

# 2018 Health for Humanity Report

Progress in Citizenship & Sustainability

Johnson & Johnson





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# Overview

## Johnson & Johnson At-A-Glance

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7

### Our Purpose

Johnson & Johnson is the largest and most diversified healthcare company in the world. We have been caring for people since 1886.

### Our Values

We are driven by **Our Credo**, a set of values and principles that challenges and inspires us to put the needs and wellbeing of the people we serve first.

### Our Business

Our global headquarters are in New Brunswick, New Jersey, USA. Johnson & Johnson has been listed on the New York Stock Exchange since 1944 under the symbol JNJ. For changes in our business during the reporting period, please visit page 71 of our **2018 Annual Report**.

### The Johnson & Johnson Medical Devices Companies

Comprised of surgical, orthopaedic, eye health, medical specialty businesses as well as interventional solutions for cardiovascular and neurovascular disease. Representing the most comprehensive surgical technology and specialty solutions business in the world, the group offers an unparalleled breadth of products, services, programs and R&D capabilities directed at advancing patient care while delivering clinical and economic value to healthcare systems worldwide.

**2018 Sales:** \$26,994 million

### The Johnson & Johnson Family of Consumer Companies

Offers the world's largest range of consumer health products. From baby care and oral care to beauty, health and healing, we anticipate needs and create solutions and experiences to help people live healthy, vibrant lives.

**2018 Sales:** \$13,853 million

### The Janssen Pharmaceutical Companies of Johnson & Johnson

Address some of the most devastating and complex diseases of our time, focusing on six therapeutic areas: immunology, infectious diseases and vaccines, neuroscience, oncology, cardiovascular and metabolism, and pulmonary hypertension. By investing in a transformative future, we are changing the way diseases are prevented, intercepted, treated and cured.

**2018 Sales:** \$40,734 million

**~260**  
operating companies

**140,861**  
employees

**~60**  
countries of operation

**\$10,775M**  
R&D investment

**\$81,581M**  
total sales

**\$15,297M**  
net earnings

**\$127.27**  
market price per share,  
year-end close



## Our Brands

Every day, we touch millions of lives with our products. Following are select brands that represent the diversity of the Johnson & Johnson product portfolio in our three business segments, spanning the continuum of healthcare.

### Consumer

### Medical Devices

### Pharmaceutical

## Our Credo

GRI 102-16



Johnson & Johnson employees in Asia-Pacific region celebrating the global Credo Day.

In 2018, Johnson & Johnson marked the 75th anniversary of **Our Credo**, the set of values that ground and guide the decision making of our employees around the world. In addition to celebrating the enduring power of this document, for the first time in more than three decades, we updated Our Credo to ensure it remains both timeless and timely.

These enhancements were informed and shaped by the feedback of our employees around the world. Employees were challenged to expand their understanding of our commitments, reflect and have open conversations about opportunities to better live Our Credo, and take ownership of each responsibility through daily actions. The Executive Committee led in-depth conversations on each paragraph, discussing with employees how we are living our values, where we can show up stronger for those we serve, and how we can continue to improve human health for generations to

come. These conversations were then replicated by teams across the Enterprise to inspire individual accountability and commitment.

At the core, these changes reflect Johnson & Johnson's commitment to all of humanity, and push thinking beyond the traditional definition of health to provide people with solutions and experiences that improve their whole life. We brought patients to the front of the list of stakeholders in the first paragraph of Our Credo as we know they are waiting for our life-saving and life-enhancing products and solutions. We added inclusion, fulfillment and purpose to the second paragraph of Our Credo as not only are diversity and inclusion the way we've done business for more than 130 years, but we know that it's not enough to have a diverse workforce in order to be successful. We need to create an environment where people are supported and empowered to bring forward their unique backgrounds, driving innovation in service of our shared purpose to change the trajectory of health for humanity. These and other enhancements reflect the Company's responsibility to ensure it remains just as forward-thinking as the day it was introduced.

On December 13, 2018, the Company held its first annual Credo Day celebration, commemorating 75 years from the date that General Johnson first presented Our Credo to the Board of Directors in 1943. More than 30,000 employees in locations around the world participated in a Global Town Hall, attended unique celebrations, and joined outreach efforts to bring the spirit of the Credo to their local communities.

Our Credo is more than words—it is a set of promises to which every individual, team and company across our business are actively dedicated everyday. Most importantly, these enhancements ensure Our Credo positions us to continue to place the needs of those we serve at the forefront of everything we do.



### More Resources

133 Years of Innovative Credo-Driven Decisions That Have Made Johnson & Johnson the Healthcare Leader It Is Today



The Power of Our Credo: Johnson & Johnson Chairman and CEO Alex Gorsky Reflects on the Legacy of the Company's Historic Mission Statement



## Message from Our Leaders

GRI 102-14

### Statement from Chairman & CEO

Dear Johnson & Johnson Stakeholders,

2018 marked a meaningful anniversary for our Company.

Seventy-five years ago, we enshrined one of our most enduring values into Our Credo: to put the needs and wellbeing of those we serve first. By always prioritizing those we serve—something we've done since our founding—we've grown from a purveyor of surgical dressings to the largest broadly based healthcare company in the world.

At Johnson & Johnson, we believe we're uniquely positioned to bring together science, people, technology and the ideas needed to profoundly change the trajectory of health for humanity. That scale and reach come with a huge sense of responsibility—every decision we make can have an enduring impact across the globe.

Our 2018 Health for Humanity Report is an invitation for you to experience the work we do. You'll see how our ethos of results, transparency and accountability runs through our key focus areas: better health for the whole world, investing in our people, responsible business practices and safeguarding the environmental health of our planet. Living by these values is how we've helped to address some of the greatest healthcare needs in modern history while delivering long-term value for all the stakeholders we serve.

The stakes continue to get higher. A rising middle class, now in the billions around the globe, is demanding quality, accessible healthcare in unprecedented ways. Our increasingly aging population is redefining standards of care. Scientific advances and technological disruption give us the opportunity and means to constantly innovate. And the health impacts of climate change provide the urgency for more action.

At Johnson & Johnson, we know that meeting those challenges head on means addressing disease along the entire continuum of health: from prevention to interception to cure. We're making great progress on our preventive HIV and Ebola vaccines. As a committed partner in the global fight against tuberculosis (TB), we're delivering on our Health for Humanity 2020 Goal to treat the disease by increasing access to our multidrug-resistant TB therapy, bedaquiline.

You can also see our commitment to expanding access in our second annual Janssen U.S. Transparency Report. It details all the ways we're working to secure and expand patient access while leading in our commitment to visible, accountable and responsible drug pricing practices in the United States. Globally, we make the same commitment to expand access and it helped land us a #3 position on the Access to Medicine Index.

We recognize that we cannot solve all the pressing healthcare challenges alone and are proud to work in close partnership with healthcare organizations around the world. In sub-Saharan Africa, for example, we're piloting a series of collaborations to create an affordable, scalable quality care model for the treatment of severe mental illness. That same collaborative spirit informs much of our philanthropic investment. Take our historical support of workers at the front lines of healthcare. This year, we expanded that commitment by joining the Health for All alliance to ensure that 450,000 frontline healthcare workers around the world get the training they need.

However, none of these achievements would be possible without our incredible global workforce. As part of our 75th anniversary enhancement of Our Credo, we emphasized our commitment to always creating a diverse culture of respect, inclusion and belonging. And, as always, we continue our push to have one of the healthiest workforces in the world by



Alex Gorsky meeting with employees on his visit to Australia.

supporting our employees with everything from best-in-class health programs to investing in their personal and professional growth.

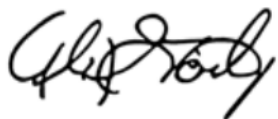
Putting the needs of those we serve first also means protecting our shared environment and natural resources. Our Consumer business segment joined 240 other organizations in the New Plastics Economy Global Commitment to tackle the urgent environmental challenge of plastic waste. This initiative expands upon our broader organizational commitment to advance environmental sustainability in our own operations and in our supply base.

To ensure we're always investing for the future and keeping the long-term view, we're participating in important initiatives like the Embankment Project for Inclusive Capitalism, CECIP's Strategic Investor Initiative and the U.S. Business Roundtable. With these expert partners, we're helping to shift the conversation in the financial markets toward a long-term view and measurement of the value to society that a business like ours creates.

[Overview](#)[Our Approach](#)[Better Health for All](#)[Our People](#)[Responsible Business Practices](#)[Environmental Health](#)[Appendix](#)[References](#)

Our Health for Humanity Report demonstrates how we've used our history of innovation to change the health and wellbeing of everyone we serve. Our unique mix of talent, know-how and values is how we'll change the world—not just as leaders in healthcare, but also as global citizens and champions of transforming lives and communities.

In the meantime, we recognize there is always more to do, and we welcome the challenge to make sure we're even more sustainable, innovative and responsible moving forward.



**Alex Gorsky**

Chairman, Board of Directors  
and Chief Executive Officer

## Overview

## Our Approach

## Better Health for All

## Our People

## Responsible Business Practices

## Environmental Health

## Appendix

## References

## Q&amp;A with Our CFO

**How does the changing healthcare landscape impact Johnson & Johnson's priorities when it comes to environmental, social and governance practices?**

Through our Priority Topics Assessment process, we continuously ensure that we are identifying and prioritizing the environmental, social and governance (ESG) issues that matter most to our stakeholders—and to our Company's purpose to change the trajectory of health for humanity. If you look at the ESG priorities outlined in this report, they reflect and encompass many of the challenges and opportunities we face in today's dynamic healthcare landscape, such as aging populations, the impacts of climate change on health, and the increasing importance of robotics and AI to medicine. We know that as one of the world's largest healthcare companies, we have a unique responsibility in leading the industry forward on these matters. As always, Our Credo guides us to ensure that we are multi-faceted in determining our ESG priorities.

**As the Chief Financial Officer, why do you care about sustainability?**

We have long believed that continuing to improve the sustainability of our business is integral to Johnson & Johnson's ability to achieve financial success and create long-term value for our stakeholders. As a leader and financial steward of Johnson & Johnson, one of my responsibilities is to manage risk. Managing sustainability risk is a component of our approach to overall risk management. Sustainability provides us with the opportunity to contribute to enhancing compliance and reducing operating costs, while also improving our business processes and efficiencies. Sustainability practices are embedded in our operations, resulting in innovative manufacturing processes and transformative products, which enable us to deliver environmental, societal and economic benefits.

**What are Johnson & Johnson's current sustainability priorities?**

Our current key sustainability priorities are Product Quality Safety & Reliability, Ethics & Compliance, Access & Affordability, Global Public Health and Innovation, which align to the areas of focus for us as a global healthcare company. We are also currently working to review and evolve our priorities list, as the stakeholder expectations and the business environments in which we operate continue to evolve.

From the perspective of Johnson & Johnson's CFO, there are a few sustainability priorities that are of particular importance to me: Ethics & Compliance and Innovation. These priorities are integral to the Finance organization's efforts to create long-term value that reflect the values of Our Credo. For example, inherent in Ethics & Compliance is our commitment to pay our fair share of taxes at the local, state, federal and international levels. From this vantage point, Johnson & Johnson helps the communities in which we operate by contributing to their economic strength, stability and growth for the long term.

I'm very proud of the fact that our commitment to innovation has enabled us to pursue both our purpose and performance with equal commitment. It is Johnson & Johnson's relentless focus on transformational innovation, science and technology that enables our strong financial performance. As a result, this financial performance enables us to sustain and exceed our investment in innovation. In fact, in 2018 we invested approximately \$11 billion in research and development, not only a record level for our Company, but this also positioned us as one of the top 10 companies investing globally in innovation.

**How would you describe the Johnson & Johnson approach to long-term value creation?**

Managing for the long-term is a central principle for our Company and has been a powerful generator of value over our history. Our years of robust performance are indicative



Joseph J. Volk (left), Executive Vice President and Chief Financial Officer for Johnson & Johnson.

of the strength of our broad-based business, and reflect our relentless drive for innovation, rigorous portfolio management, purposeful execution and a disciplined capital allocation strategy, all of which are regularly reviewed with our Board of Directors.

Whether you call it “corporate social responsibility,” “ESG factors” or “long-term value creation,” the concept of creating value for our stakeholders and society at large has been a vital part of how we have done business since the Company's inception in 1886. Our Credo is Johnson & Johnson's original sustainability framework document, as it recognizes that strong returns to our shareholders are achievable in concert with meeting the needs of all our stakeholders reflected in the four paragraphs of Our Credo—the patients, doctors and nurses, mothers and fathers and all others who use our products and services; our employees; our communities; and our shareholders.

**How are you using disclosure at Johnson & Johnson?**

We believe that transparency benefits all participants in the healthcare system and we take our responsibility seriously. We are a leader in providing transparency about our commitment to profoundly advance health for humanity, as well as how we price our medicines and invest our resources.



Overview	Our Approach	Better Health for All	Our People	Responsible Business Practices	Environmental Health	Appendix	References
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We communicate these important disclosures, and many other topics, through the Health for Humanity Report you are reading now, our annual Janssen U.S. Transparency Report, our Proxy Statement, our Annual Report and other Company SEC filings. Through these disclosures, we aim to provide a holistic view of how we create long-term value for Our Credo stakeholders, as well as our Company’s position on important topics. We look forward to feedback from our stakeholders on these issues and are always open to new ideas and ways we can enhance our disclosures or practices.

## 2018 Year in Brief

### Highlights of the year

SYMTUZA (darunavir, cobicistat, emtricitabine, and tenofovir alafenamide), **the first and only complete** darunavir-based single-tablet regimen to treat HIV-1 approved by the U.S. FDA

Advanced development of a **revolutionary CAR-T therapy** for multiple myeloma

Celebrated Our Credo  
**75<sup>th</sup> Anniversary**

**#3** on Access to Medicines Index

**Broader use of bedaquiline** to treat MDR-TB patients recommended by the World Health Organization

Johnson & Johnson Consumer Inc. joined the **New Plastics Economy Global Commitment**

Launched a pilot program in Rwanda to **improve access to mental healthcare**

Launched new **JOHNSON'S Baby**

Expanded partnership with UNICEF with a **\$10 million pledge**

### Impact made

#### Our Patients & Consumers

**38,994**

patients provided access to MDR-TB treatment

**51,503**

patients provided access to HIV treatment

#### Our Employees

**16,343**

employees trained in the principles of ENERGY FOR PERFORMANCE

**44.2%**

of Manager and above talent movement that was across function, country or sector lines\*

#### Our Communities & Planet

**104,479**

health workers educated in 67 countries

**31%**

electricity use from renewable energy sources

#### Our Shareholders

**56**

consecutive years of dividend increases

**\$10,775M**

invested in R&D

\* Represents the proportion of employees in Manager and above job categories who in their career progression movement (including upward promotion, downward demotion, or lateral transfer) crossed function, country or business segment lines.

## Recognitions

<p>Member of</p> <p><b>Dow Jones Sustainability Indices</b></p> <p>In Collaboration with RobecoSAM</p>	<p>Top company on #LinkedInTopCompanies list as one of the world's most sought-after employers</p>	<p>Member of the Billion Dollar Roundtable for supplier diversity</p> <p><i>for the 8th consecutive year</i></p>	<p>FTSE4Good Index Series constituent</p>
<p>Working Mother 100 Best Companies (for 33rd consecutive year) – Top 10 and Best Companies for Working Dads</p>	<p>Thai FDA Quality Award</p> <p><i>for the 2nd consecutive year</i></p>	<p>Included in CDP Climate Change A list</p>	
<p>The U.S. Environmental Protection Agency's National Top 100 List of the largest green power users from the Green Power Partnership</p>	<p>Ranked #3 on the 2018 Access to Medicine Index</p>	<p>Received CDP Water Security A- rating</p>	
<p>#8 on Drucker Institute's Management Top 250 ranking (the best-run U.S. companies of 2018)</p>	<p>Recognized as CDP Supplier Engagement Leader 2018</p>	<p>Recognized as a trendsetter by the Center of Political Accountability's 2018 CPA-Zicklin Index of Corporate Political Disclosure and Accountability</p>	
<p>#1 in the pharmaceutical category of FORTUNE Magazine's "World's Most Admired Companies"</p> <p><i>for the 6th consecutive year</i></p>	<p>FORBES The World's Most Reputable Companies For Corporate Responsibility 2018</p>	<p>2018 U.S. Environmental Protection Agency's SmartWay Excellence Award Winner</p>	

## Our Approach

At Johnson & Johnson, we blend heart, science and ingenuity to profoundly change the trajectory of health for humanity. This aspiration includes positively impacting patients and all others who use our products, as well as the health of our employees, our communities and the planet. We seek to provide solutions for some of the world's most pressing global public health challenges and work collectively—within our walls and externally with partners—to advance better health for all. Our citizenship and sustainability approach is inextricably linked to our vision of a world where a healthy mind, body and environment are within reach for everyone, everywhere. It's based on:

- Continuing to raise the bar for ourselves by setting five-year public commitments to both improve our performance and demonstrate leadership across environmental, social and economic topics relevant to our business;
- Measuring our progress against public commitments and reporting it externally;
- Continuing to strengthen our governance of citizenship and sustainability activities across the Enterprise;
- Conducting periodic Priority Topics Assessments to ensure that in the ever-changing business environment we prioritize and focus on issues that are relevant to our stakeholders and can impact our business;
- Engaging with our stakeholders to understand and address their views and expectations.





## Health for Humanity Strategy & Progress

J&J-1, J&J-2, J&J-4

We focus our citizenship and sustainability efforts where we believe Johnson & Johnson can achieve the greatest impact by leveraging the power of our people, expertise, and global partnerships.

Our **Health for Humanity 2020 Goals** are aligned with our Company's purpose and reflect the areas where our stakeholders expect us to lead. We believe that achieving these Goals is integral to Johnson & Johnson's long-term success, and we consider them to be the Key Performance Indicators of our citizenship and sustainability approach. Johnson & Johnson is also committed to supporting implementation of the United Nations Sustainable Development Goals through both our Health for Humanity 2020 Goals and our UN SDG commitments, and a separate set of commitments across five key issue areas where we are uniquely positioned to create sustainable and scalable impact.

We report out our progress annually. Progress against our Health for Humanity 2020 Goals and our UN SDG commitments, and all associated data presented in the Scorecards, were **independently assured** by ERM Certification & Verification Services (ERM CVS).



### More Resources

Visit our Sustainable  
Development Goals webpage



View our Health for Humanity  
2020 Goals



## Health for Humanity 2020 Goals Progress Scorecard

The following Scorecard provides an update on progress we have made against our 2020 Goals.

**Achieved**

**On track:** expected to meet the Goal by 2020

**In progress:** so far progressing more slowly than expected; plans are in place to meet the Goal by 2020

**Off track:** not progressing as expected; currently at risk of not meeting the Goal by 2020

Goal	2020 Target	Progress Made in 2016-2018	Notable	Status
1. Develop and deliver innovative, lifechanging solutions to address the world's major health challenges.	Expand the database documenting the effectiveness, efficacy and safety profile of bedaquiline (SIRTURO) through collaborative efforts to further increase access.	Data from the expanded patient database allowed for publication on effectiveness, efficacy and safety of SIRTURO in two peer-reviewed journals.		<b>Achieved</b>
	Collaborate on Phase 3 trials and make regulatory submissions for rilpivirine LA, the first all-injectable depot regimen for HIV.	Positive topline results available for two Phase 3 clinical trials of the all-injectable regimen (cabotegravir LA from ViiV Healthcare and EDURANT [rilpivirine] LA from Janssen).		<b>On track</b>
2. Deliver innovative healthcare access and training programs that impact a billion lives in underserved areas.*	Produce and donate 1 billion doses of VERMOX (mebendazole) to treat >100 million children per year at risk for intestinal worms.	592 million doses of VERMOX donated in 30 countries with 304.6 million** children having been targeted for treatment.	Cumulatively 1.4 billion doses of VERMOX donated since 2006.	<b>On track</b>
	Deliver HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children.	50,980 adult patients and 523 pediatric patients received access to HIV/AIDS therapy with the branded and generic versions of PREZISTA, INTELENCE and EDURANT.***	<ul style="list-style-type: none"> <li>The estimates of the number of patients receiving access are based on the best available therapy access models developed by our Global Public Health Access team in collaboration with an external partner.</li> <li>While we expect our pediatric numbers to increase over the next two years based on our access activities and the addition of more countries to the New Horizons Collaborative, treating HIV in pediatric and adolescents still has considerable challenges, including: lack of viral load monitoring, limited access to genotypic tests, and limited patient identification data. For these reasons, we predict that we are at risk of not achieving our pediatric target.</li> </ul>	<b>In progress</b>

\* "Underserved" refers to populations that are disadvantaged because of ability to pay, ability to access care, ability to access comprehensive healthcare, or other disparities for reasons of race, religion, language group or social status.

\*\* Progress on the number of children targeted in 2018 was slightly lower than projected due to a delay in receiving country orders to ship product. We expect our 2019 total to be higher as a result.

\*\*\* We revised our calculation methodology to increase accuracy and now report on a 12-month rolling average, which includes a 1.25% wastage and 75% adherence factor.

Goal	2020 Target	Progress Made in 2016-2018	Notable	Status
	Deliver access to MDR-TB therapy to a cumulative 200,000 patients, potentially curing* 157,000 people** with MDR-TB of the disease.	75,869 patients received access to MDR-TB therapy with SIRTURO (bedaquiline).  For 6,959 patients provided access in 2016, an estimated 6,110** have been potentially cured, based on the 87.8% cure rate.*	<ul style="list-style-type: none"> <li>We enabled access to SIRTURO in all 30 high-burden MDR-TB countries.</li> <li>Based on our global bedaquiline uptake forecast models, built upon publicly available WHO individual treatment numbers, we predict a non-linear rate of growth in bedaquiline use in the next years.</li> </ul>	✓ On track
	Together with partners, train 30,000 skilled birth attendants to assist 6 million births.	Together with partners, trained 58,665 birth attendants, who assisted in 3,046,240 births.		✓ On track
	Support the delivery of 6 million eye care screenings to underserved children and corrective treatments (spectacles) as needed to 100,000 underserved children.	In partnership with Lions Club International, supported delivery of 7.9 million eye care screenings and 73,018 corrective treatments (spectacles) to underserved children.	Progress in 2018 is estimated based on delivery of eye screenings and corrective treatments (spectacles) in 2017. Actual 2018 data becomes available after our report data collection cut-off date.	✓ On track
3. Collaborate with government, nonprofit and private sector to foster new models of health that improve economic wellbeing and healthcare in key emerging markets.	Activate signature partnerships/initiatives for five of our largest Consumer brands to promote the health and well-being of people in need around the world.	STAYFREE activated the partnership with UNICEF to improve menstrual health and hygiene management among adolescent girls in three additional states in India. In prior years we activated partnerships with JOHNSON'S and LISTERINE.		✓ On track
	Drive policy thought leadership and strategic engagements to expand healthcare access and coverage in at least three emerging markets (including Brazil, China and India), and lead three to five pilots to demonstrate the results of these efforts.	<ul style="list-style-type: none"> <li>More than 700 engagements conducted with government officials and other partners in Brazil, Mexico, Philippines, Russia and Rwanda.</li> <li>Existing pilot projects in Brazil, China, Mexico, Philippines and Russia are ongoing. New pilots launched in Colombia, Indonesia, Philippines and Rwanda.</li> </ul>	The pilot project on supporting financing models through private health insurance in Thailand was completed in 2018.	✓ On track

\* The updated cure rate is 87.8% for patients treated with bedaquiline containing regimens, based on *The Lancet Respiratory Medicine*, Volume 392, September 2018, Pages 821-834.

\*\* As communicated through the product label, SIRTURO is taken for six months as part of a combination therapy with multiple other drugs; in total, a patient often requires up to two years of treatment to be cured.

Goal	2020 Target	Progress Made in 2016-2018	Notable	Status
4. Fully integrate sustainable design solutions into our product innovation processes.	New and existing products representing 20% of Johnson & Johnson revenue achieved EARTHWARDS recognition for sustainable innovation improvements.	New and existing products representing 19.6% of Johnson & Johnson revenue achieved EARTHWARDS recognition.*		✓ On track
	Increase the recyclability of our Consumer product packaging to 90+% (on a weight basis) via design and partnerships in five key markets where mature recycling infrastructure exists (Canada, France, Germany, UK and U.S.).** In three other markets where recycling infrastructure is less mature engage in partnerships to advance material recovery and recycling efforts.	Continued recycling-related partnerships to advance development of recycling infrastructure in Brazil, India and Vietnam.	These include: partnerships with two waste cooperatives in Brazil; a partnership with a waste cooperative in India; and a partnership with an environmental NGO in Vietnam.	✓ On track
5. Reduce our impacts on climate and water resources.	Reduce absolute carbon emissions 20% by 2020, and 80% by 2050.	CO <sub>2</sub> emissions decreased by 26% globally since 2010 (Scope 1 and Scope 2).		✓ On track
	Produce/procure 35% of electricity from renewable sources by 2020; aspire to power all facilities with renewable energy by 2050.	31% of total electricity consumption generated from renewable sources.		✓ On track
	Conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites.	69% of all high-risk sites identified in water risk assessment process developed mitigation plans and have budget allocated to start implementation in 2019.	100% of the manufacturing/R&D locations completed the comprehensive water risk assessment in 2016. Newly acquired sites are assessed within three full calendar years post-acquisition.	✓ On track

\* Percentage not inclusive of products newly recognized in 2018.

\*\* In 2018 **Johnson & Johnson Consumer Inc.** signed the New Plastics Economy Global Commitment. By joining this global multi-stakeholder initiative, we set a new ambitious 2025 plastics packaging commitment, which supersedes our 2020 target. Progress against the new 2025 commitment will be reported in another section of this Report starting in 2020. We will continue reporting our progress on helping advance material recovery and recycling efforts in less mature markets in this Scorecard.



Goal	2020 Target	Progress Made in 2016-2018	Notable	Status
6. Collaborate with our suppliers to accelerate environmental and social improvements across the value chain.	Enroll suppliers covering 80% of our spend* in our Sustainable Procurement Program.	Enrolled suppliers covering approximately 61% of spend in our Sustainable Procurement Program.		✓ On track
	Consistently achieve benchmark spending with U.S. diverse suppliers and small suppliers, and double the number of countries with established supplier diversity and inclusion programs.**	<ul style="list-style-type: none"> <li>Exceeded benchmark diverse supplier spending at 9.7% and benchmark small supplier spending at 18.9% of total U.S. spend.</li> <li>Expanded our supplier diversity and inclusion programs to one additional country (Japan) for a total of 13 countries against the baseline of six.</li> </ul>	The 13 countries outside the U.S. where we have started diverse supplier tracking are: Australia, Belgium, Brazil, Canada, China, Colombia, Germany, Japan, Mexico, South Africa, Spain, Switzerland and UK.	✓ On track
7. Empower and engage the Johnson & Johnson family of employees to become the healthiest workforce.	Empower and engage employees toward a “personal best” in health and wellbeing via: training of at least 100,000 employees in the principles of ENERGY FOR PERFORMANCE***; connecting at least 100,000 employees to their health via innovative digital health tools; and providing access to at least 100,000 employees to both fully implemented**** healthy eating and fully implemented healthy movement cultures.	<ul style="list-style-type: none"> <li>50,200 employees completed ENERGY FOR PERFORMANCE training.</li> <li>96,753 employees engaged in health and wellbeing via the use of digital health tools since 2016.</li> <li>117,132 and 121,446 employees provided access to 70% implemented healthy eating and healthy movement cultures, respectively.</li> </ul>	77,732 employees have completed the principles of ENERGY FOR PERFORMANCE training since the start of the program, representing 77.7% progress against our 2020 target of training 100,000 employees.	✓ On track

\* Based on spend data from prior calendar year.

\*\* Total spend represents addressable spend, i.e., products and services that procurement teams can negotiate with suppliers to meet business goals.

\*\*\* We count our 28,000 active employees who completed ENERGY FOR PERFORMANCE training prior to January 1, 2016, towards progress against this target.

\*\*\*\* Defined as 100% implementation of policies, programs and practices for both healthy eating and healthy movement.

## UN Sustainable Development Goals Progress Scorecard




The **Sustainable Development Goals** (SDGs) are a global framework for progress toward a more sustainable future. In trying to determine the unique impact Johnson & Johnson would contribute to the global community to create a healthier, more equitable world, we developed a clear, pragmatic process to create a commitment to accelerate the SDGs that reflects our unique constellation of strengths. The Company's commitment is focused in five areas in which Johnson & Johnson is positioned to create sustainable and scalable impact: health workforce, women's and children's health, essential surgery, global disease challenges, and environmental health.

We seek to mobilize and inspire employees, consumers, communities, and our global network to improve health globally. While we aim to achieve outcomes in all of the Company's work, the identified targets for the SDG commitment are reflective of the Company's reach — individuals whose lives may benefit from our combined efforts with our partners. To that end, we developed a measurement reporting framework that involves the annual tracking of progress toward focus area targets, ensuring accountability of our work.



- Achieved**
- On track:** expected to meet the Goal by 2020
- In progress:** so far progressing more slowly than expected; plans are in place to meet the Goal by 2020
- Off track:** not progressing as expected; currently at risk of not meeting the Goal by 2020

Aspiration	5-Year Target (2016-2020)	Progress for 2016-2018 implementation years	Notable	Status
<b>1. Health Workforce:</b> A world where the current and future healthcare workforce has the necessary competencies to deliver high quality healthcare.	650,000 health workers will have received training to better deliver quality healthcare.	324,900 healthcare providers (50% of overall goal achieved).	Recipients of leadership training, skills training, and education programs focused on health workforce development - including <b>China Neonatal Resuscitation Program</b> , NurseConnect, <b>mothers2mothers</b> , North Star Alliance, Uganda Academy for Health Innovation and Impact, and <b>Management Development Institute</b> .  <a href="#">Learn more</a>	<b>In progress</b>
<b>2. Women's &amp; Children's Health:</b> A world where every woman and child survives and has the opportunity for a healthy future.	60 million women and children will have received support and tools to enable a healthy future.	33.6 million women and children (56% of overall goal achieved).	Programs including MomConnect, mMitra, <b>Grameen Foundation</b> , <b>War on Worms</b> , <b>Born On Time</b> , <b>DREAMS Thina Abantu Abasha</b> , and projects on CARINGCROWD provide access to quality care, optimal development, and gender equality and empowerment.  <a href="#">Learn more</a>	<b>In progress</b>

Aspiration	5-Year Target (2016-2020)	Progress for 2016-2018 implementation years	Notable	Status
<b>3. Essential Surgery:</b> A world where safe, essential and timely surgical care can be accessed by all to save lives, prevent disability, promote economic growth, and reduce social marginalization.	50 million people will have had access to safe, essential, and timely surgical care.	37.6 million beneficiaries (75% of overall goal achieved).	Over the past three years, the <b>Medical and Surgical Skills Institute</b> trained more than 21,000 healthcare professionals from 9 countries in West Africa. It is estimated that these trained individuals will serve over 37 million patients.  <a href="#">Learn more</a>	 <b>On track</b>
<b>4. Global Disease Challenges:</b> A world where innovations and holistic health solutions prevent, control and eliminate global disease challenges and epidemics.	175 million individuals will have benefited from Johnson & Johnson solutions that prevent, control and eliminate global diseases.	306 million beneficiaries (175% of overall goal achieved).	Johnson & Johnson's VERMOX (mebendazole) Donation Program was the primary driver for exceeding this goal early, with an estimated 304.6 million school-aged children in 30 countries having received VERMOX treatments.  An estimated 50,900 adult patients and 520 child patients received access to HIV/AIDS therapy.  Since 2016, enabled access to SIRTURO (bedaquiline) in all 30 high MDR-TB burden countries, and delivered access to over 75,800 patients.  <a href="#">Learn more</a>	 <b>Achieved</b>
<b>5. Environmental Health:</b> A world where all people have healthy places to live, work and play.	60 million citizens living across 30 cities will have benefited from climate and air quality actions that have the potential to positively impact public health.	13 million citizens impacted through 2018.  25 cities in program have been trained and have committed to implementing at least one climate action relating to air pollution improvements and health co-benefits.  5 cities have already significantly implemented actions: Dar es Salaam, Durban, Medellin, Quezon City and Venice.  1 “demonstrator” city (Los Angeles) is undertaking multiple climate actions. Expert hired with Johnson & Johnson funding to plan/implement actions.	Cities: Amman, Jordan; Athens, Greece; Auckland, New Zealand; Barcelona, Spain; Bogota, Colombia; Chengdu, China; Chennai, India; Dar es Salaam, Tanzania; Dubai, UAE; Durban, South Africa; Hanoi, Vietnam; Ho Chi Minh City, Vietnam; Jakarta, Indonesia; Johannesburg, South Africa; Karachi, Pakistan; Medellin, Colombia; Mexico City, Mexico; Nairobi, Kenya; Paris, France; Quezon City, Philippines; Quito, Ecuador; Salvador, El Salvador; Santiago, Chile; Rome, Italy; Venice, Italy.  <a href="#">Learn more</a>	 <b>In progress</b>

## Overview

## Our Approach

## Better Health for All

## Our People

## Responsible Business Practices

## Environmental Health

## Appendix

## References

**Challenges of reporting and assuring progress against the SDG goals**

Collaboration is at the heart of the SDGs—these ambitious goals cannot be achieved by one party alone but involve governments, business and communities working together to achieve significant sustainability impacts and improvements to peoples' lives. We believe our commitment to partnership and collaboration helps us to achieve extraordinary results even though quantifying impacts and benefits across many partnerships is complex.

We have therefore reported and sought assurance on the progress against the 5-year targets which support our SDG goals. We have reported on progress based on the best information we have available, from our operations and those of our partners. However, we recognize that due to the nature of the projects supporting the targets, the data are subject to limitations including estimates, extrapolations and reliance on data and information provided by a broad range of partners that we work with to achieve these goals. For certain goals, assumptions are used that could result in an overstatement or understatement of lives benefited when trying to quantify performance in challenging environments. We summarize below some key information to provide our stakeholders with some insight into the challenges of reporting SDG goal performance.

**Health Workforce, Women's and Children's Health**

Many of our programs are co-funded, and while we make every effort to only report beneficiaries/healthcare professionals reached by our portion of the program, sometimes that is not possible. We do not have a direct line of sight to the data collection processes, as the data are gathered by our partners on the ground. Some of our partners have data quality assurance protocols, but some do not. For the purposes of our reporting, we assume each pregnant woman bears one infant—we do not use an estimation factor to discount for stillbirths or add for multiple births. For our goals, we count the number of individuals reached per year, aggregated over five years, which means that for multi-year programs

we do not always report unique individuals reached. For example, in a program such as NurseConnect, which provides information and support to nurses via mobile messages, a nurse subscribing and participating in the service in 2016 will be counted as a beneficiary in each subsequent year for the length of time that he or she remains with the program (i.e. until unsubscribing). Every year, this nurse will benefit from new messages, based on research, evidence and content development. We also do not have 100% reporting as some data come in after organizational publication deadlines, which means we may have some undercounting. To remedy this, we have reduced the amount of time the partners have to report post project completion. Still, due to their own organizational processes and difficulties obtaining timely data from remote areas in some cases, some partners report after our auditing deadline. In order to capture the full range of our reach, we are updating our results for 2016 and 2017 with data reported past the auditing deadline for those years.

**Essential Surgery**

A large part of the data and progress for this goal comes from the work we undertake with The Medical and Surgical Skills Institute (MSSI) in Ghana. The MSSI reports the numbers, nationalities and disciplines of medical professionals that complete each MSSI course. However, estimating the number of patients benefiting from the skills and knowledge obtained in a course requires the use of estimates and extrapolations to account for the number of patients treated per week, potential duplicate visits (e.g., same patient being seen by a doctor and a nurse trained by MSSI), and the retention time for the knowledge gained. We have used conservative estimates for knowledge retention (1 year) and have not included the potential for the multiplier effect of the "train-the-trainer," where trained medical professionals go on to train others. This year we have worked with MSSI to revise their feedback forms to include some validation of the assumptions of patients treated per healthcare worker trained. This validation will continue into 2019 and the results will be reflected in future reporting.

**Global Disease Challenges**

When it comes to quantifying the progress against this goal, a large part of the data comes from the number of VERMOX doses donated, measured through the number of doses shipped. Historical data shows that about 80% – 90% of the children targeted for treatment in endemic countries receive two treatments each year. We thus have used a factorial of 1.6 – 1.8 to estimate the number of children treated each year. The number of children treated estimated for 2016 was based on the factorial of 1.6. For 2017 and 2018 the figure is based on the factorial of 1.8.

**Environmental Health**

Success in achieving the desired impact for this goal depends on C40 city members initiating climate actions before 2020. In order to achieve the scale of impact, actions need to be ambitious and, therefore, take time to develop and implement. C40 is working with the current administrations of their city members to support their planned actions, however there is always a risk that actions do not get implemented due to changes in wider city circumstances (e.g. political or funding changes). We will aim to manage this risk by focusing on ambitious actions with larger scale impact spread across a number of cities, conducting careful vetting of proposed projects and making city participation as easy as possible.

When the Environmental Health goal was established in late 2016, a qualifier was placed on the original target of 100 million citizens living across 30 cities. As we noted at the time, those potential figures were to be revised once cities and actions were confirmed with C40 Cities. In 2018, these details were confirmed and the number of potential citizens benefiting was revised to 60 million over the five-year goal.



## Sustainability Governance

GRI 102-19, 102-20, 102-29

Starting at the Board of Directors level, the governance of citizenship and sustainability at Johnson & Johnson encompasses our three business segments (Consumer, Medical Devices and Pharmaceutical) as well as global enterprise functions. **The Science, Technology & Sustainability Committee (STSC)** has general oversight of our sustainability activities. Along with our Johnson & Johnson Executive Committee, the STSC reviews annual progress against our Health for Humanity 2020 Goals, initiatives being advanced by the Enterprise Governance Council, and our overall citizenship and sustainability efforts. Select members of the Executive Committee review the Health for Humanity Report.

Our office of Corporate Governance is responsible for raising visibility to citizenship and sustainability issues and activities that span multiple groups across the Enterprise, and for facilitating connections between teams and departments around governance of environment, social and governance (ESG) topics. In partnership with our Environmental Health, Safety & Sustainability, Global Public Health, Global Community Impact and Sustainable Procurement teams, Corporate Governance connects and aligns various activities that contribute to advancing our citizenship and sustainability agenda.

To enhance our corporate governance structure, in early 2016 we established the Johnson & Johnson Enterprise Governance Council (EGC). The EGC is comprised of senior leaders who represent our three business segments and our global enterprise functions with line of sight to, and ability to

impact, ESG issues. The EGC has a formalized process and protocols for this governing body, including the quarterly assessment of an ESG priority topics scorecard, proprietary reputational research on our identified ESG priority topics, and ongoing elevation of topics for further review and assessment. This process is informed by our Enterprise Risk Management (ERM) Framework, which assists the EGC, management teams and the Board of Directors in identifying potential business risks. For more information, please see our **Enterprise Risk Management Framework**. Further, ESG priority topics are integrated into the ongoing standardized approach to risk assessments across the Enterprise by risk functions with management, which ensures a clear and consistent view of existing and emerging risk, identifies controls, and enables mitigations to be established to address those risks. The outcomes of these assessments are reflected in the progress updates shared as part of the ESG priority topics scorecard reviews by the EGC.

