



The Economic Club of New York

114th Year
589th Meeting

Alex Gorsky
Chairman and Chief Executive Officer
Johnson & Johnson

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Webinar

Moderator: Marie-Josée Kravis
Chair Emerita, The Economic Club of New York
Senior Fellow and Vice Chair
Board of Trustees, The Hudson Institute

Introduction

Vice Chair Michael O'Neill

Good morning and welcome to the 589th meeting of The Economic Club of New York in our 114th year. I'm Mike O'Neill, Vice Chair of the Club. As many of you know, The Economic Club of New York is one of the nation's leading nonpartisan forums for discussions on economic, social and political issues, and our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation. A special welcome to members of the Economic Club of New York's 2021 Class of Fellows – a select group of very diverse, rising next-generation thought leaders, and to graduate students from Rutgers University, Manhattan College, the CUNY Graduate Center, the Baruch Zicklin School of Business, and the Gabelli School of Business at Fordham University.

It's a pleasure for me now to welcome our special guest today, Alex Gorsky. Alex is Chairman of the Board and Chief Executive Officer of Johnson & Johnson, one of just seven leaders who have served in this dual role since the company was listed on the New York Stock Exchange in 1944.

Alex began his Johnson & Johnson career as a sales representative with Janssen

Pharmaceutica in 1988. Over the next three decades, he advanced through the positions of increasing responsibilities in sales, marketing, and management, culminating in being named CEO and Chairman in 2012. Under Alex's leadership, Johnson & Johnson continues to be one of the world's exceptional corporations and is currently the number one pharmaceutical company on *Fortune* magazine's list of the "World's Most Admired Companies."

A longtime advocate of diversity and inclusion and supporter of veterans' issues, Alex is an active member of the Business Roundtable and the Business Council and sits on the Board of Directors of the Travis Manion Foundation and IBM.

After completing his undergraduate education at the U.S. Military Academy at West Point, Alex served six years in the Army. He went on to earn his MBA from the Wharton School of the University of Pennsylvania in 1996.

The format today will be a conversation between Alex and Chair Emerita of the Club, Marie-Josée Kravis. Marie-Josée is a Senior Fellow and Vice Chair of the Board of Trustees at the Hudson Institute. As a reminder, this conversation is on the record and we do have media on the line. Marie-Josée, over to you.

Conversation with Alex Gorsky

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Thank you, Mike, and thank you very much, Alex, for doing this today. I know there's so many demands on your time, but I want to thank you and I also want to thank the whole team at J&J for really their life-changing breakthrough in developing a vaccine so quickly and in distributing it across the world.

You've come a long way, J&J, since 1886. And I notice that when the firm was founded you had 14 employees in NJ, eight women and six men. I really like that balance. And you became the first in developing medical plasters, the first commercial first-aid kit, very, very active in discovering and distributing antiseptics and dealing with pandemics. You vaccinated all your employees against smallpox in 1901. So this culture of innovation is very much embedded in J&J, and I wonder if you could talk to us a little bit about your credo. I understand our credo is very much part of the Johnson & Johnson culture and if you might explain and tell us more about this culture of innovation.

ALEX GORSKY: Sure. And Marie-Josée and Mike, it's a real pleasure to be here with you today, and I really appreciate you inviting me for this conversation. But you're absolutely right, I think perhaps the most fundamental characteristic of Johnson & Johnson and our culture for more than 130 years has been our credo.

And, you know, the story of Johnson & Johnson is unique in that, you know, back in the 1800s, two brothers were basically going to a pharmaceutical program, a school for pharmacy not too far from here, and saw that the World's Fair was going to be held down in Philadelphia. And there was going to be a surgeon, Dr. Lister, and remember that because that will come back. And they decided to go down and to listen to some of his theories around aseptic procedures, because at that time and, you know, think of a time following the Civil War, and actually many wars around the world where many deaths were caused by infections, not from the actual wound itself and the theory that you can have better outcomes if you reduced infections and prevented microbes was actually quite revolutionary.

