


AmerisourceBergen

A photograph of a pharmacist in a white lab coat handing a small orange pill bottle to a female customer in a pharmacy. The pharmacist is on the left, and the customer is on the right. The background shows shelves stocked with various medications. The scene is brightly lit with overhead fluorescent lights.

Safe and secure distribution of controlled substances

February 2022

About this report

AmerisourceBergen exists within a highly complex and dynamic healthcare environment.

We provide both our partners and the healthcare system deep scale, efficiency, and value. Our wholesale pharmaceutical distribution business plays a key role in the pharmaceutical supply chain, providing safe access to thousands of important medications for healthcare providers to serve patients with a wide array of clinical needs across the healthcare spectrum.

The driving force behind everything we do is our purpose—we are united in our responsibility to create healthier futures. This purpose drives every facet of our business and is more important today than ever as we and the country grapple with the opioid crisis.

AmerisourceBergen has a longstanding commitment to ensuring a safe and efficient pharmaceutical supply chain. We have taken substantial steps to combat the diversion of controlled substances and fight opioid misuse and abuse. We believe a multifaceted approach, with efforts that stretch across the federal-, local-, and company-level, is imperative to create real change.

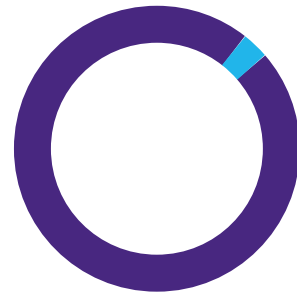
AmerisourceBergen is publishing this report both to build on the Company's commitment to transparency and to provide shareholders and other stakeholders information on our efforts to ensure the safe and secure distribution of opioids and other controlled substances, as well as information on the community and team member outreach programs AmerisourceBergen created and supports to help combat the opioid epidemic. This report supplements our efforts to communicate with stakeholders through our **Global Sustainability Report, proxy materials**, and the **Fighting the Opioid Epidemic** section of our website and supports our ongoing dialogue through direct engagement.

AmerisourceBergen welcomes the opportunity to provide this information and the Company is committed to continued transparency.



Role in the supply chain

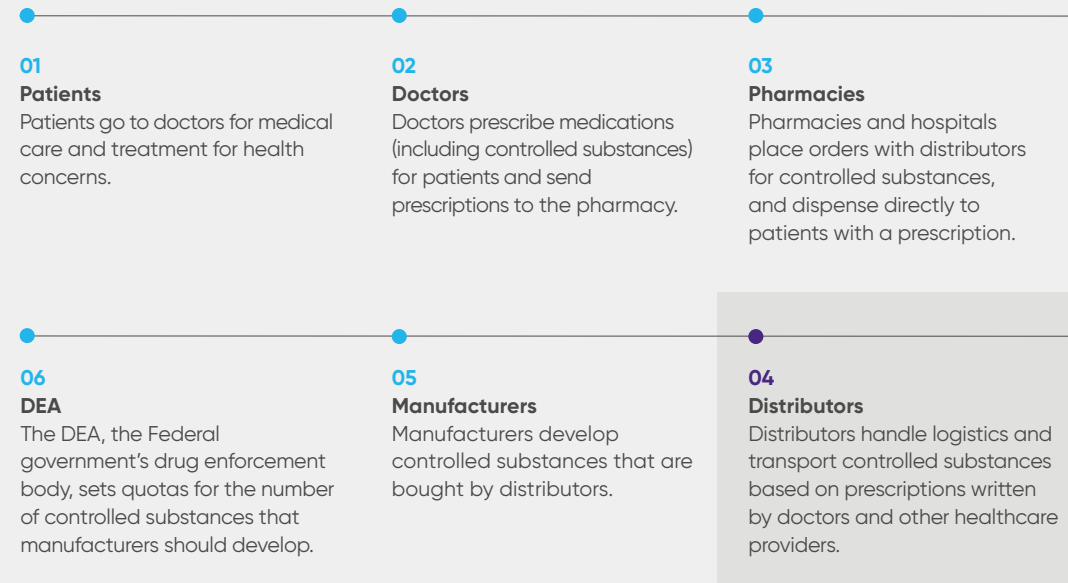
AmerisourceBergen’s wholesale distribution business manages the secure transportation of Food and Drug Administration–approved (or “FDA–approved”) medications, a small part of which includes opioids and other controlled substances, from manufacturers to neighborhood pharmacies and pharmacy chains as well as hospitals, nursing homes, hospices, and other clinical settings. The distribution of opioid medicines represents less than two percent of AmerisourceBergen’s annual revenue.



