified</td>
</tr>
<tr>
<td>Takeda Pharmaceutical Co Ltd</td>
<td>2.75</td>
<td>-</td>
</tr>
<tr>
<td>Total value</td>
<td></td>
<td>unspecified</td>
</tr>
</tbody>
</table>

Policy on fair payment of taxes by pharmaceutical companies

Oxfam research in 2018 found that large pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people. However, VGZ does not have a specific (public) policy aimed at encouraging pharmaceutical companies not to evade or avoid taxes and/or to pay their fair share of taxes. Fair payment of taxes is not listed as one of VGZ’s engagement and exclusion topics, nor is it listed explicitly in the ESG criteria VGZ uses to screen investments. VGZ does expect companies to respect the OECD Corporate Governance Guidelines, and to address corruption,
in accordance with the OECD Guidelines for Multinational Enterprises. VGZ has not signed the UN Principles for Responsible Investment (PRI). There is no record of VGZ having engaged with any pharmaceutical companies or exercised their voting rights on this issue.

VGZ scored 1 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.438

Policy on provision of affordable medicine by pharmaceutical companies

VGZ claims that it recognizes that pharmaceutical companies make medicines “that are necessary to make people better” and that it expects these companies to contribute to the UN Sustainable Development Goals.439 The company also lists “promoting access to affordable medicine” as one of the ways in which it contributes to the achievement of Sustainable Development Goal 3 on health and wellness.440 VGZ has excluded the pharmaceutical companies Gilead and Biogen from its investment portfolio, claiming that the high prices for medicine these companies charge contradict VGZ’s policy of trying to make healthcare affordable and accessible.441

VGZ scored 1 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.442

Implementation of recommendations from the 2014 Fair Insurance Guide

It must be noted that VGZ was not included in the 2014 Fair Insurance Guide and the case study research about pharmaceutical companies and access to medicine.443 However, the recommendations from this study are also relevant for VGZ.

Recommendation 1: Include access to medicine in screening policy

Though it does not explicitly mention access to medicine in its screening policy, VGZ includes “respect for human rights” as one of the ESG criteria it uses to screen investments.444 It is unclear whether the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in its screening policy.

In 2018, VGZ explicitly excluded from its investment portfolio two pharmaceutical companies, Biogen and Gilead, claiming that the high prices the companies were charging for medicine was not in line with VGZ’s policy of trying to make healthcare affordable and accessible.445 In its exclusion overview, VGZ lists “human rights, health, and labour standards” as the reason for excluding these two companies.446

Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine

VGZ lists “human rights and health” as one of the topics on which it engages investee companies, but it is not clear the degree to which this includes access to medicine.447 In 2018, VGZ started an engagement process with Novartis on governance themes, which may cover issues such as corporate governance, business ethics, environment and ‘social governance’.448 This engagement process is currently ongoing. It is unclear whether VGZ considers a company’s score on the Access to Medicine Index in its decisions on whether or not to engage with a pharmaceutical company.

Recommendation 3: Sign the Access to Medicine Investor Statement

VGZ has not signed the Access to Medicine Investor Statement.449

Recommendation 4: Exercise voting rights to address access to medicine

VGZ reports that it did not exercise its voting rights regarding ESG themes.450 VGZ therefore did not includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights.
Recommendation 5: Engage in impact investing to improve access to medicine

There are no indications that VGZ engages in impact investing on the issue of access to medicine.

Recommendation 6: Be transparent about investments and engagement processes

VGZ reports on the companies with which it engaged in 2018. Healthcare is one of the themes about which VGZ engages with companies. VGZ does not publish a detailed and externally monitored overview of the goals and success rates of its engagement process. VGZ also publishes an exclusion list, which includes Biogen and Gilead.

The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). The corporate responsibility section in the VGZ annual report has not been audited for the provision of sufficient information on decisive criteria such as sector disclosure indicators.

Recommendation 7: Cooperate fully with the Fair Insurance Guide

VGZ cooperated in this research by providing feedback on a draft version of this insurer profile.

Insurer’s position

“VGZ uses ESG criteria for its investments; fair payment of taxes is part of the governance criteria and affordable pricing is part of the social (health) criteria. Affordable pricing is also one of the ways VGZ contributes to the Sustainable Development Goal 3 on health and wellness. Sustainalytics checks our investments on a daily base for possible breaches of our ESG criteria. When Sustainalytics reports a breach, we will start an engagement process with the relevant company (see also the engagement list on our corporate website). The Purchasing department of VGZ will also report on any problems with a pharmaceutical company concerning high drug prices. This is reported to the Board of Directors. The Board of Directors decides on the basis of all available information whether the company will be added to the exclusion list or not. If the Board of Directors decides to place the company on the exclusion list and VGZ is invested in this company the investment team takes care of all the subsequent actions.”

