RESOLVED that shareholders of Eli Lilly & Co. ("Lilly" or the "Company") ask the Board of Directors to report to shareholders, at reasonable expense and omitting confidential and proprietary information, on whether and how Lilly's receipt of public financial support for development and manufacture of products for COVID-19 is being, or will be, taken into account when making decisions that affect access to such products, such as setting prices.

SUPPORTING STATEMENT

Lilly has benefited from substantial public funding for COVID-19-related products. In March 2020, Lilly entered into a codevelopment agreement with AbCellera to develop antibody products to treat and prevent COVID-19, leveraging AbCellera's rapid-response platform.[1] That platform, whose development was funded by the U.S. Defense Advanced Research Projects Agency, enables the rapid identification of antibodies after a virus is isolated. AbCellera used the platform to identify over 500 antibody sequences against SARS-CoV-2 and screened them in collaboration with scientists at the National Institute of Allergy and Infectious Disease ("NIAID").[2] The government of Canada provided AbCellera with $175 million for SARS-CoV-2 antibody discovery and expansion of manufacturing capability.[3]

Lilly submitted a request to the Food and Drug Administration in early October 2020 for emergency use authorization ("EUA") for the leading antibody, bamlanivimab.[4] Lilly has stated that it also plans to study bamlanivimab as a preventive.[5] In addition to Lilly's own trial, NIAID is cosponsoring a clinical trials evaluating the antibody's safety and efficacy.[6] The U.S. government has agreed to purchase 300,000 vials of bamlanivimab for $375 million, if an EUA is granted, with an option to buy 650,000 more vials at the same price.[7]

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[1] https://investor.lilly.com/news-releases/news-release-details/abcellera-and-lilly-co-develop-antibody-therapies-treatment

[2] https://investor.lilly.com/news-releases/news-release-details/abcellera-and-lilly-co-develop-antibody-therapies-treatment

[3] https://www.canada.ca/en/innovation-science-economic-development/news/2020/05/minister-bains-announces-investment-in-antibody-discovery-technology-to-help-treat-covid-19.html

[4] https://investor.lilly.com/news-releases/news-release-details/lilly-provides-comprehensive-update-progress-sars-cov-2

[5] https://investor.lilly.com/news-releases/news-release-details/lilly-begins-worlds-first-study-potential-covid-19-antibody

[6] https://www.nih.gov/news-events/news-releases/nih-clinical-trial-test-antibodies-other-experimental-therapeutics-mild-moderate-covid-19

[7] https://investor.lilly.com/news-releases/news-release-details/lilly-announces-agreement-us-government-supply-300000-vials

We applaud Lilly for adopting "Access and Affordability Principles for our neutralizing antibodies,"[8] which commit Lilly to data-driven need-based allocation and encourage global cooperation. The Principles state that Lilly will charge wealthy countries $1,250 per vial for bamlanivimab monotherapy in order to "ensure that innovators of the next generation of antibodies, for this virus or the next one, have an incentive to apply their scientific teams and use their investors' resources to create new effective therapies." Lilly notes that it expects to generate a "modest" return for its investors by the end of 2021.

The Principles are silent on how return for investors is calculated, or how much return is appropriate, given the substantial public investment. The Principles also do not discuss pricing considerations once supply of therapies is no longer constrained. As long as supply is limited, Lilly will likely face pressure to share intellectual property, which is not addressed in the Principles. This Proposal seeks to fill these gaps by asking Lilly to discuss whether and how the significant public contribution affects its analysis of those factors and of decisions, including pricing, that could have an impact on access.

[8] https://www.lilly.com/news/stories/dave-ricks-covid19-antibody-therapy-pricing-access; Lilly has another SARS-CoV-2 antibody that binds to the virus' spike protein differently, which may be used in combination therapy. (https://blogs.sciencemag.org/pipeline/archives/2020/09/16/monoclonal-antibody-data)