What types of medication does AmerisourceBergen distribute?

AmerisourceBergen’s role in distribution is widespread – **opioids constitute less than two percent of sales.**

- 2% Opioid products
- 98% Non-opioid products



In fulfilling our purpose to create healthier futures, AmerisourceBergen is dedicated to providing efficient and safe access to all FDA–approved medications through its wholesale distribution business. Wholesale distribution serves as the physical link between manufacturers and the healthcare providers that ultimately serve patients

AmerisourceBergen takes its legal obligations seriously. We have designed and operate a system to disclose customers’ suspicious orders of controlled substances to the Drug Enforcement Administration (“DEA”). The Company endeavors to maintain a system that is both accurate and effective.

We employ several methodologies to promote safety and security with respect to the distribution of controlled substances, including the following:

- We invest in our distribution centers to ensure that we have appropriate and compliant protocols, technology, and infrastructure to combat diversion or theft of controlled and highly regulated products while they are in our possession—from the minute they enter our facilities until they are delivered to our pharmacy and health system customers.
- We employ teams of skilled and experienced investigators to engage in due diligence on our current and prospective customers including, but not limited to, site visits, investigation of business practices, and comparisons of ordering patterns to other like customers.
- We confirm that our customers are licensed and registered with appropriate entities, such as the DEA and state boards of pharmacy.
- We report the quantity, type, and receiving pharmacy of every order of controlled substances we distribute to the DEA on a daily basis.
- We partner with outside consultants to develop and implement a data-driven system to assist our teams of skilled and experienced investigators with reviewing orders.
- We cooperate with law enforcement to support their work to investigate entities who they or we identify as potential bad actors.
- We provide regular training to employees, including members of our sales force, regarding diversion control and compliance obligations according to current regulatory guidelines and AmerisourceBergen policies and procedures.



Board oversight

AmerisourceBergen's Board of Directors has responsibility for oversight of AmerisourceBergen's businesses. The Board is committed to supporting the Company's efforts to mitigate the risks team memberd with opioids by ensuring that the Company is actively pursuing ways to combat the complex opioid epidemic. The Board supports management's efforts more broadly to assist in the Country's efforts to develop meaningful solutions to the opioid epidemic, which the Board understands will require close collaboration with all members of the supply chain, including doctors, pharmacies, manufacturers, policy makers, and other stakeholders in the health care industry.

Board structure

The Board has nine members, including an executive Chairman and a Lead Independent Director. To enhance its oversight function, all of the directors are independent, except for the Chairman and one non-employee director designated by our largest shareholder. Each director is elected annually by the Company's shareholders, and the Chairman and the Lead Independent Director are elected annually by the Board.

The Chairman's responsibilities include setting the agenda for the Board and facilitating communications among our directors and between the Board and the Company's senior management. The Chairman ensures that the Board's agenda and discussions address key business risks, including the risks team memberd with the distribution of controlled substances.

The Lead Independent Director also has a clearly defined and dynamic leadership role in the governance of the Board and the oversight of risk. The Lead Independent Director has authority that is set forth in the Company's Corporate Governance Principles, including the responsibility to:

- set the agenda for and chair executive sessions of the non-employee directors;
- approve Board meeting agendas and schedules;
- meet one-on-one with the Chairman after each regularly scheduled Board meeting;
- serve as the principal liaison between the directors and management;
- serve on the Executive Committee; and
- advise and assist the Chairs of the Board committees.