Insurer’s commitment

“VGZ maintains the current criteria and method. VGZ closely follows trends, developments and expectations. Whenever changes and / or refinements are desired, it will adjust the investment policy.”
Annex 9: Insurer profile – VIVAT

Investment in selected large pharmaceutical companies

VIVAT has invested approximately 0.88 billion US dollar in shares and bonds of the 19 stock listed pharmaceutical companies that are included in the Access to Medicine Index through its asset management subsidiary, ACTIAM N.V. Of the nine insurers that are covered by this research, VIVAT is the fourth largest investor in the 19 pharmaceutical companies.

Table 14 Direct shareholdings (as of 31 January 2019) and bond holdings (as of 28 February 2019) of VIVAT (through ACTIAM N.V.) in selected large pharmaceutical companies, in US dollar

<table>
<thead>
<tr>
<th>Company</th>
<th>AtM score 2018</th>
<th>Value shareholdings</th>
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<td>2.03</td>
<td>11,469,649</td>
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<td>Daiichi Sankyo Co Ltd</td>
<td>1.77</td>
<td>3,955,915</td>
<td>-</td>
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<tr>
<td>Eisai Co Ltd</td>
<td>2.48</td>
<td>3,678,500</td>
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<td>Eli Lilly and Co</td>
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<td>18,757,097</td>
<td>31,687,866</td>
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<td>4.01</td>
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<td>Johnson &amp; Johnson</td>
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<td>78,382,970</td>
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<td>Merck KGaA</td>
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<td>3,354,692</td>
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<td>51,740,121</td>
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<td>Pfizer Inc</td>
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<td>39,019,176</td>
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<tr>
<td>Roche Holding AG</td>
<td>2.38</td>
<td>161,151,973</td>
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<td>161,151,973</td>
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<td>Sanofi SA</td>
<td>2.49</td>
<td>104,826,121</td>
<td>29,707,607</td>
<td>134,533,728</td>
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<td><strong>155,168,267</strong></td>
<td><strong>877,257,591</strong></td>
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Source: data provided by ACTIAM N.V.

Policy on fair payment of taxes by pharmaceutical companies

VIVAT does not have a public policy that specifically aims at encouraging pharmaceutical companies not to evade or avoid taxes and/or to pay their fair share of taxes. VIVAT’s Responsible Tax Policy states that the company “does not advise [its] clients on tax avoidance structures and [does] not take an active role in (international) structures aimed at tax avoidance.” However, VIVAT nor its asset management subsidiary company ACTIAM address the fair payment of taxes by investee companies. Fair payment of taxes is not listed as one of VIVAT’s Corporate Responsibility Focus Areas.
VIVAT’s asset management subsidiary ACTIAM, which is responsible for managing more than 95% of VIVAT’s assets, has endorsed the United Nations’ Principles for Responsible Investment (PRI).\(^458\) The remaining share of VIVAT’s assets (<5%) “does not meet these Principles”.\(^459\) ACTIAM also encourages all of the companies in which it invests to uphold the OECD Guidelines on Multinational Enterprises, which include a chapter on taxation.\(^460\) ACTIAM uses its Fundamental Investment Principles (FIP) when making decisions on whether or not to invest in a company. The FIP include a section on Corruption, which mentions issues such as fraud, bribery and money laundering.\(^461\) However, the FIP do not explicitly address the issue of fair payment of taxes (e.g. tax avoidance). The disclosure of information about taxes/royalties paid to governments is included as a topic that is included in ACTIAM’s ESG scoring process.\(^462\) ACTIAM uses the ESG score in its company screening process and investment decisions.\(^463\) ACTIAM also encourages companies to report according to the GRI G4 Sustainability Reporting Guidelines, which contain provisions on tax transparency.\(^464\)

ACTIAM invests in pharmaceutical companies such as Johnson & Johnson, Merck & Co, and Pfizer, despite Oxfam research in 2018 finding that these companies systematically hide their profits in overseas tax havens, depriving countries in the Global South of money that is urgently needed to meet the health needs of their people.\(^465\) As stated above, ACTIAM communicates its expectations on tax transparency to companies through its ESG scoring process. ACTIAM has engaged Johnson & Johnson on the issue of corruption\(^466\), which according to ACTIAM also covers the issue of tax payments.\(^467\) There are no indications that ACTIAM has engaged (through dialogue, meetings, statements, or resolutions) other pharmaceutical companies on their tax policies and practices or that the insurer has asked pharmaceutical companies to adopt more transparency around their corporate tax practices that would impact their tax risk.