In 2018, the EGC led initiatives to further embed governance processes around key ways in which we work across the Enterprise, helping to improve our corporate culture and connectivity. In addition, the EGC kicked off work to refresh the Company's ESG priority topics and establish an Enterprise Human Rights Working Group. The EGC continues to drive increased preparedness for ESG issues management, and fosters alignment and coordination of internal and external engagement efforts on these issues. Another important function of the EGC is to review and support progress against our Health for Humanity 2020 Goals and United Nations Sustainable Development Goals (UN SDG) commitments.

The Enterprise Governance Council Working Group (EGCWG) is the cross-functional "activation arm" of the EGC. The EGCWG is comprised of key enterprise functions and draws on the expertise of various subject matter experts across the Company, consulting with external advisors for additional specialized insight, as needed, to drive actions identified by the EGC. This diverse working group met four times in 2018 to review the status of key projects and emerging ESG topics and issues identified through our proprietary global intelligence system that analyzes which stakeholders, platforms and programs have the most impact on reputation. The EGCWG has accountability for tracking and managing the Health for Humanity 2020 Goals, UN SDG commitments, and our Health for Humanity Report, and works proactively across the Enterprise to foster engagement around goal progress and commitments.

In addition to people across the Enterprise with formal job responsibilities related to citizenship and sustainability, thousands of employees around the globe support the implementation of our strategic citizenship and sustainability initiatives in their everyday work and help us make steady progress toward our bold vision of changing the trajectory of health for humanity.

## Setting Priorities

GRI 102-47

Stakeholder expectations and the business environment in which we operate constantly evolve. Our Priority Topics Assessment (PTA) process helps us identify and prioritize the environmental, social and governance (ESG) topics that matter most to our stakeholders and our Company. The results inform and shape our sustainability priorities and reporting. We have been conducting PTAs every two to three years since 2008, with our most recent assessment conducted in 2016. The stakeholder feedback from that 2016 assessment continues to inform our reporting for this Report reflecting 2018. A detailed description of the 2016 PTA process, methodology, and definitions of topics be can found [here](#).

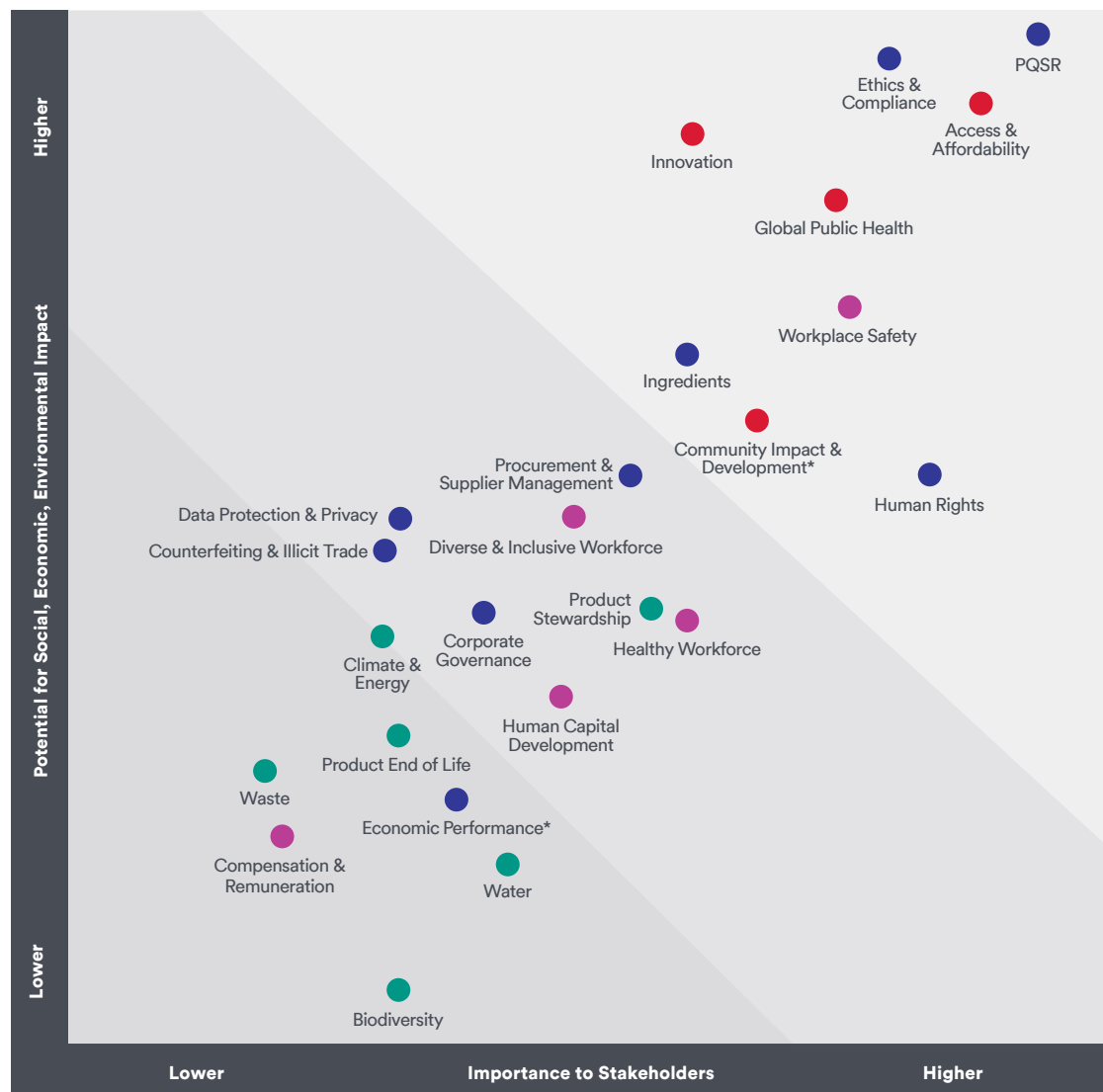
For this Report we grouped our priority topics into four main sections, as shown in the Priority Topics Assessment grid on the right:

- **Better Health for All**
- **Our People**
- **Responsible Business Practices**
- **Environmental Health**

Certain priority topics are reflected in multiple sections because of the their cross-cutting nature.

To see how our Priority Topics map to the Global Reporting Initiative Standards, please see [this table](#).

Priority Topics Assessment



\*Market Presence and Indirect Economic Development are reported as part of Economic Performance and Community Impact & Development, respectively.

## Engaging with Our Stakeholders

GRI 102-12, 102-13, 102-21, 102-40, 102-42, 102-43, 102-44

As a global healthcare company, we interact with numerous stakeholder groups at the global, national and local levels. Our Credo, written 75 years ago, acknowledges the diversity of stakeholders to whom we are responsible, and serves as our guide. Such engagement helps us learn about emerging sustainability topics while supporting Johnson & Johnson in creating long-term value for our Company and society.

The deep and longstanding relationships we cultivate with our stakeholders are vital to both our Credo-driven business strategies and our citizenship and sustainability approach. Our broad and consistent stakeholder engagement is essential to building successful business strategies and achieving our goal to deliver the best products and services possible.

Stakeholder engagement occurs at all levels of the Company, and information gained through these interactions is communicated through line management and, as appropriate, to senior management, including the Johnson & Johnson Executive Committee and Board of Directors. The goal of our decentralized approach is to connect our stakeholders with the most appropriate internal resources to address their needs and concerns, which benefits both our business and our stakeholders. As necessary to ensure consistency of approach, for broad-based stakeholder engagements we leverage a customer relationship management system to provide visibility and management across the Enterprise.

In determining with whom to engage with respect to environment, social and governance topics, we take into consideration a variety of factors, including:

- Alignment of our goals and values with those of the stakeholder group;
- Ability to improve human health, social, environmental and other outcomes because of this engagement;
- Opportunity for mutual learning.

Throughout 2018, members of our management team met with a significant number of our shareholders to discuss our Health for Humanity sustainability approach. This includes our Health for Humanity 2020 Goals and other citizenship and sustainability commitments, as well as transparency around key environmental, social and governance measures. We hosted our first Health for Humanity Report webinar with investors to accompany the release of our annual Health for Humanity Report, providing shareholders the opportunity to engage and ask questions of leaders in Investor Relations, Product Quality & Compliance, Medical Safety, Global Public Health and Environmental Health, Safety and Sustainability.

To ensure we're always investing for the future, we're participating in important initiatives like the Embankment Project for Inclusive Capitalism, CECF's Strategic Investor Initiative and the Business Roundtable. With these expert partners, we're helping to shift the conversation in the financial markets toward a long-term view and measurement of the value to society that a business like ours creates.

We also partnered with Business for Social Responsibility (BSR), a global nonprofit organization focused on corporate sustainability, on a formalized stakeholder feedback initiative. BSR solicited reactions and insights on the 2017 Health for Humanity Report content from a broad base of stakeholders reflecting global public health institutions, investors, NGOs, and environmental leaders. Their guidance and feedback have been integrated into the 2018 Health for Humanity Report. In addition, this stakeholder feedback has been integrated into business and functional group strategies across the Enterprise, and the important insights will inform our 2019 Priority Topics Assessment and Health for Humanity 2025 goal setting.

### Stakeholder Engagement on This Report

Various internal stakeholders across Johnson & Johnson's global teams provided their input into this Report. The final content has been reviewed by the members of the Executive Committee.

## Our Stakeholders

Stakeholder Group	Methods of Engagement	Issues
Advocacy Groups/Trade Associations	Organizational memberships, direct engagement, dialogue, sponsorships, conferences, research efforts	Product quality, safety and reliability, ethical business practices and performance, access to and affordability of medicines, global public health, community engagement and impact, product innovation, diversity, responsible sourcing, ingredient issues, workplace safety
Consumers	Dedicated 24-hour, 7-days-a-week toll-free hotline in 23 languages, Johnson & Johnson website, brand websites, social media, focus groups, clinical trials	Product quality, safety and reliability, proper product use, access to our products, materials/ingredients in our products, data protection and privacy, socially beneficial products, proper disposal of products, ethical behavior and performance
Customers	Direct contact through sales, customer relationship managers, customer call centers, customer meetings, industry trade groups/meetings	Product quality, safety and reliability, sales and distributions, supply and demand for products, ethical business practices, data protection and privacy, issues related to products, packaging, product end of life, pricing, manufacturing processes
Employees	Our Credo survey, intranets, newsletters, company webcasts, town hall meetings, quarterly business updates, training sessions, anonymous 24-hour, 7-days-a-week toll-free hotline in 23 languages	Ethical business practices, business performance, sustainable innovation, workplace health and safety, human capital development, diversity and inclusion, human rights, access to and affordability of medicines, data protection and privacy
Government/Policy Makers	Governmental affairs liaisons, direct engagement, Johnson & Johnson Political Action Committee, meetings, advocacy	Compliance with regulations, ethical business practices, research and development activities, innovation in healthcare, pricing, access, policy positions, marketing practices
Healthcare Providers	Sales representatives, continuing medical education liaisons, education initiatives, clinical researchers, advisory boards, support and education programs for caregivers	Product quality, safety and reliability, workplace health and safety, human rights, ethical business practices, product pricing and availability, access to and affordability of medicines, employee health and wellness, human capital development
Socially Responsible Investors	Annual report, annual sustainability report, annual shareholders meeting, investor releases, quarterly earnings, road shows, completion of surveys, Johnson & Johnson website, conferences, dialogue, direct engagement	Product quality, safety and reliability, workplace health and safety, human rights, ethical business practices, product pricing and availability, access to and affordability of medicines, employee health and wellness, human capital development
Local Communities	Direct local engagement, philanthropic efforts, employee volunteers, sponsorships, collaborative partnerships	Environmental issues, site expansions or closures, employment, transportation, safety and health issues, emergency planning, local community issues, volunteer efforts
NGOs	Direct engagement, dialogue, collaborative partnerships, sponsorships, organizational memberships, conferences, social media	Diverse organizations with interests across all areas of our business
Quasi-Governmental Organizations/Academic Institutions	Direct engagement, collaborative partnerships, face-to-face meetings, research, academic studies	Product quality, safety and reliability, studying/addressing health issues, ethical business practices
Suppliers	Direct engagement, collaborative partnerships, Responsibility Standards for Suppliers, outreach by category leaders, supplier scorecards, face-to-face meetings, trainings and workshops, supplier diversity initiatives, surveys, assessments and audits	Product quality, safety and reliability, ethical business practices, procurement practices, workplace health and safety, environmental and sustainability practices, human rights in the workplace, data protection and privacy, product innovation, diversity and inclusion



## Memberships

We participate in several non-governmental and advocacy organizations and industry associations on topics of interest and priority to the Company. Select memberships and associations include:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Advanced Medical Technology Association</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Consumer Goods Forum</li> </ul>  | <ul style="list-style-type: none"> <li>• National Health Council</li> </ul>                              |
| <ul style="list-style-type: none"> <li>• Asia Pacific Medical Technology Association</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Consumer Healthcare Products Association</li> </ul>                          | <ul style="list-style-type: none"> <li>• New Horizons Collaborative</li> </ul>                           |
| <ul style="list-style-type: none"> <li>• Association for the Advancement of Medical Instrumentation</li> </ul>                  | <ul style="list-style-type: none"> <li>• Corporate Eco Forum</li> </ul>   | <ul style="list-style-type: none"> <li>• New York University School of Medicine</li> </ul>               |
| <ul style="list-style-type: none"> <li>• Bill &amp; Melinda Gates Foundation</li> </ul>   | <ul style="list-style-type: none"> <li>• Cosmetics Europe</li> </ul>  | <ul style="list-style-type: none"> <li>• Personal Care Products Council</li> </ul>                       |
| <ul style="list-style-type: none"> <li>• Biotechnology Industry Organization</li> </ul>   | <ul style="list-style-type: none"> <li>• Council of Supply Chain Manufacturing Professionals</li> </ul>               | <ul style="list-style-type: none"> <li>• Pharmaceutical Research and Manufacturers of America</li> </ul> |
| <ul style="list-style-type: none"> <li>• BIO Ventures for Global Health</li> </ul>  | <ul style="list-style-type: none"> <li>• Embankment Project for Inclusive Capitalism</li> </ul>                       | <ul style="list-style-type: none"> <li>• Pharmaceutical Supply Chain Initiative</li> </ul>               |
| <ul style="list-style-type: none"> <li>• Business Roundtable</li> </ul>   | <ul style="list-style-type: none"> <li>• European Federation of Pharmaceutical Industries and Associations</li> </ul> | <ul style="list-style-type: none"> <li>• The Conference Board</li> </ul>                                 |
| <ul style="list-style-type: none"> <li>• California Healthcare Institute</li> </ul>   | <ul style="list-style-type: none"> <li>• GS1</li> </ul>   | <ul style="list-style-type: none"> <li>• The Sustainability Consortium</li> </ul>                        |
| <ul style="list-style-type: none"> <li>• CDP (formerly titled Carbon Disclosure Project)</li> </ul>                             | <ul style="list-style-type: none"> <li>• Harvard Medical School</li> </ul>  | <ul style="list-style-type: none"> <li>• United Nations</li> </ul>                                       |
| <ul style="list-style-type: none"> <li>• Chief Executives for Corporate Purpose (CECP) Strategic Investor Initiative</li> </ul> | <ul style="list-style-type: none"> <li>• Healthcare Businesswomen's Association</li> </ul>                            | <ul style="list-style-type: none"> <li>• United Nations Global Compact</li> </ul>                        |
| <ul style="list-style-type: none"> <li>• Children Without Worms</li> </ul>  | <ul style="list-style-type: none"> <li>• HealthCare Institute of New Jersey</li> </ul>                                | <ul style="list-style-type: none"> <li>• United States Agency for International Development</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Climate Leadership Council</li> </ul>  | <ul style="list-style-type: none"> <li>• Healthcare Leadership Council</li> </ul>                                     | <ul style="list-style-type: none"> <li>• U.S. Chamber of Commerce</li> </ul>                             |
| <ul style="list-style-type: none"> <li>• Closed Loop Fund</li> </ul>  | <ul style="list-style-type: none"> <li>• Medtech Europe</li> </ul>  | <ul style="list-style-type: none"> <li>• United Way – local chapters</li> </ul>                          |
|   |   | <ul style="list-style-type: none"> <li>• World Health Organization</li> </ul>                            |

# Better Health for All

GRI 103-2; 103-3

At Johnson & Johnson, we have made it our business to advance better health. For more than 130 years, we have been committed to improving the health of individuals, families and communities around the world, including the most vulnerable and underserved populations. Today, we continue to invest and collaborate to help solve some of the most complex global health challenges. By harnessing Johnson & Johnson's breadth, scale and legacy of scientific innovation, we strive to live Our Credo values and change the trajectory of health for humanity.

In this section, we describe a wide range of strategies, approaches and initiatives that the Johnson & Johnson Family of Companies continues to progress in order to deliver Better Health for All around the world, addressing specific healthcare challenges and needs. In this Report, we provide a broad overview of our engagement and activities in each area. We encourage you to visit [our website](#) for additional information.

## Key Achievements in 2018

- Made a significant investment to expand the footprint and capabilities of our dedicated Global Public Health organization in Africa with fully operational regional offices, each staffed with local employees.

- Launched a new program in Rwanda to enable access to modern anti-psychotics for the broad population, and treated the first person with 3-month long-acting paliperidone palmitate.
- Enabled access to SIRTURO in 114 countries, including all 30 high MDR-TB burden countries, provided access to 75 countries through the bedaquiline donation program, and delivered access to over 82,509 patients between 2012 and 2018.
- Continued expanding access to proven interventions and developing new, innovative tools to treat and prevent HIV, including positive primary analysis results of the two Phase 3 clinical studies for a novel, long-acting injectable two-drug regimen to treat HIV.

## Areas of Opportunity

- Continue to build capabilities in digital health, focusing on integrated solutions to improve access to medicines.
- Encourage open, candid and evidence-based multi-stakeholder dialogue to engage the global community on overcoming access challenges, strengthening health systems and outcomes-based financing.
- Strengthen measurement of health outcomes by continuing to embed monitoring and evaluation across all programs.



## World Without Disease

J&J-2 (GRI 103)

Addressing critical public health challenges requires bold leadership and novel approaches. Despite tremendous progress in medical science and technology during the last decades, significant health gaps remain for many people around the globe. Emerging new global challenges will require collective effort and partnerships to deliver solutions. **Johnson & Johnson Global Public Health (GPH)** is the first fully dedicated organization within a healthcare company focused on combining innovative R&D, novel access programs, country-based operations and advocacy. GPH aims to ensure that treatments and technologies are available, affordable and accessible for the world's most underserved populations as we work to realize a world without disease.

Our GPH strategy tackles some of the world's most pressing health challenges, targeting transformational health outcomes for individuals and communities. This includes aspirations to eliminate human immunodeficiency virus (HIV) and tuberculosis (TB), and reduce the burden of neglected tropical diseases and non-communicable diseases alongside addressing critical issues such as mental health and the threat of drug resistance and global pandemics.

As a global healthcare leader, Johnson & Johnson is at the forefront of addressing the world's most intractable diseases. In 2018, we maintained our planned actions to reduce the burden of prominent diseases and are on track against our published targets, advancing better health for adults and children around the world.

**“We recognize that our efforts to advance better health for all by establishing ecosystems of care are a major undertaking, and that our goals are daunting in all respects. But we know that with our breadth, scale and long-term relationships in all facets of health, we are uniquely positioned to take the lead. We believe better health is the foundation of social advancement. When people are healthy, they can gain an education, take care of their families and contribute productively to their economies; better health for all means thriving communities.”**



Jaak Peeters, Global Head, Johnson & Johnson Global Public Health



### 2020 SDG Commitment Progress

**5-year Target:** 175 million individuals will have benefited from Johnson & Johnson solutions that prevent, control and eliminate global diseases.

**2016-2018 Progress:** 306 million beneficiaries (175% of overall goal achieved).

[View Scorecard](#) →



## Making HIV History

There are currently around 37 million people globally living with human immunodeficiency virus (HIV)/AIDS<sup>1</sup> and many more are affected by the challenges remaining in the areas of prevention, treatment, access and public education. The Janssen Pharmaceutical Companies of Johnson & Johnson (Janssen) have been on the front lines of fighting HIV for decades through the introduction of eight transformational HIV medicines, including three antiviral agents and five combination products developed in partnership. We are innovating to help patients currently facing a lifetime of treatment through simplified, innovative regimens. Additionally, the discovery and development of an investigational preventive vaccine is a major part of our work. We are also engaged in early science for a functional cure, investigating strategies to help patients achieve treatment-free remission.

### Preventive HIV Vaccine

In July 2018, *The Lancet* published initial immune response data regarding our investigational mosaic-based preventive vaccine regimen against HIV-1 infection. *The Lancet* paper provided the first detailed analysis of the first results from the **early-stage (Phase 1/2a) study**, known as the APPROACH study, which was conducted among 393 healthy HIV-uninfected adults in Rwanda, South Africa, Thailand, Uganda and the United States. The data generated suggest that the vaccine regimen was well-tolerated and elicited

**“Developing a vaccine against HIV is a top priority and will be a critical tool to help create a world without AIDS. We’re joining forces with the world’s leading HIV researchers and global health advocates to help advance our experimental vaccine. Working together, our goal is to make HIV history.”**



Paul Stoffels, Vice Chair of the Executive Committee and Chief Scientific Officer, Johnson & Johnson

**“We are in a golden age in HIV vaccine science. Currently we are exploring two different active HIV vaccine strategies as well as evaluating whether a trial using neutralizing antibodies can protect against HIV. In the next 4 years, we have the potential to change the game, and bring valuable tools to the public to protect communities from HIV.”**

Professor Glenda Gray, President & CEO of the South African Medical Research Council (SAMRC) and Protocol Chair of the Imbokodo study

a robust HIV antibody response in all healthy volunteers. Further, at the 2018 HIV Research for Prevention Conference in Madrid, Spain, we shared the primary analysis of immune response data for a tetravalent (4-valent) version of the mosaic-based preventive vaccine against HIV-1 infection. In this Phase 1/2a study, known as the TRAVERSE study, the tetravalent vaccine was well-tolerated among HIV negative volunteers, and significantly enhanced the breadth of immune responses to different HIV-1 strains compared to the trivalent version that was evaluated in APPROACH.

The early findings from the APPROACH and TRAVERSE studies were critical in enabling us to progress to the next stage: the first-ever large-scale efficacy study for the mosaic-based vaccine regimen. Paul Stoffels, M.D., Vice Chair of the Executive Committee and Chief Scientific Officer, Johnson & Johnson, provided an update on this study—called Imbokodo—at the Global Citizen Festival in New York City in September 2018, which Johnson & Johnson supported as the Major Health Partner for the third consecutive year. Together with partners like the National Institutes of Health, the HIV Vaccine Trials Network, the Bill & Melinda Gates Foundation and the South African Medical Research Council, among many others, Janssen is conducting this study in five southern African countries in an effort to identify mechanisms to prevent the spread of HIV and lead the way to developing a global vaccine effective against the multiple strains of the virus.



### Expanding our world-class vaccine manufacturing capabilities

In 2018, we opened our state-of-the-art vaccines launch facility in the Netherlands. The facility is constructed for production of late-stage (Phase 3) clinical trial supplies for Janssen's investigational vaccines targeting HIV, Respiratory Syncytial Virus, Ebola, and a universal influenza vaccine. Pending regulatory approvals, the facility will also be ready to manufacture the first batches of vaccines for real-world use.

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### Progress Towards Novel Treatment Regimen

The development of novel medicines with extended release suspension for injection may reduce the impact of treatment on people's lives. This novel approach would signify a much-needed treatment evolution for people living with HIV, moving from dosing 365 to just 12 or even six times per year. Janssen, in collaboration with ViiV Healthcare, is investigating the potential of a long-acting injectable treatment regimen combining long-acting rilpivirine (Janssen) and cabotegravir (ViiV) for the treatment of HIV.

In August and October 2018, Janssen and ViiV Healthcare announced primary findings from the two global Phase 3 trials – ATLAS and FLAIR. Both ATLAS and FLAIR met criteria for non-inferiority of this novel monthly regimen versus standard-of-care daily oral regimens. The Phase 3 results from these studies show that a two-drug injectable treatment regimen may provide people living with HIV the option of managing their virus with just 12 injection visits a year.

### Partnering to Make HIV History

In addition to these advances in creating a global vaccine for HIV,

**“Children are more prone to developing drug resistance to first-line therapies, and yet the supply of the second-line medicines they need is constrained. By working together with innovator companies like Johnson & Johnson, as well as generic manufacturers, PEPFAR is determined to address this critical gap. Because we know that if we don't take action now, the pediatric HIV care challenge will only grow.”**

Ambassador Deborah L. Birs, M.D., U.S. Global AIDS Coordinator and U.S. Special Representative for Global Health Diplomacy

we have progressed several initiatives to broaden access to HIV treatment, such as partnering with the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) on two of their key platforms, DREAMS and MenStar, and expanded our capabilities to meet supplies for patients who need them around the world, such as through the New Horizons Collaboration. Some examples are noted below.

### Empowering youth in South Africa to reduce the spread of HIV

Girls and young women account for 74% of new HIV infections among adolescents in sub-Saharan Africa (SSA).<sup>2</sup> To address this growing challenge, PEPFAR, the Bill & Melinda Gates Foundation, Girl Effect, Johnson & Johnson, ViiV, and others partnered to create DREAMS, an ambitious \$385 million initiative across 10 countries in SSA dedicated to helping girls develop into Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe women.

In 2018, in South Africa, we launched **“DREAMS, Thina Abantu Abasha,”** a youth-led peer-to-peer initiative aimed at empowering youth to substantially reduce the rate of HIV infections. During the year, we expanded the program from KwaZulu-Natal to Gauteng, two provinces with the highest rates of HIV infection. “Thina Abantu Abasha” is Zulu for “We the Youth” and is based on the premise that no action of empowering the youth should take place without the direct involvement of youth themselves. True to its name, the program is an entirely youth-driven initiative. The program content, design and implementation model was directed by the Youth Leadership Team consisting of eight dynamic young people with a passion for youth empowerment and HIV reduction. The program, which is undertaken in collaboration with the United Nations Population Fund South Africa, the Department of Health Youth Program and She Conquers, focuses on empowering young people with leadership, employability and sexual and reproductive health resources—three themes identified by youth as key empowerment drivers in preventing the spread of HIV.



### 2020 Goal Progress

# 50,980

adult patients and 523 pediatric patients received access to HIV/AIDS therapy with the branded and generic versions of PREZISTA, INTELENCE and EDURANT.

[View Scorecard](#) →

### Our pledge to the MenStar Coalition

In 2018, we confirmed our pledge to the [MenStar coalition](#), which brings together seven global founding partners to expand the diagnoses and treatment of HIV infections in men, particularly in sub-Saharan Africa. This a key way forward to breaking the cycle of HIV transmission and ultimately ending the AIDS epidemic as a public health threat by 2030.

### Expanding global access to HIV treatment for children in need

For nearly five years, Janssen has been working to address the needs of this significantly underserved population in sub-Saharan Africa. In 2013, Janssen launched the New Horizons Collaborative, a first-of-its-kind pediatric HIV treatment donation program now available in 10 countries, to provide treatment, including child-friendly formulations, free of charge to eligible countries able to advance pediatric HIV treatment. Learn more about the program [here](#).

In 2018, Janssen and PEPFAR launched a new initiative aimed at expanding global access to HIV antiretroviral therapy (ART) for children in the developing world. Worldwide, approximately 1.8 million children under age 15 have HIV, and most are living in sub-Saharan Africa.<sup>3</sup> Only 52% of these children are on HIV treatment.<sup>4</sup> Janssen will work to provide sustainable access to a pediatric formulation of its medicine, darunavir (75mg).

### Progress in reducing HIV risk for women

As part of our multi-year partnership with the nonprofit International Partnership for Microbicides (IPM), IPM applied to the European Medicines Agency for approval of their monthly dapivirine vaginal ring that reduces the risk of HIV-1 infection in young women, offering a discreet prevention tool for women. Read more [here](#).

### Partnering to end HIV in Uganda

In 2018, we partnered with Baylor-Uganda, a Ugandan HIV not-for-profit organization, and Pepal to host The International Summit on Leadership in Healthcare in Uganda. The two-day summit brought together national and international stakeholders, including the Prime Minister and State Minister for Health of Uganda, to share strategies for success for leadership in healthcare. The summit was a platform to showcase and develop ideas for sustainability and the launch of a new leadership academy.



## Eradicating Tuberculosis

Tuberculosis (TB) is the world's deadliest infectious disease. Despite being preventable and—with timely diagnosis and appropriate treatment—curable, an estimated 1.6 million people die of TB every year. Approximately 95% of these deaths occur in low- and middle-income countries.<sup>5</sup>

Growing resistance to the most commonly used TB drugs is compounding this challenge. Multidrug-resistant TB (MDR-TB) is a persistent and growing threat; in fact, the World Health Organization (WHO) estimates that nearly half a million new cases of MDR-TB occur worldwide each year,<sup>6</sup> and drug-resistant TB now accounts for one third of all deaths due to antimicrobial resistance (AMR).<sup>7</sup>

To learn more about our commitment to TB, please visit [www.jnj.com/tb](http://www.jnj.com/tb). To read more about our AMR efforts, please visit our [AMR section](#).

In 2012, Johnson & Johnson brought forward SIRTURO (bedaquiline), the first novel TB antibiotic in nearly half a century. Since then, we have partnered extensively in high-burden countries to provide access to and ensure appropriate use of our treatment and to raise awareness about TB more broadly.

As part of this effort, in 2015, Johnson & Johnson launched a four-year donation program with the U.S. Agency for International Development (USAID) and JSC Pharmstandard, one of the leading Russian pharmaceutical manufacturers. We originally committed to donate 30,000 courses of bedaquiline to up to 110 eligible low- and middle-income countries; however, in response to high demand, we more than tripled our commitment. In 2018, we also

# 82,509

**courses of bedaquiline delivered to patients in need in more than 114 countries between 2012 and 2018**

further consolidated our partnership with Pharmstandard with a Memorandum of Understanding to enable Pharmstandard to manufacture and globally export bedaquiline.

Several notable events in 2018 have begun to broaden the use of bedaquiline globally. In June 2018, South Africa became the first country to recommend an injection-free, bedaquiline-containing regimen for all eligible MDR-TB patients. This decision was based on programmatic data showing reduced mortality and improved patient outcomes for patients on bedaquiline-containing regimens. Later in the year, the WHO issued new guidelines recommending the use of bedaquiline as a core drug for inclusion in conventional (long-course) regimens unless its use is contraindicated.<sup>8</sup>

To enable a more rapid scale-up of bedaquiline to MDR-TB patients, Johnson & Johnson **announced a not-for-profit price** in July 2018. This offer was extended to more than 130 eligible countries procuring through the Stop TB Partnership's Global Drug Facility, including all previously donation-eligible countries.

### Catalyzing TB innovation

In the lead-up to the first-ever UN High-Level Meeting on Tuberculosis in September 2018, Johnson & Johnson co-hosted the landmark TB Innovation Summit with the Stop TB Partnership, the World Economic Forum, the United Nations Foundation, and the Global Fund to Fight AIDS, TB and Malaria. The Summit focused on the urgent need for innovation—both in the lab and on the ground in high-burden countries—to drive progress toward the shared goal of ending TB. Paul Stoffels, M.D., Vice Chair of the Executive Committee and Chief Scientific Officer, Johnson & Johnson, spoke on a panel and highlighted the important role of the private sector in driving innovation. To support the Sustainable Development Goal target of ending TB by 2030, he also announced our comprehensive 10-year TB initiative, with the goal of saving an estimated 1.8 million lives and preventing 12 million new infections. Through this initiative, we will work with partners to improve detection of undiagnosed cases of TB, broaden access to bedaquiline, and accelerate R&D to discover next-generation TB medicines and multi-drug regimens.

✓ ON TRACK

### 2020 Goal Progress

# 75,869

patients received access to MDR-TB therapy with SIRTURO (bedaquiline). For 6,959 patients provided access in 2016, an estimated 6,110 have been potentially cured, based on the 87.8% cure rate.

[View Scorecard](#) →

### Expanding access in South Africa and China

At the TB 2018 Conference in July, Johnson & Johnson announced a landmark collaboration with South Africa aimed at scaling up access to bedaquiline by offering the medicine to South Africa—and to more than 130 additional eligible countries—at a not-for-profit price. This commitment was made in recognition of South Africa’s unparalleled leadership in the fight against MDR-TB. Earlier in 2018, South Africa became the first country in the world to recommend replacing injectable drugs with bedaquiline for the treatment of MDR-TB. Bedaquiline.

Johnson & Johnson is supporting the Chinese government in its efforts to end TB, including by improving case detection, training healthcare professionals to manage TB and MDR-TB more effectively and, appropriately, raising awareness and reducing stigma among the public, and accelerating access to effective treatment in collaboration with partners.

Since 2016, Johnson & Johnson has been partnering with China’s National Health Commission (NHC), Bill & Melinda Gates Foundation and the Chinese Center for Disease Control and Prevention (China CDC) to undertake a New Drug Introduction Program, aimed at ensuring appropriate access to our MDR-TB treatment.

Additionally, in 2018 we launched a collaboration with the NHC, China CDC and diagnostic manufacturer Cepheid aimed at accelerating TB and MDR-TB patient finding in poverty-stricken regions in China.

### Advancing progress toward a TB-free India

India has the highest burden of TB and MDR-TB in the world. Last year, Indian Prime Minister Narendra Modi announced a bold vision for a TB-free India by 2025—also outlined in Government of India’s National Strategic Plan for TB Elimination. In support of this, we are collaborating with the Government of India and other partners to tackle TB by supporting their efforts to increase access to treatment, improve diagnostic capacity, train healthcare providers, and

raise awareness of TB at the community level.

### Ending pediatric TB in Vietnam

TB remains the leading cause of mortality among all infectious diseases in Vietnam. Children are hard hit by TB, as the disease is harder to detect and also progresses more rapidly in this population. Less than 50% of children with TB in Vietnam receive the preventive therapy that could reduce their risk of developing the active form of the disease.<sup>9</sup>

To help address this public health crisis, in 2016, the global health nonprofit PATH and Johnson & Johnson formed a unique partnership, known as Breath for Life. The goal was to work with local partners to improve the detection, diagnosis and management of TB in a heavily burdened area in Vietnam—Nghe An. Two years on, there are indications of progress that the number of pediatric TB cases detected in Nghe An and the number of eligible children receiving preventive therapy have significantly increased. Also, Breath for Life supported hundreds of health workers receiving specialized training in pediatric TB detection and treatment.

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## Combating Neglected Tropical Diseases

Neglected tropical diseases (NTDs), a diverse group of communicable diseases common primarily in developing countries, cause substantial illness in more than one billion people worldwide.<sup>10</sup> These diseases, including dengue, roundworm and hookworm, impact the poorest, most vulnerable people on the planet and people living in poverty are the most affected. We continue to target resources to combat NTDs through R&D, product donations and partnerships. To facilitate additional research and breakthrough innovation in NTDs, Janssen shares 80,000 chemical compounds from its *Jump-stARter* molecular library with the global research community to help collaborators accelerate treatment and prevention of NTD's, along with TB, malaria, and other diseases common in the developing world.

**Intestinal worms:** Soil-transmitted helminthiasis (STH) is among the most common infections worldwide, affecting the most deprived communities. Approximately 1.5 billion people are infected worldwide, with children disproportionately at risk. According to the WHO, more than 800 million children live in endemic areas in need of treatment.<sup>11</sup>

As an original signatory of the 2012 London Declaration on Neglected Tropical Diseases, we have met our commitments of donating up to 200 million doses annually and developing a new chewable, child-friendly formulation of VERMOX (mebendazole) to treat STH. In 2018, we extended our existing donation commitment an additional five years to donate 200 million doses annually through 2025.

We also submitted a prequalification dossier to the WHO in 2018 for VERMOX CHEWABLE, a new formulation of mebendazole that can either be chewed or mixed with a small amount of water to form a soft mass that's easier for very young children to swallow. The dossier was prequalified by the WHO in April 2019, marking an important milestone in our efforts to combat STH infections in underserved regions around the world. The VERMOX CHEWABLE is available in limited quantities this year, and in 2020 will replace the current solid tablet in Johnson & Johnson's donation program, which will enable us to reach one of the most vulnerable populations—children as young as one year of age—with this critical medicine.

# 1.4B+

doses of mebendazole donated since 2006

We also work continuously with the WHO, Ministries of Health in endemic countries, and other partners to ensure medicines reach children in need. For more than a decade, Johnson & Johnson has been a lead contributor to Children Without Worms that supports STH initiatives. Additionally, we are leading STH research initiatives via partnerships with other industry, academia and NGO partners.

Through a Johnson & Johnson Foundation grant, we support the War on Worms campaign in partnership with University of the Philippines Manila to implement school-based, teacher-assisted deworming programs, coupled with improvements in water, sanitation, and hygiene (WASH) and health promotion, trained over 12,000 health workers and benefited more than two million children in the Philippines. The campaign also includes the donation of the deworming medicine VERMOX.

**Dengue:** Dengue is a viral infection transmitted by mosquito, and one of the leading causes of hospitalization and death among children in Asia and Latin America. Worldwide prevalence is growing, with potential for an epidemic in many countries. The WHO listed dengue in the top 10 global health threats in 2019; today, more than 125 countries live in fear of the next epidemic.<sup>12</sup>

The aim of our dengue program is to develop a potent, first-in-class antiviral for the prevention of dengue, both for travelers to—and vulnerable populations living in—dengue-endemic areas.

In 2018, we reached a significant milestone as we entered the clinical development stage by starting a First in Human investigational small molecule inhibitor study in October. We are partnering in this initiative with the Wellcome Trust, a global charitable foundation, and the University of Leuven in Belgium for the development of antiviral medicines to fight dengue.

✓ ON TRACK

2020 Goal Progress

# 592M

doses of VERMOX donated in 30 countries with 304.6 million children having been targeted for treatment.

[View Scorecard](#) →

## Transforming Mental Healthcare

Worldwide, mental illness devastates individuals, families and communities, and is a growing global public health challenge. Three-quarters of all people suffering from mental illness live in low- and middle-income countries with fewer than one in 50 people with severe mental illnesses in these countries receiving evidence-based treatment.<sup>13</sup>

Access to care is complicated by several challenges, such as insufficient data on the burden of mental illness; the lack of trained healthcare providers; inconsistent access to care and affordable, quality medicines; and strong social stigma associated with mental illness. Treating severe mental illness, including schizophrenia, represents a significant investment for the healthcare system.

With more than 60 years of supporting those affected by mental illness, Johnson & Johnson is committed to expanding access to transformational mental health innovations to positively impact people's lives. In August 2018, **Johnson & Johnson announced** a comprehensive partnership with the Rwanda Ministry of Health to strengthen and expand access to quality mental healthcare in the country. Over the past 25 years, Rwanda has made significant progress in this field. Together, we aim to transform mental healthcare in the country through a series of innovative collaborations, demonstrating that it is possible to apply an affordable, sustainable and scalable quality care model for the treatment of severe mental illness, specifically schizophrenia, in low- and middle-income countries.