And so they went and they listened. They innovated. They came up with an idea to basically make sterile gauze and that became the very founding of the company. And over the years, you know, products developed. They found that if you put a piece of gauze on a piece of tape – and, by the way, this was introduced by one of the wives of the founders – that you could have a band-aid. And then, of course, from there many products have taken off, and today, you know, we're the world's largest healthcare products company.

And while the products and the technologies and all those skills evolved, so did the culture of the company. And over the next 40 or 50 years as the company was led by

some of the founders, the understanding of the really important mission that the company had besides products, but also to certainly serve consumers and patients, but to also take care of employees. And remember, today of course, we would think, well, everybody does that.

But I would argue that in the 1920s and 30s the relationship between companies and employees was very different. And so making that in a very explicit commitment, making an explicit commitment to the communities where we operated, to those who perhaps were less fortunate and to making sure that businesses were giving back. And this was before the term “corporate social responsibility” was even in the vernacular.

And finally, to also put an emphasis on shareholders, knowing that, look, if the business does well, it can become a self-sustaining entity then that can serve the needs of multiple stakeholders. And that basically became our credo in a simple, about 350-word document that was codified in the early 1940s that talked about this commitment to consumers, to patients, to mothers and fathers who use our products, to our employees so that they could be their best and respecting their dignity, to giving back to communities and ultimately to also providing a fair return to our shareholders. And that spirit, that value system has been an absolutely essential component of Johnson & Johnson and really still, I think, inspires and motivates all of our employees even today.

CHAIR EMERITA MARIE-JOSEÉ KRAVIS: So let's fast-forward to today, or to last year, to 2020. And you made a really bold \$1 billion commitment for a not-for-profit vaccine in partnership with BARDA, the Biomedical Advanced Research and Development Authority. So how does a CEO take that kind of decision and especially you did it based on the adenovirus as a vector, which was something completely new, how does a CEO go about taking such a bold decision, such a gamble?

ALEX GORSKY: Well, you know, for us it really boiled down to the core ethos of our company and that is science, innovation, and our values, and ultimately helping people be healthier. And so, first of all, we had been working with various vaccines, in fact, primarily in Africa, with Ebola, with HIV. We had invested billions of dollars in research and development, in developing these platforms, the adenovirus that you mentioned.

And very, very early on in this pandemic, in fact it's hard to imagine that only about 13 months ago our scientists took some computer, some information off of a computer screen, the genomic sequencing, and literally within a matter of weeks put together several platforms that they felt could incorporate a segment of the Covid-19 virus into this adenovirus to bring forth a safe and effective single-dose vaccine that they felt could really make a difference.

You know we obviously had a lot of discussion, a lot of debate, and we knew, while the

science and the chemistry and the biology certainly needed to be tested to the clinical trials, that this was also an undertaking that we needed to ramp up manufacturing and ensure that if we could be successful, recognizing the impact that this could have on the world. And we had worked with BARDA in a significant way on some previous vaccines, and given the unique dynamics of the moment we felt that, one, it was important to show how a public-private partnership could come together in a novel way to really take on this, again very unique, an emergency situation.

And, number one, we felt that, look we did not want price, we didn't want cost to be any type of encumbrance or impediment for access to this, assuming that we could achieve success. And so from the very beginning we said we would do this on a not-for-profit basis during the pandemic period. And I've got to tell you, both those things, that science, and I think that approach has been again a real source of inspiration, a purpose for our employees, and I think has played a major role in us achieving the success that we have to date thus far.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: I think it's very important that you point out that you had been working on HIV and Ebola vaccines, that this was almost 30 years in the making. We tend to think, people tend to think, oh, they developed this vaccine in a year and so how can it be safe and so on? But there are 30 years of research behind that, and could you maybe elaborate on that because I think that's not well understood

in the public?

ALEX GORSKY: That's absolutely the case, Marie-Josée. I think that, you know, were it not for the literally billions of dollars of research and development that's been invested by the biopharmaceutical industry over the past 30 or 40 years, we would never be in a position where we are today. And I couldn't be more proud of the work that's being done at Pfizer and Moderna and other companies on therapeutics, you know, as well.