VIVAT scored 7 out of 10 points for its policy on responsible tax in the 2018 policy update of the Fair Insurance Guide.\(^468\)

**Policy on provision of affordable medicine by pharmaceutical companies**

ACTIAM includes access to healthcare in its ESG screening process and participates in collaborative engagement of pharmaceutical companies on the issue. However, neither VIVAT nor ACTIAM has a specific (public) policy document addressing the issue of access to medicine.

VIVAT scored 8 out of 10 points for its healthcare policy in the 2018 policy update of the Fair Insurance Guide.\(^469\)

**Implementation of recommendations from the 2014 Fair Insurance Guide**

**Recommendation 1: Include access to medicine in screening policy**

VIVAT’s asset management daughter ACTIAM includes the issues of ‘access to healthcare’ and ‘equitable pricing policies for products and services in developing countries’ in its ESG scoring process\(^470\), which is used in the company’s screening process and investment decisions.\(^471\) In response to a draft version of this insurer profile, ACTIAM stated that it includes a company’s score on the Access to Medicine Index in its ESG screening policy.\(^472\) In 2018, ACTIAM decided to exclude Novartis from its portfolio based on ESG controversies.\(^473\)

**Recommendation 2: Engage systematically with pharmaceutical companies on the issue of access to medicine**

According to its engagement overview from February 2019, ACTIAM has conducted ‘collaborative engagement’ with 19 pharmaceutical companies on the issue of access to medicine\(^474\), which focused in particular on encouraging the companies to submit data to the Access to Medicine Index.\(^475\) In addition, the company engaged two pharmaceutical companies on the issues of corruption (Johnson & Johnson and Novartis) and client and product integrity (Johnson & Johnson).\(^476\) In response to a draft version of this
profile, ACTIAM stated that the engagement with Johnson & Johnson also covered the issue of ensuring the availability of cost-effective medicine in all markets of operation.\textsuperscript{477}

An example of a company with which ACTIAM could be engaging systematically on the issue of access to medicine is AstraZeneca. ACTIAM has invested approximately 62 million US dollar in AstraZeneca. In 2015, AstraZeneca bought a 55% share in Acerta Pharma for an initial US$2.5 billion, with US$1.5 billion to be paid after the drug Calquence was approved by the US Food and Drug Administration (FDA) and an agreement that AstraZeneca has the right to buy the outstanding 45% for US$3 billion. Calquence was developed by Acerta Pharma to treat mantle cell lymphoma. In October 2017, the drug was approved by the FDA\textsuperscript{478} and is on the market in the US.\textsuperscript{479} It is an extremely expensive medicine, costing approximately US$180,000 for one year of treatment, without proper substantiation for this price level. ACTIAM could, for example, engage AstraZeneca on implementing the company-specific recommendations from the Access to Medicine Foundation.\textsuperscript{480}

**Recommendation 3: Sign the Access to Medicine Investor Statement**

ACTIAM has signed the *Access to Medicine Investor Statement*.\textsuperscript{481}

**Recommendation 4: Exercise voting rights to address access to medicine**

ACTIAM bases its engagement by voting on shareholder proposals on the ACTIAM Fundamental Investment Principles\textsuperscript{482}, which do not explicitly cover access to medicine. There are no indications that the insurer includes pharmaceutical companies’ score on the Access to Medicine Index in exercising its voting rights.

ACTIAM publishes a record of its exercise of voting rights at its investee companies’ shareholder meetings, which shows that ACTIAM voted in favour of resolutions that addressed the issue of access to medicine at shareholder meetings of five pharmaceutical companies (Abbvie, Amgen, Biogen, Bristol-Meyers Squibb, Eli Lilly and Company).\textsuperscript{483} These resolutions focused specifically on relating positive action on the issue of medicine pricing to the levels of compensation company executives receive. The resolutions received support from 21-28 percent of the shareholders of these five companies.\textsuperscript{484} ACTIAM also voted in favour of a resolution that supported reporting on risks related to drug price increases at the shareholders meeting of Vertex Pharmaceuticals. In addition, ACTIAM voted in favour of resolutions aimed at improving lobbying transparency at the shareholder meetings of four pharmaceutical companies in 2018 (AbbVie, Eli Lilly and Company, Pfizer and Vertex Pharmaceuticals).\textsuperscript{485}

ACTIAM did not exercise its voting rights on the issue of access to medicine with AstraZeneca, despite this company’s marketing of the extremely expensive medicine Calquence.

