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SHAREHOLDERS PRESS PHARMA COMPANIES ACCEPTING PUBLIC FUNDS TO PRIORITIZE ACCESS AND AFFORDABILITY IN THE DEVELOPMENT OF COVID MEDICINE

New resolutions filed by shareholders reflect concerns over potential price-gouging of COVID vaccines and therapeutics created with taxpayer dollars.

NEW YORK, NY, TUESDAY, DECEMBER 1ST, 2020 – Members of the Interfaith Center on Corporate Responsibility today announced that shareholder proposals have been filed at six pharmaceutical companies in an effort to learn how the companies will price COVID medicine developed with public monies.

Eli Lilly (\$LLY), Gilead (\$GILD), J&J (\$JNJ), Merck (\$MRK), Pfizer (\$PFE) and Regeneron (\$REGN) all received [resolutions](#) for their 2021 proxies.

The proposals request reports detailing “whether and how [the company’s] receipt of public financial support for development and manufacture of preventives and/or therapeutics for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.”

The proposals are part of a broader, longer-term initiative to promote improved access and affordability of COVID medicine and follow on [letters](#) sent to 17 companies in August with a similar set of requests. The investors say the proposals are intended to serve as an accountability mechanism to prevent price gouging and ensure companies exercise prudence in price-setting for these life-saving medicines.

In an effort to save lives and curb the spread and lethality of COVID-19, governments made large investments in health technologies, mainly global pharma companies, to spur the development of breakthrough vaccines and medicine. The U.S. Congress alone appropriated almost \$10 billion towards [Operation Warp Speed for COVID-19](#). In addition to the U.S. taxpayers’ investment, there is substantial global public investment, making the public the largest investor in health technologies through programs like the [Biomedical Advanced Research and Development Authority \(BARDA\)](#) and the [Coalition for Epidemic Preparedness Innovations \(CEPI\)](#).

These programs have yielded promising results, as there are already several medicines that will be approved for mass production in the coming months, an accelerated timetable that exceeded

expectations. However, several government contracts have already been criticized for limiting the government's intellectual property rights which could severely limit the mass production needed to meet the global demand. Given COVID-19's disproportionate impact on communities of color, the investors say they are focused on ensuring the medicines will be available to those who most need them.

Said Meg Jones-Monteiro, ICCR's Program Director for Health Equity, ***"We want to ensure that any medical breakthroughs derived from the public's contribution will be priced in an accessible way so that communities of all income levels will benefit equally. The sharing of IP through a patent pool should, therefore, be a core strategy to help reduce price, increase overall supply and ensure universal access."***

The investors say transparency is critical to ensuring that investors and stakeholders understand how companies are managing public resources; currently the details of most government contracts remain shrouded in mystery. A bi-partisan group of legislators recently proposed the TRACK Bill, which would require companies to disclose the financial and non-financial federal support they have received in a public database.

"Our proposals call for greater transparency because without data, investors can't engage with corporate boards on how they are mitigating risks and ensuring accountability on these important matters," said Nicholas Lusiani of Oxfam America. ***"We want to understand the extent to which any profits derived from the public investment will be reinvested to further the critical scientific agenda versus, for example, to pay dividends to shareholders, which doesn't advance the public health goals these public investments are intended to facilitate."***

The investors point to pharma's long-standing erosion of public trust given persistent, escalating drug prices that are making routine medicines unaffordable, coupled with outsized executive compensation packages that surpass standards for most industries. A [Gallup-West Health poll](#) fielded this summer revealed that 9 out of 10 Americans are concerned pharma companies will use the pandemic to raise drug prices.

"Pharma companies will face significant reputational and legal risks if they are even remotely seen to be profiteering from this deadly pandemic," said Lauren Compere of Boston Common Asset Management. ***"In particular, those companies that have accepted taxpayer dollars for R&D will come under heightened scrutiny. These proposals are meant to help these companies get ahead of these risks and, in the process, restore the trust of the public and other stakeholders."***

About the Interfaith Center on Corporate Responsibility (ICCR)

Celebrating its 49th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300-member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over \$500 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability. Visit our website www.iccr.org and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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