**“The Ministry of Health believes this partnership comes in due time as addressing severe mental illness is one of our priority areas in order to ensure equitable access to mental health services for those in need.”**

Dr. Diane Gashumba, Honorable Minister of Health for Rwanda

As part of this effort, we are:

- Supporting the first-ever government-initiated national mental health survey to better understand the prevalence and burden of mental health disorders in low-resource settings and further inform policy, budgets and healthcare provider resourcing for the delivery of high-quality mental healthcare.
- Accelerating access to innovative schizophrenia medicines, including undertaking a clinical study to determine the value and impact of introducing long-acting injectable treatments (paliperidone palmitate).
- Enabling Partners in Health through a three-year Johnson & Johnson Foundation grant to expand and scale up their innovative Mentoring and Enhanced Supervision at Health Centers (MESH) model for mental health in two additional districts in Rwanda. The MESH model integrates mental healthcare into a community-based healthcare setting, increasing the number of trained mental healthcare workers and facilitating patient access to quality care within the communities where they live.
- Supporting the Centre for Global Mental Health, co-hosted by the London School of Hygiene & Tropical Medicine and King's College London, to assist the development of a new generation of mental healthcare professionals on the front lines of care in communities throughout Africa and other parts of the world.

This is the first systematic effort to integrate mental healthcare into the public primary healthcare system in Rwanda. Through this innovative work, we aspire to change the trajectory of mental health treatment and care in sub-Saharan Africa and beyond.

### The stigma of mental illness

As a way of continuing Dr. Paul Janssen's legacy of championing science for humanity, in 2018 we launched a new initiative, The Art & Science of Ending Stigma About Mental Illness, with the mission to reduce cultural stigma of mental illness and increase awareness of the biological basis of brain disorders. The program combines the transcendent nature of art in its many forms with the rationality of science to engage the public in understanding mental illness and how we can work together to conquer stigma.



Dr. Diane Gashumba, Rwanda Minister of Health with Paul Stoffels, M.D., Vice Chair of the Executive Committee and Chief Scientific Officer, Johnson & Johnson.

### New for treatment-resistant depression

In 2018, Janssen submitted a New Drug Application to U.S. Food and Drug Administration (FDA) and a Marketing Authorization Application to the European Medicines Agency seeking approval of esketamine nasal spray for treatment-resistant depression (TRD) in adults. In March 2019, the **U.S. FDA-approved SPRAVATO** (esketamine) CIII nasal spray for adults with TRD who have cycled through multiple treatments without relief. SPRAVATO uses the first new mechanism of action in decades to treat major depressive disorder.<sup>14 15 16</sup> Esketamine has U.S. FDA Breakthrough Therapy Designations for treatment-resistant depression and for a second indication, major depressive disorder with imminent risk for suicide, which is currently in clinical development.

### New for schizophrenia

In 2018, the U.S. FDA approved an expansion to the U.S. Prescribing Information for our treatment (paliperidone palmitate) to include real-world data demonstrating its superior effectiveness for adults living with schizophrenia in delaying time to relapse versus commonly prescribed oral antipsychotics. This marks an important milestone in our work to serve the needs of our mental health community, and enables us to engage healthcare professionals with clear evidence of how our medicine performs in the patients they are likely to see every day in clinical practice.

**“ We are bringing mental health to the attention of the world and we’re committed to advancing innovation and access and destigmatizing mental health. ”**



Paul Stoffels, M.D., Vice Chairman of the Executive Committee and Chief Scientific Officer, Johnson & Johnson

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## Global Health Security & Preventing Pandemics

The global community is extremely vulnerable to infectious diseases with pandemic potential. In today's hyper-connected world, these diseases can have staggering public health and economic consequences. Globally, outbreaks of such diseases are occurring with increasing frequency, exacerbated by globalization, urbanization and growing resistance of pathogens to available drugs.

Johnson & Johnson believes that global health security is everyone's responsibility and requires coordinated effort from governments, civil society and healthcare companies. Our experts are working tirelessly to help prevent the next pandemic.

We are actively engaged in global pandemic preparedness across multiple disease areas. Through Janssen, we are developing new vaccines and treatments to combat a wide range of infectious diseases that are already pandemics, such as HIV and tuberculosis (TB), or that have pandemic potential, including Ebola, Zika and influenza.

To address other known threats and prepare for those that may emerge, we were founding members of a unique public-private partnership, the Coalition for Epidemic Preparedness Innovations (CEPI), which now finances and coordinates the development of new vaccines to prevent and contain infectious disease epidemics. CEPI, supported by Germany, Japan, Norway and the UK, the Bill & Melinda Gates Foundation, Wellcome Trust and others, seeks to give the world an insurance policy against epidemics by delivering a pipeline of promising vaccine candidates that are tested and ready for use as soon as a disease breaks out.

### Research to prevent new epidemics

In 2018, CEPI allocated funding of \$19 million to experts at Janssen Vaccines and The Jenner Institute at the University of Oxford to work on the development of new vaccines against three major diseases: the Middle East Respiratory Syndrome (MERS) virus; the brain-damaging Nipah virus; and the Lassa virus, which causes

hemorrhagic fever. MERS first emerged in humans in Saudi Arabia in 2012 and has since spread to infect more than 2,200 people in dozens of countries, killing one in three of those it infects. Both the Lassa and Nipah viruses cause small but serious outbreaks of disease in Asia and Africa, and experts say they have shown the capacity to spread across borders and become fast-growing and potential deadly epidemics.

The Johnson & Johnson Office of the Chief Medical Officer partnered with the U.S. Department of Health and Human Services' (HHS) Office of the Assistant Secretary for Preparedness and Response to develop innovative products that address the possibly damaging health effects of chemical, biological, radiation and nuclear threats, emerging infectious diseases, and antimicrobial resistant infections.

**Ebola:** Johnson & Johnson has been a leader in efforts to help prevent Ebola outbreaks. In partnership with the National Institute of Allergy and Infectious Diseases and the Biomedical Advanced Research and Development Authority (BARDA) in the United States, Europe's Innovative Medicines Initiative, Bavarian Nordic A/S and other stakeholders, we accelerated clinical testing of an investigational two-dose Ebola vaccine regimen in development at Janssen. This led to multiple Janssen-sponsored clinical studies for the Ebola vaccine across Africa, Europe and the United States. Positive Phase 1 findings were published in 2017, showing that 100% of healthy volunteers receiving the vaccine regimen generated an Ebola virus-specific antibody response that was still high after one year following vaccination.

We are closely monitoring the current Ebola outbreak in the Democratic Republic of the Congo (DRC) and stand ready to mobilize our resources and expertise if we are called upon to do so. We have maintained a significant stockpile for the express purpose of tackling such outbreaks. If deemed appropriate by the WHO or authorities in the DRC, we will mobilize to make supplies of our investigational vaccine available to public health authorities and the people of the DRC.



One of the first study volunteers is vaccinated with the Janssen Ebola vaccine in Sierra Leone, Africa.



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**Pandemic Influenza:** Because of their ease of transmission and rapid mutations, influenza viruses continue to pose a significant threat to global public health. Every year, more than one billion flu cases are reported worldwide, resulting in five million cases of severe illness and up to 650,000 deaths globally.<sup>17</sup> To address this challenge, we partner with many of the world's leading experts, policy makers, academic and clinical institutions, NGOs, and other pharmaceutical companies for the development of innovative medicines and vaccines. For example, our partnership with the BARDA part of the U.S. HHS is designed to develop a comprehensive portfolio of therapeutics and vaccines to protect communities in the event of an influenza pandemic and other infectious disease threats.

We continue to explore ways to stem the generation of new viral mutations and develop new diagnostic tools for early identification, while collaborating to develop an investigational single universal vaccine to help protect against influenza. One development, an oral influenza treatment, pimodivir, began Phase 3 clinical trials in January 2018.

**Zika:** The unprecedented Zika virus epidemic across the Americas in 2016 led the WHO to declare Zika a public health emergency of international concern. In response to the outbreak, particularly in Brazil, Johnson & Johnson partnered with IPADS, a Brazilian NGO, and the National Council of Municipal Health Secretaries, to help develop ZikaLab, an initiative to train healthcare providers on Zika, including transmission, prevention, diagnosis, treatment and follow-up. In addition, Janssen is collaborating with the Beth Israel Deaconess Medical Center to develop a Zika vaccine.

**Malaria:** We collaborate with Medicines for Malaria Venture (MMV) to help develop better medicines to protect vulnerable populations from malaria, including children and pregnant women. We are combining our expertise—Janssen in long-acting injectable formulation technology and MMV in malaria drug development—to develop a slow release dosage form that provides protection against malaria for up to three months with a single injection. In 2018, the combined team began investigations with P218—a compound with the potential to provide protection against malaria, discovered through an MMV partnership with BIOTEC Thailand,

Monash University and the London School of Hygiene and Tropical Medicine—and has added other compounds known to be safe and effective to the joint program.

#### **New collaboration with BARDA to improve health security**

In 2018, we entered into a collaboration with BARDA on a crowdsourcing initiative to develop new respiratory protection devices to protect both healthcare workers and the public, including children, in the event of a health security threat. The crowdsourcing platform selected was our JLABS incubator QUICKFIRE CHALLENGE, which we leverage to find scientists, companies and entrepreneurs with healthcare innovations that could bring our research to the next level. In this partnership, QUICKFIRE CHALLENGE will be the first platform of its kind in a healthcare setting, and we expect the outcome to benefit BARDA's mission to make available medical countermeasures to address health security threats.

## Overcoming Antimicrobial Resistance

Antimicrobials, including antibiotics, are one of the greatest discoveries in modern medicine and have been key to increasing life expectancy. The spread of drug-resistant pathogens, known as antimicrobial resistance (AMR), is a growing public health concern. Overuse of antibiotics, or not using them as prescribed, contributes to growth of resistant bacteria, which renders antibiotics less effective or ineffective. It is estimated that by 2050, AMR infections could cause 10 million deaths annually, more than those caused by cancer or diabetes today.<sup>18</sup>

A comprehensive multi-partner approach is needed to address the complex challenges of AMR. As one of the original signatories of the Davos Declaration, in 2016, Johnson & Johnson joined the industry-wide call to curb development of AMR, also endorsing the Roadmap on Progress for Combating AMR in the same year. We have also been active members of the AMR Industry Alliance (AMRIA), one of the largest private sector coalitions addressing antimicrobial resistance. Through AMRIA, we have contributed to multiple position papers and presentations, and have participated in working groups.

We recognize that there is no one-size-fits-all approach to addressing AMR. We welcome and support legislative changes that will streamline regulatory pathways. Additionally, we believe new incentive mechanisms are needed to remove economic barriers to support investment in AMR, such as orphan or breakthrough designations and continued use of priority review vouchers.



### Antimicrobial Resistance Statement

Download 

We are working on multiple fronts to fulfill our AMR Roadmap commitments. We currently provide 22 antimicrobial medicines (including antiviral medicines) in 114 countries, of which seven are listed on the WHO's Model List of Essential Medicines. Much of our work is focused on tackling multidrug-resistant tuberculosis (MDR-TB), given our long legacy of fighting TB. Moreover, MDR-TB alone accounts for approximately one-third of AMR-related deaths.

#### Five ways we are supporting global AMR efforts

##### 1. Supporting work on ensuring antibiotics are being used only in patients who need them

- Our education efforts for healthcare professionals include topics such as appropriate use, diagnosis, pharmacovigilance, and adverse event reporting and monitoring of side effects. For example, through unrestricted educational grants, we have engaged the International Union against TB and Lung Disease since 2014 to impart medical education programs on MDR-TB in Peru and South Africa. We also supported USAID training on the implementation of a Pharmacovigilance Program for TB drugs for staff from national TB programs and health authorities in several countries.
- To support the rollout and appropriate use of bedaquiline, Johnson & Johnson provides healthcare provider training and maintains pharmacovigilance and surveillance activities to monitor resistance to bedaquiline and companion treatments within the same regimen. To date, we have provided more than 82,500 courses of bedaquiline for patients in 114 countries since first approval, including nearly 39,000 in 2018 alone.

##### 2. Improving access to existing and future antibiotics

- We use mechanisms such as tiered pricing, partnerships with public health organizations, and donation programs and other mechanisms as appropriate on a country-by-country basis to help achieve broad and timely access to our medicines in a way that is locally affordable. Examples of our initiatives are the program to broaden access to MDR-TB therapy with bedaquiline and our HIV medicines access program.

## AMR Leadership Benchmark

In 2018, the Antimicrobial Resistance Benchmark was published, providing the first independent assessment of how 30 of the largest pharmaceutical companies are responding to AMR. Johnson & Johnson was highlighted as one of the two pharmaceutical companies leading the AMR efforts with the highest number of activities, and specifically the contribution of our work on TB was noted. To read the AMR Benchmark, visit <https://acesstomedicinefoundation.org/amr-benchmark>.

- One of the major drivers of AMR-related infections in the United States and Europe is hospital-acquired infections.<sup>19</sup> Across Johnson & Johnson Medical Devices, we seek to prevent these infections through a variety of antimicrobial and sterilization technologies, including antibiotic-containing bone cements, chlorhexidine protective disks and more.

### 3. Monitoring AMR through surveillance as part of Johnson & Johnson R&D efforts

- Bedaquiline is a relatively new antimicrobial agent but, with widespread use, resistance may emerge. The bedaquiline Drug Resistance Emergence Assessment in MDR-TB (DREAM) is a global drug resistance surveillance study implemented by Johnson & Johnson to assess the emergence of resistance to bedaquiline. By mid-2018, thousands of bacteria recovered from TB patients from 10 countries were tested; preliminary results indicate that the prevalence of resistance to bedaquiline has remained very low.

### 4. Reducing the environmental impact from the production of antibiotics

- In 2018, we continued to assess the performance of our own manufacturing sites and those of key external manufacturers in controlling releases of antibiotics into the environment. We also worked with our industry partners and the Pharmaceutical Supply Chain Initiative (PSCI) to integrate a common framework for assessing antibiotic manufacturing operations into standard auditing protocols. In addition, we worked with our industry partners and independent technical experts to establish science-driven, risk-based targets for discharge concentrations for antibiotics.

For more details, see the [AMR Alliance website](#).

### 5. Supporting new ways for open collaboration between industry and the public sector

- We maintain several partnerships to advance AMR research, such as our initiative with the Institute of Microbial Technology in India to help accelerate the discovery of innovative new treatments for TB, and our agreement with the Indian Council for Medical Research to bolster clinical trial capacity in India to support faster development and approval of TB medicines for India.

## Enhancing Access to Healthcare

J&J-1 (GRI 103)

Despite remarkable achievements in science and medicine, millions of people still lack access to healthcare services.<sup>20</sup> As the world's largest healthcare company, Johnson & Johnson is committed to improving access to our innovative medicines, vaccines, devices and diagnostics in all countries.

Many factors impede access to basic health services and risk optimum health outcomes for underserved populations. In addition to the affordability of medicines, weak health infrastructure, lack of skilled health workforce, inadequate financing options to cover medical needs, and insufficient regulatory capacity to run effective healthcare delivery systems all have varying impacts in different countries.

Our approach to improving access to healthcare is embodied in our business strategy and led with a dual focus: Janssen's Global Commercial Strategy Organization leads access strategies across the developed world, and our Global Public Health team leads access strategies in resource-limited settings. Our approach includes:

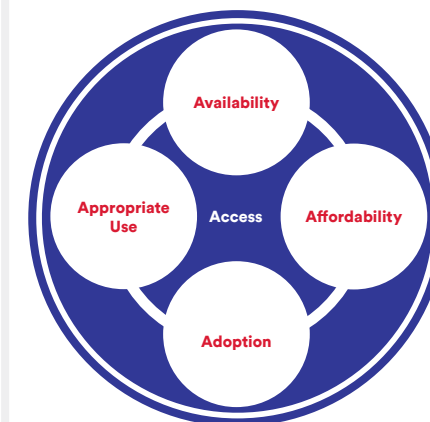
- **Improving affordability** through various mechanisms, such as equity-based tiered pricing, value-based reimbursement schemes, licensing agreements and product donation programs;
- **Continuous innovation** for better health, aimed at reducing the burden of the world's most intractable diseases;
- **Strengthening public healthcare systems** around the world through health workforce capacity building, medical education, and improving supply chain operations; and
- **Contributing to community health** through a range of initiatives that provide support for patients in different countries.

Johnson & Johnson is an original signatory of the BSR Guiding Principles on Access to Healthcare that underscore the importance of reducing the global burden of disease through collaboration, R&D, expanding availability of healthcare services, developing health systems resources, and respecting human rights.

### Improving Access and Affordability

To enhance and sustain broader access to our medicines and devices, we pursue a wide variety of approaches appropriate to the specific reimbursement systems and legal guidelines of different countries. Using tools such as equity-based tiered pricing and partnerships with public health organizations, we strive to engage stakeholders to help achieve broad and timely access to our medicines in a way that is affordable locally. We believe that equitable tiered pricing—which considers and reflects the economic conditions of the country, the purchasing power of the patients, the disease burden, and the specific product under consideration—can provide a fair and sustainable approach to improving access across different markets, particularly in emerging healthcare systems.

Improving access and affordability takes several forms, in addition to pricing decisions. We maintain an advanced approach to sharing intellectual property to lower the price of development and access to medicines in relevant markets. We also promote rapid product registration to ensure medicines can be available



4 A's of Access

**Availability** - Industry, research institutes, supply channels.

**Affordability** - Price level, state finance, personal income.

**Adoption** - Healthcare infrastructure, performance & evidence-based policy.

**Appropriate Use** - Compliance/Drug resistance education & training.

**“ Johnson & Johnson has been consistently a leader in the last four Access to Medicine Indices, bringing forward valuable treatments in areas such as TB and recently addressing mental health in low- and middle-income countries. Its Global Public Health Unit is a model among the industry on access planning and results for several therapeutic areas, constantly challenging itself to do more. As a company with a strong R&D pipeline and a global network capable of further addressing the needs of those in the most challenging countries, we encourage Johnson & Johnson to take even more action. ”**

Jay Iyer, Executive Director, Access to Medicine Foundation

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as soon as possible in different markets. In addition, we engage in partnerships, training and capacity building, and several other initiatives to help make our medicines promptly available for those who need them.

#### Key access initiatives

Three ongoing access initiatives reflected in our Health for Humanity 2020 Goals include:

- Expanding access to HIV/AIDS treatment, developing the first HIV vaccine, and improving HIV diagnostics;
- Ensuring affordable and sustainable access to MDR-TB treatments;
- Promoting treatments to address neglected tropical diseases.

#### Enhancing access for ZYTIGA

Under Johnson & Johnson's Value, Access and Pricing policy, we have a commitment to ensuring timely access to our medicines in a way that is affordable locally. Understanding that for resource-limited settings, public finances for healthcare spending are often significantly constrained, Janssen works with public payers, where appropriate, to optimize coverage of our products in relevant disease states, including oncology. For example: Janssen has sought to enable access for patients to ZYTIGA (abiraterone acetate) for metastatic prostate cancer in low affordability countries through a variety of pricing and access program offerings and mechanisms, including equity-based tiered pricing and patient access programs.

#### Supporting access in the U.S.

In the United States, we provide resources to patients, caregivers and healthcare providers through the Janssen CarePath program, which helps patients gain and maintain access to the Janssen medicines they are prescribed. In 2018, we helped approximately one million patients with access, affordability and treatment through the Janssen CarePath program, including approximately 550,000 commercially insured patients who reduced their out-of-pocket costs through the Janssen CarePath Savings Program. For more information, see the [2018 Janssen U.S. Transparency Report](#).

#### Partnership for access

We are members of the Access Accelerated partnership, a first-of-its-kind global initiative addressing the rising threat of several diseases in low- and middle-income countries. The partnership gathers a broad group of stakeholders, including the World Bank, the Union for International Cancer Control, and pharmaceutical companies with a shared vision of working toward the UN Sustainable Development Goal target to reduce premature deaths from non-communicable diseases by one third by 2030. The initiative will focus on access to primary healthcare, as well as financing, regulatory and service barriers.

#### Access-driven pricing strategies

We carefully consider three components when pricing our medicines:

- 1. Value to patients, the healthcare system and society.** We consider how each medicine will improve patient health as well as the medicine's potential to reduce other costs, such as surgeries, hospital stays or long-term care, and the improvement the medicine represents over the existing standard of care.
- 2. The importance of maintaining affordable access to medicines for people who need them.** We consider not just the list price, but also the discounts and rebates we provide insurers, pharmacy benefit managers, governments, hospitals, physicians, and other providers of care to support broad access to our medicines.
- 3. The importance of preserving our ability to develop future groundbreaking cures and treatments.** We have an obligation to ensure that the sale of our medicines provides us with the resources necessary to invest in future R&D to address serious, unmet medical needs.

### Johnson & Johnson Ranks Among Top Companies Worldwide Expanding Access to Medicines

For nearly a decade, Johnson & Johnson has ranked among the top three companies working to expand global access to medicines, according to the Access to Medicine Index (ATMI). The 2018 Index highlights Johnson & Johnson's unique global public health business unit, commitment to R&D for diseases of the developing world, and leadership in health system strengthening. Johnson & Johnson was also highlighted as one of the two pharmaceutical companies leading the AMR efforts with the highest number of activities; specifically, the contribution of our work on TB was called out as a best practice.

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**Transparency on pricing**

Janssen Pharmaceutical Companies of Johnson & Johnson releases an annual U.S. Transparency Report reflecting our commitment to putting patients first, including how we invest our resources, price our medicines, and help people who need Janssen medicines get access to them. Read more in our section on [Upholding Transparency](#).

**Intellectual Property**

We believe that flexible intellectual property management is a key element in an effective and sustainable access to medicines strategy, especially in low-income and low-to-middle-income countries. Intellectual property systems encourage innovation and allow us to invest in new technologies, fund R&D, and bring transformational medicines to the market. We work with international funders, local governments and non-governmental organizations to develop approaches that benefit patients in need, while continuing to uphold the value of intellectual property in all parts of the world. For more information, see our [Intellectual Property Statement](#).

Johnson & Johnson is a member of the Patent Information Initiative for Medicines (Pat-INFORMED), a joint initiative that aims to “promote the accessibility of patent information for health agencies tasked with procurement of medicines.” The Pat-INFORMED database seeks to link public patent information to registered medicines in a global online portal that helps health professionals navigate the medicine-procurement process for the benefit of patients.

**Sharing molecular libraries to fight neglected diseases and pandemic threats**

As part of the Johnson & Johnson global public health commitment, Janssen Pharmaceutica NV (Janssen) has established collaboration agreements with the goal of accelerating the discovery of new treatments for tuberculosis, malaria, neglected tropical diseases (NTDs) and other diseases prevalent in the developing world. Through

WIPO Re:Search, the international research consortium led by the nonprofit BIO Ventures for Global Health and the United Nations World Intellectual Property Organization (WIPO), Janssen has opened segments of its molecule library—containing a set of 80,000 diverse, high-quality chemical compounds—to the global research community to enable collaborators to identify and advance promising drug candidates that might have activity against NTDs, and others such as malaria and TB. For more information on neglected tropical diseases, see [this section](#).

**Accelerating Product Registration**

We are committed to the timely registration of our products to ensure early access and availability of our medicines as well as helping strengthen the regulatory science capabilities of local authorities to expedite product registrations, shaping the environment to accelerate registrations in countries with limited regulatory resources. We work with the WHO to prequalify certain medicines as an important step toward advancing global access. To further accelerate submissions, we maintain a program that assesses emerging markets' regulatory and commercialization needs during key R&D milestones, and integrates these needs into our global strategies, tracking the speed of getting these products to patients by using an integrated dashboard.

The focus of our registration efforts in these countries continues to be prioritized by:

- high-burden disease prevalence;
- immediate patients in need;
- healthcare infrastructure;
- maturity of treatment programs;
- the existence of global/multilateral programs; and
- economic vulnerability.

During the development of a compound, the need for specific access provisions for resource-limited countries is assessed

from an unmet public health perspective and affordability, which is grounded in Janssen's Value, Access and Pricing (VAP) framework. This process aims to understand the unmet medical need in a market, how the compound addresses the unmet need, relevant price comparisons, the cost burden of the disease, and the affordability of the medicine consistent with Gross National Income per capita. VAP is applied systematically for all Janssen R&D products.

**Innovating with Patient Engagement**

Patients have always been at the center of everything we do. With the role of the patient changing—from a recipient of care to a collaborative partner—we are on a mission to embed the patient voice throughout our product development cycles in our Pharmaceutical and Medical Devices businesses, beginning with disease area strategies through clinical trial designs, product formulation and product marketing. Our latest innovations are focused on empowering patients and addressing gaps in how healthcare is delivered. In some cases, we invite patients to co-create with us by helping to modify product design.

**Using technology to improve patient engagement**

The Integrated Smart Trial & Engagement Platform (iSTEP) is a first-of-its-kind tool that replaces paper-based processes with digital tools to manage medicine supply, drug accountability, patient medication intake and health data. iSTEP also enables personalized patient engagement during the clinical trial. Through a smartphone app, iSTEP provides reminders, dosing instructions and tutorial videos with a goal to educate patients and help them to adhere to the treatment regimen. Plans are to utilize iSTEP across multiple Phase 2 and 3 trials in the 2019/2020 timeframe.

We also use eConsent, which uses modern technology and multimedia components to create an interactive and engaging informed consent experience for potential trial participants. Janssen pioneered the implementation of eConsent in multi-country/multi-language trials, has helped to enable broad cross-industry adoption, and is a



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key contributor to the TransCelerate BioPharma eConsent initiative. The Medicines and Healthcare products Regulatory Agency recently issued a statement on the use of eConsent in the UK, and Belgium has approved electronic signatures.

We also use technology to help those managing mental illness, such as family members and other caregivers who play a critical role in the treatment process. Janssen is conducting a unique study to determine whether caregivers might fare better if provided with individualized training and interactive support. We participate in industry initiatives and, as part of a European collaboration, we demonstrated a groundbreaking virtual reality technology, called SchizoLab, to help people better understand what it is like to live with schizophrenia.

5

**Johnson & Johnson products are included in the WHO List of Prequalified Medicinal Products**

#### Improving the prevention of mother-to-child HIV transmission

Since 2016, Janssen has been partnering with Solidarity and Action Against The HIV Infection in India, a non-governmental organization working to strengthen HIV prevention, care, support and treatment interventions in India. The collaborative program utilizes locally relevant approaches to educate pregnant women with know-how to prevent mother-to-child HIV transmission. Leveraging the unique CONNECT FOR LIFE approach, HIV-positive pregnant women are enrolled in the program and followed for 18 months post-delivery across two states in India, addressing the disease burden in private and public healthcare facilities. In 2018, the program has been scaled to an additional four high-burden states, addressing the needs of both rural and urban HIV-positive women, and has also demonstrated

statistically relevant results—improving retention in care for women supported through the program over 18 months post-delivery.

#### Promoting online health advocates

In 2018, the Janssen U.S. fourth annual HEALTHEVOICES conference brought together 120 advocates representing more than 35 different health communities for skill-building, networking and empowerment. HEALTHEVOICES continues to be the only event dedicated exclusively to strengthening an increasingly prominent group of influencers: online health advocates. HEALTHEVOICES provides resources and inspiration to empower these advocates to strengthen their patient and caregiver communities.

#### Improving patient adherence

To encourage the development of new approaches to improving patient adherence to treatment regimens, in 2018, we created a QUICKFIRE CHALLENGE on this topic through our JLABS innovation ecosystem. According to the Network for Excellence in Health Innovation (NEHI), poor medication adherence is estimated to cost more than \$290 billion in avoidable U.S. medical spending annually. Empowering patients, caregivers, and providers through connected health technology innovation is recommended by NEHI to foster patient-specific adherence solutions. The winner of the Challenge, HealthBeacon Ltd., was awarded \$75,000 to help scale its smart system that tracks whether patients have taken their medications and helps them stay adherent to their prescription schedule. The system has been clinically reviewed, validated by the pharmaceutical industry, and integrated into patient care programs throughout Canada and Europe, with opportunities to expand further into North America and other regions.

#### Providing guidance on dealing with cancer

In 2018, Janssen Oncology debuted a novel way to help support patients with the launch of [Cancer.com](https://www.cancer.com), a one-stop digital destination designed to help guide patients



## More Resources

Learn more about HEALTHEVOICES



and caregivers through many of the decisions they must make when faced with the disease. Guided by our mission to provide patients and caregivers with up-to-date cancer resources and information, Cancer.com helps patients find information they want about their disease and receive tailored content related to their own cancer diagnosis.

#### Advancing patient engagement industry-wide

For the past 15 years, EyeforPharma's annual Patient Summit Europe has been a key event, bringing together patient advocates and industry representatives to discuss advancing patient engagement and advocacy across the health sector. In 2018, more than 300 delegates attended the summit in London, including two keynote speakers and several delegates from Johnson & Johnson.

## Innovating for Better Health

J&J-3 (GRI 103)

Johnson & Johnson has a 133-year legacy of impacting human health through scientific research and innovation. We pursue breakthroughs in science and technology in our own laboratories and through our powerful network of scientists and entrepreneurs all over the world. We combine a strong internal focus on R&D and strategic external partnerships with an emphasis on local solutions to meet different healthcare needs across the world.

Our innovation culture permeates Johnson & Johnson in a transformational ecosystem that builds on the ingenuity of our people and external networks. The practical ways we advance innovation include:

- We hire top scientists, medical and technology experts to advance the Johnson & Johnson product pipeline.
- We harness and scale breakthroughs in science and technology.
- Through our four global Innovation Centers, we identify the best external innovation to partner with startups, entrepreneurs, biotech and other innovators.
- JLABS, the Johnson & Johnson network of open innovation health sciences incubators, gives life science startup companies access to all the tools they need to take their breakthrough ideas from concept to commercialization.
- We maintain the longest-established corporate venture fund in the life sciences industry, and have been making strategic venture and equity investments in life science innovations for more than four decades.

### Mission-Oriented R&D

Guided by Our Credo, R&D at Johnson & Johnson starts with the needs of those we serve: patients, consumers and healthcare providers. In each of our business segments, we prioritize the product pipeline based on the opportunity to address unmet medical needs and improve lives. We also consider the potential for commercial success, which allows us to reinvest on behalf of patients and consumers. We pursue the most compelling science,

whether internal or external, and we are driven by our commitment to evolve, thrive and invest in an ever-changing ecosystem.

### Pharmaceutical

We focus our pharmaceutical research and development on preventing and treating diseases in areas of medicine where we can make the most meaningful impact. Our R&D is currently focused on the following areas of medicine: Cardiovascular & Metabolism, Immunology, Infectious Diseases & Vaccines, Neuroscience, Oncology, and Pulmonary Hypertension.

We invest in modern data science to unlock disease insights and deliver better outcomes for patients. Janssen Research & Development is also investing significantly in new drug modalities such as engineered cells, engineered viruses and gene therapy to make a profound difference to patients—a difference that goes beyond what can be achieved using today's traditional approach of small molecules and monoclonal antibodies. We focus on treating the disease as early in its course as possible and on creating regimens that head progressively toward cure. We have created a new approach within our pharmaceutical R&D where we are pursuing research in validated biological pathways that we believe are central to several diseases.

We also recognize that the best science does not always reside in a single company. It exists within us and all around us. Bringing new medicines to patients requires collaboration and partnership. A large part of our success stems from the work we do with dynamic, diverse partners, including startup companies, academic centers, hospitals and health systems, government agencies, biotechnology organizations, and other biopharmaceutical companies.

These collaborations allow us to use our resources more efficiently, and further enable the process of developing breakthrough medicines to create real value for patients, their families, and communities.

**\$10,775M**  
invested in R&D

**16.4%**  
of Johnson & Johnson employees  
involved in R&D activities<sup>21</sup>

## Innovation Design

### Research & Development:

As a broadly based global healthcare company with expertise in all stages of R&D, we work to provide a wide range of R&D support, from discovery and early development through clinical trial design and regulatory strategy.

### Company Incubation:

Providing hundreds of incubation options for our partners around the globe through our JLABS.

### Our Vision:

Positively impact human health through innovation.

### Innovation Acceleration:

Innovation Centers focused on accessing innovation from all sources, from inception to early stages of development, with the potential to make a transformational impact on the health and lives of people around the globe.

### Strategic Investing:

Johnson & Johnson Innovation – JJDC is the strategic venture capital arm of Johnson & Johnson and a long-term investment partner to healthcare entrepreneurs.



Pharmaceutical



Medical Devices



Consumer

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Today, we have approximately 140 active collaborations and partnerships from discovery to late-stage development. Here are some examples:

- Through our commitment to partner with those whose innovative thinking will bring new and creative solutions to the field of medicine, Janssen is collaborating with **Legend Biotech USA, Inc.** to develop a chimeric antigen receptor T cell therapy (CAR-T), which harnesses the body's own immune system to fight cancer. CAR-T therapy is a type of immunotherapy, which involves extracting a patient's white blood cells, genetically modifying them in a laboratory, and re-administering the modified cells to the patient to permit the cells to attack the disease. The hope is that treatment will lead to longer remissions from disease for patients where conventional treatments are no longer providing benefit. Every year in the United States, more than 30,000 patients are diagnosed with multiple myeloma, and more than 12,000 patients die from the disease.<sup>22</sup>
- Janssen is collaborating with **Arrowhead Pharmaceuticals, Inc.** to develop an early-stage ribonucleic acid interference (RNAi) candidate, along with utilization of a platform that blocks production of disease-causing proteins. This brings us closer to developing an effective therapy with the potential to increase rates of functional cure for people living with chronic hepatitis B viral infection. Hepatitis B is a life-threatening viral infection of the liver which, if it becomes chronic, can cause cirrhosis—scarring of liver tissue—and liver cancer. The World Health Organization cites hepatitis B as a global public health problem with 257 million people living with the disease and 887,000 deaths in 2015.<sup>23</sup> While a preventative vaccine is available, cure rates for those infected remain low, and most patients require lifelong therapy. RNAi therapy candidates have been shown to have an effect on hepatitis B viral infection replication pathways and on the production of viral proteins.<sup>24</sup> Our work with this investigational treatment and other assets within our clinical development pipeline makes us optimistic that we can achieve higher rates of functional cure for patients worldwide.

R&D resources are also used to improve existing, U.S. Food and Drug Administration (FDA)-approved products. This investment has enabled us to advance more than 100 medicine candidates.

Over the past five years (2014 – 2018), we have had a total of six new medicines approved by the FDA. Five of these six new medicines were granted priority review by the FDA. Priority review is an expedited review program reserved for products that treat a serious condition and would provide a significant improvement for patients in terms of safety or effectiveness. During this same time period, we received eight FDA Fast Track designations, which facilitate development and expedite review of drugs that treat serious conditions and fill unmet medical needs. We also received approvals for more than 30 expanded indications or new product formulations that enable new groups of patients to benefit from our medicines.

Since the FDA established the Breakthrough Therapy Designation in 2012, we have received nine FDA Breakthrough Therapy Designations for indications for five of our investigational medicines. A Breakthrough Therapy Designation is a process that expedites the development and review of an investigational medicine that is intended to address a serious condition when preliminary clinical evidence indicates that the medicine may demonstrate a substantial improvement over other available treatment.

### Medical Devices

At the Johnson & Johnson Medical Devices Companies, we are building a better health experience and enabling people everywhere to live life more fully. We combine our breadth and depth across surgical and orthopedic technologies, eye health, and interventional solutions with the scale and expertise of Johnson & Johnson to meet the changing needs of patients, health providers and our world. We are addressing healthcare's most pressing challenges and creating solutions for a lifetime of overall health.

As one of the most comprehensive medical devices businesses in the world, we are working to design and disrupt every major stage of the healthcare experience. We focus on creating breakthrough



## More Resources

For additional examples of innovative solutions, see **Better Health for All** section



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innovations, advanced medical technologies and patient-centered solutions that enable smarter health, better value and improved outcomes. We aim to improve the health experience for patients, physicians, health systems and others along the spectrum of care.

Our legacy of pioneering medical device innovation continued in 2018 with the following:

- Johnson & Johnson Vision introduced ACUVUE OASYS with TRANSITIONS LIGHT INTELLIGENT TECHNOLOGY, a first-of-its-kind contact lens that provides wearers with vision correction and a dynamic photochromic filter that helps to continuously balance the amount of light entering the eye. These contact lenses seamlessly adjust from clear to dark in response to changing light conditions, reducing exposure to bright light indoors and outdoors, including filtering blue light and blocking UV rays.
- In the UK, the National Health Service (NHS) Innovation and Technology Payment program went live on April 1, 2018, with four healthcare innovations that will be fast-tracked into use. One of these is our ETHICON Plus Sutures, recognized for reducing the risk of hospital infections such as the methicillin-resistant staphylococcus aureus (MRSA) “super bug.” More than a quarter of hospital-acquired infections are surgical site infections,<sup>25</sup> most of which can be prevented; Plus Sutures, coated with

a layer of triclosan, play a significant role in reducing the risk of infections and helping patients recover.

- Our new SURGICEL Powder Absorbable Hemostat, was selected as the Gold Winner in the Drug-Delivery Devices and Combination Products category of the 20th Annual Medical Design Excellence Awards competition. SURGICEL Powder advances blood clotting and rapidly stops continuous, broad-surface oozing of blood in many surgical situations.

### Consumer

Johnson & Johnson Consumer Inc. believes in caring for people around the world by anticipating their needs and creating solutions and experiences that help them and those they care for live healthy, vibrant lives. Johnson & Johnson Consumer, known for its iconic brands, is one of the largest and most scientifically driven consumer businesses in the world. Most of our products are endorsed as #1 in their category by healthcare professionals.

Our R&D capabilities are focused on providing scientifically and clinically proven solutions for consumer needs. Our R&D is strategically organized around consumer needs, in Consumer Healthcare (Pain, Cough/Cold, Allergy, Digestive Health, Smoking Cessation, Oral Care, Wound Care, Feminine Care) and in Skin Care (Baby, Face, Sun, Body, Hair).

## A snapshot of JLABS activity in 2018

### Accelerating Growth

- JLABS has supported over 450 companies over more than 6 years, 44% increase in 2018 over 2017
- \$11.6 billion in financing secured in 2018 (23% more than in 2017)
- 12 companies now publicly traded
- 88% of JLABS companies are currently in business or acquired

### Supporting Diverse Entrepreneurs

- 111 companies (26%), are led by women, (56% more than in 2017)
- 98 companies (23%) are minority-led, (78% more than in 2017)
- 58% of companies are led by first-time entrepreneurs, 42% are led by serial entrepreneurs

### Creating the Innovation Ecosystem

- 170 JPALs, industry-leading experts and high-ranking business leaders from Johnson & Johnson's global network, coached and mentored JLABS residents throughout the year
- 60+ Investor Hub members
- 45+ companies providing business services to JLABS portfolio companies

## First JLABS in Europe

The Belgium-based JLINX incubator, a collaboration launched in 2016 between Janssen and Bioqube Ventures, has now transitioned into a JLABS, making this the first JLABS in Europe. JLABS@BE will accommodate up to 30 life science startups focused on innovations across the entire healthcare spectrum, including biotech, pharmaceuticals, medical devices, consumer and healthtech sectors.

## Top 100 Global Innovator

For the sixth consecutive year, in 2018, Johnson & Johnson was named a Clarivate Analytics Top 100 Global Innovator. The Top 100 Global Innovator list spotlights the world's most innovative organizations that prioritize investments in unique and enduring inventions.