**Recommendation 5: Engage in impact investing to improve access to medicine**

ACTIAM engages in impact investing related to themes such as microfinance, sanitation and job generation.\textsuperscript{486} In response to a draft version of this profile, ACTIAM stated that access to medicine is an ‘essential factor’ in the ESG screening process for investments that it selects for the ACTIAM Impact Wereld Aandelenfonds.\textsuperscript{487}

**Recommendation 6: Be transparent about investments and engagement processes**

ACTIAM has published an overview of the companies with which it has engaged, which includes a specification of the relevant chapter in the FIP or themes that were covered by the engagement process.\textsuperscript{488} ACTIAM has made its general engagement policy publicly available.\textsuperscript{489} The company also publishes quarterly reports on the goals and success rates of its engagement processes, which include the company’s exclusion lists.\textsuperscript{490} In 2018, these reports did not specifically mention the issue of access to medicine.
The OECD Guidelines for Multinational Enterprises recommend that companies “should apply high quality standards for non-financial disclosure” and that “an annual audit should be conducted by an independent, competent and qualified auditor” (Chapter III Disclosure, para. 4). The corporate responsibility section in the ACTIAM annual report has been audited by EY for its consistency with the financial statements, material misstatements and compliance with accounting requirements in the Dutch Civil Code. However, the audit does not provide any assurance about whether the insurer provided sufficient information on GRI sector disclosure indicators FS6 and FS10 (e.g. disclosing the percentage and number of companies with which the company has interacted on environmental or social issues).

**Recommendation 7: Cooperate fully with the Fair Insurance Guide**

VIVAT cooperated in this research by providing feedback on a draft version of this insurer profile and providing additional data for the investment overview.

**Insurer’s position**

“As VIVAT, our asset manager ACTIAM invests for us in companies which comply with the FIP, whereby criteria regarding tax payments are included. This also includes pharmaceutical companies. In case of severe controversies, we exclude companies from our investments. However, we prefer engagement over exclusions and rather collaborate with initiatives as Access to Medicine. Engagements often include confidential dialogues and can take longer before results are made. In case of a non-successful engagement, we still consider exclusion. In parallel, we use our voting rights and publish this information”.

**Insurer’s commitment**

“We like to work together with the Fair Finance Guide to make our world more sustainable. However, the starting point and the working method may differ. There are several instruments which can be used to increase the level of sustainability and achieve this common goal of the insurer and the Fair Finance Guide. The discussion about the desired method provides more knowledge and understanding (hopefully also from the side of the Fair Finance Guide) on this specific topic”.
References

1 Not all coalition members of the Fair Insurance Guide work on all themes and/or sectors on which the research of the Fair Insurance Guide focuses. Reports on specific themes therefore do not necessarily reflect the opinion of all coalition members of the Fair Insurance Guide.


28 The Johnson & Johnson shareholder resolution can be found as item 5 (p. 97) on its 2019 Annual Shareholder Meeting Proxy Statement (www.investor.jnj.com/annual-meeting-materials/2019-proxy-statement) and the Pfizer resolution on lobbying disclosure can be found as item 60 (p. 109) on its Proxy Statement for 2019 Annual Meeting of Shareholders (https://www.jnj.com/investorrelations/pdf/2019ProxyMeeting.pdf).


VIVAT invests 95 per cent of its assets through its asset management subsidiary company, ACTIAM N.V. To ensure clarity for the reader and to be consistent with other studies of the Fair Insurance Guide, this report also refers to VIVAT when ACTIAM in fact implements policies, votes or conducts engagements on behalf of VIVAT. Please see the VIVAT insurer profile for more details.

VGZ publishes on its website an overview of its investments by sector, as agreed in the Dutch responsible business conduct agreement for the insurance sector (the ‘IMVO-convenant’), in which the insurer indicates that, by the end of 2018, it had directed 4.48 per cent of its total investments toward the health sector. In communication with SOMO, VGZ indicated that it invests in 12 of the 19 selected pharmaceutical companies.


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98. CZ, email to SOMO, 13 March 2019.
99. CZ, email to SOMO, 13 March 2019.


