

Vote Bulletin – Johnson & Johnson

Meeting Type – Annual

Meeting Date – 04/28/2022

Key Issues – Racial equity and safety

Vote decisions – State Street Global Advisors voted AGAINST the shareholder proposal requesting the company to discontinue global sales of its talc-based Baby Powder and voted FOR the proposal requesting a third-party audit and report on the racial impacts of the company's policies, practices, and products.

Shareholder Resolutions

Item number	Item description	Management recommendation	SSGA vote
7	Oversee and Report a Racial Equity Audit	AGAINST	FOR
10	Discontinue Global Sales of Baby Powder Containing Talc	AGAINST	AGAINST

Voting Rationale

FOR – Item 7 – Oversee and Report a Racial Equity Audit

Johnson & Johnson received a shareholder proposal requesting a report of the racial impacts of the company's policies, practices and products ('Oversee and Report a Racial Equity Audit') which we supported. In determining our final vote decision, we felt that heightened scrutiny of Johnson & Johnson's racial equity efforts is warranted given the ongoing reputational and legal risks associated with talc-based powder and the allegations that there are disproportionately detrimental outcomes for women of color. In reviewing Johnson & Johnson's disclosures and practices regarding diversity, equity, and inclusion, we believe there is room for improvement. Specifically, we expect greater disclosure on risk management efforts related to potential racial inequity in the company's marketing efforts and the potential adverse impacts of its products on communities of color. Therefore, we supported the racial equity audit proposal this year.

Against – Item 10 – Discontinue Global Sales of Baby Powder Containing Talc

In April 2022, State Street Global Advisors engaged with the shareholder behind the proposal requesting that Johnson & Johnson discontinue global sales of its talc-based baby powder. The proponent highlighted the various risks that the company faces given the ongoing litigation involving the company's talc-based baby powder. We also spoke to Johnson & Johnson to understand their perspective on this issue. While we shared the proponent's concerns regarding the risks associated with this product, we did not support the proposal itself as it was overly prescriptive. We believe that the decision to discontinue sales of a product is part of the company's overall business strategy, which is the purview of the management and the board, not shareholders. However, we do expect greater insight into the company's decision making regarding the continued sales of talc-based powder outside North America given the reputational, legal, and financial risks associated with this product. While the issue is still being litigated, shareholders would benefit from greater transparency regarding the company's decision to continue selling the product outside the US and Canada as such a decision may expose investors to both reputational and financial risks.

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