More  
Resources

2018 JLABS Impact Report



**“As alumni, JLABS offered to continue to mentor us. Through the JPALS program, we connected with Johnson & Johnson’s global regulatory experts whose deep knowledge and experience is invaluable to us.”**

Wendye Robbins, President & CEO, Blade Therapeutics

We deliver products and solutions grounded in deep consumer insights and backed by strong research. We seek important new technologies and solutions that can be accelerated to consumers through co-creation with external innovators and our internal R&D teams.

Inspired by research from consumer studies, LISTERINE introduced the most significant oral care innovation in decades: LISTERINE GO! TABS, solid Clean Mint tablets that transform into a swishable, alcohol-free liquid when chewed to deliver fresh breath for up to four hours. Made from food-grade ingredients, the product (sold under the name READY! TABS in the United States) was formulated to neutralize odor molecules—even in areas a toothbrush can’t reach, like the back of the tongue—and be safely swallowed. LISTERINE GO! TABS are helping consumers re-think their everyday oral care routine with a revolutionary new form that works with today’s on-the-go lifestyle.

### Our Innovation Ecosystem

Our commitment to the global community of innovators and creating a fertile ecosystem is broad and deep through multiple Johnson & Johnson Innovation nodes. These include business development, venture investment, incubation, and the R&D resources from across our Company working in tandem to advance science and technology at all stages of innovation. Today, there

are 500+ active opportunities and collaborations ranging from licensing and acquisition deals with big and small companies to academic consortia, individual academic relationships and government collaborations.

### Our innovation incubator

JLABS, our open-innovation ecosystem for healthcare entrepreneurs, has become a significant force in health innovation, supporting hundreds of entrepreneurs around the globe working to turn breakthrough science into transformative solutions in biotech, pharmaceutical, medical devices, consumer and digital health programs. JLABS’ no-strings-attached model has helped entrepreneurs without taking any equity or intellectual property, encouraging collaboration while providing access to the world’s leading experts, executives and businesspeople to help companies grow. Also, JLABS maintains Investor Hubs, a network of global investors, at each of its sites to mentor and potentially invest in JLABS portfolio companies.

### New partnering office in Australia

In 2018, we launched the Johnson & Johnson Innovation Partnering Office in collaboration with the Victorian State Government and Monash University. The new facility will accelerate healthcare innovation and commercialization in Victoria and beyond. JJIPO@Monash will focus on nurturing the next generation of innovators by delivering training, mentoring and networking programs to connect innovators in Victoria with the global Johnson & Johnson innovation network.

### 3D printing research laboratory

In 2018, we announced our plan to establish our first 3D bioprinting research laboratory at Trinity College Dublin in collaboration with Advanced Materials and Bioengineering Research. This collaboration will focus on advancing personalized, bioprinted healthcare solutions for patients and consumers while furthering

## Digital for improved medical adherence

The Johnson & Johnson CARE4TODAY Connect, a medication management mobile app that currently delivers digital interventions, Behavior Change Techniques, including planning, prompt-cues, self-monitoring, and feedback and monitoring to help patients manage their treatments and get the support they need. In the EU, by applying the methodology developed by the Sustainable Healthcare Coalition and the NHS Sustainable Development Unit to Total Knee Replacement surgery integrated with the CARE4TODAY digital app, we demonstrated not only a reduction in patient’s length of stay, but also minimized waste, energy consumption, and carbon emissions associated with the patient care pathway.



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our vision to positively impact human health through innovation. This collaboration focuses on developing 3D-printed biological implants to treat people affected by degenerative diseases such as osteoarthritis, a disease of the joints caused by the breakdown of cartilage and bone tissue. Osteoarthritis affects an estimated 500,000 people in the Republic of Ireland, with about 10,000 hip and knee replacements undertaken annually.

### Digital Health Innovations

At Johnson & Johnson, we always remain true to our roots as an **innovative startup** established in 1886. Through the decades, we have contributed to the evolution of science and technology, from pioneering the development of sterile surgery at the turn of the 20th century to current research on a differentiated robotic-assisted surgery platform in orthopedics, and to developing the first HIV vaccine. We are confident that in today's rapidly changing healthcare landscape, Johnson & Johnson is uniquely positioned to lead the next frontier in medical innovation, powered by science and technology. Importantly, we leverage technology and smart solutions to empower the health workforce on the front lines of care.

With more than \$2 billion annual investment in technology, we are investing for the future to shape the way healthcare is delivered, managed and experienced.

### Tech for better health outcomes

Johnson & Johnson entered into a research study in collaboration with Apple Inc. to investigate whether a new heart health program using an app from Johnson & Johnson in combination with Apple Watch's irregular rhythm notifications and ECG app can accelerate the diagnosis and improve health outcomes of the 33 million people worldwide living with atrial fibrillation (AFib), a condition that can lead to stroke and other potentially devastating complications. In the United States alone, AFib is responsible for approximately 130,000 deaths and 750,000 hospitalizations every year. Planning for the study began in 2018, and was publicly announced in January; the study will launch later this year.

### Surgery 4.0

With our wide reach and presence around the world, Johnson & Johnson has a significant opportunity and responsibility to deliver on the promise of Digital Surgery and profoundly change healthcare for generations to come. We are building a comprehensive digital ecosystem that uses advanced technologies across all types of surgical procedures before, during and after surgery, leveraging connected intelligence to deliver enhanced experiences and outcomes for patients, surgeons, and healthcare systems. The technologies from Verb Surgical, our strategic partnership with Google parent Alphabet Inc.'s Verily Life Sciences and our acquisition of Orthotaxy's robotic technology for orthopaedics, together with our market-leading surgical instruments, medical implants and solutions, create the foundation of this comprehensive digital ecosystem.

### Innovations in digital health at the frontline of healthcare

With Johnson & Johnson Foundation grants, we support the development of health technology that connects people at the front lines of care to information, to each other, and to health systems. Our partners such as Living Goods and Medic Mobile, have digitally empowered nurses, midwives and community health workers in eight countries with tools for clinical guidance and tech platforms to serve thousands of patients.

**MomConnect**, a flagship program of the South African National Department of Health, has registered mothers to receive vital health information via mobile messaging, including via WhatsApp. NurseConnect, a companion program to MomConnect, is helping build peer support and learning communities among nurses and midwives. In 2018, NurseConnect allowed the South African National Department of Health to instantly alert midwives/nurses about the source of the world's largest listeriosis outbreak.

**CONNECT FOR LIFE** is a patient-centric, mobile health platform funded by Janssen Pharmaceutical Companies of Johnson & Johnson that engages in partnerships with leading health advocates to improve the understanding of, and attitudes toward, diseases such as HIV, TB and other infectious diseases. The program aims to address major challenges in disease management by using interactive voice response to manage: medication-adherence, clinic-attendance, prevention of new infections, provision of health tips and retention to achieve lasting positive impact against some of the greatest public health challenges. In 2018, CONNECT FOR LIFE improved anti-retroviral therapy adherence and promoted HIV viral load suppression in people living with HIV in India, Uganda and the Philippines, and has been deployed in Rwanda to support and manage mental health patients from relapsing.

### Democratizing dermatology

Leveraging our expertise in skin imaging science, we are helping people understand their skin at a deeper level. In 2018, we launched the NEUTROGENA SKIN 360 app to help democratize dermatology. The smartphone-enabled tool measures the skin's health above and below the surface, using technology once only available to dermatologists to record metrics including pore size, fine lines, and moisture levels. The NEUTROGENA SKIN 360 app then uses proprietary algorithms (based on decades of industry-leading research) and machine learning to recommend the right products from our portfolio for each user and help track results over time.

## Strengthening Health Systems

Strong, well-functioning health systems are imperative for advancing human health. Around the world, we leverage our global expertise in health and on-the-ground presence in many regions to advocate for tailored solutions that help strengthen local health systems. We advocate for universal access to care; pilot sustainable financing solutions together with strategic partners so that people can cover their health needs; and educate and empower professionals on the front lines, such as nurses, midwives, community health workers and caregivers. Working with many stakeholders, including community leaders, healthcare companies, non-governmental organizations, payers, providers and policy makers, we make an impact by filling gaps in care, promoting value-based care and aiming to keep people well at every age and every stage of life.

### Universal Health Coverage

We believe that good health is at the heart of human development; every individual should have access to quality, affordable and reliable essential healthcare services; no one should have to forgo treatment or be forced into poverty because of the cost of care.

This philosophy underlies our support for global Universal Health Coverage (UHC). Championed by the World Health Organization (WHO), efforts to achieve UHC are a global priority, also reflected in the UN Sustainable Development Goal 3: healthy lives and wellbeing for all at all ages. At Johnson & Johnson, we are firmly committed to doing our part to ensure that the promise of UHC becomes a reality. Around the world, we have hundreds of health-related programs, and we strive to align these with government priorities and advocate for quality healthcare, especially for women and children. We believe that tailored strategies that align local needs, resources and market conditions must be part of the solution.

### Building stronger universal healthcare systems<sup>26</sup>

In 2018, we engaged intensively with the WHO on the topic of UHC and the ways in which we could support collaborative initiatives, and we formally joined the UHC2030 Private Sector Constituency,

a multi-stakeholder platform to promote collaborative working in countries and globally on health systems strengthening, supported by the WHO and the World Bank, among others. We hope that this initiative will enable us, together with many partners, to forge a clear path to universal healthcare around the world.

### Advancing the healthcare system in China

One important pillar in “Healthy China 2030,” set forth by China’s central government, is to improve the country’s current universal health coverage system and increase healthcare quality. In 2018, Johnson & Johnson partnered with the China Development and Research Foundation, a public organization with the mission to promote economic development and social progress, on a project to improve China’s multi-level medical insurance system. The goal is to identify opportunities to improve the basic medical insurance system through a stronger connection to supplementary commercial health insurance for patients seeking better access. The project concluded in March 2019, and recommendations will be submitted to the State Council for consideration.

ON TRACK

### 2020 Goal Progress

# 700+

engagements conducted with government officials and other partners in Brazil, Philippines, Russia, Rwanda, and Mexico.

Existing pilot projects in Brazil, China, Mexico, Philippines and Russia are ongoing. New pilots launched in Colombia, Indonesia, Philippines and Rwanda.

[View Scorecard](#) →



### Universal Health Coverage Statement

[Download](#)



### “The Right Start” - JOHNSON'S Baby in partnership with Save the Children

**“At JOHNSON’S Baby we care about the development of babies and are determined to help them thrive. Through the Right Start initiative, we aim to raise awareness and ensure more babies receive the care and protection they deserve.”**



Makis Kosmatos, Area Managing Director, Africa, Middle East and Turkey, Johnson & Johnson Consumer Inc.

### The Right Start for babies

Some 230 million babies around the world do not have birth certificates, resulting in a lack of basic human rights, needs, and protection.<sup>27</sup> This lack of identity can also lead to displacement, statelessness, and the inability to prove that a child is a minor in the eyes of the law. In 2018, The Right Start Initiative was launched in Ethiopia and Lebanon, where governments are actively trying to register as many affected babies as possible. Alongside international humanitarian organization Save the Children, JOHNSON’S Baby is determined to give these babies the right start by making invisible children visible, and changing the course of their lives. The three-year program focuses on building capacity among staff in key governmental institutions through a selection of trainings and workshops, while driving birth registrations in both countries.

### Supporting the Front Lines of Healthcare

At Johnson & Johnson, we invest in education and training for the global health workforce—the people on the front lines of healthcare, such as nurses, midwives, community health workers, caregivers and others who deliver treatments and support to our communities every day. These everyday heroes provide everything from health education to preventive wellness solutions and clinical interventions. Their skills, knowledge and passion are instrumental to improving health outcomes for the world’s most vulnerable people and their families.

One of the newer ways in which we are investing in health entrepreneurs with a social impact mission is through our **impact investment initiative**. We are focused on a limited number of investment opportunities over a five- to seven-year horizon. To date, we have made a number of investments that aim to reach vulnerable populations in Kenya, Southeast Asia and the UK.

We maintain a range of partnerships, in most cases funded by grants through our Johnson & Johnson Foundation and Johnson & Johnson Corporate Citizenship Trust, that take a life-span approach to health workforce strengthening, engaging young people in science and an interest in health careers, providing scholarships for nursing or midwifery education, and advancing the next generation with leadership and management training.

Some of our partnerships include:

- The Medical and Surgical Skills Institute, based in Ghana, where more than 21,000 healthcare professionals have received critical skills training over the past three years. Learn more [here](#).
- The AO Alliance Foundation in low- and middle-income countries in Africa to develop skills and motivation among national and regional healthcare workers, that can maximize the opportunities afforded by available resources for care of the injured and in need of surgery.

### Alliances to advance education for community health workers

In 2018, we announced a new partnership with the Health for All Alliance to ensure that community healthcare workers around the world can access the skills and digital tools they need to help save and improve lives. We will support these training efforts with funding and other resources.



**Johnson & Johnson  
Announces the Health  
for All Alliance**



### 2020 Goal Progress

Together with partners, trained

# 58,665

birth attendants, who assisted in  
3,046,240 births.

[View Scorecard](#) →

**Partnered with 230 organizations to  
advance the training, skills-building  
and leadership development of 104,479  
health workers, including:**

## 6,327

midwives

## 32,804

community workers

## 37,352

nurses

## in 67

countries

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We supported the Strategic Innovation for Community Health (STICH) pilot program in Nairobi, Kenya, in partnership with INSEAD, to help further develop leadership and innovation among community and primary-care workers across Sub-Saharan Africa.



### STICH Cohort 2018

#### Partnering for maternal and newborn health

Born on Time is our partnership with the Government of Canada in Bangladesh, Ethiopia and Mali to prevent preterm birth by targeting risk factors related to lifestyle, infection, contraception, and nutrition. By 2020, Born On Time aims to reach more than 1.8 million women and adolescent girls, and train more than 8,000 healthcare providers, including 1,825 community health workers in Bangladesh, Ethiopia and Mali. Based on year two reporting of Johnson & Johnson support of this training, the program is poised to far exceed its initial five-year goals.

Save the Children programs, through Johnson & Johnson support in Bangladesh, Ethiopia, the Philippines and the UK, train healthcare providers to support maternal, newborn, and child health. The Helping Babies Breathe initiative, in partnership with Save the Children, has aided the training of skilled birth attendants in neonatal resuscitation in 11 countries to date, with the latest expansion of the program to Guatemala in 2018.

We also partnered with United Nations Population Fund (UNFPA) to end maternal deaths in humanitarian and fragile settings, and helped provide midwives in Haiti and Liberia with Emergency Obstetrics and Newborn Care (EmONC) training, reaching women and girls with health services.

#### Strengthening professional midwifery training programs

Considering that maternal deaths are still occurring in medical centers, many of which are oversaturated and lack resources, Johnson & Johnson partners with UNFPA in Mexico to focus on the quality of care afforded to patients by strengthening training for professional midwifery.

To that end, UNFPA is working to increase the participation of professional midwives in maternal health services to help reduce maternal deaths by addressing births that present no complications at the primary care level, with added support from a trusted and accessible referral system. Currently in its second phase, the project involves working with 11 professional midwifery schools across the country by training healthcare providers, improving infrastructure and providing technical support.



 IN PROGRESS

#### 2020 SDG Commitment Progress

**5-year Target:** 60 million women and children will have received support and tools to enable a healthy future.

**2016-2018 Progress:** 33.6 million women and children (56% of overall goal achieved).

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**Expanding quality emergency obstetrics and newborn care in Nigeria**

The Johnson & Johnson partnership with the Wellbeing Foundation Africa and the Liverpool School of Tropical Medicine was expanded in 2018 throughout Kwara State in Nigeria. The partnership, which was already active in several regions of Kwara State, focuses on quality of EmONC service so that more mothers survive childbirth and more newborns are born healthy.

**“Partnerships like ours are so important because of the huge improvements that can readily be made. 80% of all maternal deaths result from five complications which can be treated by qualified and trained health professionals: hemorrhage, sepsis, eclampsia, complications of abortion and obstructed labor. Our training is successful because it equips doctors, nurses and midwives, as a collective team, with the skills needed to overcome these obstetric emergencies.”**

Her Excellency Mrs Toyin Ojora Saraki, Founder-President of the Wellbeing Foundation Africa

**Empowering nurses around the world**

At Johnson & Johnson, we believe that nurses are changing the trajectory of health and are our critical partners on the front lines of care. Our many programs across the Enterprise help support and elevate the visibility and impact of nursing in healthcare by championing nurse-led innovation, supporting skill development, developing leaders and strengthening nurse resiliency.

In 2018, Johnson & Johnson Nursing evolved its nursing advocacy strategy from a 15-year emphasis on nursing recruitment in the United States to a new focus on championing nurse-led innovation

in healthcare. We introduced new television and digital advertising, celebrating nursing innovation throughout history that has changed human health, as well as a new website, [nursing.jnj.com](http://nursing.jnj.com), for current and prospective nurses. The inaugural Johnson & Johnson Nurses Innovate **QUICKFIRE CHALLENGE** then invited nurses in the United States to submit ideas for new devices, health technologies, protocols or treatment approaches with the power to profoundly impact patient care, for the opportunity to receive up to \$100,000 in grants and mentoring and coaching from Johnson & Johnson, via JLABS, our open-innovation ecosystem of healthcare entrepreneurs, to move their ideas forward. Learn more about our commitment to nursing at [nursing.jnj.com](http://nursing.jnj.com).

**Supporting nursing skills, leadership development and resiliency**

As part of our ongoing commitment to advancing health and wellbeing and caring for the most vulnerable communities, Johnson & Johnson has engaged in the following programs and partnerships:

- Supported the **Duke-Johnson & Johnson Nurse Leadership Program**, currently in its fifth cycle, providing advanced practice nurses working in community practice settings with skills to effectively and efficiently deliver primary care services to vulnerable populations.
- Partnered with Sigma since 2002 on the **Maternal-Child Health Nurse Leadership Academy** to develop the leadership skills of maternal and child health nurses and nurse midwives as they strive to improve the quality of healthcare for underserved women and children.
- Supported, since 2001, nurses graduating from the Aga Khan University's School of Nursing and Midwifery who have been deployed across health facilities in the East Africa region. Learn more about this program [here](#).
- Supported development of the Care for the Caregiver educational self-help tool kit in partnership with the Texas Nurses Association and Texas Organization of Nurse Executives in the wake of Hurricane Harvey, to address moral distress and promote moral resilience, for nurses working in disaster recovery situations.

**Enhancing skills in India**

In India, Johnson & Johnson Medical India launched a specialized bus to travel across the country and provide hands-on surgery training to healthcare professionals in the next five years. Named "Johnson & Johnson Institute on Wheels," this mobile training center will enhance the surgical skills of doctors, nurses, and paramedical staff to address the demands of today's healthcare delivery system and provide better outcomes to patients of India.

**Supporting surgical needs**

We marked a 25-year partnership milestone with **Mercy Ships**, supporting its mission of providing hope, healing and resilience by providing hygiene kits and surgical products, like ETHICON sutures, as well as through our partnership on the Essential Surgical Skills Course that focuses on healthcare system strengthening.



### Shifting to Value-Based Care

At Johnson & Johnson, we believe a value-based healthcare system has tremendous potential to improve the health of populations, increase access to care, and limit costs. The transition to a value-based healthcare system will require many stakeholders—healthcare companies, payers, providers and policy makers—to work together and create an ecosystem of care. Working with our partners, we have implemented a range of innovative value-based initiatives, from agreements based on achieving specific clinical endpoints, to ones linked to offsetting other healthcare expenditures.

#### Value-based care saves money

Our global CareAdvantage initiative in the Medical Devices segment was launched in 2017 as a tool to help healthcare providers navigate value-based care (VBC), adjusted to meet the different needs of regional care systems. Data-driven, holistic and grounded in Johnson & Johnson's deep expertise and insights, CareAdvantage helps providers and health systems in several countries implement value-based action plans while optimizing patient care.

#### Advancing VBC in Singapore

In 2018, we hosted the second annual Value-Based Care Forum in Singapore. Together with more than 120 local healthcare leaders from the Ministry of Health and the full spectrum of public and private healthcare representatives and experts, we explored VBC and outcomes from different perspectives, using examples of successful implementation as a source of insight. A highlight of the event was the keynote from Dr. Kevin J. Bozic, a recognized leader in orthopedic surgery and value-based healthcare payment and delivery models in the United States. Key local clinicians shared on partnership projects with Johnson & Johnson relating to wearables,

innovative products and cancer treatment at home which improved healthcare outcomes for patients and the society. The initiative is aligned with the Ministry of Health's focus to deliver value-based healthcare to provide sustainable quality healthcare services amid rising costs for the people of Singapore.



✓ ON TRACK

#### 2020 SDG Commitment Progress

**5-year Target:** 50 million people will have had access to safe, essential, and timely surgical care.

**2016-2018 Progress:** 37.6 million beneficiaries (75% of overall goal achieved).

[View Scorecard](#) →

## Contributing to Community Health

GRI 203 (103), 203-1, 203-2

Our Credo defines the concept that “We are responsible to the communities in which we live and work and to the world community as well.” At Johnson & Johnson, we fulfill this obligation by actively engaging in our communities across the globe. We support the people at the front lines of delivering care, so that communities can more effectively address the health needs of the world’s most vulnerable people. Our giving, products, innovation, and business initiatives help create a better world and environment for people around the globe.

Our programs and solutions are developed through global leadership and regional and country-level colleagues to meet community needs while aligning with enterprise-wide priorities where Johnson & Johnson has unique knowledge and skills to make a difference.

We mobilize partners for the benefit of our communities through partnership, financial support, activation of our large employee base and advocacy for priority health issues. We work with our community partners in a collaborative spirit, based on mutual trust and aligned values.

Our employees are actively involved in volunteering in our community initiatives, as well as through other community engagement programs.

For more about employee volunteering, see [Our People](#) section.

✓ ON TRACK

### 2020 Goal Progress

STAYFREE activated the partnership with UNICEF to improve menstrual health and hygiene management among adolescent girls in three additional states in India. In prior years we activated partnerships with JOHNSON'S and LISTERINE.

[View Scorecard](#) →

✓ ON TRACK

### 2020 Goal Progress

In partnership with Lions Club International, supported delivery of

# 7.9M

eye care screenings and 73,018 corrective treatments (spectacles) to underserved children.

[View Scorecard](#) →

## Global Signature Partnerships and Platforms

We maintain several global partnerships and platforms that advance healthcare and improve people's lives.

In 2018, we engaged with our partners through strategic investments, and through our own platforms, around specific needs and events.

### Examples of Our Global Signature Partnerships:<sup>28</sup>

#### UNICEF

For nearly 30 years, Johnson & Johnson and UNICEF have worked together to empower healthcare providers in 20 countries. On World Children's Day, Johnson & Johnson strengthened this long-standing partnership by announcing a \$10 million expanded **global partnership** with UNICEF to support the crucial work of frontline health workers in delivering care to newborns, children and mothers around the world including among indigenous



By supporting the education of indigenous midwives, Johnson & Johnson is helping save maternal and newborn lives among remote mountainous ethnic communities in Vietnam—this effort is part of a \$10 million expanded global partnership with UNICEF announced in 2018, one of the Company's largest commitments to date.

*Photo credit: Paul Bettings*

**“We are incredibly proud of the work we've done with UNICEF helping to ensure that children everywhere have a healthy future. This renewed commitment will strengthen our efforts to support and advocate for women and children, as well as the frontline health workers who care for them.”**



Lauren Moore, Vice President,  
Global Community Impact, Johnson & Johnson

communities in Vietnam and the Philippines.

#### Save the Children<sup>29</sup>

Our partnership of more than two decades with Save the Children demonstrates the shared priority we place on addressing the needs of the most vulnerable children. Our programs include: newborn survival, psychosocial support of Syrian refugee children, immediate response to humanitarian crises, employee engagement, and joint advocacy. In 2018, we renewed our global partnership to improve the survival and healthy development of children under age five, especially newborns. We also launched a new digital tool designed to turn the fun things kids say into charitable donations called **Wisdom by Kids**. Through 2019, the platform will focus on benefiting Save the Children during its 2019 centennial year.

### Examples of our Global Signature Activation Platforms:

#### Operation Smile

For more than 30 years, Johnson & Johnson has helped Operation Smile with financial and product contributions to provide smiles to children around the world born with cleft lips and palates. In May 2018, we again held our annual Smile Week, supporting fundraising through a range of initiatives around the world. To transform lives with Operation Smile, our Johnson & Johnson employees work as



Nicole Mark, Senior Financial Analyst,  
Global Regulatory Affairs on an Operation  
Smile mission in 2018 to Madagascar.

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volunteers on medical missions and experience firsthand what our support means to these children.

### Global Citizen

Since 2016, Johnson & Johnson partnered with social action platform Global Citizen to address public health challenges. In



2018, we had a strong presence at the Global Citizen Festival in Johannesburg, South Africa, on World AIDS Day. See [Making HIV History](#) for more details on this event.

### CARINGCROWD

At Johnson & Johnson, we are uniquely positioned to apply our capabilities to help enable large-scale change for good. One way we are doing that is through the creation of our free **CARINGCROWD** crowdfunding platform for nonprofit organizations that is entirely dedicated to improving global public health. Anyone in the world can make a pledge on CARINGCROWD, and Johnson & Johnson provides substantial

opportunities for pledges to be matched. Projects on CARINGCROWD tackle a wide range of health topics, including clean water, infectious diseases, maternal health, mental health, medical equipment and health worker training.

### Donate a Photo

**Donate a Photo** is the way Johnson & Johnson connects people to nonprofits, increasing awareness and resources for deserving causes including women's and children's health, healthy families, health workforce, environmental health, global disease challenges, essential surgery, education and equality and emergency relief. Available in Canada, Japan, the UK and the United States, for every photo shared through the Donate a Photo app, Johnson & Johnson donates US\$1 to a social cause.

## CARINGCROWD

Since its launch, CARINGCROWD has generated:

**\$1,250,637** pledged by individuals

**\$709,987** matched by Johnson & Johnson

**246** successful campaigns for health projects in **38** countries

**102** nonprofit beneficiaries



## More Resources

Overview of key programs and initiatives



An interactive map of our initiatives around the globe



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## Our Giving

At Johnson & Johnson, inspired by Our Credo, we use our scale and resources for good, contributing to many causes and initiatives around the world to help advance health and improve people's lives—both on a global level and at local levels—through targeted initiatives providing local support, engaging employees in our communities, supporting them in the case of emergencies, and donating products for a range of needs.

Our community giving and social impact programs are funded and supported through a variety of entities:<sup>30</sup>

- Our Global Community Impact partnerships and other strategic charitable initiatives via the Johnson & Johnson Foundation;
- The Johnson & Johnson Patient Assistance Foundation;
- The Johnson & Johnson Corporate Citizenship Trust;
- Various corporate functional divisions and operating companies across our three business segments around the world;
- Employee volunteering and (often matched) fundraising for local causes;
- Product donations.



### Statement on Charitable Contributions

Download 

## Community disaster preparedness and relief

Johnson & Johnson strives to be a trusted community partner, including in times of crisis. In the immediate aftermath of any major disaster, we work with international relief partners and local affiliates

to assess and rapidly respond—in many cases within hours—to critical health needs with an array of consumer, pharmaceutical and medical products. Through partners such as Heart to Heart International, MAP International and Americares, we deliver emergency medicine and relief supplies to families affected by these events. In 2018, we leveraged the Johnson & Johnson network and passion of employees in times of crisis to provide immediate aid to communities affected by natural disasters working with six partners. More than \$11 million in cash and products were donated to support the disaster response efforts in countries including Bangladesh, India, Indonesia, Kenya, Liberia, Peru, Turkey, South Somalia, the United States and Yemen.

We support our employees who volunteer to assist when disaster strikes. In 2018, we created a new First Responder Time-Off Policy, allowing employees who serve as Emergency Volunteer Workers to take up to 40 hours a year of paid time off if an emergency summons requires the employee to be late or absent from work. Employees are also able to leave work to respond to the summons as needed. The policy currently applies to employees in the United States and Puerto Rico.

### Disaster response

In 2018, we allocated \$0.86 million in cash and \$10.43 million worth of Johnson & Johnson products in support for immediate, mid- and long-term response to natural disasters, including Syria refugee crisis, hurricanes Harvey, Maria, Michael and Florence, earthquake and tsunami in Indonesia, among others.

### Product donations

Globally, we aim to support patients and our partners in every way we can, and that includes non-cash contributions. As one of the first companies to sign the WHO Guidelines for Donated Drugs, and as a founding member of the Partnership for Quality Medical Donations (PQMD), Johnson & Johnson ensures that all its product donations follow global standards and best practices. We work with the PQMD to further strengthen their product donation guidelines.



## More Resources

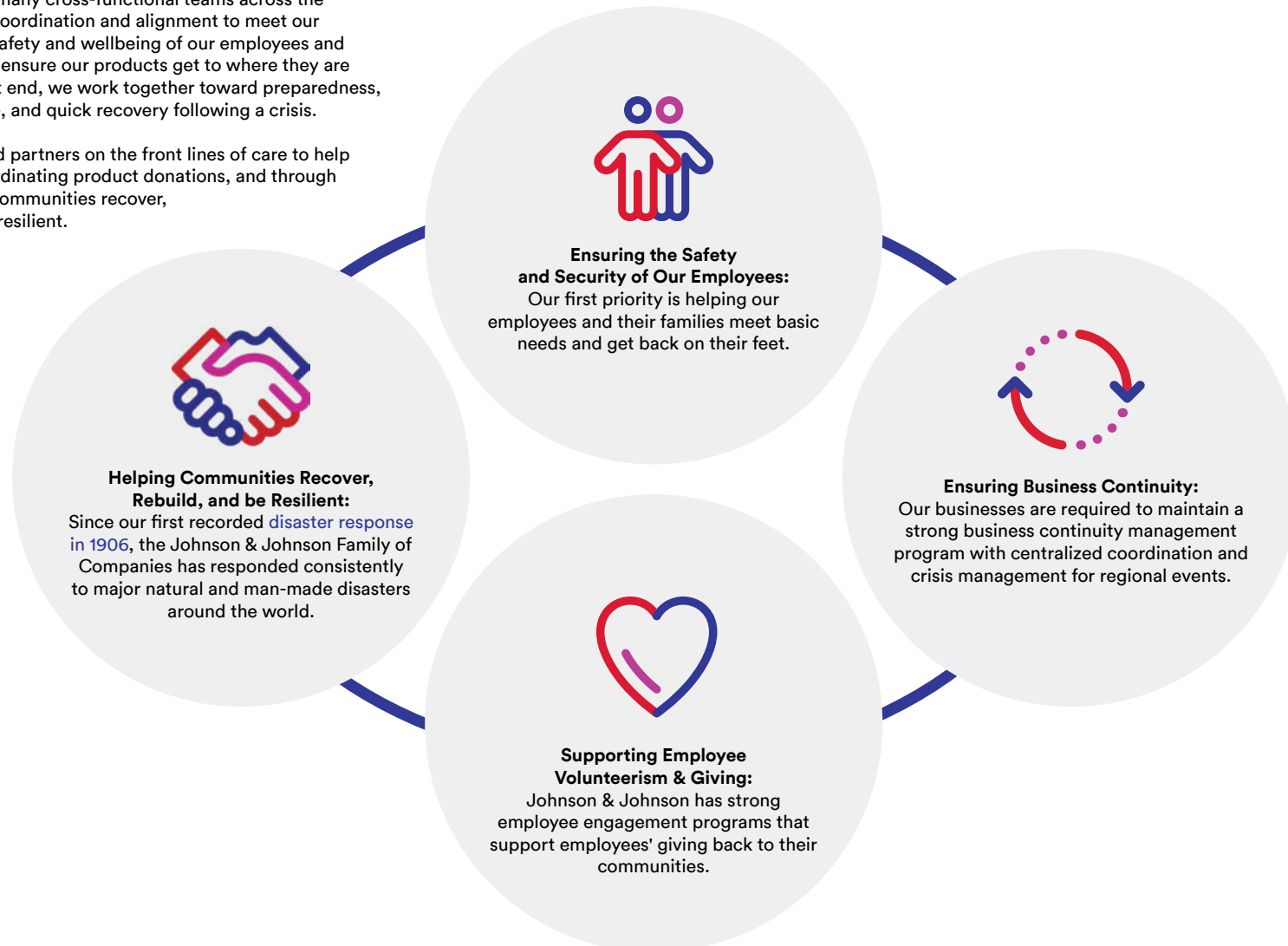
Learn more about our approach to disaster



## Our Approach to Disaster Response

In the event of a disaster, the Johnson & Johnson Crisis Management Team, comprised of many cross-functional teams across the Enterprise, ensures coordination and alignment to meet our commitment to the safety and wellbeing of our employees and their families, and to ensure our products get to where they are needed most. To that end, we work together toward preparedness, prevention, response, and quick recovery following a crisis.

We work with trusted partners on the front lines of care to help communities by coordinating product donations, and through programs that help communities recover, rebuild and become resilient.





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We have longstanding relationships with strategic partners who have proven track records in product donations for disaster relief and for specific health conditions in low- and middle-income countries. Product donations managed by these partners align closely with the conditions for product donation recommended by WHO and PQMD, and with industry requirements and regulations. In the United States, we also support independent initiatives by donating medicines and funding to the Johnson & Johnson Patient Assistance Foundation Inc. (JJPAPF), an independent, nonprofit organization that is committed to helping eligible patients without insurance coverage receive prescription products donated by Johnson & Johnson operating companies.

In 2018, we donated \$987 million in free product and financial support to JJPAPF, enabling the Foundation to provide medicines at no cost to approximately 76,000 patients.

## Our Performance

### Our Giving

	2018	2017	2016
Total cash and product contributed globally (millions)	<b>\$1,612</b>	\$1,469	\$1,194
Non-cash contributed globally* (millions)	<b>\$1,299</b>	\$1,242	\$1,006
Cash contributed globally** (millions)	<b>\$313</b>	\$227	\$188

\* Non-cash contributions are recorded by Johnson & Johnson at fair market value as of 12/31/2018.

\*\* Cash contributed globally includes \$23 million contributed by the Johnson & Johnson Foundation through the U.S. Employee Matching Gifts Program in 2018.



## More Resources

Johnson & Johnson Foundation 2018  
Annual Report



Johnson & Johnson Corporate  
Citizenship Trust 2018 Annual Report



## Our People

We owe our success to Johnson & Johnson employees who are passionate about our mission to change the trajectory of health for humanity. People join Johnson & Johnson to build a purpose-driven career that makes a difference; they stay with us to help create healthier lives and improve the wellbeing of the patients, customers and consumers we serve in our communities. Our Credo unifies our global, multi-generational workforce around the purpose and principles we've espoused since the beginning of our Company and continues to inspire our diverse employees around the world.

We maintain a comprehensive strategy that is built around three fundamental focus areas: attracting and recruiting the best and most diverse talent; developing and retaining talent through a broad array of learning and development experiences; and empowering and inspiring our people through innovative engagement initiatives and programs. Underpinning these focus areas are ongoing efforts to cultivate and foster a culture built on diversity and inclusion, innovation, health and wellbeing and employee safety across our Company, where our employees are empowered to succeed professionally and personally while helping us achieve our business goals. Our Global Labor and Employment Guidelines confirm our commitment to upholding the rights of employees as encompassed by International Labor Organization conventions and United Nations Global Compact Labor Principles.

Our Executive Vice President, Chief Human Resources Officer, is a Corporate Officer and a member of the Johnson & Johnson Executive Committee charged with overseeing Global Talent Management, Global Benefits, Global Health Services and Worldwide Compensation Resources.



## Key Achievements in 2018

- Marked the 75th anniversary of Our Credo while also introducing enhancements to modernize the language and clarify our commitments.
- Made significant progress on our HealthForce 2020 goals in each of the core pillars and launched our Global Exercise Reimbursement program.
- Re-imagined hiring at Johnson & Johnson to allow for greater transparency, improved efficiency and a stronger candidate experience through new platforms.
- Supported employee development by providing new tools, resources and experiences that are targeted at raising the performance and skill level of our people and supporting continuous growth.

## Areas of Opportunity

- Further develop our workforce analytics capabilities to optimize the diversity of our employees.
- Continue to globalize our employee resource groups and fully deploy their business impact.
- Optimize our SUMMIT learning management system for capturing and categorizing our training and development opportunities.

**“Our culture is rooted in the values embodied in Our Credo, which calls on us to support our employees across their whole lives – spiritual, mental, physical and financial. Guided by this principle, we provide thousands of individuals with the opportunity to build a varied and diverse career across the full spectrum of human health and the opportunity to help advance our purpose of changing the trajectory of health for humanity.”**



Peter M. Fasolo  
Executive Vice President, Chief  
Human Resources Officer,  
Johnson & Johnson



## Our responsibility to our employees in Our Credo

"We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical."

## Our Credo Survey

**90%**

participation rate in Our Credo Survey

administered in

**36** in **74**  
languages countries

## Attracting the Most Talented People

GRI 401 (103)

As a global business, our success tomorrow depends upon the contribution of our people today. Our leaders must have the ability to deliver on our objectives in the light of new trends and developments—including new digital landscapes in healthcare, emerging market growth and dynamic workforce demographics, such as the rise of millennials—expected to comprise one-third of the global workforce by 2020.<sup>31</sup> *Gallup's State of the Global Workplace Report (2017)* shows that companies in the top quartile for employee engagement are 17% more productive than those in the bottom quartile. At Johnson & Johnson, we believe in attracting the most talented people, investing in their development and engaging them to be their best, so that they can help lead our Company to a future of better health for humanity.

### Employee-Centered Experience

Johnson & Johnson is one of the largest recruiters around the world, so it is important that we identify and attract talent to join us in a way that prioritizes the candidate experience and maximizes efficiency and inclusiveness. We are continuously seeking new ways to improve our recruitment

**“At Johnson & Johnson, each and every employee plays a role in propelling us toward our purpose – and that all starts with ensuring we are attracting and retaining talent who share our values and commitment to changing the trajectory of health for humanity.”**



Dave Crutchfield, Global Head, People Experience & HR Service Delivery, Johnson & Johnson

process and overall experience. In 2018, for example, we added 15 questions to the early application process to ensure prospective employees share the values expressed in Our Credo.

**New agile hiring process:** To continue to attract and retain the best and most diverse people, we're creating a new holistic strategy to reimagine and redesign the end-to-end employee experience. Feedback on the hiring experience from hiring managers, Human Resource Partners, recruiters and applicants highlighted the need for greater visibility, improved speed, more relevant candidates and a simpler, more intuitive process. In response, we launched the hire.jnj.com platform globally in 2018, providing data-driven analytics and innovative tools as the basis for a faster, transparent, more agile process for managers to hire candidates. Hire.jnj.com includes features such as a dedicated online guide for recruiters, and the Credo Assessment for candidates to reflect our culture and values while providing potential candidates with a user-friendlier application experience.