And as we all know, this kind of research and development can take decades and it tends to be incremental improvement over time. We learn a little bit. You know science is never necessarily a linear course. It tends to have ups and downs and twists and turns along the way. But, you know, our scientists had remained very diligent. They had learned a lot of lessons. As I mentioned earlier, think of Ebola, think of in very challenging healthcare systems in Europe, or excuse me, in Africa, we were able to incorporate all of that knowledge and all of that science that, you know, put us in a position to be able to very rapidly ramp up. And the same with mRNA. mRNA has been, you know, under investigation for decades, but this reflects, I think, a very important inflection point where things got accelerated.

Look, we also knew, as an industry and as a company that we wanted to ensure that while we said we were going to accelerate, that we were not going to compromise when

it came to safety, when it came to transparency. That's why we came together as an industry and made a very explicit statement that we would follow the science and that we would work with regulators to ensure that all the necessary steps were taken, but at the same time we wouldn't take a business-as-usual course recognizing that we couldn't in this situation because that could lead to literally tens and hundreds of millions of deaths. And so to be in the position we are today, you know, with three vaccines approved, with, you know, more than 100 million doses here in the United States already administered, I think is a great reflection of the years of research, development, and frankly, blood, sweat and tears that people have committed along the way.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: It's interesting that you mentioned an inflection point because if you look at the three vaccines that have been granted emergency use in the U.S., they're all disruptors. They're using, mRNA or the adenovirus vector are new and had never been administered in humans whereas the more traditional vaccines still have not shown confirmation, I don't want to say promise, have not yet been confirmed. So is this disruption, this inflection point that you mentioned, is that, do you think, does that open a whole new window to science going forward, science in patient care?

ALEX GORSKY: I absolutely do. And I think, you know, we're seeing this very interesting convergence of biology, of chemistry, of data, you know, coming together in

a very unique way. And, you know, it would have been difficult to imagine even ten or fifteen years ago that we were working with mechanisms in the cell almost as if it were software. And we were developing different platforms or methodologies, whether it's the liposome in mRNA, or whether it's the vector, the adenovirus in our approach, of hardware and how these things are going to be delivered.

Having the flexibility to make minute adjustments that can have a very significant impact, for example, on safety, on side effects, let alone efficacy and the way that you see a buildup of antibodies or T-cell or B-cell response, of having the careful balance on those issues along with your ability to manufacture and produce these at very large scales or even the dosing regimen on how long that particular dose. So there's all these aspects that now we can go in and manipulate in very unique and complex ways that, again, with earlier vaccines where literally you were finding a needle in a haystack and then trying to do that at scale, it was incredibly difficult, borderline impossible. And so that's what's brought us to this point.

I'm even more excited actually, as I think about going forward, and can we apply some of these technologies, not only against this kind of infection, but can we apply them in cancer? Can we apply them in Alzheimer's disease, other immune conditions? And I think that, again, this will represent a real turning point in our understanding and hopefully our application of some of these sciences and great technologies going

forward.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So being genetically engineered, does this adenovirus platform give you more flexibility in terms of dealing with variants, for example?

ALEX GORSKY: Yes, it does. In fact, you know, I think a unique characteristic of our particular virus is that from the very beginning we tried to engineer this in a very, in a specific way that would ensure not only a very robust response but a deep response that would have sustained effect and strong patency over time. And we believe and hypothesize that the combination of the vector along with the spike protein can help explain the results because we're recruiting not only an antibody response, that first wave of response, but also that deeper T-cell and B-cell response that leads to, again, longer term effect and hopefully protection, you know, against the virus. And so, getting that balance right and, in fact, I think we developed more than 12 different constructs, we tested some of the early ones, both in vitro as well as other preclinical models, and it was out of that, that it gave us the confidence that, you know, we would see the kind of effect.