152 NN Group, email to SOMO, 22 March 2019.


160 CZ, email to SOMO, 13 March 2019.

161 Menzis, email to SOMO, 15 March 2019.


163 NN Group, email to SOMO, 22 March 2019.


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169 NN Group, email to SOMO, 22 March 2019.


172 Achmea, email to SOMO, 17 March 2019.

173 ASR, email to SOMO, 15 March 2019.


175 Menzis, email to SOMO, 15 March 2019.

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186 CZ, email to SOMO, 16 April 2019.


196 ACTIAM, email to SOMO, 15 March 2019.


200 CZ, email to SOMO, 13 March 2019.

201 Achmea, email to SOMO, to SOMO 17 March 2019.

202 Aegon, email to SOMO, 15 March 2019.

203 Allianz, email to SOMO, 19 March 2019.

204 ASR, email to SOMO, 15 March 2019.

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213 Achmea, email to SOMO, 17 March 2019.


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276 PIMCO, 2018, “ESG Investing Report 2018”, <https://nl.pimco.com/handlers/displaydocument.ashx?wd=Firm%20Specific%20Campaign&fn=PIMCO_ESG_Investing_Report.pdf&d=o8B8a8616%22bVIHQHSw30BxznNJc%22uhGudaAqgSTJYwna1m6qerWE0Hu8Kpif6Vtr9iIXPkm%2bBvgv%2bwhHY5X5nml4RCDOQZqocNUmuWvTvfbsIiujGx7znjiiUfrbGpmNOfcxCKHIEduKyt9bYz4%2bkNzvn7VTvoluKM%2fpa8assPKxTRxSFR96fVexAqoj2AcmygYNenfRQjIzsoxf%2fHtns8y4MkkDQjLo4thsZFTw67SpemBunYe%2fHviwqGo4Ry330BFsuztRqGz%2fQfBembblseCerOqjHyr3s2uEbljr30pN933BCE5Whmnbgnp%2bMjwiW4qQyh%2bXLK1B%2bi7vwtwxHspUnAbQw%2fjg%3d> (11 February 2019).


291 PIMCO, 2018, “ESG Investing Report 2017”, <https://nl.pimco.com/handlers/displaydocument.ashx?did=Firm%20Specific%20Campaign&fn=PIMCO_ESG_Investing_Report.pdf&id=0b88a6519f62bbVIQHtsM3O8bxnNJiC8uhGudaAq5TYJywna1m6qerWE0Hu6KpizF6vTr91IXPlkM%2Bvg%2BwHY5X5nl4RCDQjQqcNUMwItWfbIsuqGxtznjiiuFrbgpimN6fnCKK1EdxKyt9bYz4%2bkNznv71FtvoLukM%2Fpa8assPxxTrS5FR96fVexAaq2AcmgVYnefRRQLizs9jxqP2frHTs8y4MkD0Lq4thsZFTsw675spemmBunYE%2fhviwqGoRy330BFsuztRqGz%2FqFbemmbIsCeRojdHyr3suEDbhir3opN933BCEE5WhmnBgnp%2bMjwiWmxQyh%2bXLK1B%2bi7vwtwShpUnAbQw%2fJg%3d> (11 February 2019).


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396 Menzis, email to SOMO, 15 March 2019.


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414 NN Group, email to SOMO, 22 March 2019.
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433 VGZ, email to SOMO, 2 April 2019.
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477 ACTIAM, email to SOMO, 15 March 2019.


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487 ACTIAM, email to SOMO, 15 March 2019.

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About this report
This research report was commissioned by the Dutch Fair Insurance Guide, which is a coalition of the following organisations: Amnesty International, FNV, Milieudefensie, Oxfam Novib, PAX and World Animal Protection. It examines the role and responsibility of insurance companies in encouraging pharmaceutical companies to provide affordable medicine and pay their fair share of taxes. The aim of the Fair Insurance Guide is to encourage responsible business conduct by insurance groups.

About SOMO
The Centre for Research on Multinational Corporations (SOMO) is a critical, independent, not-for-profit knowledge centre on multinationals. Since 1973 we have investigated multinational corporations and the impact of their activities on people and the environment. We provide custom-made services (research, consulting and training) to non-profit organisations and the public sector. We strengthen collaboration between civil society organisations through our worldwide network. In these three ways, we contribute to social, environmental and economic sustainability.

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The Fair Insurance Guide is a coalition of the following organisations: Amnesty International, FNV, Milieudefensie, Oxfam Novib, PAX and World Animal Protection.