**New digital mobility platform:** Given the breadth and scale of Johnson & Johnson, it is natural that we have thousands of people on the move at any given time. Settling in to a different city or country, or even continent, can be a daunting task, so in 2018, we launched Move. Move is a proprietary, integrated, digital platform that helps managers and employees stay in control of all relocation details—from handling expenses to cultural awareness training to family considerations. A global relocation consultant is also on hand to provide guidance and support. Making mobility easier is an important way that supports relocation and enables quick transitions into new roles at Johnson & Johnson, wherever they are. We encourage cross-sector and regional movement, and view it as a crucial way for our employees to have new experiences and develop new insights, contributing to diversity of thought in our culture

In 2018, we filled

**30,802**

positions

**51.61%**

of new hires were women

and to innovation in our business.

### Fair Compensation

We are committed to compensating our employees fairly and offering the kinds of benefits that are relevant to meet the needs of today's employees and their families. Through our compensation framework, a set of core principles that guide all compensation decisions, we recognize the important contribution of our employees to delivering our mission in ways that align with our values.

#### Our compensation principles

**Competitiveness:** We aim to attract, retain and motivate high-performing employees and benchmark our compensation programs against industry peers to ensure we offer competitive packages.

**Pay for performance:** Base salary increases, annual bonuses and long-term incentives are linked to performance at three levels: individual, division and Enterprise.

**Accountability for short- and long-term performance:** Performance-based rewards and both short- and long-term

### Hiring Summary

	2018	2017
Positions filled*	30,802	26,427
External hires	21,309	18,143
Internal hires	9,493	8,284

\* These metrics include only territories supported by the system "Talent Acquisition".

financial and strategic business results.

#### Alignment to shareholders' interests:

Performance-based compensation is aligned with both the interests of our employees and the long-term interests of our shareholders.

**Pay equity:** We are committed to pay equity, including gender pay equity. We analyze our pay across functions and levels, and strive to eliminate unconscious bias or other barriers to full pay equity across the Enterprise.

#### Employee Benefits GRI 401-2

To support our employee experience, we seek to understand the entire lifecycle needs of our people at work, and help enrich their lives and those of their loved ones with a holistic range of benefits, starting with health and wellbeing and extending to retirement planning and finances.

#### New global benefit introduced in 2018

To support our holistic health strategy and mental wellbeing, we launched an enhanced

and unified global Employee Assistance Program (EAP) and WorkLife Services program. Starting in North America and gradually rolling out across the globe, this program provides additional resources for employees and family members, including a larger network of specialists, additional training and educational tools and a more well-rounded approach to WorkLife balance, resiliency and stress management. In the United States and Puerto Rico, we began piloting a resilience app resource, designed to help employees tap into their most powerful selves by addressing their unique thinking styles, offering simple techniques to help build resilience and enhance their ability to respond to stressful thoughts and situations. Our aim is to support employees through particularly stressful situations or concerns, including access to confidential short-term counseling, 24/7 online tools and resources, and on-site crisis support. From work and relationship concerns, stress and anxiety, to legal and financial consultation services, this resource is available to employees and their family members at no cost.

### A selection of employee benefits at global and/or local level\*

#### Health:

- On-site health centers at 122 locations across the globe that provide immediate injury/illness care, occupational health and personal health coaching
- On-site fitness centers and global exercise reimbursement
- EAP and WorkLife Services including counseling with mental health professionals
- Healthy eating options and support at our facilities' health screenings, cancer awareness and prevention
- Energy management and resilience trainings
- Modified duty and support for returning to work after an injury or illness
- Access to International SOS for business travel, providing one-click access to assistance, as well as medical and security alerts for your business travel destinations.
- Tobacco-free workplace and smoking cessation support
- HIV/AIDS confidential testing and support
- Personal health assessment and personalized digital health tools
- Transgender-inclusive health insurance coverage and same-sex partner benefits

#### Family:

- Global Parental Leave including a minimum of 8 weeks for all new parents
- Breast Milk Shipping
- Fertility, surrogacy assistance and adoption benefits
- Childcare benefits, including on-site childcare centers, and emergency back-up care including children with special needs
- Pet insurance benefits

#### Financial health:

- Pension/retirement plans
- Retirement Savings Plan\*\*
- Financial planning, including student loans\*\*
- Access to legal counseling
- Enhanced military and first-responder benefits\*\*
- Tuition reimbursement

\* This is not an exhaustive list but representative of our overall benefits packages. Where possible, we apply benefits globally. However, local regulation or market norms govern local practice.

\*\* U.S. and Puerto Rico only.



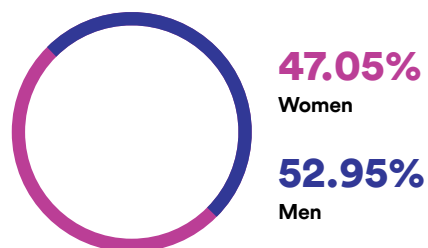
New benefits introduced in the U.S in 2018

- To assist employees with managing work and family commitments with the least possible stress, especially when unplanned needs arise, we offer Back-Up Dependent Care. Employees can access up to 15 annual days of back-up family care. New parents have access to 20 additional days of back-up care immediately following return from parental leave.
- A new Student Loan Assistance Program gives employees access to a web portal that provides information on consolidating and refinancing student loans, as well as coaching with a counselor.
- Financial Wellness for Life is a free new benefit designed to help employees better manage their savings, debts, investments, retirement planning and other financial needs. This service offers group webinars or personal sessions with financial coaches for employees, spouses and partners.



## Our Performance

## Global Workforce by Gender



## Global Workforce by Region GRI 102-8

	2018	2017	2016
Asia Pacific	28,016	26,376	25,036
Europe, Middle East & Africa	43,494	43,636	42,436
Latin America	21,433	20,796	21,268
North America	47,918	44,890	45,998
Total	140,861	135,698	134,738

## U.S. Employees Benefits GRI 401-3

	2018	2017	2016
U.S. employees that took parental leave, by gender			
Women	44%	41%	48%
Men	56%	59%	52%
U.S. employees that returned to work after parental leave ended, by gender*			
Women	98%	98%	100%
Men	100%	99%	100%

## Global Workforce by Employment Type GRI 102-8

	2018	2017	2016
Global workforce, full time			
Women	45.97%	45.31%	44.73%
Men	54.03%	54.69%	55.25%
Global workforce, part time			
Under 30	83.62%	84.83%	84.78%
30 - 50	16.38%	15.17%	15.20%

## Global Workforce by Region, by Gender GRI 102-8

	2018	2017	2016
Global workforce, Asia Pacific			
Women	45.57%	43.77%	42.52%
Men	54.43%	56.23%	57.48%
Global workforce, Europe, Middle East & Africa			
Women	48.47%	48.20%	47.51%
Men	51.53%	51.80%	52.49%
Global workforce, Latin America			
Women	49.35%	48.55%	47.52%
Men	50.65%	51.45%	52.40%
Global workforce, North America			
Women	45.59%	45.48%	45.69%
Men	54.41%	54.52%	54.31%

## New Employee Hires GRI 401-1

	2018	2017	2016
New employee hires, by gender			
Women	51.61%	51.29%	51.14%
Men	48.39%	48.71%	48.79%
New employee hires, by age			
Under 30	47.12%	44.74%	46.49%
30 - 50	47.96%	47.55%	48.79%
50+	4.92%	7.68%	4.72%
New employee hires, by region			
Asia Pacific	30.11%	24.21%	24.04%
Europe, Middle East & Africa	27.35%	24.83%	28.63%
Latin America	16.88%	17.88%	19.56%
North America	25.66%	33.08%	27.76%

\* In 2018, we revised our calculation methodology to increase accuracy of reported percentages based on actual return to work after parental leave ended.

## Creating Unique Career Opportunities

GRI 404 (103), 404-2

The opportunity to develop personally and professionally is a core aspiration both for employees who have newly joined our organization and for those who have been part of the Johnson & Johnson family for several years. We therefore deploy a global approach to ensure development is for everyone, regardless of where they are on their career journey. Our objective is to foster a learning culture that helps shape each person's unique career path, and empower them to better contribute to achieving our business objectives while creating a robust pipeline of talent to deliver our long-term strategies.

At Johnson & Johnson, we believe development is for everyone. We maintain an integrated, enterprise-wide approach to human resources management and professional development, empowering everyone to achieve their personal best at work.

### Personal and Professional Development

Our development programs cover a full variety of learning methods, including on-the-job training, online courses, workshops and other experiential training. Our enterprise-wide learning management system called SUMMIT is available to employees globally. SUMMIT is an integrated portal offering self-enrollment in training programs and tracking of individual training progress and results.

**“Attracting, recruiting and retaining diverse people who are globally-minded, agile and adaptable is a way of keeping our organization healthy and innovative. A full span of talent management and professional and leadership development programs underpin our retention strategies.”**



Mary Lauria, Head, Global Talent Management,  
Johnson & Johnson

# 30.82%

of our new roles were filled by employees who developed within the organization in 2018, building diversity of experiences

# 44.2%

of managers<sup>32</sup> and above moved across functions, country or business segment lines

# \$90M

spent on employee learning and development

We believe that development is key to building a healthy career and we continuously look for ways to support our employees in owning their development and growth, and in gaining access to the people and tools that will help them do so. In 2018, we launched a new global personal development platform called MyDevelopment. With MyDevelopment, employees can build a Personalized Development Framework around the three Es of Education, Exposure and Experience to create a balanced development plan to support their ongoing growth as they strive to build a healthy career.

### Leadership Programs

To help transform the future of health for humanity, we must have highly capable leaders across our business. To achieve this, we are transforming how we assess and develop people leaders.

### MyDevelopment resources available to all employees

**Let's Develop** global speaker series showcases development best practices from external experts and internal thought leaders on a quarterly basis.

**Development Month** initiative leverages the mid-year time point as an opportunity for our employees to self-reflect and prioritize their healthiest careers and a network of global Development Champions act at a local level to share development resources, plan local activities and inspire employees to make their development a priority all throughout the year.

**Development Month Champions** across the globe ensure awareness and encourage participation in learning and development opportunities and in our “Let's Develop” social media forum.

“ The learnings they acquired and networks they built through the AEL program have enabled participants to introduce new innovations and improvements in the business. Their mindsets shift to lean in, take risks, and own accountability to drive and lead innovation and transformation. The impact is exponential. ”



Erica Desrosiers, Head, Accelerated Development, Johnson & Johnson

We believe that every employee at Johnson & Johnson is a leader, and our goal is to help employees realize this potential. Our Global Talent Management organization creates a consistent leadership development experience enterprise-wide. Our Leadership Imperatives give our employees a clear and consistent way to lead Johnson & Johnson into the future, and deliver on our mission to change the trajectory of health for humanity.

We maintain a suite of leadership and development programs to accelerate the progress of individuals who have been identified through our succession planning processes as having the potential to fulfill more senior leadership roles within the Enterprise.

All of these programs were conducted in 2018, reaching hundreds of leaders around the organization. For example, vice presidents joined the Accelerated Enterprise Leadership (AEL) program to target areas for development and growth to continue their career progression. The program is designed to help participants lead effective internal change. It includes three residential sessions, market visits, executive coaching assessments and an action learning project, completed in collaboration with other participants. In 2018, action learning projects in partnership with Johnson & Johnson Innovation JLABS focused on new business models and use of machine learning to solve pressing health and other challenges.

In 2018, in response to results from our People Leader Effectiveness survey, we delivered critical new learning content and resources

1,851

new leaders took our ELD Program in 2018, bringing the total number of leaders trained to date to 4,459

1,244

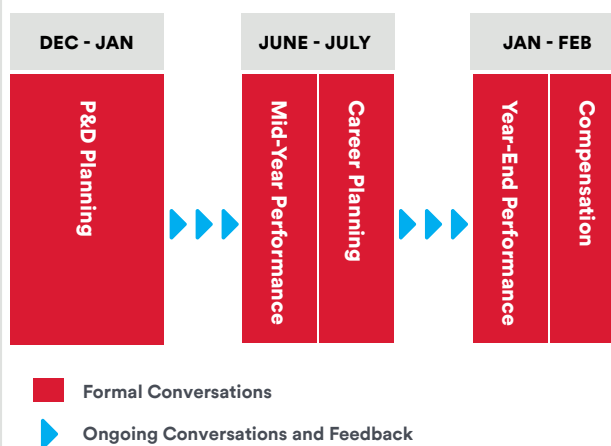
U.S. and Puerto Rico employees participated in the tuition reimbursement program

89%

of employees globally completed year-end performance reviews in 2018

### Performance Development

We believe that performance development should be an ongoing process.



### Leadership and development programs

**AEL (Accelerate Enterprise Leadership):** Vice presidents who aspire to more senior roles.

**AEO (Accelerate Executive Orientation):** Newly promoted or externally hired vice presidents to learn about expectations for their role and their impact on the Enterprise.

**TAP (Talent Acceleration Process):** Current directors preparing for vice president level. In 2018, we reached the level of 88% of directors who had participated in TAP. Representation of women in TAP has doubled since 2015.

**ASCEND:** Designed for mid-level female leaders aiming to increase their leadership impact.

**RISE:** Mid-level U.S.-based racially and ethnically diverse talent aiming to grow their leadership impact. This new program was launched in 2018.

**IDP (International Development Program):** Mid-level leaders focused on developing core capabilities in another country.

**ELD (Enterprise Leader Development):** For a broader employee population, all newly hired or promoted leaders are assigned to an ELD program. ELD consists of two interactive multi-week learning programs that establish standards of excellence for management effectiveness and leadership development.

through our on-demand, digital platform, Leadership Navigator, to raise the performance and skill level of our people leaders around the globe. Leadership Navigator allows for a personalized learning journey with an on-demand library of tools, supporting people leaders at the moments that matter—whenever and wherever they need it. And, the Navigator now contains resources in 10 languages.

Performance Management

Employee performance at Johnson & Johnson is measured in two dimensions, the “what” and the “how.” Our Leadership Imperatives set the performance behavioral expectations for all employees—the “how.” The Leadership Imperatives give our employees across all geographies, businesses, roles and levels a clear and consistent way to lead the Johnson & Johnson Family of Companies into the future.

All our employees formally discuss their progress and plan their professional development with their managers five times each year, in our Five Conversations framework, which is in addition to informal, ongoing discussions throughout the balance of the year. This ensures that personal development is progressed effectively and benefits from meaningful support throughout the year.

Overall performance in year-end conversations include assessing business results achieved, the degree to which our leadership behaviors were demonstrated, and further development options. Manager bonuses are linked to leadership performance as well as business results.

Our Performance

Year-End Performance Reviews Completed by Job Category GRI 404-3

	2018	2017	2016
Vice President	1%	1%	Not Reported
Manager & Director	28%	28%	Not Reported
Professional	62%	61%	Not Reported
Other*	9%	10%	Not Reported
Overall for all employees	89%	88%	81%

Employee Turnover

	2018
Overall voluntary turnover	7.8%
Voluntary turnover of high performers	3.9%

Spend on Employee Learning and Development by Category (millions)

	2018
Other professional skills	\$47
General leadership training & assessments	\$22
E-learning	\$7
Executive coaching	\$6
Other	\$8
Total	\$90

\* Category includes employees that don’t have a merit plan as part of their compensation package.

## Engaging, Empowering & Inspiring

GRI 413 (103), 413-1

At Johnson & Johnson, we understand the workforce of the future will need an innovative mindset, the ability to think through a global lens, and a diverse set of experiences and skill sets. We believe in inspiring our employees to aim high and dream big, and encourage them to play an active role in helping change the trajectory of health for humanity. We engage, empower and inspire our employees by fostering a work culture where everyone can make their voice heard by providing platforms for employees to express their creativity, and through opportunities for employees to make a meaningful contribution to address social or environmental challenges.

### Fostering a Connected Culture

Our organization-wide communication processes include town hall-style meetings at global, local or functional level, and sharing of news through many channels, including our *One J&J* news hub digital daily digests and electronic communications from senior leaders.

In addition to multiple two-way communication channels with our employees at all levels of the business, we conduct global surveys that enable our employees to speak out about any aspect of their work and relationships at Johnson & Johnson, providing us with valuable insight to help address potential human resources risks and identify opportunities to improve.

In 2018, Johnson & Johnson marked the 75th anniversary of Our Credo, the set of values that ground and guide the decision making of our leaders and employees around the world, by taking the opportunity to reengage employees in a meaningful way around Our Credo. Through a sustained six-month program, employees were challenged to expand their understanding of our commitments, reflect and engage in open conversations about opportunities to better live Our Credo, and take ownership of their responsibility

**“At Johnson & Johnson we have two core value propositions for our employees that help engage and inspire them. The first is Our Credo, which is deeply embedded in our culture as a set of positive social values, and the second is our purpose to change the trajectory of health for humanity. We add what employees need to feel empowered: tools to do the job, supportive leadership, professional development and more.”**



Paul Anthony, Head, Global Total Rewards and Human Capital Strategy, Johnson & Johnson

through daily actions. The Executive Committee led in-depth conversations on each paragraph, discussing with employees how we are living our values, where we can show up stronger for those we serve, and how we can continue to improve human health for generations to come. At the first annual Credo Day celebration on December 13, more than 30,000 employees around the world participated in a Global Town Hall, attended unique celebrations, and joined outreach efforts to bring the spirit of Our Credo to their local communities.

### Creative Engagement

Since 2011, we maintain our Office of Creative Engagement (OCE) as a platform for empowering our employees to develop themselves and their ideas. OCE encourages employees to think outside the realm of day-to-day operations to develop and advance innovative concepts. To facilitate engagement across our global

## TEDxJNJ Quick Facts

First Event:

**Nov. 2011**  
in Princeton, NJ

Total number of events to  
year-end 2018:

**76 events**  
in 19 countries

Number of events in 2018:

**20 events**  
across 13 countries

Total speakers to year-end 2018:  
more than

**530 videos**

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enterprise, the OCE provides frameworks, tools and support for employees wishing to get creative and drive higher levels of engagement.

One of the most popular tools that OCE offers is TEDxJNJ. Anyone can propose a TEDxJNJ event and, once the event is accepted by OCE, can engage a group of colleagues to go about planning, preparing and bringing the agenda to life. The speakers at TEDxJNJ events are Johnson & Johnson employees who have a personal or professional story to tell that can be a source of inspiration for others, with an occasional external speaker taking part in some events. The TEDxJNJ audience is made up of Johnson & Johnson employees. TEDxJNJ has become a safe place to listen, learn, reflect, share, inspire and engage, and a platform for unleashing creativity among the best minds in our Company. Many senior leaders at Johnson & Johnson speak at, attend or sponsor TEDxJNJ events. Our library of TEDxJNJ video talks is a permanent record of many inspiring stories and is available to all employees on our online portal.

### Engaging Employees in Communities

Firmly behind our purpose of changing the trajectory of health for humanity, our employees are proud to engage in

our communities around the world and offer practical assistance to help make a positive difference in healthcare everywhere. Our various policies and offerings around the globe seek to encourage volunteerism in all regions and at all levels by providing Johnson & Johnson employees a range of opportunities in which they can actively contribute and participate. For example, we support skill-based volunteering in the community with a policy of providing paid leave to cover the volunteer period; this is currently being offered to employees in the United States and Puerto Rico.

#### Talent for Good – connecting employee purpose to company purpose

At the higher end of the scale, for employees who are prepared to take on and experience an immersive, transformative skills-based opportunity, we offer Global Pro Bono programs and Johnson & Johnson Secondments.

The **Global Pro Bono** program that piloted in 2017 expanded to 21 participants in 2018, who shared their skills to help seven nongovernmental organizations (NGOs) in Chile, Colombia and Puerto Rico run more efficiently, overcome unique hurdles and better reach their goals. As part of the program in Chile, Johnson & Johnson employees partnered with IBM to leverage their core capabilities in IT and healthcare to support three



### More Resources

Hear from Global Pro Bono volunteers on the Johnson & Johnson blog



Hear from Johnson & Johnson employees taking part in the Secondment Program



**“ I found that TEDxJNJ gave me a new lease on life and helped me face my fears of speaking about such a hard topic. I have been on a personal mission to fight modern slavery – both in terms of eliminating human trafficking and in terms of making changes in our consumeristic behaviors that create the conditions for modern slavery to thrive. We should all be aware of the changes we can and must make to prevent exploitation – we are one humanity. Since being invited to talk at TEDxJNJ, I have been overwhelmed by the amount of interest and support I have received, including invitations to speak at other events. Overall, I have reached more than 2,300 people with my talks on this subject. TEDxJNJ was my first platform and it gave me courage and a new freedom to continue to pursue my passion to create lasting change. ”**



Elisa Torres, Marketing Manager, Ethicon Biosurgery



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organizations focused on strengthening community resilience and disaster preparedness in the capital city of Santiago. We also introduced a remote pro bono program in 2018, Talent for Healthy Community, connecting the unique talents and expertise of our employees with local community partners to address their critical capacity building needs.

The Johnson & Johnson **Secondment Program**, now in its sixth year, offers Johnson & Johnson employees the opportunity to share their skills, experiences and talent with eight NGO partner organizations across 25 countries in the Europe, Middle East and Africa region serving in long-term assignments (up to six months). All Secondees receive one-on-one coaching from Johnson & Johnson retirees and mentoring guidance from program alumni before, during and after their Secondment.

### Building Young Leadership Capacity Across the Globe

The Johnson & Johnson One Young World Program builds the capacity of young leaders across the globe to change the trajectory of health for humanity. Since 2013, Johnson & Johnson has partnered with One Young World (OYW) to connect hundreds of young change makers from both within and outside of Johnson & Johnson to unique opportunities to formulate innovative solutions to the world's most pressing health issues. For young health leaders outside of the Company, the global partnership includes scholarships and professional coaching from Johnson & Johnson executives, in addition to mentorship for participating Johnson & Johnson employees to act on their passion for a



**Empowering young leaders across the globe through the Johnson & Johnson One Young World Program**

**2,571**  
employees across the globe spent

**8,332**  
volunteer hours to support STEM<sup>2</sup>D in 2018

**364**  
employees across the globe spent

**10,034**  
volunteer hours to support Bridge to Employment in 2018

healthier world within the Company. In 2018, Johnson & Johnson sent its largest delegation to date to the OYW Summit in The Hague, The Netherlands.

### Advancing Women in Science

Building a diverse STEM<sup>2</sup>D (Science, Technology, Engineering, Math, Manufacturing and Design) community supports the acceleration of women as global leaders of innovation to improve health and wellbeing, and drive sustainable economic growth. Johnson & Johnson launched the **WiSTEM<sup>2</sup>D** program in 2015 to increase the representation of women in science and technical fields. Many Johnson & Johnson employees volunteer to review applications for the award, in support of this program. In 2018, we **announced** an inaugural group of recipients of the WiSTEM<sup>2</sup>D Scholars Award. Each received \$150,000 in funding and three years of mentorship from Johnson & Johnson leaders and members



Read the impressive stories of each of these scholars



Johnson & Johnson WiSTEM<sup>2</sup>D volunteers at Stuart School in New Jersey, where Johnson & Johnson Consumer Inc. R&D female leaders hosted workshops and demonstrated virtual reality tools for surgeon training to engage girls in science.

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of the Awards' Advisory Board, which includes Board of Director member Mary Beckerle, Ph.D.

### Creating our healthcare professionals of the future with a Bridge to Employment

For 25 years, Johnson & Johnson employees have been helping prepare high school students from disadvantaged communities to stay in school, enroll in higher education and pursue a career in the health sector. Launched in 1992, our Bridge to Employment initiative in partnership with non-profit FHI360, has helped young people improve school attendance, enhance academic achievements, and gain awareness of higher education and career possibilities in healthcare.

### Engaging Employees for the Environment

At Johnson & Johnson, we understand that human health is inextricably linked to environmental health—you can't have healthy people without a healthy planet. Our environmental sustainability engagement program, We Sustain, mobilizes our employees to share ideas and collaborate to improve the environmental health of the places where we live, work and sell our products. Over 1,000 employees from across the globe have joined We Sustain; they network with like-minded individuals, working to protect the environment and human health. Employees can volunteer in the community, deliver engagement activities, and submit and share ideas through the We Sustain website and our Global Sustainability community engagement platform.

Employees are encouraged to share their sustainability ideas during the Johnson & Johnson We Sustain Sustainability Accelerator Grants challenge. Employees who submit sustainability ideas with the potential to be replicated and scaled throughout the organization receive funding of between \$5,000 and \$50,000 to build out their ideas.

**“Being part of the We Sustain Network, and winning a Sustainability Accelerator Grant, helped me to propagate my idea for greener research labs until it grew into something way bigger than I imagined. The group helped me to build my network within Johnson & Johnson and outside of Johnson & Johnson, from the U.S., to Europe, and even to China.”**



Afton Hiscox, Associate Scientist II, Discovery Chemistry, Janssen Research & Development, LLC

### A selection of the winning We Sustain entries

- Diversion of wastewater to off-site beneficial reuse as chemical feedstock to reduce hazardous waste to landfill by more than 1 million lbs. annually
- Regrinding and reusing machine tools to avoid waste
- Developing automatic cycles for injection molding machines to reduce energy use
- Installing new equipment to separate waste and reduce volume of space it requires for storage by 90%
- Reusing waste that is normally discarded, such as shampoo residue to car washing products

### We Sustain 2018 Facts

# 405

entries from teams across all geographies and businesses

# 13

project finalists



Students from the Bridge to Employment program play interactive team building exercises.

*Photo credit: Jessica Scranton*

## Advancing Diversity & Inclusion

GRI 405 (103)

Today's rapidly changing world requires new and innovative thinking and solutions. The intertwining strands of change in healthcare, patient and consumer demographics and the workplace pose challenges and opportunities for Johnson & Johnson. These can only be met by using diversity and inclusion (D&I) as a key lever to drive innovation and business results. D&I enables us to better understand and connect with our diverse and multicultural patients, customers and consumers—so we can better serve them every day.

We know that bringing our diverse backgrounds, cultures, and perspectives together is the way to solve today's complex health problems. Our Credo outlines our responsibility to create an inclusive environment and respect the dignity and diversity of all people. This makes D&I everyone's responsibility—that of every employee around the globe. Empowering everyone at Johnson & Johnson to perform at their best while being themselves is fundamental to our continued success. That is why we strategically approach D&I as we would any other business imperative.

**20,318**  
employees engaged in ERGs

**240**  
U.S. ERG Chapters

**64**  
non-U.S. ERG Chapters

In 2018, we continued to progress on D&I by further implementing our D&I strategy, which focuses on three pillars: advance a culture of inclusion and innovation, build a diverse workforce of the future, and enhance business performance and reputation. The strategy starts with helping our people discover ways of working that foster a deep sense of belonging—for themselves, for their teams, for Johnson & Johnson. This enables us to further a culture that can fully leverage the diverse mindsets, experiences and skills of our people and improve health for billions of people.

At Johnson & Johnson, D&I is built into the fabric of our DNA and has always been critical to our success in delivering quality health solutions and innovations to the billions of people we serve around the world. Our commitment to D&I starts at the top with our Chairman and CEO, who holds his senior leaders accountable for progress against their D&I strategies, and drives this commitment through the organization by embedding D&I in his employee communications and engagements. We have systems of accountability through a variety of programs and controls, business reviews and our performance management system. Our leaders role-model inclusive behaviors by holding conversations with employees around mitigating unconscious bias, including D&I in town halls and communications, and by serving as executive sponsors for our Employee Resource Groups (ERGs). In fact, every member of the Executive Committee sponsors an ERG. D&I is both who we are and what we do; it's how we work every day.

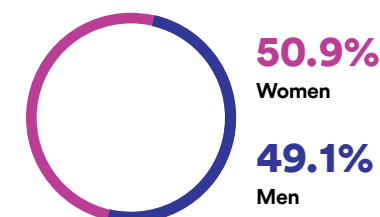


### More Resources

Learn more about the progress we are making in D&I at Johnson & Johnson



#### Diversity in Upward Promotions



## Our Performance

### Age Diversity by Job Category

	2018	2017	2016
<b>Vice Presidents</b>			
Under 30	--%	--%	0.1%
30 - 50	<b>46.6%</b>	45.6%	45.9%
50+	<b>53.4%</b>	54.4%	54.0%
<b>Managers and Directors</b>			
Under 30	<b>1.4%</b>	1.3%	1.3%
30 - 50	<b>73.9%</b>	74.3%	74.7%
50+	<b>24.7%</b>	24.4%	23.9%
<b>Professionals</b>			
Under 30	<b>21.4%</b>	20.8%	19.5%
30 - 50	<b>61.7%</b>	62.3%	65.4%
50+	<b>17.0%</b>	17.0%	15.1%

### The Board Diversity

	2018	2017	2016
Women on the Board	<b>27%</b>	20%	20%
Minorities on the Board	<b>27%</b>	30%	30%

### Gender Diversity by Job Category GRI 405-1

	2018	2017	2016
<b>Vice Presidents</b>			
Women	<b>35.0%</b>	33.1%	31.9%
Men	<b>65.0%</b>	66.9%	68.1%
<b>Managers and Directors</b>			
Women	<b>45.6%</b>	44.7%	43.8%
Men	<b>54.4%</b>	55.3%	56.2%
<b>Professionals</b>			
Women	<b>48.5%</b>	47.2%	48.9%
Men	<b>51.5%</b>	52.8%	51.1%

### Women in Executive and Management Positions\*

	2018
Women in management positions	<b>45.3%</b>
Women in executive positions	<b>14.3%</b>

\* Executives defined as employees reporting directly to the Chairman & CEO; management position defined as paygrade 30 and above.

## Our Performance, cont.

## Ethnic Diversity in the U.S. by Job Category

	2018	2017	2016
<b>Vice Presidents</b>			
White	<b>74.9%</b>	76.0%	79.4%
Minority	<b>25.1%</b>	24.0%	20.1%
Asian	<b>10.4%</b>	Not Reported	Not Reported
Black/African American	<b>6.6%</b>	Not Reported	Not Reported
Hispanic/Latino	<b>7.7%</b>	Not Reported	Not Reported
Other	<b>0.4%</b>	Not Reported	Not Reported
<b>Managers and Directors</b>			
White	<b>70.7%</b>	71.5%	74.2%
Minority	<b>29.3%</b>	28.5%	25.8%
Asian	<b>16.5%</b>	Not Reported	Not Reported
Black/African American	<b>4.9%</b>	Not Reported	Not Reported
Hispanic/Latino	<b>6.9%</b>	Not Reported	Not Reported
Other	<b>1.1%</b>	Not Reported	Not Reported
<b>Professionals</b>			
White	<b>68.4%</b>	68.8%	77.2%
Minority	<b>31.6%</b>	31.2%	22.8%
Asian	<b>12.0%</b>	Not Reported	Not Reported
Black/African American	<b>7.3%</b>	Not Reported	Not Reported
Hispanic/Latino	<b>10.7%</b>	Not Reported	Not Reported
Other	<b>1.7%</b>	Not Reported	Not Reported

## Ethnic Diversity of New Hires in the U.S. by Job Category

	2018
<b>Vice Presidents</b>	
White	<b>90.3%</b>
Asian	<b>9.7%</b>
Black/African American	– %
Hispanic/Latino	– %
Other	– %
<b>Managers and Directors</b>	
White	<b>65.6%</b>
Asian	<b>20.8%</b>
Black/African American	<b>5.8%</b>
Hispanic/Latino	<b>6.5%</b>
Other	<b>1.3%</b>
<b>Professionals</b>	
White	<b>63.0%</b>
Asian	<b>16.2%</b>
Black/African American	<b>7.7%</b>
Hispanic/Latino	<b>10.3%</b>
Other	<b>2.8%</b>

## Providing Safe Workplaces

GRI 403 (103)

Workplace safety is a core value at Johnson & Johnson. We believe that with the right awareness, focus, practices and tools, we can ensure that all our employees around the world, as well as temporary contractors and visitors to our sites, can work safely at all times. Our approach extends beyond staying safe at work—we offer and encourage use of safety tips beyond the workplace, striving to inspire a safe mindset all day, every day, contributing to safer families and a safer society.

Our Environment, Health & Safety (EHS) Policy and Worldwide Environmental Health, Safety & Sustainability Standards (EHS&S Standards), set the requirements for our health, safety and environmental practices at our facilities, off-site work locations around the world and all our employees, contractors and visitors. The Johnson & Johnson Executive Committee and the Board of Directors' Regulatory Compliance Committee review health and safety performance annually.

As a minimum, we comply with all applicable safety laws and regulations wherever we operate. However, our EHS&S Standards go beyond the minimum to establish a culture of safety in which every individual takes personal responsibility and accountability for their own safety and that of those around them.

### Our Safety Culture Roadmap

Johnson & Johnson understands the importance of shaping a strong safety culture that empowers individuals and teams to extend their efforts beyond compliance to holistic safety risk management. Cultural cornerstones include leader involvement, focusing on risks that can result in serious injury, and empowering employees to report safety concerns. Leaders, influencers and technical specialists are given the opportunity to enhance safety processes through the Integrated Ownership of Safety Systems (IOSS) program. Awareness of risks that have significant consequences for injury are reinforced through Life Saving Rules (LSRs), a set of rules that identify what Johnson & Johnson has determined to be the most critical safety

**“ There is nothing more fundamental about our responsibility to our employees than our promise to provide them a safe place to work. This cannot be done only with engineering controls and by enforcing rules and regulations. This requires a partnership between our company and our employees – to work together to ensure that safety is top-of-mind for every employee in everything they do. It’s this people-centric safety culture we reinforce each day that enables us to have such excellent workplace safety outcomes. In 2018, we amplified our culture of safety by designating one month as safety month with enterprise-wide communications and activities aimed at engaging employees in a safety all day, every day mindset, whether at work, at home or on the road. ”**



Paulette Frank, Vice President,  
EHS and Sustainability, Johnson & Johnson

hazards that, if not controlled, can lead to severe events, including fatalities. The LSRs are included within the EHS&S Standards. The Standard requires that employees and contractors are informed about and adhere to the Johnson & Johnson LSRs.

Finally, employees at all levels shape the working environment by proactively identifying and reporting behaviors or conditions that can lead to injury.

Leveraging leading indicators of safety—such as Good Saves, where our entire population is encouraged to recognize, report, and resolve hazards—is a key enabler of our strong safety results. Our Good Saves program called "See Something, Say Something, Do Something" creates awareness and focus on these hazards,

### OHSAS

We encourage third-party certification to the Occupational Health and Safety Assessment Series management system (OHSAS 18000). In 2018, **32%** of our manufacturing and R&D sites were certified to OHSAS.\*

\* OHSAS certification for companies acquired after reporting year 2015 are excluded.



and helps drive risk reduction by proactively risk-assessing and addressing hazardous situations. In addition to recognizing overall hazards, we have a process for recognizing and separating out high-hazard situations that could result in Severe Injury or Fatality (SIF).

Engaging Employees in Safety

We provide a suite of training programs for EHS&S professionals and all employees across Johnson & Johnson at the Enterprise, regional, campus and site levels, as well as field sales and service groups. We also manage and track the safety of contractors at our sites: large capital construction projects follow a formal construction safety plan.

In 2018, we held our first-ever enterprise-wide Safety Month to provide a focused period of awareness, education and collaboration for improved safety practice, engaging employees from across the Company in our offices, in the field, in our labs and on the production floor. As part of Safety Month 2018, employees from around the world pledged to have a “safety all day every day” mindset at work, at home and on the go.

Advancing our safety culture in Brazil

From 2012 to 2016, after four amputations involving fingers and a contractor fatality, our São José dos Campos (SJC) Campus decided to take a different journey to eradicate severe injuries. These incidents awakened the need for a transformation in each one of SJC employees. We initiated the SJC Safety Culture Evolution Project. Out of an initial assessment performed by external partners, gaps were identified, and action plans put in place. All focused in the process to bring Safety Culture to a benchmarking level.

After two years and the completion of the first wave of this five-year journey, our employees from SJC Campus in Brazil are fully engaged in Safety Culture. A major turnaround has been achieved, validated through a new assessment performed by an external partner in the third quarter of 2018. Activities from the shop floor to the senior management level in the region were key to this turnaround, and proved how leadership engagement is critical to success. Leaders now understand that demonstration of their commitment and personal values is imperative to a Safety Culture evolution. Results include no severe events or Lost Workday Cases (LWDC) at the SJC Campus.

Safety All Day website

Our website offers tools and resources for employees and their families, focusing on safety practices at work, at home and on the road.

Check it out at: [safetyallday.com](https://safetyallday.com)

“AIP Foundation has been trying our best to bring high-quality helmets and useful road safety knowledge for Vietnamese children. Danger can appear anywhere, anytime, and child fatality rates from road accidents keep increasing. With the long-term commitment from Johnson & Johnson, we hope to expand this meaningful project and create a safer road to school for children.”

Hoang Thi Na Huong, Deputy CEO of AIP Foundation

Audience	Safety Training Delivery Method	Sample Topics
Enterprise Level	Webinars, e-learning, group projects, face-to-face sessions	Machine safety, IOSS, Permit-to-Work, Warehouse Safety, Behind the Wheel fleet safety training
Regional and Campus Level, including Contractors, Field Sales and Service Groups	Webinars, e-learning, face-to-face sessions	Tailored to address issues important and relevant to the specific regional and campus level needs, also for capability building, complying with national and local regulations, maintaining and improving safety and environmental practices
EHS&S Professionals	Webinars, e-learning	Leadership, communications, and other management skills

## Road Safety

Our road safety vision is for drivers around the world to return home safely at the end of each day. We emphasize the importance of fostering safe driving behaviors while driving for work as well as during leisure time, and we provide both tools and education to our drivers through our “SAFE FLEET” initiative. A key area of focus is prevention of road safety crashes through the advanced use of available technology. Telematics programs are available to drivers in Israel, Japan, Mexico, Portugal, and the United States. We also operate a Virtual Risk Manager (VRM) fleet safety management system to capture data and analyze driver risk levels in the United States and Canada including several European countries such as France, the UK, Italy and Spain.

Our commitment to road safety extends to advancing road safety not only with our internal driver population, but also within the communities in which we operate. In 2018, our partnership with AIP Foundation on the Helmets for Kids program celebrated seven years of providing life-saving road safety knowledge and skills to vulnerable road users in low- and middle-income countries such as Vietnam.

## Our Performance

In 2018, there were two fleet motor vehicle fatalities, which occurred in July and August respectively within our Janssen Americas sales force. While no systemic deviations from our SAFE FLEET program were identified, we continue to elevate the importance of road safety across our entire employee population. With over 30,000 company-owned, leased and car allowance vehicles driven by Johnson & Johnson employees under our SAFE FLEET program, driving safety is taken very seriously. In addition to reinforcing the measures put in place to reduce risks of driving through our SAFE FLEET initiative, we extended safe driving tips to our employees through our [Safety All Day, Every Day](#) website.

### Global Safety Performance GRI 403-2

	2018	2017	2016
Lost Workday Case rate*	<b>0.08</b>	0.08	0.08
Total Recordable Injury rate	<b>0.41</b>	0.36	0.44
Serious Injury and Illness Case rate	<b>0.05</b>	0.05	0.05
Number of fatalities	<b>2</b>	0	1
Crashes Per Million Miles (CPMM) rate**	<b>5.81</b>	5.94	6.03
Injuries Per Million Miles (IPMM) rate**	<b>0.07</b>	0.07	0.08

\* “Lost days” are calendar days counted beginning the day after an incident has taken place.

\*\* CPMM and IPMM rates are based on SAFE FLEET data. Rate calculation methodology uses both actual and estimated data on miles driven. We collect SAFE FLEET data on employees who drive company-owned or -leased, and personally owned vehicles for Company business. Employees in the latter category are those who: 1) drive for Company business as a “regular part” of their job, and 2) receive a car allowance to purchase their own vehicle, and/or are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep.

