

Lobbying Expenditures Disclosure 2017 – Johnson & Johnson

WHEREAS, we believe in full disclosure of JNJ's direct and indirect lobbying activities and expenditures to assess whether JNJ's lobbying is consistent with its expressed goals and in the best interests of shareholders.

RESOLVED, the shareholders of Johnson & Johnson ("JNJ") request preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by JNJ used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of payment and recipient.
3. Description of management's decision making process and Board's oversight for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which JNJ is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on JNJ's website.

Supporting Statement: As shareholders, we encourage transparency and accountability in use of corporate funds to influence legislation and regulation. JNJ spent \$12.33 million in 2014 and 2015 on federal lobbying (opensecrets.org). This figure does not include all lobbying expenditures. JNJ also lobbies in 47 states to influence state legislation ("Amid Federal Gridlock, Lobbying Rises in the States," Center for Public Integrity, February 11, 2016), but disclosure is uneven or absent. JNJ's lobbying on painkillers has attracted media scrutiny ("Lobbyists Work against Opiate Reforms," Associated Press, September 19, 2016).

JNJ is a member of the Pharmaceutical Research and Manufacturers of America (PhRMA) and gave \$5.86 million to PhRMA to fight a California pricing initiative ("J&J Is Largest Contributor to Pharma Lobbying Group Opposing California Ballot Question," New Brunswick Today, December 30, 2015). JNJ is also a member of the Chamber of Commerce, which has spent over \$1.2 billion on lobbying since 1998. JNJ does not disclose payments to trade associations, or amounts used for lobbying. We are concerned that JNJ's lack of trade association lobbying disclosure, coupled with potential negative publicity for funding PhRMA's opposition to lower drug price initiatives, presents reputational risks for JNJ.

We also question if JNJ's membership in the Chamber is consistent with JNJ's values. For example, JNJ promotes a tobacco-free culture of health, yet the Chamber has worked to block global antismoking laws ("U.S. Chamber Fights Smoking Laws While Hospitals and Insurers Sit on Its Board," New York Times, July 1, 2015). And JNJ recognizes risks posed by climate change, yet the Chamber has sued the EPA to block the Clean Power Plan.