I'm also incredibly proud of our team, Marie-Josée. You know when we started our clinical trials, it was in September of 2020, and while I think all of us got through the

summer and we had seen a little bit of a lull in the virus, unfortunately then it started accelerating at a much more significant rate. So our clinical trial was done when the incidence rate was increasing significantly. Secondly, we did it on a global basis. So about 15% of our patients were in South Africa. Another 40% were in Northern Brazil and Latin America, and about 45% were in the United States. And that's, these places are where the variants were occurring at a great rate.

So we really tested ours at a high incidence rate as well as against the variants. And so we have a large clinical database against the South African variants, against the variant, again in Latin America and Brazil. We still saw very robust response, I mean basically we stopped hospitalizations at a very, very high rate, and deaths from occurring. And so it gives us a lot of confidence. However, we're also already working on that next generation. Yes, we are working with the fundamental characteristics in a number of different ways, specifically for some of these variants, but also to say, look, are there deeper ways that we can provide even a more robust response against the entire Covid family and so our scientists are working on that literally as we speak.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: So you were intent on producing or developing an affordable vaccine, but also the one-shot dose, which is very important, which is much easier to distribute and to administer than the two-shot dose. But looking at these variants and looking at these possible adjustments, do you think that we're

entering a world where this will be an annual booster or that there will have to be repeat shots?

ALEX GORSKY: Well, you know, we have an economist audience so I'll give you the economist answer. It depends.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: On the one hand, on the other hand...

ALEX GORSKY: That's right. You know, what I would tell you, it really depends on how the virus, how Darwin, how biology continues to evolve in the coming months. And look, one thing that all of us, I think, have found during this pandemic is we probably have gotten more wrong than right and we realize how difficult it can be to predict some, again fundamental biology and some of these events from occurring. But, you know, I would say that there's a couple of schools of emerging thought based upon some of the scientists that I've had an opportunity to speak with in depth.

I think one is this issue of the emergence of variants. And, you know, every time the virus is transmitted and someone becomes affected there are multiple mutations that can take place. It's never quite exactly the same virus that it was in the previous patient. There's slight mutations that are taking place real-time. Now some of these would be expected within, like a normal distribution, from occurring, and you see it happen every

day and, you know, throughout life. Others, however, are more concerning because they result in fundamental mechanistic changes that can have an impact, for example, on the rate of transmission or potentially even morbidity and mortality.

And so the theory there is that we have to get as many people vaccinated as we possibly can because every time we stop that next, you know, few clicks from taking place on the virus, we stop the potential for one of these variants to occur. And we know that these different variants can present different challenges even from some of the work that's been done clinically and preclinically on how effective some of the therapeutics such as an antibody or an antiviral might work or even the level of protection that a vaccine may provide, although I think we're hopeful that all of these vaccines are providing some level of protection against these variants versus nothing. And, you know, we could be in a situation where you could either need a booster to maintain the durability or you might need to have a next derivative of the current vaccine to address some of these variants as they develop and as they evolve.

I think the other school of thought is one that this particular virus is reaching the peak of its current evolutionary capability and that, you know, what you're seeing is, are some of these mutations and variations starting to take off but it's a pretty efficient virus in the way that it basically checks itself. And while we've seen some of these variants like the U.K. strain that went out, that fundamentally it may have reached it's, what they would

call peak fitness, and that we would expect a decline and therefore, yes, we may need some kind of booster but it will really depend on, again, how things evolve, you know, following the next several quarters. So it's difficult to predict right now, but, you know, we want to be ready and that's why we're already trying to, we're looking at data on ours for, okay, how does it work if you get a second shot? We're working on several next-generations of vaccines because I think we've all learned that we have to be prepared. We should expect, you know, prepare for the worst and hope for the best, and make sure that we're doing everything possible so that, you know, we're prepared on the other side.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, you're right. I mean science is a process of observation and this is new to all of us. So hopefully your second scenario will prevail. One of the things that I think is really interesting in looking at the past year and how different pharmaceutical companies operated is the seemingly growing international collaboration. I mean you, it's within Johnson & Johnson but Janssen Vaccines is based in Leiden, in the Netherlands, and you worked with Beth Israel Medical Center. You did your clinical trials all over the world. Is this international collaboration, do you think, a new feature of science going forward?