Board committees and committee independence

There are five Board committees: Audit, Compensation and Succession Planning ("Compensation Committee"), Executive, Finance, and Governance and Nominating ("Governance Committee"). The Executive Committee is composed of the Chairman of the Board, the Lead Independent Director and the Chairs of the other standing committees. The roles and responsibilities of the committees (other than the Executive Committee) are set forth in their respective charters, which are reviewed annually. Together with the Company's Corporate Governance Principles and codes of ethics, the Committee charters provide the framework for the governance of AmerisourceBergen. All members of the Audit Committee, Compensation Committee, and Governance Committee are required to be independent. Currently all members of the Executive Committee, other than the Company's Chairman, are also independent. As previously disclosed, in November 2018 the Board determined that it was in the best interests of the Company to split the role of Chairman and Chief Executive Officer in the future, commencing with the Company's next Chief Executive Officer.

Risk oversight and management

The Board executes its oversight responsibility for risk management as a full Board and through its committees.

As part of the Company's integrated enterprise risk management framework, corporate officers and the leaders of principal business units report regularly to the Board and its committees about the risks and exposures related to their areas of responsibility.

Enterprise risks that are deemed to potentially impact the Company's strategy or long-range plan are reviewed at least annually with the full Board and mid-year with the Executive Committee. In addition, the full Board considers specific risk topics throughout the year, including, among others, risks team memberd with the distribution of controlled substances. The Board also oversees the Company's compliance policies and practices, including the Company's Diversion Control Program described in this report.

Each Committee meets at least quarterly, and the chair of each Board committee reports to the Board at every regular Board meeting on the topics discussed and actions taken at the most recent committee meeting. The Board evaluates the risks and exposures, if any, involved in the matters or recommendations of the Committees, as necessary.

The committee charters, together with the Company's Corporate Governance Principles, Code of Ethics and Business Conduct, Code of Ethics for Designated Senior Officers, and Corporate Citizenship Report, are available at investor.amerisourcebergen.com

Board of directors

Oversees major risks



<p>Audit committee</p> <ul style="list-style-type: none"> Internal controls Financial statements Legal, regulatory, and ocmpliance Information technology and data protection 	<p>Compensation and succession planning committee</p> <ul style="list-style-type: none"> Executive compensation Equity-based incentive plans Talent management Succession planning
<p>Finance committee</p> <ul style="list-style-type: none"> Capital allocation Mergers and acquisitions Insurance Tax (oversight shared jointly with the audit committee) 	<p>Governance and nominating committee</p> <ul style="list-style-type: none"> Governance structure and processes Investor relations Corporate responsibility and sustainability Political engagement Board succession planning

Management

Key risk responsibilities

- Business units identify and manage business risks
- Compliance, legal, and regulatory teams are responsible for compliance by the company with laws and regulations, including diversion control
- Internal audit provides independent assurance on design and effectiveness of internal controls and governance processes

The Audit Committee's purpose is, among other things, to assist the Board in its oversight of the Company's efforts to comply with legal and regulatory requirements, including FDA and DEA requirements. In addition, the Audit Committee oversees the development and implementation by management of the Company's enterprise risk management program. The Audit Committee also has responsibility for oversight of the Company's overall compliance program.

The Governance Committee exercises general oversight with respect to the governance of the Board, identifies and recommends to the Board director nominees for appointment to the Board or for election by shareholders, reviews and recommends to the Board any changes to the Corporate Governance Principles, and oversees the evaluation of the Board and management. With respect to opioids, the Governance Committee monitors the Company's corporate citizenship function and corporate responsibility practices.