### Safety Performance by Region

	2018	2017	2016
<b>Lost Workday Case rate*</b>			
Asia Pacific	<b>0.05</b>	0.04	0.06
Europe, Middle East & Africa	<b>0.05</b>	0.04	0.05
Latin America	<b>0.11</b>	0.03	0.04
North America	<b>0.10</b>	0.14	0.13
<b>Total Recordable Injury rate</b>			
Asia Pacific	<b>0.17</b>	0.12	0.17
Europe, Middle East & Africa	<b>0.29</b>	0.26	0.39
Latin America	<b>0.43</b>	0.31	0.44
North America	<b>0.57</b>	0.56	0.59
<b>Serious Injury and Illness Case rate</b>			
Asia Pacific	<b>0.01</b>	0.03	0.03
Europe, Middle East & Africa	<b>0.02</b>	0.02	0.02
Latin America	<b>0.01</b>	0.03	0.03
North America	<b>0.09</b>	0.10	0.08

## Championing Health & Wellness

J&J-4 (GRI 103)

Our investment in employee health and wellbeing is built on our conviction that advancing health for humanity starts with advancing the health of our own people so that they can be at their personal best every day. Our commitment, led by our Global Health Services Vice President, includes the following elements:

- Training employees in the principles of ENERGY FOR PERFORMANCE, a training program developed by the Johnson & Johnson Human Performance Institute.
- Supporting healthy choices and healthier lives through our HealthForce 2020 campaign, including ENERGY FOR PERFORMANCE, HEALTHY & ME and Healthy Eating, Healthy Movement, and Healthy Mind.
- Providing medical care with on-site clinics staffed with healthcare professionals.
- Creating healthy work environments designed to promote healthy lifestyles at work, including our Workplace Innovation program.
- Building or renovating offices and sites based on green building principles.

### Healthy Workforce Program

We created an internal campaign, HealthForce 2020, to engage all employees and business leaders in achieving our Enterprise goals in support of becoming the healthiest workforce. This integrated, Company-wide program continually highlights areas we're making changes around our workplace to help make the healthy choice the easy choice. We continue to improve our sites with offerings like free fruit, healthier food options, healthy beverages, access to movement opportunities, and convenient resources to keep us connected to our health. We encourage walking meetings and energy breaks, and with ENERGY FOR PERFORMANCE training, we're working to expand our energy and be our best, at work and at home.

These initiatives and resources support our focus on three core health pillars—Healthy Eating, Healthy Movement and Healthy Mind—deploying educational resources, digital tools, assessments,

**“With the 75th anniversary of Our Credo, we took the opportunity to reinforce our commitment by adding the acknowledgement that we must support the health and wellbeing of our employees. For us, having a healthy workforce means helping employees, families and communities live well across their whole lives—spiritual, mental, emotional, physical and financial—enabling an engaged, purpose-driven workforce.”**



Jennifer Bruno, Vice President, Global Health Services, Johnson & Johnson

training, equipment and dedicated spaces, as well as support services. We continue to roll out policies to support HealthForce 2020 across our global organization. One example is our Global Healthy Mind Policy, which outlines the expected approaches and resources/programs required to support mental wellbeing. Further, we've established programs designed to raise awareness of mental wellbeing in the workplace, and provide a robust set of resources and support to employees.

A 2018 analysis of human resources data showed an association between ENERGY FOR PERFORMANCE training and positive employee performance outcomes. Additionally, ENERGY FOR PERFORMANCE course graduates gave higher scores in response to questions on “work life balance,” “Johnson & Johnson supports a healthy lifestyle” and “a great place to work” in our workplace surveys. To provide continuous learning in energy management for our employees who have completed ENERGY FOR PERFORMANCE, we introduced a new one-day training called “Reignited” to enable ENERGY FOR PERFORMANCE course graduates to discover new strategies to help them be at their best when it counts. We are encouraged with the uptake around the world by our employees seeking to reignite the power of this program.

✓ ON TRACK

### 2020 Goal Progress

**50,200** employees completed ENERGY FOR PERFORMANCE training.

**96,753** employees engaged in health and wellbeing via the use of digital health tools since 2016.

**117,132 and 121,446** employees provided access to 70% implemented healthy eating and healthy movement cultures, respectively.

[View Scorecard →](#)

**5B**

**steps collectively logged during the 30-day global activity challenge. Joining together from around the world, our employees increased their movement by 22%.**

We continue to work toward our goal of connecting 100,000 employees to our digital platform, HEALTHY & ME. In May 2018, participants, including spouses and partners, engaged in our Wander the Wonders global activity challenge. With teams of up to eight, employees set out on a 30-day virtual journey via HEALTHY & ME to explore eight new wonders of the world simply by moving. The more employees moved, the further they went on their journey around the world to new wonders and a healthier self.

### Workplace Innovation

We maintain workspaces designed to promote healthy lifestyles, employee engagement and collaborative working. Our Workplace Innovation Program, established in 2010, helps us better design our environments to support workplace activity, create shared and “unassigned” work space for greater flexibility, offer healthy working environments, enhance employees’ working experience, and inspire an innovative and engaged work culture. Our workplaces incorporate elements that support physical and emotional health, such as on-site fitness centers, first aid rooms, outdoor activity areas, nurture and faith rooms, rooms for counseling and employee assistance, and child development centers. We also adopt green building design principles in planning or renovating our workplaces to further enhance the health, safety, wellbeing and productivity of our people.

In Bogota, Colombia, in 2018, we took the opportunity to completely transform our office space as we consolidated our offices

11

**workplace projects, improving workplace environments for more than 5,000 employees in more than 10 countries in 2018**

69

**workplace innovation projects completed since 2010**

52

**Johnson & Johnson buildings are LEED-certified, totaling 7.9 million square feet, or 12.6% of all building space**

into one location for all our local functions. For more than 800 employees, the change offered a new level of comfort, designed to provide the optimum workplace experience aligned with the science of wellbeing. The program delivered variety and choice with natural daylight, private and quiet options, sit/stand desks, decompression massage chairs, low-impact exercise spaces and many more elements that encourage both physical and mental health. In addition to positive feedback from managers and staff, the project achieved a score of 82.3 on the Leesman® Workplace Effectiveness Index, joining several other Johnson & Johnson locations achieving a “high performing” workplace rating.

### Healthcare Clinics

We maintain 122 fully staffed on-site healthcare clinics in more than 35 countries across all regions of our business. We are continuously improving and expanding these facilities to provide the best care for our employees.

### Workplace Wellness, Innovation and High Performance

We continue to increase the number of Johnson & Johnson offices that score as “high performing” in the Leesman® Workplace Effectiveness Index, a survey that assesses 21 dimensions of how our workplace supports our people. In 2018, 34 Johnson & Johnson offices achieved the “high performing” score. We correlate workplace innovation to employee performance. Since 2010, we have seen an improvement of 11.47% in employee satisfaction as a result of workplace innovation projects.

### HEALTHY & ME digital health platform

HEALTHY & ME is available to approximately 97% of our employee population in 72 countries and in 16 languages, and to spouses and partners in 41 countries. Users of the app can track their sleep, food intake and steps. Employees can also use the app to access personalized health and fitness programs or connect with other health-minded colleagues.

### Even healthier in 2019 – new benefit for all employees

In 2018, we announced a new global employee exercise reimbursement program, available to all full- and part-time employees in 2019, following the U.S. launch in October 2018. Upon proof of use, we will provide a reimbursement of up to \$400 a year to support the cost of fitness center membership fees or classes, personal training sessions, organized races and more. Employees can enjoy this benefit in addition to our on-site fitness centers, helping each of us do more of what we enjoy and stay active at our convenience. This benefit is easily accessible through HEALTHY & ME; digital access makes providing proof of usage easy with features like “checking in” at your local fitness center.



# Responsible Business Practices

Responsible business practices serve as the foundation of our Company's success and are imperative to protecting the broader healthcare system and the communities in which we live and work. We nurture a culture of ethical leadership and integrity in our diverse, skilled workforce committed to serving all those who count on us to provide high-quality, safe and reliable products. Whether we are seeking to protect the data and privacy of our patients and consumers, being transparent about our business activities, engaging with suppliers or assessing options for safe, ethical and patient-centered decision making, we seek to sustain the trust earned over the course of more than 130 years of business operations.

## Key Achievements in 2018

- Co-led development of connect4children (c4c), a project to create a pan-European clinical trial network by 2024 to facilitate the conduct of pediatric clinical trials in the EU.
- Advanced to "Trendsetter" status on the Center for Political Accountability's CPA-Zicklin Index, which the organization deems as those companies most transparent.
- Enrolled 61% of top-spend suppliers in our Sustainable Procurement Program.

## Areas of Opportunity

- Advance our holistic approach to ongoing human rights due diligence process by conducting an enterprise-level mapping of salient human rights issues.
- Integrate environmental, social and governance measures into the update of our Enterprise Risk Management framework.



## Product Quality, Safety & Reliability

We are committed to upholding product quality, safety and reliability (PQSR) in line with Our Credo values and in compliance with applicable laws and regulations in countries where we operate. We partner with healthcare authorities, government agencies and industry and advocacy groups on matters relating to PQSR to continue raising the bar across the healthcare industry. Our approach is founded on:

- Adhering to Johnson & Johnson quality and safety standards that apply to all operations globally;
- Focusing on quality and safety at each phase of the product lifecycle;
- Driving continuous improvement and innovation;
- Ensuring supply chain integrity for brand protection; and
- Maintaining a proactive quality and safety excellence culture throughout the Enterprise.

Millions of patients, consumers and healthcare professionals around the world place their trust in Johnson & Johnson products. They expect our medicines, medical devices and personal care products to be of the highest standards in quality, safety and reliability. Our commitment to quality, safety and reliability is the foundation for everything we do.



## Overview

## Our Approach

## Better Health for All

## Our People

## Responsible Business Practices

## Environmental Health

## Appendix

## References

## Quality Management Framework

GRI 416-2, J&J-9 (103)

Quality is a fundamental value of our products.

We believe our patients and consumers deserve consistent, reliable and high quality every time they use or experience a Johnson & Johnson product. We work hard to make this happen by instilling and maintaining a proactive quality excellence culture throughout the Enterprise.

The focus on quality starts at the top with our Chairman & CEO and our Executive Committee. They, along with the Chief Compliance Officer and the Chief Quality Officer, advocate that all employees must contribute to our enterprise-wide **Quality and Compliance Core Objective** established by the Johnson & Johnson Board of Directors.

**“As it states in Our Credo, everything we do must be of high quality. It's our first responsibility to more than a billion people around the world who use and trust Johnson & Johnson products. Every employee of our Company proudly accepts this responsibility every day. Using our deep expertise and looking beyond our own Company for best practices, we have developed and implemented benchmark processes in quality, compliance and safety to improve outcomes for patients, consumers and customers at some of the most sensitive and important moments of their lives. Building on our strong reputation for quality, we are prepared to meet ever-rising expectations and are investing in new technology and solutions to ensure a reliable supply of safe and effective products when and where they are needed.”**



Kathy Wengel, Executive Vice President & Chief Global Supply Chain Officer, Johnson & Johnson

It is the responsibility of every employee to adhere to the principles set forth in this enterprise-wide Core Objective, and such principles are embedded in our evaluation and compensation processes.

Led by the Chief Quality Officer, our global Quality & Compliance (Q&C) organization, functionally independent from commercial interests, has harmonized quality management by ensuring consistent implementation of quality systems across our Johnson & Johnson Family of Companies. Q&C has oversight of quality and regulatory compliance across the Enterprise. Q&C leadership establishes the enterprise-wide Johnson & Johnson Quality Policy and Quality Standards. At our operating companies, the scope of Q&C responsibilities includes quality management activities at all stages of a product lifecycle—from R&D, to manufacturing and commercialization. Our R&D and manufacturing sites have designated Quality heads to establish, implement and maintain quality systems at our sites and ensure quality regulatory compliance.

Our quality management approach is based on the following proactive measures that help ensure end-to-end quality excellence:

- Adherence to Johnson & Johnson quality standards and policies;
- Quality risk management principles;
- Compliance monitoring through audits and inspections;
- Continuous improvement;
- Ongoing and consistent enhancement of talent and capabilities through training and education.

In 2018, we optimized our Global Quality Services organization to more effectively and efficiently manage and govern the Johnson & Johnson Quality Standards and to provide Quality services across our three segments. The Quality Services organization harnesses the expertise within our various companies, which then provide that expertise as services to all companies across the Enterprise, thus

reinforcing the benefit of our size and diversity of experiences and expertise.

## Quality Policy and Standards

Our Quality Policy and Quality Standards define the requirements that our operating companies across Johnson & Johnson must achieve to design, make and deliver our products, and if needed, take actions to correct or recall products in the market. They provide a common foundation for quality systems across the Johnson & Johnson Family of Companies. The requirements are based on national and international standards such as current Good Manufacturing Practices (cGMPs), International Organization for Standardization (ISO) series, and Johnson & Johnson best practices. These Quality Standards are put in place worldwide to help assure the quality of our products for our customers and to assure the operation of our businesses in compliance with regulations.

## Compliance Monitoring

We have established a closed-loop, independent audit approach to help ensure our facilities and external manufacturing sites operate in compliance with our internal Johnson & Johnson Quality Standards, as well as global health authority requirements. Our Quality Audit Program applies to all Johnson & Johnson facilities that manufacture, store or distribute product. It also applies to external manufacturers that provide materials, products and services to our businesses. It is through this Quality Audit Program that we monitor, assess and identify opportunities to continuously improve the effectiveness of our quality systems.

In addition to our monitoring programs, there is a Management Review process that is built into the quality system of each operating company, mandating its executive management to review the effectiveness of the elements of the quality system, and to require improvements where necessary. These Management Reviews are conducted every six months.

179

independent audits completed in 2018 at our internal sites and

237

independent audits at our external manufacturing sites; the majority resulted in no critical findings

### Continuous Improvement

We proactively monitor and evaluate our systems, standards, industry landscape and regulatory environment, incorporating changes where necessary to drive continuous improvement. Further, when appropriate, sites found to require improvements in their operation develop corrective action plans to systematically improve their quality systems and to prevent a recurrence of any deficiencies. Such ongoing proactivity helps us “self-detect” and “self-correct” potential issues to ensure compliance with regulatory requirements. Results, status and progress are all reported to business leaders and the Johnson & Johnson Family of Companies’ governing bodies to help them support their sites’ efforts to achieve compliance in a timely manner. Regular updates on this topic are provided by the Johnson & Johnson Chief Quality Officer to the Regulatory Compliance Committee of the Board of Directors.

### Product Recall

As required by the Quality Standards, each operating company has a formal Quality Review Board (QRB), which convenes when necessary to evaluate concerns with the quality of product in the market. The QRBs consist of leaders

from Q&C, Medical Affairs, Medical Safety and Regulatory Affairs. The QRBs decide, independently of commercial considerations, whether actions need to be taken to correct or recall a product in the market. Patient and consumer safety supersede any other factor in this decision making.

### Quality Risk Management

Risk management requirements are part of the Johnson & Johnson Quality Policy. They require that quality risks throughout the product lifecycles be identified, assessed, and mitigated or minimized. In addition to mandatory product risk management principles, we developed a proprietary risk mapping tool to identify, assess and mitigate risks across the entire manufacturing value stream. Based on a comprehensive data-driven methodology, the tool helps identify opportunities for strengthening quality controls at every phase of a product lifecycle, thus enabling continuous process improvement and proactive quality control.

### Training and Education

Continuous improvement of the skills and capabilities of our employees is essential in ensuring personnel have the competence needed to perform their responsibilities within health authority regulated activities. All applicable employees receive extensive trainings on their responsibilities under the Quality System. Our Quality Training Academy is a centralized platform for our Quality employees to access training and development opportunities. In addition to mandatory trainings, we offer several learning and professional development courses.

We apply the same training and education philosophy to our work with suppliers. Through our Supplier Quality Academy, we provide training to suppliers and supplier-facing Johnson & Johnson employees to build and strengthen strategic competencies that impact the overall quality and

performance of the end-to-end supply chain. Over years, we have identified many best practices that improve the quality of our products and processes at our sites. The Supplier Quality Academy enables us to share those learnings with our suppliers and external manufacturers. The platform offers several courses delivered through a variety of training methods—from face-to-face instructor-led trainings to virtual instructor-led conferencing and self-led online modules.

### Integration of New Acquisitions

Patient and customer safety and product quality are paramount considerations in our approach to integrating new acquisitions. We have a well-defined process in place to ensure that when a new company joins our Johnson & Johnson Family of Companies, we take prompt measures to align that company’s quality system to our Johnson & Johnson Quality System framework. Our Quality teams participate in the due diligence activities during the acquisition process, and conduct detailed risk assessments of quality systems and processes. The risks are prioritized, and action plans are developed to ensure compliance with our internal Quality Policy and Quality Standards.

### Proactive Compliance: Improving Quality, Increasing Speed to Market

Industry and regulators continue to strive to improve product quality and patient experience while increasing speed to

market—getting high-quality products to patients and customers sooner. To this end, Johnson & Johnson is participating in two pilots with the U.S. Food and Drug Administration (FDA):

### Software as a Medical Device Precertification Pilot

Since 2017, Johnson & Johnson, one out of nine selected participants, has been engaging with the FDA to develop a precertification program for non-embedded software devices. The purpose of this program is to assess whether a company consistently and reliably engages in high-quality software design and testing (validation) and ongoing maintenance of its software products. Johnson & Johnson's participation helped to shape a new Digital Health regulatory framework that will increase product speed to market at a lower cost.

### Case for Quality Voluntary Improvement Program Pilot

Johnson & Johnson is participating in the FDA Case for Quality Voluntary Improvement Program pilot which utilizes a Capability Maturity Model Integration (CMMI) model to assess an organization's quality processes. CMMI model provides guidance for improving processes that meet the business goal of an organization and is used as a framework for appraising business processes and quality system maturity of an organization. Through this pilot program the FDA hopes to accelerate new product submissions. Johnson & Johnson is currently working on three launch sites for CMMI assessments.

### Source Quality Proactive Tools Testimonials

**“ Johnson & Johnson is synonymous with Quality & Innovation, and through the implementation and use of the tools provided from the Maturity assessment our Quality System has improved exponentially. It provides a systematic approach to deal and improve People Behavior, Equipment, Quality, Health & Safety. In particular, the Change Management Protocol and Focus on Customer segments had a huge impact on driving the quality of our products, our system and employee interaction. We are sure that with continual assessment and innovation we can build and grow our company in balance with our quality management system, thus providing a product of high quality and on time to Johnson & Johnson. ”**

Bronwyn Coghlan, Quality Assurance Manager, VVF Life Sciences South Africa, commenting on Johnson & Johnson's Maturity Assessment

**“ We found great value in getting a better understanding of the processes; but more importantly a deep understanding of the purpose for the Critical to Quality (CTQ) features. As result measuring equipment was improved and it definitely helps to have a much more realistic picture of the process output. Initiatives like these are appreciated especially when executed in conjunction with the customer, because the relationship between both parties gets as robust as the process. ”**

Christian Sterling, Quality Assurance Manager, Precision Concepts, Costa Rica

**“ Initiatives like Technical Assessment and Micro Risk Assessment proposed by Johnson & Johnson are evaluated by Interfill as a manifestation of partnership. This way of collaboration promotes open discussion and information exchange. This is a new experience for us, and the knowledge from the assessments helped in the microbiological production area for hygienic design of equipment, providing new tools to analyze efficiency of current processes and identify fields of possible improvements. Such workshops help us in a constantly growing production culture and staff involvement. ”**

Elena Zagortseva, Quality Manager, Interfill, Russia

## Our Performance

### Product Quality Indicators GRI 416-2

	2018	2017	2016
Number of regulatory inspections of Johnson & Johnson sites by worldwide health authorities	619	557	505
Percentage of inspections that resulted in zero observations	78%	71%	Not Reported
Number of FDA inspections of Johnson & Johnson sites	24	63	45
Percentage of inspections that resulted in zero observations	75%	83%	Not Reported
Average number of observations per FDA inspection	0.6	0.7	Not Reported
Number of independent audits of Johnson & Johnson sites to ensure compliance with Quality Policy & Standard	179	179	179
Number of independent audits of external manufacturing sites to ensure compliance with Quality Policy & Standards	237	Not Reported	Not Reported
Number of FDA warning letters issued, total for enterprise	0	0	Not Reported
Number of FDA warning letters issued, by business segment			
Pharmaceutical	0	0	Not Reported
Medical Devices	0	0	Not Reported
Consumer	0	0	Not Reported
Global product recall rate*	0.056%	0.133%	Not Reported

\* Product recall rate is defined as number of lots removed from market per total globally manufactured, based on all field actions that are removals.

## Putting Patient Safety First

At Johnson & Johnson, we recognize our fundamental responsibility is to provide patients, consumers and healthcare providers with products that are as effective and safe as possible. We take an evidence- and science-based, ethics- and values-driven approach to medical safety, putting patient and consumer wellbeing first and foremost in our decision making and actions, with an emphasis on transparency.

The Office of the Chief Medical Officer (OCMO) is an internal global team of medical and scientific professionals, including safety experts, from all three segments of Johnson & Johnson: Consumer, Pharmaceuticals and Medical Devices. Functionally independent from commercial and development portfolio interests, Johnson & Johnson's OCMO focuses on the safety of our products through people-driven processes, initiatives and policies that are reinforced by a single medical safety standard, to which all our products are held.

Hear from Johnson & Johnson Chief Medical Officer Joanne Waldstreicher, M.D., on what makes the OCMO's novel approach to medical safety different:



### Scientific Excellence, Bioethics and Values-Driven Decision-Making

## Proactive Safety Monitoring

Objective and proactive safety monitoring and evaluation is built into every stage of our product's lifecycle—from development to post-launch.

At the development stage, we have formal processes involving committees of experts to provide governance and advisement. This includes our First-in-Human Committee responsible for reviewing all safety data before our novel

products are used in people, and our Development Committees to assure that products will fill critical unmet healthcare needs. Day-to-day safety decisions are made by multi-disciplinary Safety management teams, and more complex decisions are managed by segment Medical Safety Councils, which are chaired by the Chief Medical Officer responsible for each sector. The Johnson & Johnson Medical Safety Council, chaired by the Johnson & Johnson Chief Medical Officer, advises as needed, and sets standards and policies related to medical safety.

We also have processes in place that outline the ethical treatment of trial participants and how to protect their health and safety, as well as an ethical code for the conduct of R&D.

After commercialization, we continue active surveillance to monitor for safety signals. We conduct post-marketing studies using real-world data (RWD), continuously review potential adverse event (safety) information, and use advanced technologies to help us respond rapidly and appropriately to issues arising, in close partnership with regulatory authorities and stakeholders.

Read more about our approach to proactive safety monitoring [here](#).

### Championing eye health and safety

In 2018, Johnson & Johnson Vision joined the Health Care Alliance for Patient Safety as a Leadership and Charter member alongside the American Optometric Association to advocate for solutions to advance eye health, promote patient safety, and elevate the doctor-patient relationship.

### Expanding clinical access for veterans

In 2018, we finalized a three-year agreement with the U.S. Department of Veterans Affairs (VA) to offer more veterans access to our clinical trials and pipeline therapies as well as help VA physicians stay current with the latest scientific advances.



### Statement on Conducting Clinical Trials

Download 



### Policy on Our Ethical Code for the Conduct of Research and Development

Download 

**“ We're proud to join the Health Care Alliance for Patient Safety to promote key eye health issues and provide patients with the latest information they need to safeguard their health. Through the Alliance, we hope to bring attention to the untreated and, in some cases, undiagnosed vision conditions affecting millions of Americans today while also ensuring that eye health is a priority in our national health agenda. ”**



Peter Menziuso, President, North America, Johnson & Johnson Vision Care, Inc.

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The VA's 1,000 outpatient sites and 170 Medical Centers across the United States serve about nine million veterans, a patient population significantly impacted by diseases such as depression and cancer, which are important research areas of focus for Johnson & Johnson.

### The power of real-world data to enhance safety

We believe in the collective power of real-world observational data to complement clinical trial findings, and in sharing our insights to improve health outcomes.

To leverage the power of big data and analytics, we launched an open science collaborative with New York's Columbia University called the Observational Health Data Sciences and Informatics (OHDSI). OHDSI is a multi-stakeholder and multi-disciplinary open community of researchers working together to generate reliable evidence from observational data to promote better health decisions and better care. All findings, methodologies, analysis code and related software tools are shared publicly and published with free access to advance public health.

The OHDSI community comprises 60+ databases representing more than 1.2 billion patients in 20+ countries.

### Leveraging big data to create a more transparent model for real-world data

Johnson & Johnson is also breaking new ground in the analysis of large RWD sets. In 2018, we analyzed data of more than 700,000 adults with type 2 diabetes across four large databases to evaluate comparative effects of seven diabetes medications or classes of medications on the risk of amputation and hospitalization for heart failure. The study, OBSERVE-4D, is the largest and most comprehensive real-world observational study to date, and established a new standard for quickly and appropriately translating large-scale RWD into evidence to complement evidence from clinical trials in an open and transparent manner.

[Read more](#) about how we are using RWD to improve health

outcomes.

### Supporting enhanced safety surveillance

Monitoring the safety of its regulated products is a major part of the U.S. Food and Drug Administration's (FDA) mission to protect public health. Sentinel is the FDA's national electronic system, which has transformed the way researchers monitor the safety of FDA-regulated medical products, including drugs, vaccines, biologics and medical devices. The FDA is currently exploring further research to enable increasingly proactive safety surveillance. In line with our commitment to collaborative development of innovative approaches to analyzing large volumes of safety data, we are supportive of this next phase of Sentinel. In December 2018, we shared our learnings and insights at an FDA-hosted multi-stakeholder open discussion to review methodologies and policies for enhancing proactive safety signal detection.

### Enhancing the safety of pediatric medicine for children

Developing safe and effective medicines, devices and consumer products that enable future generations to reach their full potential requires child-centered innovation. The Child Health Innovation Leadership Department (CHILD) is Johnson & Johnson's dedicated team working to understand the safety and effectiveness of our medicines in children,

**“ Giving cancer patients within the VA greater access to transformational clinical trials allows them to stay in the healthcare system most familiar to them and with the physicians who know them best. ”**



Craig Tendler, Vice President, Oncology Clinical Development and Global Medical Affairs, Janssen Research & Development, LLC

**“ Children must have access to innovative medical therapies that have been developed with the same degree of urgency and rigor as those for adults. With connect4children in Europe joining in this effort, complementing work underway with I-ACT for Children in the United States, we will be able to accelerate the availability of high-quality scientific data that can improve the safe and effective use of therapies in children. ”**



Joanne Waldstreicher, MD, Chief Medical Officer, Johnson & Johnson

and to accelerate policies driven by the needs of our youngest patients.

In 2018, we co-led the development of connect4children (c4c), a six-year project to create a pan-European clinical trial network by 2024 to facilitate the conduct of pediatric clinical trials in the European Union. In collaboration with the Critical Path Institute (C-Path), we also co-led the creation of the Institute for Advanced Clinical Trials for Children (I-ACT for Children), an independent nonprofit organization that works collaboratively with parents, patients, investigators, foundations, regulators, other government agencies, biopharmaceutical sponsors and children's networks to catalyze improvements in the quality and timely completion of global pediatric studies.

### Medical safety driven by the needs of the people who use our products

Every action and decision we undertake is done through the lens of the patients and consumers who use our products every day. From patient-focused drug development, to using real-world evidence (RWE) most effectively to inform more personalized, safer healthcare decisions, to integrating the patient voice in safety management, we work to engage



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**“ We believe real-world data will become an important part of ongoing safety in healthcare. For this to happen, each piece of evidence must be transparently understood and evaluated in conjunction with all the other evidence that is available. ”**



Jesse Berlin, ScD, Vice President and Global Head, Epidemiology, Office of the Chief Medical Officer, Johnson & Johnson

patients and consumers throughout the entire lifecycle of our products.

We also actively work with regulators to advance the use of patient-focused approaches to assess the benefit-risk balance of treatments. In 2018, we led the assessment and application of a novel methodology that captures quantitatively how patients evaluate benefit-risk tradeoffs, and were one of the first companies to successfully integrate patient preference assessments within clinical trials.

#### Collaborating to advance innovation in medical devices

Building on our work with the National Evaluation System for Health Technologies Coordinating Center (NESTcc), Johnson & Johnson is participating in five first-round test cases to lead the industry in gauging the feasibility of leveraging the NESTcc network to advance the use of RWE for medical device evaluation and regulatory decision making for better patient outcomes and care.

#### Proactively enhancing medical devices safety in operating rooms

In 2018, we collaborated with Ariadne Labs, a joint center between Brigham and Women's Hospital in Boston and the

Harvard T.H. Chan School of Public Health, to promote and enhance training that emphasizes both the technical aspects of using a new surgical device and nontechnical aspects like communication, teamwork and decision making. This partnership created a device briefing tool (DBT) with the goal of increasing clinician confidence in using a new device and improving teamwork and communications in the operating room. After a successful 2018 pilot program in Thailand, Johnson & Johnson signed a 2.5-year agreement with Ariadne Labs to scale up and disseminate the WHO Surgical Safety Checklist and the DBT at key hospitals in Singapore, with the ultimate aim of global deployment.

#### Consumer Products Ingredient Safety

We always use high-quality ingredients. We manufacture our products using pharmaceutical standards, which are higher than those mandated for personal care products or food. Additionally, we constantly look for purer versions of our ingredients and regularly incorporate them into our products. We continuously evaluate ingredients used in our products in response to consumer preferences, advances in science and our own scientific research. Our Consumer business segment leads consumer products ingredient safety through our Johnson & Johnson Global Ingredient Steering Committee, ensuring that ingredients are appropriately considered, using internal process assessments and external feedback. For more information, see our [Safety & Care Commitment website](#).

#### Talc safety

At the end of 2018, we published a statement on our [website](#) and in the press to reassure our consumers that JOHNSON'S Baby Powder is safe, as a response to concerns relating to the presence of asbestos allegedly found in talc some years ago. Our statement confirms that the talc in our baby powder is pure, safe, pharmaceutical-grade talc and that we have always acted with transparency with the FDA and other regulators, giving full access to our testing results. We confirmed that there is overwhelming scientific evidence that our talc is safe and beneficial to use. Our website,

[www.factsabouttalc.com](http://www.factsabouttalc.com) includes independent studies from leading universities, research from medical journals and third-party opinions confirming that our talc is safe.

#### Improved transparency for baby products

We've always been proud of the safety and gentleness of our baby products, but we also heard parents' requests for fewer ingredients. In response to changing parent preferences, in 2018, we redesigned and began phased rollout globally of our JOHNSON'S Baby washes, lotions and haircare products, and reduced the number of ingredients in our portfolio by more than 50%, disclosing 100% of the ingredients in these products—including those found in fragrances.

While JOHNSON'S Baby products have been free from parabens, phthalates, 1,4-dioxane and formaldehyde-releasing preservatives since 2015, in this recent relaunch we removed dyes and sulfates from the washes, shampoos, lotions and creams, making them even gentler. Today, 96% of the ingredients in our washes, lotions and haircare products are naturally derived.<sup>33</sup>

**“ JOHNSON'S fragrances are designed specifically for delicate and sensitive skin, so we design products to avoid harsh ingredients and well-known fragrance allergens. Our baby fragrances have been reviewed by both independent groups and safety experts—and for the first time are all listed on the JOHNSON'S website. ”**



Homer Swei, Director of Product Stewardship, Johnson & Johnson Consumer Inc.

## Anti-Counterfeiting & Brand Protection

J&J-8 (GRI 103)

Our patients, consumers and customers must have unequivocal confidence in the quality, safety and authenticity of Johnson & Johnson products. The global growth of illicit trade in health and personal care products can potentially jeopardize that confidence, and represents a potential threat to public health. Illicit trade has increased dramatically in recent years for many reasons, including globalization, e-commerce growth, technological advancements, and the increasing involvement of transnational organized crime groups. This growing worldwide trade in counterfeit and illicit products puts people's health at risk and can undermine their trust in genuine brands and products.

At Johnson & Johnson we have a strong enterprise-wide anti-counterfeiting and brand protection strategy to protect our customers and patients—and our brand reputation—from the impact of illicit trade. Our Global Brand Protection (GBP) team coordinates and leads these efforts across the Enterprise. GBP's extensive capabilities reflect our response to various forms of illicit trade, including counterfeiting, diversion and tampering.

The fight against illicit trade requires close collaboration and coordination across multiple functions and disciplines within our Company, as well as partnerships with numerous external stakeholders. Internally, GBP works closely with Johnson & Johnson Global Security to maintain supply chain security and undertake investigations and enforcement actions; with Quality & Compliance to capture and respond to suspect incident reports; and with the Law Department to handle issues related to trademarks and intellectual property. The organization also works with other functional and commercial business partners to advise on illicit trade risks, and to embed brand protection best practices and processes in ongoing operations. Externally, GBP collaborates with government, law enforcement agencies, suppliers, academic institutions, industry partners and other stakeholders to extend and enhance the team's resources, expertise and ability to effectively combat illicit trade.

## Proactive & Preventive Approach

GBP's capabilities for responding to various forms of illicit trade—including counterfeiting, unauthorized diversion and product tampering—have matured and improved substantially over recent years. While we still invest significantly in our response to any reported suspect or confirmed illicit trade incidents, our strategic focus has shifted toward developing and deploying more proactive and preventive measures. Our ongoing and increasing investments in digital authentication technology, targeted market monitoring (online and offline), and advanced data and analytics capabilities are key enablers of this shift in our strategy.

These efforts include leveraging innovative digital technologies to enhance supply chain integrity, safeguard our markets (through early detection of the presence of illicit trade), and more effectively expose the sources, networks and patterns of illicit trade throughout our global markets and channels. In 2018, we launched an illicit trade analytics platform, which has significantly increased our ability to generate actionable intelligence and insights from numerous disparate data sources, both internal and external. Because of the increasing risk of counterfeit products being distributed online, internet monitoring has also become an important strategic focus for GBP.

In addition to developing these innovative technologies, we also deploy proven brand protection tools and programs for our at-risk products across the three business segments. These include multi-layered product security features on packaging, ranging from overt/low-security to covert/high-security technologies, and associated market monitoring programs. Product security features work in concert with market monitoring and enable authentication of products at key points of the end-to-end supply chain, and when a suspect counterfeit product has been identified. Ongoing deployment of item-level product serialization and "track and trace" technologies by Johnson & Johnson's Supply Chain Visibility group also enhances our ability to detect illicit product that has entered our supply chain.

## Select Collaborations to Combat Counterfeiting

- IACC (International Anti-Counterfeiting Coalition), Board of Directors
- A-CAPP MSU (Center for Anti-Counterfeiting and Product Protection at Michigan State University), Board of Directors
- ICC/BASCAP/AP (International Chamber of Commerce/Business Action to Stop Counterfeiting and Piracy), Co-Chair Position in China
- ICC/BASCAP/MEA, Chairman of Nigeria Working Group
- Rx360 – An International Pharmaceutical Supply Chain Consortium, Steering Committee Lead
- PSI/PEI (Pharmaceutical Security Institute), Working Group Member
- ASOP (Alliance for Safe Online Pharmacies), Member
- QBPC (Quality Brands Protection Committee) China, Member
- EAASM (European Alliance for Access to Safe Medicines), Member
- Gulf Brand Protection Group, Board of Directors

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Prior to deploying product security features and brand protection programs, GBP conducts extensive risk assessments and analysis using a standardized methodology to determine the optimal level of security based on known risk factors and a product’s safety profile. These risk assessment protocols have also been integrated with our new product development process to ensure that all new products are protected prior to launch.

### Awareness & Education

Counterfeiting is a global problem that requires coordinated solutions, multi-stakeholder collaboration, and continuous awareness raising and education. We are committed to collaborating with health authorities, peer manufacturers, academic institutions, distributors, retailers, and other key players in the health and personal care industry to develop comprehensive supply chain best practices, raise awareness about risks of counterfeiting, and together mount a strong defense and response to illicit traders. In 2018, we engaged in 10 external trade groups, alliances, organizations and agencies—either in leadership positions or as a member of industry working groups.

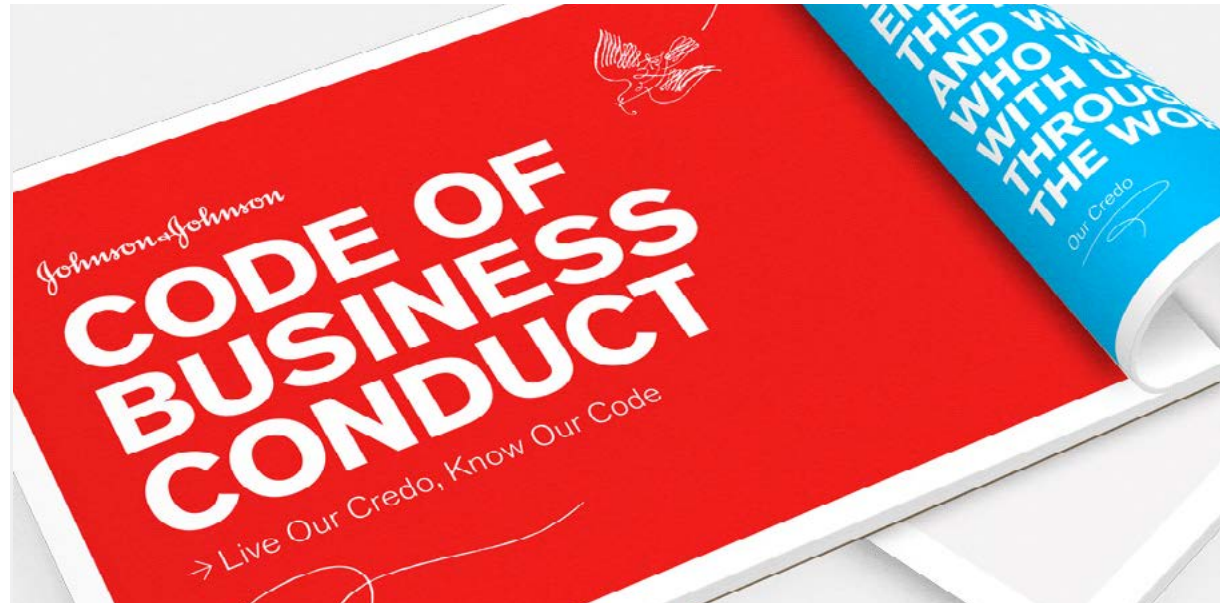
Awareness and education (A&E) among our employees and key internal stakeholders are also an important aspect of our overall brand protection strategy. The foundation of our A&E program is a set of 10 Safe and Secure Supply Chain Best Practices that provide guidance to employees on how to employ brand protection controls and safeguards in areas of the supply chain where issues may typically arise. Examples of best practices instruction include Distributor Compliance, Product Returns and Destruction, Transportation Security, and Facility Security. Each June, on World Anti-Counterfeiting Day, we also remind and inform our employees worldwide about how they can help us strengthen our defenses and resilience against this growing threat to the health and safety of our patients and consumers.

In 2018, we trained 803 people (stakeholders) in brand protection best practices. Training is typically delivered through our Enterprise e-learning platform, but may also be conducted in person if we are addressing a key functional stakeholder group directly.