ALEX GORSKY: Well, look, I...

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Or a stronger feature, maybe not new, but stronger?

ALEX GORSKY: Yes, Marie-Josée, I believe it does. And, look, we would never have been able to achieve what we've done thus far and certainly what we aspire to do without great partnerships. And it starts, as you said, in a very fundamental science with Dan Barouch up at Beth Deaconess and the remarkable work that he did more than a decade ago with the adenovirus and helping us build out some of these platforms. You know the partnership that I mentioned with BARDA very early on, the partnership that, you know, we've had with other manufacturing companies, never before in history have we scaled up 100 million doses of a vaccine in a single quarter.

And this is an incredibly complex process, both in the drug substance where you're actually growing these proteins in cells that can take, you know, four to eight weeks. And then taking that drug substance through a very important process to ensure high quality and safety, doing the actual fill & finish and bottles. And again, these are very elaborate processes and so we've got now multiple partners on a global basis that allow that. We're very proud of the partnership that we just announced with Merck, again, a great, another great, iconic American company with a strong global presence led by my good friend, Ken Fraser. And, you know, we spoke about this and with the help of the United States government, we're really hopeful that this is going to lead to a significant

expansion of our ability to supply, not only the United States, but the world, with vaccine doses.

And even the way companies have partnered and collaborated. I can tell you all last summer and into the fall just about every Saturday morning there would be a phone call with the NIH, with the CDC, with the heads of research and development from all the major companies comparing and contrasting notes, you know, sharing data and information without which we would never have been able to accelerate our clinical trials the way that we did. So I'm very, and by the way, I want to also do a shout-out to the FDA. You know, without their partnership, without their collaboration and guidance and counsel along the way, we could never have achieved this. So I'm hopeful that some of these new ways of working will continue even post-pandemic and allow us to accelerate and increase the development again on some of these, perhaps other applications so that we can serve, you know, even more patients and more places around the world to take on other diseases.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Is that something that's unique to the U.S. because we are all looking somewhat sadly at what's happening in Europe right now and the slowness with which they're deploying the vaccine and the complications they had in ordering vaccines and even testing early on? Is that, what you're describing, this collaboration, this private and public partnership, this collaboration amongst different

companies, this international outreach, is that something that's unique to the U.S.?

ALEX GORSKY: Well, no, I truly believe this is a global initiative and what I mean by that, unfortunately we all know that if we don't take this on as a global pandemic with a global solution, we're only going to be as strong as the weakest link in that chain. And unfortunately that would expose the world for decades to come. And so we've tried to take a global approach from day one. And so whether it was our partnering in the United States, but also our partnering in the EU, our ramping up, for example, as you said, some of the original research was actually done in Leiden, in the Netherlands, as well as in Belgium.

And simultaneous to our efforts in the United States, we were also developing networks throughout Europe and, in fact, even in Asia, because we knew that while, you know, we needed to get hundreds of millions of vaccines to developing world, or to the developed world, that we also needed to ensure that we had a very large number available for the developing world.

So, you know, there too we've been working with The Bill and Melinda Gates Foundation, with Gavi, and CEPI and other international organizations. And I believe that's the track taken by all companies and I think it's going to be incumbent upon us to continue that going forward because, you know, we're not going to be "fully protected,"

completely safe here in the United States or Europe until we are on a global basis. And look, I think we all want to get back to that kind of global travel, connection, and partnering, that's the only way that we're going to make that possible.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: I think maybe expand what you were going through last year, because we almost single-mindedly talk about the vaccine but I looked at demand for Tylenol, for example, which just skyrocketed during the last year and where you had to ramp up production or what you did for ventilator expansion with 3-D printing so that a ventilator could serve two patients instead of one. Talk to us about that. Talk to us about what it was like managing through this whole production ramp-up, research, innovation, clinical trials. You're the CEO of a critical company in all of this. Talk to us about what that implied in terms of your decision-making but also your teams and the commitment of your teams.