The Compensation Committee recommends, establishes, oversees and directs the Company's executive compensation policies and programs and approves compensation for the Chief Executive Officer and other executive officers. In carrying out this purpose, the Committee ensures that executive compensation supports and aligns with the Company's values and objectives, business strategies, management initiatives, business financial performance and enhanced shareholder value. The Compensation Committee's responsibilities include determining that incentives for executive officers do not encourage excessive risk taking in business-decisions.

The Compensation Committee also reviews and makes recommendations with respect to management development and succession planning for senior executives with the purpose of motivating, developing and retaining personnel with the requisite skills and abilities to enable the Company to achieve its business objectives as well as monitoring diversity and inclusion practices. The Compensation Committee reviews and approves the Company's executive compensation strategy and the individual elements of total compensation for the Chief Executive Officer and other executive officers. The Compensation Committee also has discretion to increase or reduce any portion of a calculated award for reasons including, but not limited to, issues that may positively or negatively impact the Company.

In 2018, the Company conducted an internal risk assessment of its employee compensation policies and practices, including those relating to our executive officers. The assessment concluded that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on AmerisourceBergen. The objective of the process was to identify any compensation plans and practices that may encourage employees to take unnecessary risks that could threaten the Company.

The Company has a longstanding right to claw back or require forfeiture of cash and equity awards given to current and former executives as a result of misconduct. In addition, in 2018 the Board adopted a related disclosure policy that applies to all incentive compensation. Under the policy, if incentive compensation is forfeited or required to be repaid by an executive officer and the underlying event has been publicly disclosed, then the Company will disclose the aggregate amount forfeited or to be repaid.



Management oversight

Within AmerisourceBergen's executive management team, several groups are responsible for various aspects of risk management team memberd with opioid distribution. The roles and responsibilities of each the **Enterprise Risk Management Program** are outlined below:



The Office of Compliance, led by the Chief Compliance Officer, reviews the Diversion Control Program through annual audits at each of the Company's distribution centers as well as at the Corporate level. The Chief Compliance Officer is responsible for the development and management of our corporate compliance program, which includes compliance audits, compliance training, compliance with our Code of Ethics and Business Conduct, investigations and a corrective action program. Our Chief Compliance Officer reports to the Audit Committee and the full Board throughout the year on corporate compliance matters, the status of our compliance programs (including our Diversion Control Program described in this report), calls to our hotline and any other material developments.

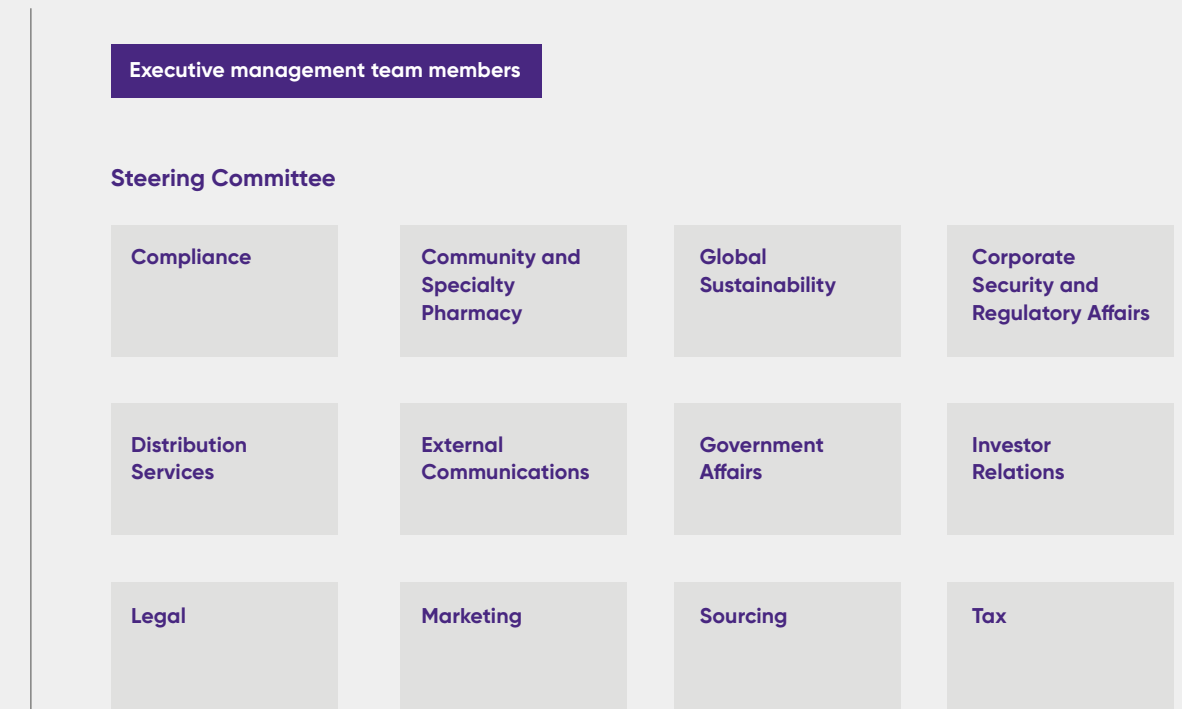
The Diversion Control Advisory Committee is responsible for evaluating the efforts of the Diversion Control Program and ensuring visibility to the Diversion Control Program within the Company. This Committee assesses whether the current parameters of the Diversion Control Program are appropriate or if changes should be made. This cross-functional group of leaders meets quarterly on the operation of the program and relevant order monitoring program metrics and changes, such as ordering data and trends and results of the annual refresh of the program. This Committee provides an additional level of support and oversight to the Diversion Control Program. It also helps ensure commitment and execution from all levels of management to diversion control activities and initiatives.