Our brand protection training also extends to our suppliers, distributors and customers to educate them about the risks of illicit trade, how to report any suspect incidents or issues, and what actions they can take to guard against the introduction of illicit product into the legitimate supply chain. This training is typically incorporated into other important training programs, such as the Good Warehousing and Distribution Practices, and made available to our network of suppliers through Johnson & Johnson’s Supplier Quality Academy, an e-learning platform accessible to our business partners.

## Ethics & Transparency

At Johnson & Johnson we believe in conducting our business with integrity and earning the trust of the people we serve. For us, this means complying with applicable legal, regulatory and industry code requirements, and upholding the highest standards in every aspect of our business and in every market where we operate. Running a responsible business is an essential driver of value creation, and our stakeholders expect no less of a leading global corporation such as Johnson & Johnson. It starts with a culture of ethical leadership and integrity delivered by a diverse, skilled workforce committed to serving the patients, customers, consumers and all others who count on us to provide high-quality, safe and reliable products, operate with integrity and engage in responsible business practices and outcomes.



## Commitment to Ethics & Compliance

GRI 102-17, 102-25, 205-1, 205-2, 406-1, 412-2, 407 (103), 419 (103)

Our responsibilities to patients, physicians, employees, communities and shareholders are set in stone in [Our Credo](#). This is the foundation of our values that has guided our business for 75 years.

At Johnson & Johnson, we are committed to maintaining the highest level of integrity and ethical culture. We also advocate for good corporate principles in the areas of human rights, labor, environment, anti-bribery, and anti-corruption in industry codes and elsewhere.

Our comprehensive policies, procedures and compliance training help our employees and contingent workers navigate the applicable laws, regulations and industry codes, as well as our own ethical standards.

The Johnson & Johnson Law, Health Care Compliance, Privacy, Global Finance and Corporate Internal Audit departments provide additional guidance and assurance on conformity with the policies, laws and regulations that impact our work.

[The Code of Business Conduct \(CBC\)](#) and Health Care Compliance (HCC) policies specifically set forth our Company's values, which apply to all employees worldwide. They list comprehensive ethical standards for decisions and actions in every market where we operate. The CBC and HCC policies and updates are regularly communicated to our people to re-enforce our integrity standards.

We strive to partner with those who demonstrate high ethical standards in their business practices.

All Johnson & Johnson employees and certain categories of contingent workers are assigned and required to complete the CBC training every two years. All required Johnson & Johnson employees, including those who interact with healthcare professionals or government officials, are annually assigned HCC training, which incorporates topics such as anti-bribery/anti-corruption. The CBC and HCC training courses are available in 27 and 23 languages respectively.

The [Johnson & Johnson Credo Hotline](#) offers a secure channel for anonymous reporting of suspected violations of our policies.

### Compliance Programs

Our best-in-class Global Compliance Programs serve as a roadmap for leadership, accountability and ethical business conduct with a focus on patients, physicians, employees, communities and shareholders, as defined in Our Credo.

Our global compliance program is based on the following fundamental elements:

- Well-defined and clearly communicated standards of compliance;
- Robust compliance governance framework;
- Continuous compliance monitoring through internal assessments and audits;
- Effective and timely response to detected deviations from compliance standards, including developing and following through on corrective action plans, with disciplinary actions when appropriate;
- Ensuring open lines of communication;
- Ongoing training and education; and
- Proactive risk management.



### Code of Business Conduct

Download

**94.32%**

of assigned employees and

**86.58%**

of assigned contingent workers  
completed the CBC training

**86,000+**

employees completed the HCC training



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Our compliance guidelines and policies meet or exceed legal and regulatory requirements in every jurisdiction where we operate. This includes industry standards and local codes of conduct, such as Advancing Medical Technology Association (AdvaMed), Asia Pacific Medical Technology Association (APACMED), Pharmaceutical Research and Manufacturers of America (PhRMA) and the European Federation of Pharmaceutical Industry Associations (EFPIA). In addition, Johnson & Johnson actively participates in the work of industry associations, and helps develop industry codes for ethical and compliant marketing and selling of products.

Our Chief Compliance Officer has overall responsibility for the management of our healthcare compliance program, and reports directly to our Executive Vice President, General Counsel, who is a member of the Executive Committee. The Chief Compliance Officer also has a direct reporting line to the Regulatory Compliance Committee of the Company's Board of Directors.

Each substantial operating company has a designated healthcare compliance officer responsible for compliance programs. In addition, the Company's Law Department provides direct guidance and training on the Company's policies.

Potential violations arising under our policies or laws and regulations are reported internally to senior management and, as appropriate, to the Johnson & Johnson Executive Committee, the Board of Directors, relevant Committees of the Board, and/or the internal and external auditors. When public disclosure criteria are met, anticompetitive behavior, antitrust claims, product liability claims, and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties are outlined in our 10-Q and 10-K filings. See Note 21 on page 81 of our [2018 Annual Report](#).

With the complexity of the healthcare environment continuing to evolve, our global compliance program is focused on strengthening and optimizing core programs and processes; elevating our integrated approach to data, metrics and analytics; and leveraging the power of technology for all components of our global compliance program. Each year we conduct risk assessments of our operations to identify areas where additional attention or modification to our programs may be required. Ongoing improvements are in place to keep our compliance programs efficient, effective and current with changes in the business environment, our diverse stakeholders' expectations, and the demands of laws, regulations and industry standards.

### Anti-Bribery/Anti-Corruption

Johnson & Johnson takes a strong stance against bribery consistent with the anti-bribery laws that exist in many countries around the world. We strictly prohibit any illegal offers that may inappropriately influence a customer. Our products are purchased and sold based on quality and price. In our policies, we comprehensively cover our anti-corruption and anti-bribery position, which follows the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable local anti-bribery and corruption laws and regulations.

Our CBC expressly prohibits bribes, kickbacks, and any other illegal payments, whether provided directly or through a third party, e.g., a distributor, customs broker or other agents.

Our internal controls at all levels of the organization ensure compliance with anti-bribery/anti-corruption laws. We audit and refine these internal controls on an ongoing basis. Continuous monitoring includes full documentation of existing accounting and internal control systems and evaluation procedures.

Our policies require that all employees with relevant job functions complete anti-bribery and anti-corruption training. The training covers the core aspects of our Health Care Business Integrity Guide, including charitable contributions, donations, gifts, third-party intermediary (e.g., distributors) and cross-border interactions. Further, we expect our suppliers to embrace high standards of ethical behavior that are consistent with our own. Our requirements for suppliers are outlined in Johnson & Johnson [Responsibility Standards for Suppliers](#).



### Ethical Sales & Marketing Practices Statement

Download 

### Credo Hotline

The Credo Hotline is managed by a third party and available 24 hours a day, 7 days a week, in 23 languages. Concerns can be filed both electronically on [www.credohotline.com](http://www.credohotline.com) or by calling a toll-free number (international dialing instructions are on the same website).



The HCC function conducts compliance monitoring and testing of operations at our operating companies on a regular basis. The scope and frequency of such monitoring is determined based on our risk assessments and local conditions.

The HCC function works closely with the Johnson & Johnson Corporate Internal Audit and Law Department to investigate potential incidents of non-compliance relating to anti-bribery/anti-corruption. Over 260 operating companies are audited by Corporate Internal Audit for compliance with our HCC programs (including anti-bribery/anti-corruption) on a three-year cycle for our higher-risk companies, or a five-plus-year cycle for our lower-risk companies. More frequent testing and monitoring of select areas of our businesses are conducted by the HCC function. Johnson & Johnson uses both internal and external criteria, including the Transparency International Corruption Perceptions Index, as well as market- and business-specific risk factors, to determine the risk profile of our operating companies and businesses. The scope of audits covers a range of commercial activities associated with bribery and corruption risk, including sales and distribution, engaging healthcare providers and other third parties for services, gifts or items of value, tendering, and cross-border interactions.

In addition to the healthcare compliance-related audits, Corporate Internal Audit conducts financial audits that serve as both a preventive and detective supplemental element of our compliance program. Information on these audits is included in regular updates to the Regulatory Compliance Committee of the Board of Directors. Where audits or monitoring activities identify questionable activities, these issues are escalated to an internal Triage Committee, which determines appropriate action to take, including commencement of for-cause investigations.

**Grievance Mechanisms**

Our Credo Hotline is an integral component of the strong compliance culture at Johnson & Johnson. It is an anonymous whistle-blowing mechanism that provides a channel for all

employees, contingent workers, customers, third-party agencies and other partners to report potential violations. They may relate to the CBC, other Company policies or the applicable laws and regulations in the countries of our operations.

Additionally, anyone can report allegations through other methods (by phone or e-mail, etc.) within their local business unit or to Corporate Internal Audit, HCC, Law, Security or the Human Resources organizations. Our Escalation Procedure Policy requires all employees to escalate any violations of our policies or applicable laws. Our management teams around the globe are reminded annually of the requirements of this policy. We act swiftly to review any reported violations of our CBC, compliance policies, laws or regulations.

**Addressing Non-Compliance and Misconduct**

All Credo Hotline reports are routed by our external vendor to Corporate Internal Audit (or Human Resources, if appropriate). Our internal Triage Committee is comprised of HCC, Corporate Internal Audit and the Law Department. It reviews the allegations from both the Credo Hotline and other channels to determine the appropriate actions. Most issues are investigated by or under the direct supervision of Law, HCC, Privacy or Corporate Internal Audit. The Human Resources department manages any human resources-related issues.

The specific details of allegations of violation of our policies or legal requirements are subject to confidentiality, legal, privacy or other restrictions and, therefore, are not publicly disclosed. However, general information around the types of issues and the annual volume coming into our hotline are reflected in the chart to the right. If this information meets the criteria for required public disclosure, it is reported externally in our public filings.

Our Performance

Inquiries and Complaints Brought through the Credo Hotline by Category

	2018	2017
Human Resources-related	58%	59%
General information questions	13%	12%
Financial-related	11%	10%
Other (privacy, general security, EH&S, etc.)	10%	11%
Healthcare compliance-related	6%	6%
Quality assurance-related	2%	2%

Compliance-Related Investigations

	2018	2017
Compliance allegations investigated through Triage Committee	707	693

Compliance allegations, by category

Healthcare Compliance	46%	54%
Financial	40%	34%
Other (legal, quality, anti-trust, product registration, privacy, etc.)	14%	12%

## Upholding Transparency

GRI 415 (103), 415-1, 205 (103), 206 (103)

At Johnson & Johnson, we value transparency as the basis of trust-building with all those engaged in any way with our business. We strive to hold ourselves accountable by providing information about how we operate across our operating companies and markets. Further, we also recognize and comply with the multiple reporting requirements that regulatory bodies governing our three business segments define.

### Our Mandatory and Voluntary Disclosures

- **Financial Disclosures:** We report on our financial results and other material disclosures as required for a U.S. public company by the Securities Exchange Commission and the New York Stock Exchange. Our filings are available on [our corporate site](#).
- **Citizenship and Sustainability Disclosures:** We publish an annual Health for Humanity Report in line with leading global standards (Global Reporting Initiative, UN Global Compact) covering a broad range of non-financial updates and performance.
- **Environmental Disclosures:** In addition to our Health for Humanity Report, we disclose to CDP Climate Change, Water and Forest frameworks.
- **Payments to Healthcare Providers:** In the United States, we disclose financial information under the Physician Payments Sunshine Act. We also voluntarily publish [aggregated data](#) for our companies covered by Open Payments. In Europe, we comply with the European Federation of Pharmaceutical Industries and Associations healthcare payments disclosure framework with disclosures on the [Janssen website](#). Other countries or regions have similar legal or industry code disclosure requirements that we have worked to help establish—and that we comply with—to help foster transparent business practices. For further information on our approach, see our statement on [Funding for Professional Education and to Health Care Professionals](#).

- **Clinical Data Transparency:** We support the overall principles of greater clinical trial data transparency, including registration and disclosure of clinical trial results in external registries; publication of results in peer-reviewed journals; and sharing of clinical study reports and participant-level data from clinical trials. Clinical trials conducted around the world by our pharmaceutical, medical devices and consumer product companies are listed on the U.S. National Institutes of Health's website, [www.clinicaltrials.gov](http://www.clinicaltrials.gov), the European Clinical Trial Register, and country-specific and regional registries across the globe. Learn more in [Bioethics section](#).
- **Political Engagement:** As a global healthcare company, we work with many stakeholders in the markets where we operate, and we take a stance on and support certain public policies in the United States and in different parts of the world as they relate to our core business of advancing health. Our stakeholders express interest in knowing what our policy positions are and the ways we contribute to advancing those policies. We disclose this information annually, including our philosophy on political contributions, our strategic priorities and our contributions data. Please visit [Political Engagement](#) for more information.

### Pricing Transparency in the United States

We know that in today's complex healthcare system patients and families are increasingly concerned about their ability to access and afford medical innovation. These concerns have rightfully led to calls for greater transparency into the world of healthcare, including prescription medicines.

That is why the Janssen Pharmaceutical Companies of Johnson & Johnson publishes its annual Janssen U.S. Transparency Report, which demonstrates our commitment to responsible business practices that put patients first—including how we invest our resources, price our medicines, and help people who need Janssen medicines get access to them. In March 2019, Janssen published the [2018 Janssen U.S. Transparency Report](#). This year we share our ideas and perspectives on policy proposals, with the goal of building on what is working in our healthcare system while fixing what is not.

## Achieving Trendsetter Status

Johnson & Johnson advanced to "Trendsetter" status in 2018 on the Center for Political Accountability's [CPA-Zicklin Index](#), which the organization deems as those companies most transparent. The CPA-Zicklin Index benchmarks the political disclosure and accountability policies and practices for election-related spending of leading U.S. public companies.

**“Greater transparency is a critical step toward giving patients the clarity they need about their healthcare options and out-of-pocket costs. In this year’s report, we disclose that the average net price of our medicines in the U.S declined 6.8% in 2018, falling for the second year in a row. At the same time, we maintained our significant investment in discovering and developing transformational medicines for patients facing some of the world’s most challenging diseases: our \$8.4 billion global investment in R&D was 86% more than what we spent to market and sell our medicines.”**



Scott White, Company Group Chairman,  
North America Pharmaceuticals, Janssen  
Pharmaceuticals Companies of Johnson & Johnson

We also detail our plan to include list price and typical patient out-of-pocket costs in our U.S. pharmaceutical advertising. We issue this Report because we believe open dialogue and partnership are essential to addressing the challenges in our healthcare system. Fundamentally, we believe transparency is a positive step toward a more sustainable, results-based health system that delivers greater access to care at a more manageable cost.

### Tax Transparency

In 1943, we adopted **Our Credo**, which guides how the Johnson & Johnson Family of Companies conduct business around the world. The third paragraph of Our Credo focuses on our community responsibilities as corporate citizens. We take these responsibilities very seriously, including paying our fair share of taxes, among them corporate income taxes, employment tax, social contributions, import and customs duties, and indirect taxes. We value and strive for cooperative and transparent relationships with taxing authorities, and we support tax policies that encourage innovation and growth.

Our commitment to these responsibilities is embodied in our **Tax Policy Statement**.

### New online resources for improved transparency

Many people turn to the Internet for information when navigating the process of seeking pre-approval access (PAA) to investigational medicines. It is essential they find an easy-to-understand, trusted and reliable source of PAA information. With this in mind, our Patient Support team has unveiled new materials as well as enhancements to the Compassionate Use & Pre-Approval Access section of Janssen.com. The site now includes an array of user-friendly tools and resources, the result of extensive patient-focused collaboration. To aid patients, consumers, healthcare practitioners and other external stakeholders, there is a new resource tab, which includes a brief [video](#) on compassionate use, a [glossary of PAA terms](#), an [infographic](#) that depicts the process of making a single patient request (SPR), and additional tools.

### A first in transparency for cancer treatment

In 2018, The U.S. Food and Drug Administration (FDA) approved ERLEADA (apalutamide) for the treatment of patients with prostate cancer that has not spread (non-metastatic) but continues to grow despite treatment with hormone therapy. This is the first FDA-approved treatment for this type of prostate cancer. The safety and efficacy of ERLEADA was based on a randomized clinical trial of 1,207 patients.

ERLEADA is the first participant in the FDA’s Clinical Data Summary Pilot Program, announced in early 2018, created to provide stakeholders with more usable information on the clinical evidence supporting drug product approvals and more transparency into the FDA’s decision-making process. Information from the clinical summary report and the ERLEADA submission is now posted to the FDA’s new Clinical Data Summary Pilot Program website.

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## Bioethics

To address the complex ethical questions arising in the field of biological research, science and medicine, our global Johnson & Johnson Bioethics Committee (JJBC), led by our Chief Medical Officer, serves as an advisory body to our worldwide teams on ethical issues. Composed of a diverse group of employees from across the business, JJBC assists in ethics-based decision making in line with the fundamental principles of bioethics, including beneficence, non-maleficence, autonomy and justice, and in accordance with our **Ethical Code for the Conduct of Research and Development**. We also engage with industry and continue to make a strong contribution to the dialogue on current bioethical issues, in particular, clinical trial data transparency and access to investigational medicines.

## Access to Investigational Medicines

Pre-approval access (PAA) is an overarching term for access to an investigational medicine outside of a clinical trial and prior to health authority approval. The main pathway for gaining access to Janssen's investigational medicines is for a patient to enroll in a clinical trial. For patients with serious or life-threatening illnesses who cannot enroll in clinical trials, PAA programs can be considered.

Our commitment to transparent and ethically based decision making is illustrated through efforts such as our robust and patient-centered development of strategies to make investigational medicines available to those in need, as well as our collaboration with the New York University School of Medicine to create the Compassionate Use Advisory Committee (CompAC). CompAC facilitates the review of compassionate use requests by an independent, external body of internationally recognized medical experts, bioethicists and patient representatives. After a successful pilot that began in 2015, CompAC was expanded to include additional investigational medicines in development at Janssen. Further, Johnson & Johnson's commitment extends industrywide to support patients, providers and caregivers in their efforts to understand potential options available to them. The CompAC process has been recognized as a leading practice by experts in bioethics.

## Our Commitment to Animal Welfare

Some of our R&D processes that deliver immeasurable benefit to human health are made possible through rigorous research and

testing. Where this research involves animals, we employ every method available to safeguard their welfare.

This research is overseen by our Animal Care Council and functional councils. **Our Policy on the Humane Care and Use of Animals** directs our operating companies on the ethical and humane treatment of animals and promotes the use of non-animal alternatives whenever feasible. We have had a Refinement, Reduction and Replacement (3Rs) program in place for over 12 years that annually recognizes and promotes significant advances and innovative approaches to improve the wellbeing of animals in our studies and the development of alternative methods. We also partner with the Institute for In Vitro Sciences and the Center for Alternatives for Animal Testing to develop viable non-animal research alternatives.

In addition, our Policy requires that research protocols involving the use of animals are reviewed for approval by the Animal Care and Use Committees or Ethical Committees and are compliant with appropriate local and regional governmental agencies. It also requires all personnel to be appropriately trained, and all Johnson & Johnson animal facilities to be accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC).

## Five Years of Responsible Clinical Trial Data Sharing

Sharing clinical trial data advances the science that is the foundation of medicine and public health by enabling researchers and scientists to test new hypotheses and potentially find new treatments and cures. Since 2014, Johnson & Johnson has partnered with the Yale University School of Medicine and the Yale Open Data Access (YODA) Project. The YODA Project serves as an independent, third-party reviewer of external requests for access to data from clinical trials conducted by Johnson & Johnson for our pharmaceuticals, medical devices and consumer products—enabling a fair and unbiased approach for assessing external research proposals.

Five-year data on the YODA Project were published in Nature's open access journal, Scientific Data, in 2018. The research findings both defined best practices for sharing clinical trial data and outlined outstanding challenges to further refine how data are shared.



### Compassionate Use & Pre-Approval Access Statement

Download



### More Resources

Webpage of the Office of the Chief Medical Officer



Joanne Waldstreicher, MD, Chief Medical Officer, Johnson & Johnson

**“By responsibly sharing our data, we aim to pave the way for better healthcare data-sharing practices to improve health outcomes for the greatest number of people.”**

## Respect for Human Rights

GRI 102-41, GRI 402 (103), 402-1, GRI 406 (103)

Johnson & Johnson's commitment to respecting human rights in our own operations and our supply base is evident in our policies and statements, which are available on our website:

- [Code of Business Conduct](#)
- [Conducting Clinical Trials Statement](#)
- [Statement on Human Rights](#)
- [Global Labor & Employment Guidelines](#)
- [Harassment- and Bullying-Free Workplace Policy](#)
- [Policy on Employment of Young Persons](#)
- [Responsibility Standards for Suppliers](#)
- [Human Trafficking Policy](#)
- [California Transparency in Supply Chains Act & UK Modern Slavery Act Statement](#)
- [Human Right to Water](#)

We updated our [Statement on Human Rights](#) in 2018 following a rigorous internal cross-functional review process. We also reviewed and updated our governance structure for managing human rights across our value chain. The Enterprise Governance Council (EGC), a global, cross-functional team of senior leaders representing functional groups and business segments, oversees this work. Quarterly EGC meetings provide a forum for updates on human rights topics, with an established process for elevating issues to the Johnson & Johnson Executive Committee, our Board of Directors and Board Committees if warranted.

As part of our effort toward continuous improvement, throughout 2018 we evaluated different approaches to assess our actual and potential human rights impacts across our value chain. In 2019, we will be engaging with Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights, to help us in our process to identify salient human rights issues—a key step in our holistic approach to ongoing human rights due diligence.

As outlined below, we also provide grievance mechanisms that can be accessed if stakeholders feel that their human rights have been adversely impacted.

### Our Own Operations

Our [Global Labor & Employment Guidelines](#) articulate our expectations for labor and employment practices at our sites, including preventing forced labor and child labor, and non-discrimination, among other matters. In 2018, we also evaluated various approaches to a systematic assessment of compliance with the Global Labor & Employment Guidelines in our operations, and expect to deploy a plan starting in late 2019.

Johnson & Johnson provides the freedom to establish a formal employee organization or representation structure across the Enterprise, including in our operating companies; company sites can establish an employee representation structure or framework except where prohibited by law.

Minimum notice periods, the management of reorganizations and layoffs, and the policies associated with such actions vary depending on the location, nature, size and scale of the action and applicable law. Local operating leaders endeavor to communicate significant plans of operational changes to employees and their representatives, where they are present,

in a timely and practical manner in advance of actions being taken. Many of our collective bargaining agreements contain negotiated provisions covering severance or separation pay and benefits. Where there is no legal minimum notice period, Johnson & Johnson operating companies typically provide 30 days of notice.

Our approach to talent management puts a strong focus on diversity and inclusion principles. We promote diversity and equal opportunity in recruiting, development and promotion as well as all other aspects of employee careers.

**21%**  
of employees covered by collective  
bargaining agreements

**1,432 or 85.8%**  
of all Global Procurement employees and 233  
employees in other functions completed human  
rights training

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## Supply Base

The Johnson & Johnson [Responsibility Standards for Suppliers](#) outline our expectations of supplier business conduct. The Standards align closely with relevant provisions of the United Nations Guiding Principles on Human Rights and the Consumer Goods Forum Forced Labor Resolution and Priority Industry Principles. In 2018, we updated and launched our online training on Human Rights. The training is mandatory for all Global Procurement employees, and is available to other relevant functions.

We continue to reinforce our management approach to human rights issues in the supply base. Our cross-functional Human Rights Working Group—comprised of Global Procurement, Law Department, Environmental Health, Safety & Sustainability, and Corporate Governance functional groups—meets regularly, and rolled out the social audit program in 2018. For more information, see the [Supplier Assessments & Audits](#) section.

## Acquisitions

We firmly believe that identifying and understanding environmental, safety and employee issues, including potential human rights concerns, are critical components of our acquisition and other business development activities. We conduct thorough due diligence investigations prior to acquiring businesses, and apply a commensurately higher level of scrutiny to businesses with operations or suppliers in countries where there are traditionally higher risks of compliance violations and/or human rights abuses. We continue to be mindful of these concerns as we transition newly acquired businesses into the Johnson & Johnson Family of Companies, and are prepared to escalate and appropriately remediate any issues uncovered.

## Grievance Mechanisms

We are committed to providing effective resolution where we have caused or contributed to adverse human rights impacts. Where we find impacts directly linked to our

business relationships, we will use our influence to work with our suppliers or business partners to prevent, mitigate and address adverse impacts on human rights. The Johnson & Johnson [Credo Hotline](#)—a grievance mechanism available to all employees, suppliers and other business partners—offers a secure mechanism for anonymous reporting of suspected concerns or potential violations of our policies or the law. We communicate the hotline access broadly, and the visibility of this access and hotline functionality are in scope for enterprise-wide audit procedures. Concerns raised through the hotline are reported at an Enterprise level. More information on the Credo Hotline is available in our [Commitment to Ethics & Compliance](#) section.

In addition to the Credo Hotline, our employees can anonymously report potential violations to the Human Resources function within each operating company locally as follows:

- In all countries in our Asia Pacific region, we have a grievance resolution policy that explains how employees can raise complaints, and details manager responsibilities to take action.
- In the Americas and the Asia Pacific region, Employee Relations staff independently investigates non-compliance in employee relations matters, and verified non-compliant situations are addressed by the respective business unit.
- In the Europe, Middle East and Africa region, investigations are the responsibility of local Human Resources, and are overseen by regional employee relations teams.
- In North America, employees can use the Open Door and Common Ground processes, as stipulated in our [Guide for Resolving Employee Disagreements - North America](#) statement.
- In all other operating regions outside North America, an appeal process to re-open grievances exists under certain conditions.



## Information Security & Privacy

GRI 418 (103)

Protection, availability and integrity of both company and personal data, as well as appropriate use, are vital considerations with implications for Johnson & Johnson's ability to conduct business, build and maintain trust, and remain compliant with laws and regulations.

It is incumbent upon Johnson & Johnson to protect the privacy of those who entrust us with their personal information, and to ensure our products are secure and safe. Our employees, healthcare professionals, patients, consumers, and all those who do business with us trust and expect that we will protect information in accordance with legal requirements and our policies.

### Information Security

Data security is a top priority for Johnson & Johnson. We view information security as a business enabler that facilitates digital initiatives and are, therefore, making data security investments and continuously working to ensure company data—including all personal data—are appropriately protected. The Johnson & Johnson Information Security and Risk Management (ISRM) organization, led by the Company's Chief Information Security Officer, has developed a robust program to achieve this objective, maintaining and constantly enhancing capabilities to protect company networks and data against evolving cyber threats. The program consists of an experienced team of seasoned security professionals; industry-leading policies and processes; and an array of protection, detection and response technologies and capabilities, which is periodically assessed by independent, external consulting firms to both gauge effectiveness and drive continued maturity and improvement.

The Johnson & Johnson Executive Committee, Regulatory Compliance Committee of the Board of Directors, Chief Compliance Officer and Compliance Committee and ISRM each oversee compliance of Johnson & Johnson operating companies across a wide range of topics, including Information Security and Privacy.

The Information Security team has global reach with a presence in all regions of the world, and provides ongoing security consulting to all Johnson & Johnson businesses, ensuring they are informed of program policies, procedures and requirements. These activities include mandatory annual training that underscores the importance of appropriate data handling and protection, Mock Phishing campaigns across the Company to raise awareness to phishing attacks that are routinely used by threat actors, and periodic security awareness events at Johnson & Johnson sites around the globe to reinforce key cyber security protection principles with company associates.

In addition to protection of data, the security of the Company's supply chain and connected medical devices is paramount. Product safety depends on a sound approach to security that protects not just the product, but all the components and processes that help produce it. To support this objective, the Company has taken steps to increase the cyber security profile of both our supply chain systems and our medical device products throughout their lifecycles. For connected medical devices, these steps have included the development of a comprehensive security framework for product development and operation. A section has been added on our [Company website](#) expressly for providing researchers or other third parties, who identify security

flaws in our products, a mechanism to inform us, so we can evaluate their finds and take necessary corrective action.

As a leader in the healthcare industry, Johnson & Johnson is also engaged with external stakeholders to raise the security level of the industry. Examples include partnering with the U.S. Food and Drug Administration on guidelines for managing medical device security and collaborating with other healthcare companies and organizations on mechanisms to improve the overall industry security posture. The Johnson & Johnson Information Security team also maintains close working relationships with peer companies, industry associations, and government agencies, both to share best practices and to collaborate on effective solutions to address the increasing threats and attack methods faced by both public- and private-sector organizations today.

### Privacy

It is our responsibility to protect the privacy of those who entrust us with personal information. This includes our employees, healthcare professionals, patients, consumers, and all those who do business with Johnson & Johnson. These stakeholders expect that we will protect personal information in accordance with legal requirements, and we evolve our policies and practices to continuously deliver on that expectation. While there are varying requirements relating to privacy, we use a Privacy Framework that constitutes a baseline applicable to all our operating companies that process Personal Information.

This Privacy Framework sets forth mechanisms and procedures designed to assist our Company in complying with privacy obligations. This Framework describes the basic

privacy principles and organizational compliance standards. Each Johnson & Johnson operating company is responsible for complying with all applicable privacy obligations. Obligations may derive from:

- Country or local laws and regulations;
- Johnson & Johnson Corporate Policies applicable to the processing of Personal Information, such as Privacy Policies and guidance issued by the Privacy organization;
- Policies specific to a Johnson & Johnson operating company; and
- Contractual or other agreements by which a Johnson & Johnson operating company is bound, including privacy statements and consents.

The Global Privacy Team (GPT) and the ISRM teams strengthen the embedding of privacy reviews and privacy risk assessments in our organizations, reinforcing a formal breach notification and escalation process, and strengthen the audit, monitoring and testing strategy. In addition, we consistently monitor the environment and update our local Privacy Policies in accordance with new requirements or changes in the law of the countries in which we operate.

Responsibilities for privacy compliance span many organizations within Johnson & Johnson, and are comprised of the following:

- **Privacy Compliance Program Management and Guidance:** Through the Chief Privacy Officer and the GPT, Johnson & Johnson Global Privacy manages a privacy compliance program and framework, and guides operating companies with respect to their compliance with privacy obligations.
- **Operational Management:** Operational management at each Johnson & Johnson operating company is accountable for establishing and implementing privacy compliance for that operating company's operations.

- **Resources:** The GPT assists operating companies with designating privacy resources, considering their local requirements and the risk environments.
- **Support:** Other Johnson & Johnson organizations and departments support HCC and Privacy and the operational management teams of operating companies in complying with privacy obligations.

We continue to enhance our global privacy programs to meet or exceed new and expanding regulatory requirements for privacy and data protection around the world, such as Europe's recent General Data Protection Regulation, new or anticipated laws in the United States, and new requirements in other parts of the globe, such as Brazil, China, Japan, Korea, Singapore, and elsewhere. In connection with these new standards and our ongoing commitment to protect the privacy of those who entrust us with their personal information, we have also strengthened the Johnson & Johnson Privacy Framework to protect against increased risk, have added privacy-focused resources in critical regions and markets, and have strengthened the privacy risk assessment reviews and updates for management, leading to a better understanding and management of the privacy risk across the Enterprise.



## Statement on Privacy

Download

## Strong Corporate Governance

GRI 102-18, 102-21, 102-23, 102-24, 102-26, 102-31, 102-32, 102-33, J&J-7 (GRI 103)

High standards of governance are essential to sustaining the trust of investors and other stakeholders, and to managing our business for the long-term. Our Board of Directors oversees our business to ensure that our strategy is in line with Our Credo values, enabling us to make a positive contribution to society while maintaining a thriving business. Our governance structure, policies and processes are designed to serve the needs of our business, our shareholders and the other stakeholders defined in Our Credo, and to promote a culture of accountability across Johnson & Johnson.

We believe in transparency at every level. That includes our most senior leadership and Board of Directors. Interested parties can contact our Board of Directors at any time by sending communications to Johnson & Johnson, Office of the Corporate Secretary, One Johnson & Johnson Plaza, New Brunswick, NJ 08933, or via email to [LeadDirector@its.jnj.com](mailto:LeadDirector@its.jnj.com), or by using the online submission form on our [Corporate Governance](#) website. General comments to the Company (including complaints or questions about a product) should be sent via the Worldwide

Corporate Governance e-mail address at [WW-Corporate\\_Governance@its.jnj.com](mailto:WW-Corporate_Governance@its.jnj.com).

For more information about our governance structures and Board Charters, please see our [2019 Proxy Statement](#).

### Enterprise Risk Framework

Our Enterprise Risk Management (ERM) Framework assists the Board and management teams in identifying potential business risks. In late 2018, we began working on an update of the Johnson & Johnson ERM Framework to align with the Committee of Sponsoring Organizations of the Treadway Commission's 2017 ERM framework update, which highlights the importance of considering risk both in the strategy-setting process and in driving performance. We plan to publish the updated ERM in 2019.

For more information, please see our [Enterprise Risk Management Framework](#).

### Governance with “Common Sense”

In 2018, our CEO, together with 19 other CEOs leading public companies, pension funds and investment firms, signed the Commonsense Corporate Governance Principles 2.0 (“Commonsense Principles 2.0”), committing to using these standards to inform the corporate governance practices within their own organizations. The Commonsense Principles 2.0 aspire to promote a constructive dialogue on good corporate governance to benefit the millions of Americans who work for and invest in America's public companies, create economic growth, and sustain the health of America's corporations and markets. They are an updated version of the Commonsense Principles successfully launched in 2016 to build momentum around the corporate governance conversation.

### Johnson & Johnson Board of Directors

#### 6 Board Committees:



Science,  
Technology &  
Sustainability



Nominating &  
Corporate  
Governance



Finance



Compensation &  
Benefits



Regulatory,  
Compliance and  
Government Affairs



Audit

Oversees Johnson & Johnson's global citizenship and sustainability performance

Composed of the Chairman of the Board and the Lead Director

Includes oversight for product quality and medical safety

11 directors total | 3 women | 10 independent directors

Our Performance

Corporate Governance Indicators	2018	2017
Number of directors on the Board	11	10
Number of independent directors on the Board	10	9
Percentage of independent directors on the Board	91%	90%
Lead independent director	Yes	Yes
Independent Audit Committee	Yes	Yes
Independent Compensation & Benefits Committee	Yes	Yes
Independent Nominating & Corporate Governance Committee	Yes	Yes
Regulatory Compliance Committee	Yes	Yes
Independent Science, Technology & Sustainability Committee	Yes	Yes
Number of regular and special meetings held by the Board of Directors	Yes	Yes
Independent Compensation & Benefits Committee	9	9

## Responsible Supply Base

GRI 102-9, GRI 204 (103) , 204-1

As one of the world's largest healthcare companies, Johnson & Johnson maintains operations in virtually all countries of the world and works with more than 64,000 suppliers across three business segments. We manage a highly complex network of supplier relationships that are critical to business success and our ability to fulfill our obligations to those we serve.

Our approach to managing a responsible supply base includes ensuring our compliance with global requirements related to supply chain transparency and disclosure. Our Responsibility Standards for Suppliers reflect our internal values and set forth the expectations we have of all Johnson & Johnson suppliers. We continue to evolve our processes to better understand the risk in our supply base, monitor supplier compliance with our Standards through assessments and on-site audits, and take action where necessary.

We also recognize that to create impact at scale we must continue moving beyond monitoring compliance by engaging with our suppliers and supporting wider industry efforts to improve transparency and share best practices. To this end, our

**“ Our Global Procurement Vision is to partner to shape supplier solutions that transform healthcare. We believe in the power of partnership with our suppliers to enable sustainable innovation and exciting opportunities to make a difference in all our markets. ”**



Len DeCandia, Chief Procurement Officer,  
Johnson & Johnson

Sustainable Procurement Program helps us expand supplier engagement to a more strategic level. In parallel, we have a dedicated program for supplier diversity, which continues to expand globally.

### Johnson & Johnson Supply Base At a Glance

Our Global Procurement organization manages suppliers in 30 categories, grouped in the following five category families:

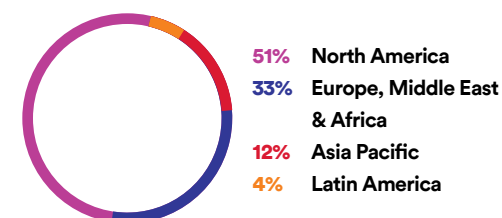
- Supply Chain Materials and Products;
- Supply Chain Services (Construction, Capital and Facilities Services, and Logistics);
- R&D;
- Business Services; and
- Marketing Services.

Each category has a category leader who works with the Sustainable Procurement, Global Supplier Diversity & Inclusion, and Environmental Health, Safety & Sustainability teams to embed social and environmental sustainability requirements and practices into key supplier management processes.

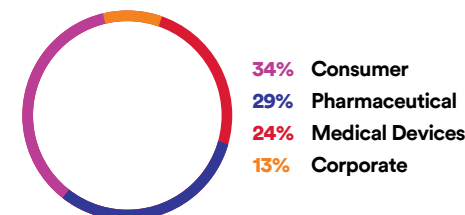
**64,000**  
suppliers globally

**\$29.4B**  
total supplier spend\*

### 2018 Supplier Spend by Region\*



### 2018 Supplier Spend by Business Segment\*



\* Total spend represents addressable spend, i.e. products and services that procurement team can negotiate with suppliers to meet business goals; total spend in 2018 excludes Actelion, Abbott Medical Optics, Orthotaxy and Zarbees.

## Engaging Our Suppliers

Our Global Procurement organization is responsible for managing supplier relations and hosting a Citizenship Center of Excellence that advances sustainability within our global supply base. Global Procurement works closely with the Environmental Health, Safety & Sustainability organization to monitor and verify supplier compliance with our environmental health and safety requirements.

Our approach to managing responsible supply includes:

- Ensuring compliance with global requirements related to supply chain transparency and disclosure;
- Assessing supplier conformance with Johnson & Johnson's Responsibility Standards for Suppliers as well as applicable legal and regulatory requirements;
- Auditing supplier performance, with the audit approach prioritized based on EcoVadis scores, geographic location, and the procurement category, among other criteria;
- Expanding supplier engagement through our Sustainable Procurement Program (SPP) to support suppliers in achieving excellence by embedding sustainable social and environmental practices, including transparency, target setting and public disclosure, into their businesses and respective supply chains.

### Sustainable Procurement Program

We continue working toward our Health for Humanity 2020 Goal—to enroll suppliers covering 80% of our spend in our SPP. In 2018, we achieved our annual target of enrolling 61% of spend in our SPP.

To participate in our SPP, all suppliers, upon enrollment, complete an assessment through EcoVadis, a globally recognized third-party

supply chain rating platform, and we monitor EcoVadis scores with an expectation of improvement over time. Additionally, suppliers are required to implement at least one of the following goals established by our procurement teams:

- Publicly report two or more sustainability goals and track progress over time;
- Participate annually in CDP Supply Chain reporting;
- Achieve a minimum standard in EcoVadis, public reporting, or CDP as a High Performer;
- Achieve industry-specific goals, e.g., gaining certain certification, specific public reporting, or delivering social projects.

The requirements for all enrolled suppliers are fully transparent, and are communicated through our [Supplier Sustainability Toolkit](#), and available on our corporate website.

