

Independent Board Chair

RESOLVED: Shareholders request the Board of Directors adopt as policy, and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligations. If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

This policy would be phased in for the next CEO transition.

SUPPORTING STATEMENT

We believe:

- The role of the CEO and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to have an inside director act as Chair.

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. Taking this step is in the long-term interests of shareholders and will promote effective oversight of management.

As of March 2020, approximately 33% of S&P 500 firms had an independent chair. ISS reported in September 2020 that 85 percent of investors responding to its policy survey indicated that an independent chair is their preferred model.

The company has faced numerous reputational risks in the last few years. In May 2019, more than two dozen lawsuits against drugmakers over the aggressive marketing practices that have attributed to abuse of opioid drugs in Canada. Bristol-Myers Squibb, which makes Percocet, was included in the suit. The lawsuits claim the companies were deceptive in their marketing practices and reaped “obscene” profits at the expense of the health and well-being of patients.

In January 2020, Bristol-Myers Squibb reached an "agreement in principle" to settle a 2013 whistleblower lawsuit accusing the company of manipulating the average manufacture price of its drugs in order to underpay Medicaid rebates.

Additionally, Bristol-Myers Squibb sponsored clinical trials to study the efficacy of INX-189, a potential breakthrough Hepatitis C drug. The trial was halted and the development of the drug stopped after reports of severe side effects, including reports of one death and the hospitalization of several participants due to heart and kidney transplants.

The current Lead Independent Director, Vicki L. Sato, is not a sufficient substitute for an independent Chair. Ms. Sato appears overstretched sitting on three outside public company board and acting as Chair for two of these companies (VIR Biotechnology and Denali Therapeutics). We also question her independence having served for 14 years on Bristol-Meyers Squibb’s board.

In order to ensure that our Board can provide rigorous oversight for our Company with greater independence and accountability, we urge a vote FOR this shareholder proposal.