ALEX GORSKY: Look, never could I have imagined, you know, when I stepped into this role more than nine years ago that I would be in this position at this particular time when the world was facing its greatest pandemic that we can remember for centuries. And so we realized from the very beginning that we couldn't do business as normal or as usual and that we needed to make sure we were doing everything we could to continue servicing our customers and those are the patients and consumers who are depending on us, taking care of our employees, making sure that we're looking out more broadly

for the communities all while trying to innovate and do everything we could to play a role in the pandemic.

And so, you know, for us it started with, you know, mission one is how do we make sure that all those, all the hospitals around the world, all the surgeries that were depending on us, as you just said, the mothers and fathers who were trying to take care of their families at home, you know, had access. And you're right, you know, we have more than 300,000-line items that we're shipping on any single day and making sure that we were keeping those products flowing when, you know, airlines around the world were being shut down.

As an example, in the belly of those aircraft, in addition to the bags, supporting the passengers, that's also filled with cargo. And when those flights were interrupted, we had to re-route cargo around the world. We have a globally-integrated supply chain that's moving things all around the world at any given time to really optimize the output. Suddenly that had to be, you know, significantly reconfigured. And again you're trying to do that where there's massive variability. As you said, very early on demand for Tylenol went through the roof, as you can imagine. Surgeries, however, decreased by 60 or 70% in many cases. And in managing that kind of variability real-time, you know, was incredibly complex.

And, by the way, we were also doing that virtually. Suddenly, out of our 150,000 approximately employees, about 50,000 continued to go to work. And, you know, the men and the women who were in the factories continuing to produce, whether it was sutures or mechanical instruments or even the Tylenol or Listerine, our scientists who were conducting these trials, they were still there. The remainder of our employees were working virtually making sure that at the end of the quarter you could close your books in an accurate and a compliant and in a very timely manner was a very significant undertaking.

Taking care of our own employees, you know, our own employees are moms and dads. You know they were feeling the stress and strain of their families and their parents and, you know, trying to work in a new environment, getting them the tools, the technology so that we could continue to partner and collaborate and be able to execute and support all of our efforts in a safe way, looking out after them. It was an incredibly complex undertaking and, oh, by the way, this was while we were ramping up the vaccine initiative and the effort, which of course, you know, required an immense amount of resources and people and just time and effort and focus, you know, to keep that together. And I think, I'm very proud of the way the organization responded. If you would had asked me 13 months ago, I'm not sure I would have said that that would have been possible. But I think it does demonstrate that, hey, there are new ways of working where we can probably deliver in ways that we wouldn't have expected.

I also, I am a bit concerned. I think it takes a toll on your employees. I think everyone's been working pretty much 24/7. The line between personal and professional life has blurred. And I think the long-term effects of that we're going to have to watch very closely and make sure that we're, you know, giving our employees the support and the time and the kind of resources that they need to be able to get through that long term. But, you know, look, I think those are the things we're going to be focusing on as we work the rest of the year, but in many ways I don't think we'll ever go back to the complete normal that we saw in 2019. And I do think things will continue to evolve and, you know, they won't remain as they are today, but I think it's going to require all of us as leaders is to think and act differently, to lead differently, and I think that can be an exciting opportunity.

CHAIR EMERITA MARIE-JOSEÉ KRAVIS: Well, I'd like to talk about your employees, but just before we move to that, you mentioned supply chain. Are you rethinking or re-strategizing your whole supply chain operation?

ALEX GORSKY: I think every CEO out there is fundamentally having to step back and reconsider their supply chain. And look, I remain a very strong proponent of a globally-integrated supply chain because that's the way you can by far be the most effective, most efficient and have the highest quality, lowest priced products available globally. That being said, look, if there are certain gaps in your supply chain where, just for

example, 95+% of a particular product are sourced from one single place, I think you're probably going to rethink that.