AmerisourceBergen's Opioid Task Force provides centralized oversight of the Company's distribution of opioids and its response to the opioid abuse epidemic. The Task Force is responsible for the continual evaluation and enhancement of procedures, policies, and protocols related to the handling and distribution of opioids. This group also identifies and supports new ideas for combatting opioid misuse, drawing from the perspectives of all steering committee members and their respective work streams. The steering committee is comprised of executive management team members, as well as team members from each of the following areas: Compliance, Community & Specialty Pharmacy, Global Sustainability, Corporate Security & Regulatory Affairs, Distribution Services, External Communications, Government Affairs, Investor Relations, Legal, Marketing, Sourcing, and Tax.

The mission of the Opioid Task Force is to maintain awareness of and cohesion around AmerisourceBergen's work in all aspects of the Company's opioid-related activities by (i) continually evaluating and enhancing procedures, policies, and protocol related to the handling and distribution of opioid based medicines and (ii) identifying and supporting innovative ideas with the potential to impact opioid misuse. The Task Force meets monthly, with separate dedicated work streams, each of which is discussed periodically as needed.

Opioid Task Force

Maintain awareness of and cohesion around opioid-related activities



In addition to the general oversight provided by the Diversion Control Advisory Committee and the Opioid Task Force, and the direct oversight by the Office of Compliance, the Internal Audit group, which also reports directly to the Audit Committee of the Board, performs periodic audits of the Diversion Control Program. Lastly, the Diversion Control Program is subjected to a complete external review of its systems, parameters, policies and processes on a periodic basis, including reviews/audits by a third-party with expertise in DEA regulation and diversion control.



Operational integrity and diversion control

Ensuring the safety and security of the pharmaceutical supply chain is paramount to our business. For more than thirty years, AmerisourceBergen and its predecessor companies have invested in technology, personnel, and other resources to ensure the safe and efficient delivery of controlled substances.

The foundation of AmerisourceBergen's efforts, through wholesale distribution's Diversion Control Program, has always centered around (i) ensuring that its customer base is properly licensed and registered with the DEA and appropriate state Boards of Pharmacy; (ii) maintaining the safety, security, and integrity of the medications passing through its distribution centers; and (iii) maintaining a Diversion Control Program directed at deterring and reporting suspicious orders.

