



RESOLVED that shareholders of Johnson & Johnson (“JNJ”) ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how JNJ subsidiary Janssen’s receipt of government financial support for development and manufacture of vaccines and therapeutics for COVID-19 is being, or will be, taken into account when engaging in conduct that affects access to such products, such as setting prices.

### **SUPPORTING STATEMENT**

COVID-19 continues to cause deaths, long-term health consequences and economic disruption for millions of people. Vaccines and therapeutics are essential tools to reduce mortality, and vaccines can reduce the emergence of more transmissible and vaccine-resistant variants.

Janssen received more than \$2 billion in US government funding for COVID-19-related vaccine research, development and manufacturing.<sup>1</sup> The government also provided \$152 million for Janssen and a partner to develop COVID-19 therapeutics.<sup>2</sup>

JNJ has been distributing its COVID-19 vaccine on a “nonprofit” basis, but that commitment is limited to “emergency pandemic use.”<sup>3</sup> JNJ has not clarified what “nonprofit” means when the government funds a portion of the research and development costs, nor what prices the company will charge and which access measures will be applied post-emergency pandemic if people continue to need vaccines and boosters. This Proposal asks JNJ to explain how the contribution from public entities affects its actions, including pricing determinations, that impact access to COVID-19 products.

JNJ’s approach to access to its vaccine has led to high profile public criticism, generating reputational risks for JNJ and its investors.<sup>4</sup> Shareholders should understand how JNJ is accounting for public funding in its current and future pricing strategies for its COVID-19 products to evaluate the reputational risks and understand company mitigation measures. The company’s reports do not explain how government funding was integrated into its access strategy. JNJ’s disclosures are insufficient to enable investors to gauge the material risks that JNJ could face for securing substantial public funding without commensurate policies and practices to promote broader and sustained vaccine access.

Refusing to voluntarily account for how public funding plays a role in JNJ’s access determinations also risks potential increased regulation and oversight. If the federal government cannot trust JNJ to voluntarily provide sustainable, equitable, and timely access to a vaccine benefiting from

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<sup>1</sup> <https://www.medicalcountermeasures.gov/app/barda/coronavirus/COVID19.aspx>

<sup>2</sup> <https://www.reuters.com/article/health-coronavirus-usa-funding/factbox-u-s-pours-billions-into-development-of-coronavirus-vaccines-tests-idINL4N2D32T5>

<sup>3</sup> <https://www.jnj.com/johnson-johnson-covid-19-vaccine-authorized-by-u-s-fda-for-emergency-use-first-single-shot-vaccine-in-fight-against-global-pandemic>

<sup>4</sup> <https://www.nytimes.com/2021/08/16/business/johnson-johnson-vaccine-africa-exported-europe.html>;  
<https://www.nytimes.com/2022/02/08/business/johnson-johnson-covid-vaccine.html>



substantial public funding, the government may introduce rules and policies, including through future public funding agreements, that mandate how JNJ should commercialize relevant products. This effectively removes control and decision-making authority from the company. Policymakers are scrutinizing the role of public funding in medicine pricing and access strategies, and public funding is already a factor in how the US government will negotiate drug prices.<sup>5</sup> This could also lead to governments asserting greater control over other aspects of the industry's business, including non-pandemic medical technologies, leading to long-term regulatory risks for company operations.

We urge shareholder to vote FOR this proposal.

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<sup>5</sup><https://oversight.house.gov/sites/democrats.oversight.house.gov/files/DRUG%20PRICING%20REPORT%20WITH%20APPENDIX%20v3.pdf>; <https://aspe.hhs.gov/sites/default/files/private/aspe-files/263451/2020-drug-pricing-report-congress-final.pdf>; <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>