And for me, I think it will be, the key is how do we evolve from just a maniacal focus on effectiveness and efficiency to one of durability, to one of sustainability, to one of resiliency? And in certain cases, for example, with PPE, PE, or even with vaccines, we may need to build up some excess capacity that would enable us to withstand a surge or a next-wave of a pandemic, but at the same time we need to maintain the kind of flexibility and agility so that we can move things around quickly to be able to respond to these kinds of situations. So, you know, absolutely, we're re-looking at things as we think. And again, I'm hopeful that, you know, we're going to be an even better manufacturing supply chain organization on the other side, you know, based upon some of the learnings that we've picked up along the way.

CHAIR EMERITA MARIE-JOSEÉ KRAVIS: I guess one of the buzzwords is just in case rather than just in time.

ALEX GORSKY: That's right.

CHAIR EMERITA MARIE-JOSEÉ KRAVIS: But going back to your employees because you mentioned the whole issue of mental health and work-life balance and so on. But

you've also launched and been a strong proponent of both gender and racial diversity. So I wonder if you might share with our audience what are the main elements of that strategy.

ALEX GORSKY: Sure. Well, look, as the world's largest healthcare company, there's no way that we can be at our best, that we can innovate our best, that we can connect with customers at our best, that we can reach more patients and consumers around the world if we don't fundamentally reflect and consider and build in the diversity, you know, of the people ultimately that we're trying to serve. And I feel very fortunate from the very beginning, you mentioned that of our first 14 employees, eight were women versus six men. They played critical roles in manufacturing and innovation. They continue to play a critical role for us at Johnson & Johnson.

And look, we've focused on a few critical areas. One, it starts with making sure that at Johnson & Johnson we're doing our part to have as diverse and as inclusive workforce as we possibly can. And that's at every level, again it's on our manufacturing floor, whether it's with our management team, whether it's with our leadership, all the way up to the board level of making sure that we've got the recruiting, the training, the development, the championing, the support, the one-to-one mentoring in place so that everybody can be successful.

That we hold leaders accountable and responsible in the same way for their team, their individual diversity and the groups they work with, just as we would for our business plan and market share or their P&L or, you know, other metrics that we tend to manage, of having that kind of, again, focus.

And three, it's also about having representation at every level so as, you know, people look around they say, oh, there are people like me. Because if we all look alike, talk alike, sound alike, well, we probably don't need as many people around the table. And we know that when we bring different points of view, different perspectives and backgrounds, ultimately we're going to be more innovative, we're going to connect better with customers and patients and we'll do better as a company. So it starts there.

I think the second thing for us is, one thing that's really been exposed in this pandemic, Marie-Josée, is the inequities in healthcare. And, you know, the way that, you know, it starts with this virus, the way that it's impacted different communities, particularly communities of color, Hispanic, Black, African-American. You know, if you look at morbidity and mortality rates, they're multiples of what we see. And unfortunately, this has brought to bear likely larger issues of inequities in our healthcare system.

And so as a, again, a healthcare company, leaning in and saying what can we do to address that? Are there areas of disease that we should be more focused on and really

understanding perhaps some of the cultural, ethnic differences so that we can better address them from happening in the first place. About how we conduct our clinical trials, the kind of representation that we have, again so we really understand their application. What else can we be doing to ensure that the healthcare workers, whether it's the doctor, a nurse, other staff, you know, do we have diverse populations there? Are there things that we can be doing to help healthcare systems improve the diversity of their system? That's another area, you know, where we're really leaning in.

And then last but not least is, look, just how do we use our size and our scale to become a voice with other companies? Whether it's with organizations like the Business Roundtable or others of really trying to amplify this message. Because, you know, for example, we have literally tens of thousands of suppliers at Johnson & Johnson and we know that at J&J if we take a particular stand as it relates to issues of equity, of racism, of inclusion, and we ask the same from our supplier base around the world, that has a multiplier effect. So those are the kinds of things that we're trying to do to really use this moment to bring about significant change, better access and better overall outcomes for everyone in our country and the world.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Can we also use this moment to stimulate interest in science education and science in general?

