



The Office Of State Treasurer  
Denise L. Nappier

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# Statement

FOR IMMEDIATE RELEASE  
November 9, 2017

**STATEMENT OF CONNECTICUT TREASURER DENISE L. NAPIER  
CONCERNING CARDINAL HEALTH'S AGREEMENT TO SEPARATE THE ROLES OF  
BOARD CHAIR AND CHIEF EXECUTIVE OFFICER**

HARTFORD, CT – Connecticut State Treasurer Denise L. Nappier issued the following statement concerning yesterday's annual meeting of Cardinal Health, one of the nation's largest distributors of opioids, and the company's commitment that it would, as requested by investors, separate the roles of chairman and CEO effective January 1, 2018.

By letter dated September 29, 2017, Treasurer Nappier and members of *Investors for Opioid Accountability* (IOA),<sup>1</sup> a coalition of 30 institutional investors with \$1.3 trillion in managed assets, wrote to Cardinal Health's lead independent director requesting that the company's board consider key governance reforms, including separation of the roles of board chair and CEO. This measure was sought in light of mounting concerns by investors that the company faces substantial risks related to the distribution of opioids -- including litigation costs, regulatory findings, investigations and reputational harm.

Treasurer Nappier stated, "As an investor of public pension assets, I am pleased that Cardinal Health has been responsive to shareholders' concerns around the best board structure for the company, as the board guides it through the public health crisis caused by opioids. Separating the roles of board chair and CEO will promote independence between the board and management, which will be essential to ensuring the company's long-term performance and growth. This is an important first step, and we look forward to further discussions with Cardinal on ways in which its board can effectively manage the risks associated with the opioid epidemic."

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<sup>1</sup> The Socially Responsible Investing Group of 1919 Investment Counsel; AEGON Asset Management; Benedictine Sisters, Boerne, Texas; California State Teachers' Retirement System; California State Treasurer John Chiang; Catholic Health Initiatives; CtW Investment Group; Connecticut Retirement Plans and Trust Funds; Daughters of Charity, Province of St. Louise; Dignity Health; Illinois State Treasurer Michael Frerichs; Interfaith Center on Corporate Responsibility; International Brotherhood of Teamsters; JLens Investor Network; Mercy Health; Mercy Investment Services; NEI Investments; New York City Comptroller Scott M. Stringer; Northwest Coalition for Responsible Investment; Pennsylvania State Treasurer Joe Torsella; Rhode Island General Treasurer Seth Magaziner; School Employees Retirement System of Ohio; Segal Marco Advisors; Sisters of St. Francis of Philadelphia; Socially Responsible Investment Coalition; Trinity Health; UAW Retiree Medical Benefits Trust; United Church Funds; Walden Asset Management; and West Virginia State Treasurer John Perdue.

Cardinal Health is one of the three largest distributors of opioids which, together with AmerisourceBergen and McKesson, control over 85% of the market for opioids. Public reports that cite DEA data for West Virginia show that between 2007 and 2012, Cardinal Health distributed 85.5 million oxycodone pills and 155.6 million hydrocodone pills, amounting to 154 doses of hydrocodone and 85 oxycodone pills for every person in the state.

Cardinal has settled a number of legal claims related to its distribution of opioids. In December 2016, the company paid the Department of Justice \$44 million to settle claims that it failed to report to the Drug Enforcement Agency suspicious orders of controlled substances in Maryland, New York and New Jersey. In January 2017, Cardinal reached a \$20 million settlement with the State of West Virginia regarding opioid distribution. In addition, Cardinal continues to face legal scrutiny: in March 2017, two West Virginia counties filed lawsuits in federal court against Cardinal to recoup costs associated with opioid treatment, and more counties are following suit. In April 2017, Cardinal was listed as one of the companies being sued by the Cherokee Nation for suspicious sales of opioids, which could result in future fines.

Cardinal Health announced on Monday that it appointed Mike Kaufmann, the company's current chief financial officer, to serve as the company's next chief executive officer and join the board of directors, effective January 1, 2018. The company's current chairman and CEO, George Barrett, will continue to serve as executive chairman of the board of directors through the annual meeting of shareholders in November 2018, at which time Gregory Kenny, Cardinal Health's lead independent director, will assume the role of non-executive chairman.

As of November 7, 2017, the CRPTF held Cardinal Health stock and fixed income instruments valued at \$5.2 million.

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