In accordance with these principles, throughout the years, our wholesale distribution business has continually evaluated and evolved its program and the Company has demonstrated its commitment to the safe handling and distribution of opioids and other controlled substances:

- The wholesale distribution business has always had procedures in place to maintain the security of controlled substances while at its distribution centers and en route to its customers, including trained personnel to ensure proper storage, handling and transportation; physical controls such as cages, vaults and alarm systems; and investigative tools such as security cameras and access systems.
- The business has had a program in place to monitor and report excessive or suspicious orders since at least the 1980s.
- In 1998, after a two-year exclusive pilot program with the DEA, the DEA approved an enhanced version of our order monitoring program, which we have continued to consistently update throughout the years.
- In 2007, we again enhanced our Diversion Control Program prompted by and in consultation with the DEA. This program—the fundamental components of which remain in place—consisted of revising policies and procedures dedicated to diversion control; a team of full-time diversion control employees; "Know Your Customer" due diligence; a revised Order Monitoring Program; ongoing monitoring and investigations; and training.

- Starting in 2007, AmerisourceBergen's wholesale distribution business began submitting daily reports of all controlled substance sales to the DEA. Also beginning in 2007, the business initiated its practice of reviewing every order flagged by its Order Monitoring Program as an order of interest, determining based on review whether a flagged order of interest should be reported to the DEA as a suspicious order, and not shipping any order deemed suspicious. The 2007 program continued to evolve and change over time as new information or guidance became available.
- In 2014 and 2015, to take advantage of significant advancements in the use and efficacy of data-driven analytical tools and as part of its ongoing commitment of being an industry leader in diversion control, AmerisourceBergen's wholesale distribution business undertook yet another comprehensive review of its program to employ industry best practices with the assistance of an expert third-party consultant, which continues to work with the Company today.
- AmerisourceBergen continues to review and make enhancements to its existing diversion control programs as part of its ongoing commitment to compliance.

The current Diversion Control Program uses data-driven computer algorithms to flag orders of interest for further review. Those orders of interest are then subject to additional scrutiny by individuals trained to identify suspicious orders and customers based upon the totality of the information available. Orders ultimately identified as suspicious are reported to the DEA and are not shipped. The goal of the program is to provide the DEA with targeted, actionable information.

Our current Diversion Control Program also consists of the following elements:

- Policies and Procedures that address all facets of the program, including New Customer Due Diligence, Suspicious Order Monitoring, and Ongoing Customer Monitoring.
- Training and Education for employees at all levels of the Company.
- Customer Due Diligence and a robust "Know Your Customer" questionnaire for all new pharmacy customers.
- Enhanced and data-driven order monitoring.
- Ongoing customer monitoring.
- On-site customer investigations.
- An annual review and refresh of the program during which policies, procedures and processes are reviewed, and parameters and other relevant data points are assessed and updated as needed.
- Annual review by the AmerisourceBergen Office of Compliance at the distribution level.

The history of AmerisourceBergen's Diversion Control Program



Community and team member outreach

Beyond the Company's operational programs dedicated to mitigating opioid diversion, we have devoted significant resources through our philanthropic and team member programs to address opioid misuse. For additional information on our community outreach programs, please see our **Global Sustainability microsite** and the webpage for the **AmerisourceBergen Foundation**.



AmerisourceBergen is deeply committed to helping combat the opioid crisis. From robust oversight and diversion control measures to educational resources and AmerisourceBergen Foundation partnerships, the Company is working to address and mitigate this crisis through a variety of initiatives. We understand and appreciate the complexity of the U.S. healthcare system and how vital the role we play is in ensuring a safe and efficient pharmaceutical supply chain. Our ongoing commitment to transparency and efforts to mitigate opioid diversion are clear examples of how we are living our purpose of being united in our responsibility to create healthier futures. For the latest information on our efforts, please go to the **Fighting the Opioid Epidemic** section of our website at **amerisourcebergen.com**.

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