ALEX GORSKY: Absolutely. Because, look, we've learned the importance of science and I couldn't be more proud of how science has become, you know, such an important dynamic at this particular time, and we hope that's a motivating factor. You know, we have to, just like we did back in the 50s and 60s when we said, you know, that we were going to the moon and that we were going to take on space, I think this next horizon – while I'm excited about space – could be about biology in the future. In this nexus between the technology and data and the Cloud and connectivity and sensing, and how do we even better connect that with biology and chemistry and engineering to come up with completely new ways of thinking about healthcare and our healthcare systems. And that's only going to happen if we have enough candidates around science and technology and engineering and math and others areas and to have diverse representation in all those areas as well.

So again I think it's an incredibly exciting time but I think it's also been a wake-up call for all of us that we need to do things differently. And we can't, we can't be passive about it, we've got to be active. And I think that's a role and an expectation, not only for our governments but it's got to be that way for companies. It's got to be that way for other entities, everybody doing their part if we're really going to make a difference.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So I know you don't like to speculate about the future, at least not in public, but in terms of areas of research, areas of product

development going forward, what excites you the most?

ALEX GORSKY: Oh, gosh, you know, the best part of my job, Marie-Josée, is just the, you know, the sheer diversity and quantity of new technologies that I get a chance to see each and every day. And, you know, as I think about it, I think, you know, one, these new approaches with cell-based therapies, you know what we're learning about how we can adapt and adjust cellular level function is going to have a dramatic impact, whether it's CRISPR/Cas9, whether it's mRNA, some of these new sciences, I think we're fundamentally going to be able to use the C-word, and in my business I always do that very thoughtfully, and that is cure certain conditions and manipulating again these cells at a very granular level. That's number one.

Number two, I think the adaptation of digital technology and sciences and robotics in the hospital systems, I think, offers an incredible leap forward, and I see a tremendous opportunity there. And then three, I think even the way we think about the consumers' role in healthcare has changed as a result of the pandemic. I think all of us realize that, you know, we have a certain responsibility, but a certain motivation to be doing everything we can around health and wellness so that we try to prevent some of these diseases from happening in the first place. And I think that kind of consumer interest in education and engagement is going to be all the more important as we go forward as well.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, Alex, we could go on and on but I see Mike has joined us. We've run out of time. And we just want to thank you again for taking the time today, but thank you, and thank you to the J&J team for all they've done and thank you for being so candid in sharing that hope for the future with us.

ALEX GORSKY: Well, thank you. And look, I'd be remiss if I didn't do a special shout-out, especially in New York to all those first responders, to all those hospital workers who were there, really in the eye of the hurricane, and I know how challenging that was and without their commitment and dedication, without the learnings that we got from places like New York City early on, I know we would be in a much worse place. So again, to the doctors, the surgeons, the nurses, the hospital workers, the volunteers, thank you so much. You made a huge impact and, again, I look forward to being in touch and we will get to the other side. We have to stay vigilant and diligent over the next several quarters, but I'm hopeful that, you know, we do have a path forward and we can return to a healthier and hopefully a more normal outcome as we move our way through 2021.

VICE CHAIR MICHAEL O'NEILL: Let me add my thanks, Alex, to you for a terrific conversation and to you as well, Marie-Josée. Thanks so much. Let me whet the appetite of our listeners here and describe quickly some of the upcoming speakers that we've got, a very impressive list. We've got Ken Langone on March 23rd, Raphael

Bostic, the President and CEO of the Federal Reserve Bank of Atlanta on March 25th. Caryn Seidman-Becker, the Chairman and CEO of CLEAR on March 30th. Bill Gates and Hank Paulson on April 1st. That is not an April Fool's joke. They will, in fact, be here, and I look forward to that session. Tal Zaks, the Chief Medical Officer of Moderna, to learn more about what's going on re: Covid. Neel Kashkari, President and CEO of the Federal Reserve Bank of Minneapolis on April 8th and many more to come. So thank you all for joining us. Stay safe. It's not over yet.