In 2018, we achieved recognition by CDP as a CDP Supplier Engagement Leader for leadership on supplier engagement to tackle climate change. We were among the highest-scoring 3% of companies in CDP's third annual Supplier Engagement Rating. This Supplier Engagement leader board recognizes organizations from around the world for their work to manage and reduce carbon emissions and address climate-related issues across their supply chains in the past CDP-reporting year. We are the first healthcare company to be admitted to CDP's Supplier Engagement leader board.

# 41%

of suppliers enrolled in SPP have two or more publicly reported sustainability goals

ON TRACK

### 2020 Goal Progress

Enrolled suppliers covering approximately

# 61%

of spend in our Sustainable Procurement Program.

[View Scorecard](#) →



### Recognition from EcoVadis

EcoVadis, a leading provider of business sustainability ratings for global supply chains recognized Johnson & Johnson as the winner in the Stakeholder Engagement category in EcoVadis' 2018 Sustainable Procurement Leadership Awards. This award honors best-in-class practices of driving internal engagement to roll out global sustainable procurement programs.



## Our Performance

Sustainable Procurement Program (SPP)	2018	2017	2016
Spend with suppliers enrolled in SPP (billions)*	<b>\$16.327</b>	\$14.969	\$12.796
Percentage of total supplier spend attributable to suppliers enrolled in SPP	<b>61%</b>	51%	44%
Suppliers newly enrolled in SPP, annual	<b>139</b>	33	228
Suppliers enrolled in SPP, cumulative since the program launch (2015)	<b>500</b>	361	328
Suppliers invited to participate in CDP Supply Chain Climate program	<b>305</b>	250	244
Percentage participated	<b>90%</b>	97%	92%
Suppliers invited to participate in CDP Supply Chain Water program	<b>108</b>	108	79
Percentage participated	<b>88%</b>	86%	58%

\* Total spend represents addressable spend, i.e. products and services that procurement team can negotiate with suppliers to meet business goals; total spend in 2018 excludes Actelion, Abott Medical Optics, Orthotaxy and Zarbees.

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## Supplier Assessments & Audits

GRI 308 (103), 308-1, 308-2, 407-1, 408-1, 409-1, 412-1, 414 (103), 414-1

We believe in maintaining strict controls in our supply chain to minimize negative impacts on the environment and people, and ensure human rights are upheld in our value chain. We strive to work with suppliers who share our values and commitment to operating responsibly and ethically. All suppliers are expected to comply with our Responsibility Standards for Suppliers (the Standards), available in 13 languages. Our standard Purchase Order (PO) Terms & Conditions (T&Cs) in North America reflects the Standards, and we are in the process of making similar changes to PO T&Cs worldwide in the applicable local languages. All new and current Global Procurement employees must complete a mandatory training on the Standards. The training is also available to relevant employees in other functions.

We verify and monitor supplier compliance on a regular basis through a formal assessment and audit programs. Initial risk assessments are largely administered through a globally recognized third-party program called EcoVadis. These assessments are conducted for suppliers participating in our Sustainable Procurement Program or through our Environment, Health & Safety (EHS) risk assessment program. EcoVadis assessments provide an initial screening of supplier performance, and the results (a score) play an important role in determining which suppliers may require an on-site audit.

We have had a well-established EHS audit program in place since 2006. In recent years, in part because of our engagement with different working groups and organizations on human rights and social aspects of supply chains, we further standardized our framework for ensuring supplier compliance with our human rights standards by launching a dedicated social audit program. Refer to the list of our policies and statements included in the Respect for Human Rights section above.

### EHS Audits

The majority of our supplier EHS audits are conducted by our Environmental Health, Safety & Sustainability organization, leveraging our internal EHS expertise and on-the-ground presence in various geographic regions. In some cases, EHS audits are conducted by third-party firms on behalf of Johnson & Johnson.

We systematically screen suppliers to be audited for EHS compliance based on EcoVadis scores, type of goods and services provided, and geographical location. In 2018, 870 suppliers were in scope for our EHS risk assessment.

We particularly focus on the following types of suppliers for audits:

- External manufacturers
- Active pharmaceutical ingredients (API) suppliers
- Biologics/vaccine suppliers
- R&D suppliers
- Chemicals suppliers

New external manufacturers and APIs or biologics or vaccines suppliers located in a high-risk country<sup>34</sup> are automatically subjected to an on-site audit.

All EHS site audits are conducted using the audit protocol and checklist developed by the Pharmaceutical Supply Chain Initiative (PSCI). We identify supplier non-compliances in the areas of environment, health and safety, and management systems. While we maintain a separate social audit program, a small number of these audits also focus on compliance with labor and business ethics provisions of the Standards.

### Social Audits

Social audits are conducted according to SMETA 4 guidelines by an accredited external audit firm on behalf of Johnson & Johnson. Supplier selection and prioritization criteria include results of EcoVadis scores on Labor and Business Ethics, location in a country considered high risk for violation of human rights, and the supplier category. In 2018, we rolled out our social audit program, with 11 audits completed by year end. We plan to expand the program in the coming years to cover more geographic regions and procurement categories.

### Addressing Non-Compliance

We categorize supplier non-compliances for both EHS and social audits as critical,<sup>35</sup> major and minor, and communicate the findings to each supplier. We communicate our expectation that suppliers must implement time-bound corrective actions and demonstrate improvement.

## EHS trainings provided to suppliers

9 virtual trainings

5 classroom trainings

2 PSCI-led trainings

**1,575**  
or  
**94.37%**  
of all Global Procurement employees  
and  
**19,928**  
employees in other functions  
completed training on Responsibility  
Standards for Suppliers

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When critical findings are identified during audit, we expect immediate mitigation of the risk.

We aim to maintain long-term relationships with suppliers, and prefer to work with them to resolve audit findings. For our EHS audit program, we provide the following forms of support for post-audit supplier improvement:

- Follow-up technical visits<sup>36</sup> that include expert training and best practice sharing;
- Business reviews with direct coaching and guidance;
- Information provided in [Sustainability Toolkit for Suppliers](#);
- Supplier relationship management engagement; and
- Supplier capability-building conferences, webinars and other resources.

If significant non-conformance with our standards cannot be sufficiently resolved, we withdraw existing business or decline to start business with a new supplier.

### Key Memberships

While we work hard to positively impact the suppliers within our immediate sphere of influence, achieving complete visibility into multi-tier supply chains requires concerted efforts from industry and other stakeholders. This is one of the reasons we actively participate in global healthcare industry forums that aim to raise the bar on supply chain responsibility and transparency by addressing systemic issues that no one company can solve alone. We continue to participate in such forums in the following roles:

- Founding member of the Pharmaceutical Supply Chain Initiative (PSCI), which brings together pharmaceutical and healthcare companies to champion responsible supply chain practices. Johnson & Johnson endorses the Principles established by the PSCI, and we have updated our own [Responsibility Standards for Suppliers](#) in line with PSCI principles and guidance.
- Member of the Consumer Goods Forum (CGF) through which we participate in working groups that aim to standardize and advance environmental and social sustainability practices across the consumer goods supply chains.
- Member of the Business for Social Responsibility (BSR) Human Rights Working Group established in 2012.

## Our Performance

### Supplier EcoVadis Assessments GRI 308-2

	2018	2017	2016
EcoVadis assessments completed	<b>542</b>	685	496
Supplier risk ranking based on EcoVadis assessments			
Low-risk	<b>323</b>	342	230
Medium-risk	<b>195</b>	301	223
High-risk	<b>24</b>	42	43

### Supplier Social Audits

	2018
Supplier social audits completed, total	<b>11</b>
Completed using SMETA 4-pillar protocol	<b>9</b>
Completed using PSCI protocol	<b>2</b>
Supplier social audits completed, by region	
Asia Pacific	<b>8</b>
Europe, Middle East & Africa	<b>1</b>
Latin America	<b>2</b>
North America	–
Number of critical findings identified as a result of supplier social audits	–

### Supplier EHS Audits

	2018	2017	2016
EHS audits and technical visits completed, total	<b>185</b>	189	156
EHS audits	<b>101</b>	Not Reported	Not Reported
Technical visits	<b>84</b>	Not Reported	Not Reported
Audits and technical visits, by region			
Asia Pacific	<b>155</b>	162	125
Europe, Middle East & Africa	<b>18</b>	21	24
Latin America	<b>5</b>	6	3
North America	<b>7</b>	–	4
Number of suppliers identified as high risk for non-conformance to Johnson & Johnson Responsibility Standards for Suppliers	<b>23</b>	23	31
Number of critical EHS findings identified as a result of EHS audits	<b>27</b>	25	Not Reported
Safety-related	<b>21</b>	22	Not Reported
Environmental-related	<b>6</b>	3	Not Reported

## Sourcing Responsibly

Our commitment to environmental health includes sourcing our raw materials and packaging in a sustainable manner, both to mitigate the effects of planetary resource depletion and to protect biodiversity while ensuring that human rights and fair labor conditions are upheld throughout our supply chain.

Our **Responsibility Standards for Suppliers** outline our baseline expectations for any supplier working with us. In addition, we developed specific responsible sourcing criteria for commodities that have been linked to deforestation, including palm oil derivatives and wood-fiber-based products. We are making progress in implementing these commodity-specific sourcing criteria, including educating our direct suppliers on our expectations, driving transparency improvements in these supply chains, and executing non-conformance processes that maximize our influence where we have discovered, or been made aware of, actions that violate our criteria.



### Responsible Palm Oil Sourcing Criteria

Download



### Wood-Fiber Products Sourcing Criteria

Download

## Palm-Derived Ingredients

We purchase ingredients from suppliers that make ingredients derived from palm oil. We are committed, therefore, to using our influence to help stop deforestation related to the production of palm oil.

- We work with the Earthworm Foundation (EF), which until 2019 was known as The Forest Trust, to develop and implement specific sourcing requirements for our suppliers that purchase palm oil, palm kernel oil, or ingredients derived from palm or palm kernel oils. Together with EF, we use data from our suppliers to assess risks, investigate non-conformances, and engage with suppliers on issues as they arise. Extensive information, including our transparency metrics and details on the status of non-conformances, are available on the [EF Transparency Hub](#).
- We are members of Roundtable on Sustainable Palm Oil (RSPO) and publish our derivatives volume information annually in our [RSPO Annual Communication of Progress](#), which also details our efforts to purchase ingredients derived from RSPO-certified palm and palm kernel oil.

## Wood-Fiber Products

For wood-fiber products, we worked with the Rainforest Alliance to update our sourcing criteria in 2018 to align with the principles set forth by the Forest Stewardship Council (FSC). As with palm oil, we support certification schemes as the most efficient means to ensure the wood-fiber products that we buy meet our sourcing criteria, with our preference being FSC-certified supply.

Every two years, we conduct a survey of both our top suppliers based on spend as well as all suppliers in Asia Pacific, in which we request country-of-origin and certification information. Based on this information, we assess risk for non-conformance with our criteria and work to verify conformance, either through certification or other

## Partnership with EcoHealth Alliance

In 2018, we initiated two new multi-year partnerships with EcoHealth Alliance, a nonprofit working at the intersection of animal, environmental, and human health on a global scale, and World Wildlife Fund (WWF). Our project with the EcoHealth Alliance will pioneer the development of a “One Health” policy framework for making land use decisions that consider socioeconomic factors together with environmental and human health outcomes. This work is initially focused on Liberia, which has significant remaining intact forests. Our work with WWF includes advancing a jurisdictional approach to sustainable palm oil production in Southeast Asia and embedding human health dynamics into the development of Science Based Targets for Forests.



## More Resources

Palm Oil

verification steps, if warranted.

Building upon last year's efforts to engage and educate our supplier base, in 2018 we worked with the Rainforest Alliance to review and revise our supplier survey and data collection process to improve transparency in our paper-based packaging supply chains. A new survey was distributed to the suppliers that constitute the top 87% (approximately) of our 2018 cartons and corrugated-paper-based packaging spend.

The data we receive from our suppliers, following analysis and interpretation, will be used to inform our future focus, priorities and work plans. In 2019, we will continue our partnership with the Rainforest Alliance to develop supplier-specific action plans to ensure continued progress toward compliance with our sourcing principles and criteria.

### Conflict Minerals

Conflict Minerals Rule 13p-1 under the Securities Exchange Act of 1934 requires public reporting companies that manufacture or contract to manufacture products containing "conflict minerals" (defined as tin, tungsten, tantalum and gold [3TG]) to conduct due diligence on the source and chain of custody of those conflict minerals to help determine whether they originated from the Democratic Republic of Congo or adjoining countries, and directly or indirectly financed or benefited armed groups in those countries. Our Statement on Conflict Minerals outlines our commitment to taking steps to determine the use, country of origin and source of 3TG in our global product portfolio.

Based on our due diligence efforts for the 2018 reporting period, we do not have conclusive information regarding the country of origin or facilities used to process the necessary conflict minerals in the Johnson & Johnson Family of Companies' products. For more information, see our [Conflict Minerals Report](#) for the calendar year ended December 31, 2018.

Johnson & Johnson is a member of the Responsible Minerals Initiative (RMI), formerly the Conflict-Free Sourcing Initiative. RMI is a cross-industry organization that provides resources, tools and information to help companies source conflict-free minerals.



### Conflict Minerals Statement

Download 

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## Enhancing Supplier Diversity

Diversity of thought, culture, perspective and experience can help us unlock a world of innovative solutions to solve pressing global health issues, and this is as true in our supply chain as it is in other parts of our operations.

The Johnson & Johnson Supplier Diversity Program aims to:

1. Support the communities in which we live and work through the creation of jobs and economic empowerment.
2. Reflect the diversity of the consumers and patients who benefit from our products.
3. Respond to the requirements of our customers who expect Johnson & Johnson Family of Companies to share their values.
4. Partner with superior, small and diverse firms and advocacy groups that can provide value to our businesses, and throughout our supply chain.

Our Global Supplier Diversity and Inclusion (GSDI) leadership, within Procurement, oversees the Supplier Diversity Program, and has a track record in advancing supplier diversity within our business for more than 20 years. We proactively reach out to diverse businesses to help ensure awareness of opportunities with Johnson & Johnson and provide guidance on registering interest in doing business with our Company. Also, we engage with partners who support outreach and engagement with diverse suppliers. For more information on our GSDI Program and supplier diversity certification requirements, please visit the [Supplier Diversity page](#) on our website.

For the eighth consecutive year, Johnson & Johnson maintained membership in the Billion Dollar Roundtable, a group of companies that advanced best practices for supplier diversity, and that spend at least \$1 billion (Tier 1) annually with certified minority-, women-, veteran-, LGBT-, and disability-owned businesses.

## Innovation in supplier diversity

In 2018, we hosted a Peer Ideation Event, bringing together over 100 procurement and diversity and inclusion leaders from across 27 peer companies, to share best practices and generate new actionable ideas for supplier diversity growth and value in the Marketing and Business Services category family. The event included highlights about veteran- and LGBT-owned businesses, and debates about the challenges and best practices relating to supplier diversity and opportunities to enhance results across all companies.

## Advancing women-owned suppliers

Around the world, we support and partner with WeConnect International, a global organization that identifies, educates, registers and certifies women-owned businesses outside the United States and connects them with buyers around the world. Our aim is to ensure our supply chain is reflective of our customer base, while expanding our sourcing opportunities from qualified suppliers with equal opportunity for women-owned businesses, among others.

In Japan, we support the Japanese Government's "Act on Promotion of Women's Participation and Advancement in the Workplace," demonstrating our mutual interests in unlocking the value that women can bring to our Company and the Japanese economy. In November 2018, WeConnect International Japan hosted, and Johnson & Johnson sponsored, the first-ever conference on Global Supplier Diversity and Inclusion. We shared the stage with the Minister of State for Gender Equality, Ms. Satsuki Katayama, the only female member of the Japanese cabinet to share insights and reconfirm our commitment to supporting women-owned businesses.

Following a successful 2017 launch, the Women Mentoring Women Program continued in 2018, connecting the strengths of women-owned businesses with those of Johnson & Johnson Procurement women leaders in a reciprocal mentoring relationship. Looking ahead, we have identified opportunities to expand the mentorships to support supplier capability building and development of Johnson & Johnson women leaders across the Enterprise.



## 2020 Goal Progress

Exceeded benchmark diverse supplier spending at 9.7% and benchmark small supplier spending at 18.9% of total U.S. spend.

Expanded our supplier diversity and inclusion programs to one additional country (Japan) for a total of 13 countries against the baseline of six.

[View Scorecard](#) →

**“ We are firmly behind efforts to advance women in our global supply chain. The power of the global WeConnect network in helping women to gain visibility as well as support is immense, and we are proud to play a role in moving this forward. ”**



Julian Hooks, Vice President and Chief Procurement Officer, Corporate Tier, Johnson & Johnson



Our Performance

Diverse Supplier Spend in the U.S.*	2018	2017	2016
Diverse supplier spend (billions)	\$1.42	\$1.41	\$1.30
Percentage of total supplier spend attributable to diverse suppliers	9.7%	10.3%	9.9%
Small supplier spend (billions)	\$2.76	\$2.67	\$2.69
Percentage of total supplier spend attributable to small suppliers	18.9%	19.4%	20.6%
Spend with lesbian, gay, bisexual, transgender suppliers (millions)	\$2	\$1	\$1
Spend with veteran- and disabled-owned suppliers (millions)	\$139	\$130	\$78

\* Total spend represents addressable spend, i.e. products and services that procurement team can negotiate with suppliers to meet business goals; total spend in 2018 excludes Actelion, Abbott Medical Optics, Orthotaxy and Zarbees.

Supplier Diversity Categories at Johnson & Johnson

- NMSDC, MSDUK, and Supply Nation certified Minority-Owned Businesses
- WBENC and WEConnect International certified Women-Owned Businesses
- Disability:IN certified Disability-Owned Businesses
- NVBDC certified Veteran-Owned Businesses
- NGLCC certified LGBT-Owned Businesses
- Small Businesses (US)
- Small Disadvantaged Businesses
- Small Veteran-Owned Businesses
- Small Service-Disabled Veteran-Owned Businesses
- Small Women-Owned Businesses
- Small HUB-Zone Businesses

## Environmental Health

Our planet is facing unprecedented environmental challenges, including climate change, water scarcity, degradation of ecosystems, and natural resources depletion. According to the World Economic Forum's *The Global Risks Report 2019*, for the third year in a row the environment-related risks are among the greatest concerns by likelihood and impact raised by experts.<sup>37</sup>

As a global manufacturer, we recognize our role in helping to conserve and protect natural resources. As a leader in the healthcare industry, we know that human health is inextricably linked to the health of the planet—we can't have healthy people and communities without a healthy environment. To this end, we are committed to marshaling our expertise, resources and partnerships to reduce the environmental footprint of our operations, our products and our extended supply chain, while delivering **Better Health for All**.

Our performance reflects decades of proactive environmental stewardship, guided by Our Credo which states: "We must maintain in good order the property we are privileged to use, protecting the environment and natural resources." Our approach is based on:

- Optimizing our operations by improving water and energy efficiency and reducing our waste footprint;
- Reducing lifecycle impacts of our products and solutions by focusing on sustainable design, material use efficiency, reduction in product packaging, and managing product end-of-life impacts;
- Encouraging our suppliers to make environmental improvements in their own businesses and respective supply chains;
- Partnering with stakeholders to influence change on a broader scale beyond our own operations.



### Key Achievements in 2018

- Johnson & Johnson Consumer Inc. joined the New Plastics Economy Global Commitment.
- Earned a place on CDP's Climate Change A List among companies demonstrating global leadership on corporate climate action.
- Executed our first long-term "Green Tariff" agreement to power a portion of our manufacturing operations in the state of Georgia, U.S., from a new utility-scale solar installation.
- Expanded on-site renewable energy generation capacity by commissioning our fourth wind turbine in Ireland.

### Areas of Opportunity

- Continue to establish Johnson & Johnson as a leader in addressing the link between the environment and human health through advocacy efforts, innovative partnerships and supporting academic research.
- Further enhance supplier engagement programs to encourage suppliers to reduce their GHG emissions associated with our purchased goods and services.
- Identify short- and long-term actions against each of the four targets outlined in the New Plastics Economy Global Commitment.
- Identify new opportunities to advance circular economy models in emerging markets where waste and recycling infrastructure is limited.



### #EmbracingSustainability

In November 2018, our Chairman and CEO Alex Gorsky took the #EmbracingSustainability Challenge as part of a new campaign at Business Roundtable, an association of CEOs from America's top companies, inviting America's top CEOs to share how they are helping improve the health of the environment. Rising to the challenge, Alex shared how important environmental stewardship is for Johnson & Johnson and for us all. Check out the video [here](#).

# EHS&S Management

GRI 302 (103) , 307-1

## EHS&S Governance

- Our global Environmental Health, Safety & Sustainability (EHS&S) team is headed by our Vice President, EHS&S, and partners with other functional teams throughout Johnson & Johnson to drive environmental sustainability and workplace safety across our entire value chain. The EHS Council, comprised of the EHS&S leadership team and representatives from business segments, provides additional guidance.
- The Johnson & Johnson Executive Committee and the Board of Directors provide oversight.
- The Science, Technology & Sustainability Committee (STSC) of our Board of Directors provides support by identifying emerging science and technology policy and public health issues. In addition, STSC reviews Johnson & Johnson policies, goals and performance related to environmental sustainability.
- The Regulatory Compliance Committee of the Board of Directors oversees compliance with environment, health and safety (EHS) regulatory requirements and overall workplace safety performance.

For our published policies and statements relating to EHS&S, please see:

- [Environment, Health & Safety Policy](#)
- [Climate Policy](#)
- [Statement on Respecting Biodiversity](#)
- [Wood-Fiber Products Sourcing Principles](#)
- [Impact of Pharmaceuticals and Personal Care Products in the Environment](#)
- [Responsible Palm Oil Sourcing Criteria](#)

## EHS&S Management System

- We maintain a comprehensive suite of EHS&S Standards that provide frameworks for action across our operations. These Standards are reviewed annually.
- We certify our manufacturing and R&D sites to ISO 14001 Environmental Management System Standard within three years of establishment or acquisition.
- We maintain an audit program focusing on EHS compliance and risk, with operational and R&D sites audited every three years. Findings and corrective actions are tracked and addressed.
- We also maintain a management incident notification process for applicable EHS&S non-compliances, accidental releases, and safety incidents within both four hours of occurrence for awareness and 24 hours of occurrence for additional information.

## Our Performance

### EHS Governance

	2018	2017	2016
Number of manufacturing and R&D sites certified to ISO 14001	112	102	101
Percentage of manufacturing and R&D sites certified to ISO 14001	99%	94%	94%
Percentage of manufacturing and R&D sites certified to the Occupational Health and Safety Assessment Series (OHSAS) Financial-related	32%	33%	33%
Number of environmental non-compliances	44	64	144
Fines paid for environmental non-compliances (thousands)	\$2	--	--

## Climate & Energy

GRI 302 (103), GRI 305 (103)

Becoming more energy- and carbon-efficient are essential ways we can improve our impact on the planet while maintaining cost-effective manufacturing and supply for our patients, consumers and customers around the world.

We have a long history of innovation and leadership in energy management, and have taken sustained, long-term action to reduce our greenhouse gas (GHG) emissions. Guided by our [Climate Policy](#), our approach is multi-faceted, and includes:

- Understanding and managing our carbon footprint in direct operations and across the value chain;
- Setting science-based targets for our operations to reduce carbon footprint;
- Measuring and publicly reporting progress in reducing our carbon footprint;
- Working with suppliers to encourage emissions reductions across our value chain;
- Partnering with governments, advocacy groups and partners in the healthcare industry to unite efforts and create impact at scale; and
- Supporting responsible climate and energy policy around the world.

We focus our energy and carbon efficiency work on three main areas: reducing energy demand and maximizing energy efficiency in our operations; shifting to low-carbon and renewable energy sources to meet the remaining demand; and improving our influence over emissions in our value chain.

### Energy Efficiency & Renewables in Direct Operations

Our science-based Scope 1 and Scope 2 absolute CO<sub>2</sub> emission reduction targets are a key part of our Health for Humanity 2020 Goals, and commit us to ambitious reductions through 2050. In addition to this Report, we disclose our performance against these public commitments in the CDP Climate Change Report. In 2018, we have been recognized as a global leader on corporate climate action by inclusion in the CDP “Climate Change A list.”

We use ISO 50001 as a guide in our energy management strategy, focusing our efforts on the most energy-intensive equipment and creating goals and programs to address it.

### Energy efficiency programs

Energy efficiency programs at our most energy-intensive manufacturing and R&D sites remain a priority with up to

### CO<sub>2</sub> Capital Relief Program Overview (2005-2018)

- 249 projects approved
- 217 projects completed
- \$412 million total spend on completed projects
- \$76 million annual energy cost savings\*
- 2,109 TJ annual energy savings\*
- 276,196 MT CO<sub>2</sub> annual GHG emissions avoided\*

\* Results from completed projects. The types of energy included in the total energy use reduction are fuel and electricity. Reductions in energy consumption and GHG emissions avoided are calculated by comparing energy consumption before project implementation and expected consumption after implementation. Our project data are based on engineering estimates at the time the projects are approved.

ON TRACK

### 2020 Goal Progress

CO<sub>2</sub> emissions decreased by

# 26%

globally since 2010  
(Scope 1 and Scope 2).

[View Scorecard](#) →



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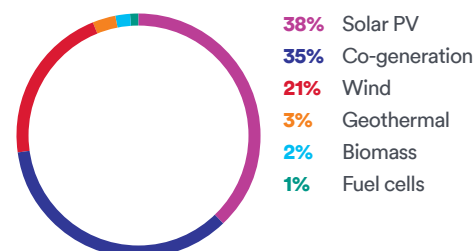
## References

\$40 million per year in capital relief for energy projects through the Johnson & Johnson CO<sub>2</sub> Capital Relief Program. To be eligible for funding, projects must demonstrate potential CO<sub>2</sub> savings and should provide a financial return of 15% or higher. In 2018, we approved 12 new projects and spent a total of \$26.5 million. Key focus areas included chilled water system optimization, HVAC system optimization, steam generation and distribution, compressed air system, and LED lighting. Since its inception, the Capital Relief Program has funded 249 projects, with 16 of those completed in 2018.

**Increasing renewable energy**

To continue toward our public aspiration of powering 100% of our facilities with renewable energy by 2050, we have been strategically increasing our proportion of renewable energy, both through renewable electricity procurement and through on-site renewable energy technology including solar PV and wind. In 2017, we started benefiting from electricity from a wind farm in Texas through our long-term power purchase agreement with E.ON Climate & Renewables. We are exploring additional power purchase agreements globally to support low-carbon operations in other countries as well as seeking new opportunities to invest in on-site renewable energy installations.

In 2018, we executed our first long-term “Green Tariff” agreement to power a portion of our manufacturing operations in the U.S. State of Georgia from a new utility-scale solar installation. We also expanded our on-site renewable energy generation capacity with the commissioning of the fourth wind turbine in Ireland. In Florida, U.S., we installed an 8,000-square-foot solar panel array at our Jacksonville distribution center. The new solar panels have a capacity of 115 kilowatts, providing up to 100% of the operations

**On-Site Clean Energy Capacity**

and contributing renewable electricity for additional material handling for approximately 10,000 orders a day that go through the distribution center.

**Leader in renewable energy**

In January 2018, Johnson & Johnson was named number 28 on the U.S. Environmental Protection Agency’s (EPA’s) National Top 100 List of the largest green power users from the Green Power Partnership. The Partnership currently has more than 1,600 partners—including companies, governments and universities—voluntarily using more than 45 billion kilowatt hours of green power annually. The EPA defines green power as electricity produced from solar, wind, geothermal, biogas, eligible biomass, and low-impact small hydroelectric sources.

**2020 Goal Progress**

# 31%

of total electricity consumption  
generated from renewable sources.

[View Scorecard](#) →

## 56.4

**megawatts on-site clean energy  
technology capacity as of 2018**



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**Green buildings**

We believe that green buildings are healthy not only for the environment but also for our employees. Our goal is to have all new Johnson & Johnson buildings and renovations with a cost of \$5 million or more certified under Leadership in Energy and Environmental Design (LEED), the most widely used green building protocol in the world.

**Reducing Value Chain Footprint**

Like many companies of our size, tracking and reporting Scope 3 GHG emissions is a challenge because of the scale of our supply chain, measurement accuracy and limited availability of third-party data. In 2018, we enhanced our modeling methodology of various Scope 3 emissions categories and for the first time are able to report data for all 11 categories relevant to our business for the period from 2016 – 2018. This assessment confirmed that our largest source of emissions is from the upstream goods and services that we purchase, so we will continue to focus on improvements in this area.

Our EHS&S organization partners closely with our Global Procurement teams to advance supplier engagement on environmental matters. For example, through our Sustainable Procurement Program, we encourage our suppliers to set, and to report on, the progress of public environmental goals, including targets related to energy use and carbon emissions reduction. For more information, see [Responsible Supply Base](#) section.

**Sustainable transportation**

We work with our transportation providers to optimize our distribution network, using multi-compartment trailers, consolidating shipments and optimizing transportation routes. Johnson & Johnson participates in the U.S. EPA's SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing GHG emissions and air pollution. At the same time, the SmartWay Transport Partnership helps freight companies improve fuel efficiency, increase environmental performance, and increase supply chain sustainability. For the past three years (2016 – 2018),

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**Johnson & Johnson buildings are LEED-certified, totaling 7.9 million square feet, or 12.6% of all building space**

**New LEED certifications**

Our Xi'an Janssen Peak Project in China received **LEED Gold Certification** for its outstanding performance in water resources utilization, energy efficiency, and use of environmentally friendly materials. Xi'an Peak is **the first** certified new construction LEED Gold-level manufacturing facility in Johnson & Johnson.

Our new nine-floor office in Bogota, Colombia, achieved **Platinum certification—the highest** possible rating from LEED.

**Johnson & Johnson participates in coalitions that support actions to promote a low-carbon economy and mitigate climate change, including**

- The World Wildlife Fund's Climate Savers Program
- The Climate Group's RE100 Program
- We Are Still In Initiative
- Climate Leadership Council
- C40 Cities Climate Leadership Group

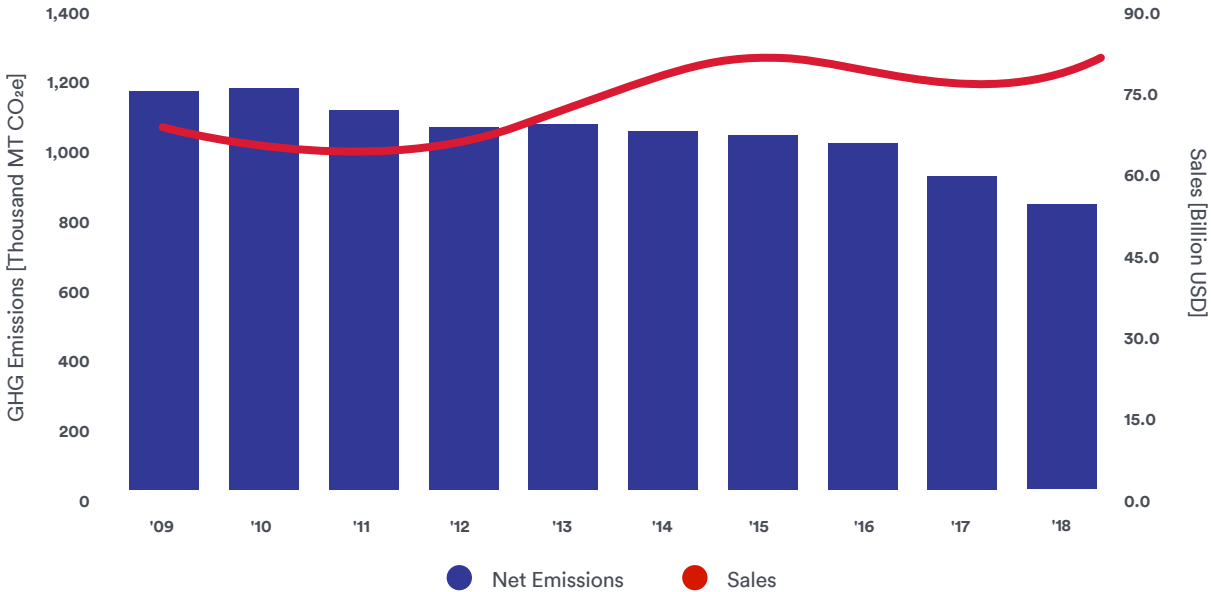
Johnson & Johnson has been recognized with the U.S. EPA's SmartWay Excellence Award in recognition of our environmental performance and additional actions to reduce freight emissions through collaboration, operational practices, robust validating and reporting systems, communications and public outreach.

We also provide incentives for customers to place orders in quantities that optimize the use of space on trailers, which reduces the number of deliveries and makes it more efficient to schedule, load and unload goods. Similarly, we work with customers to achieve idle-time reduction and faster turnaround times at distribution centers through delivery scheduling and, where available, offering electrical connections for truck charging.

Healthier and more sustainable cities

In 2018, we were proud to partner with the @c40cities Climate Leadership Group on research on the health co-benefits of cities acting on climate change. The interim results of our work with the C40 cities were published to highlight the health benefits that cities can achieve if they pursue efficient buildings and clean transport and industry, all supported by a clean energy grid. The research, co-funded by Johnson & Johnson, indicates that actions by cities in these areas could not only yield an 87% reduction in GHG emissions, a 49% reduction in air pollution measured by PM2.5 levels, and up to \$583 billion in economic benefit, but also prevent 223,000 premature deaths annually. For more about sustainable cities and to download the research, see [here](#).

GHG Emissions (Facilities, Scope 1 & Scope 2) vs. Sales, 2009-2018



## Our Performance

### Energy Use<sup>1</sup> GRI 302-1, 302-3, 302-4

	2018	2017	2016
Total energy use (TJ)	<b>13,208</b>	12,685	12,811
From renewable sources	<b>2,246</b>	1,816	174
From non-renewable sources	<b>10,962</b>	10,869	12,637
Energy intensity ratio (TJ/billion USD) <sup>2</sup>	<b>162</b>	164	176
Percent change in energy intensity compared to 2010 baseline (TJ/billion USD) <sup>2</sup>	<b>-24%</b>	-24%	-19%

### Purchased Energy Use by Type (TJ)<sup>1</sup> GRI 302-2

	2018	2017	2016
Electricity	<b>6,583</b>	6,352	6,579
Natural gas	<b>5,020</b>	4,892	5,116
Diesel	<b>592</b>	929	631
Direct heating/cooling	<b>180</b>	238	216
Propane	<b>90</b>	64	82
Biogas	<b>28</b>	23	0
Fuel Oil	<b>15</b>	15	15
Total purchased energy	<b>12,507</b>	12,512	12,639

### On-Site Generated Energy Use by Type (TJ)<sup>1</sup> GRI 302-2

	2018	2017	2016
Co-generation	<b>525</b>	581	627
Wind	<b>78</b>	65	60
Solar PV	<b>56</b>	82	85
Geothermal	<b>18</b>	24	25
Fuel cell	<b>23</b>	24	26
Biomass	<b>2</b>	2	2
Total on-site generated energy	<b>701</b>	778	825

## Our Performance, cont.

### Greenhouse Gas (GHG) Emissions<sup>3</sup> GRI 305-1, 305-2, 305-3, 305-4, 305-5

	2018	2017	2016
Scope 1 GHG emissions, total (MT CO <sub>2</sub> e) <sup>4</sup>	<b>445,054</b>	458,573	467,959
Scope 1 GHG emissions by source (MT CO <sub>2</sub> e) <sup>4</sup>			
Facilities <sup>1</sup>	<b>300,847</b>	313,807	303,334
Sales fleet	<b>122,194</b>	123,179	134,502
Refrigerants	<b>12,298</b>	9,830	18,372
Aviation	<b>9,715</b>	11,757	11,751
Scope 2 GHG emissions, facilities (MT CO <sub>2</sub> e) <sup>1, 4</sup>			
Location-based	<b>680,326</b>	663,447	682,203
Market-based <sup>5</sup>	<b>550,480</b>	604,457	Not Reported
Scope 3 GHG emissions, by source (MT CO <sub>2</sub> e) <sup>4, 14</sup>			
Purchased goods and services <sup>6</sup>	<b>8,826,462</b>	8,117,919	9,336,787
Upstream transportation and distribution <sup>6</sup>	<b>2,039,872</b>	1,893,440	2,083,011
Business travel <sup>6, 7</sup>	<b>775,747</b>	692,914	764,080
Employee commuting <sup>8</sup>	<b>351,260</b>	348,400	330,460
Capital goods <sup>6</sup>	<b>271,422</b>	246,076	135,769
Fuel- and energy-related activities <sup>9</sup>	<b>50,821</b>	46,524	52,815
Upstream leased assets <sup>10</sup>	<b>39,981</b>	45,702	30,693
Waste generated in operations <sup>11</sup>	<b>2,983</b>	4,141	12,785
Downstream product transportation <sup>12</sup>	Available 12/2019	45,850	48,561
Use of sold products <sup>13</sup>			
Direct	<b>78,051</b>	73,503	176,402
Indirect	<b>6,894,347</b>	6,260,427	6,649,429
End-of-life treatment of sold products <sup>13</sup>	<b>222,404</b>	211,531	235,803
GHG emissions intensity ratio (Scope 1 and Scope 2) per revenue (MT CO <sub>2</sub> e/million USD)	<b>12</b>	14	16
Percent decrease in GHG emissions intensity (Scope 1 and Scope 2) per revenue compared to 2010 baseline (MT CO <sub>2</sub> e /million USD)	<b>45%</b>	37%	10.4%

### Air Emissions by Category<sup>15</sup> GRI 305-6, 305-7

	2018	2017	2016
Hazardous air pollutant (HAP) emissions (MT) <sup>16</sup>	<b>30.25</b>	50.14	54.00
Volatile organic compound (VOC) emissions (MT) <sup>16</sup>	<b>414.05</b>	607.99	501.00
Particulate matter (PM) emissions (MT) <sup>17</sup>	<b>247.14</b>	205.22	182.00
Refrigerant emissions (MT)	<b>7.85</b>	6.12	12.91
Ozone-depleting substances emissions (MT)	<b>1.53</b>	2.35	3.61
Sulfur oxide (SO <sub>2</sub> ) emissions (MT) <sup>16</sup>	<b>64</b>	99	68
Mono-nitrogen oxides (NOx) emissions (MT)	<b>288</b>	290	292

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- Includes site-specific data from all Johnson & Johnson-owned and -leased sites over 50,000 square feet, as well as manufacturing and R&D sites under 50,000 square feet, unless otherwise noted.
- Our diverse product portfolio makes it difficult to track an organization-specific metric, therefore we use revenue as denominator for energy intensity. Energy intensity ratio includes electricity, stationary fuels, and district heating and cooling.
- Selected year 2018 global GHG emissions inventory including Scope 1, Scope 2 (location- and market-based) emissions, Scope 3 emission categories 1, 2, 3, 4, 5, 6, 8, 9, the percentage of electricity use generated by renewable energy sources, and NOx and SOx emissions (from combustion sources) were third-party assured byERM Certification and Verification Services Inc. Please see [this page](#) for Independent GHG Assurance Statement.
- In accordance with guidance from World Resources Institute Corporate Accounting and Reporting Standard, we restated the 2016 - 2017 values to reflect newly released electricity grid emission factors as well as addition or removal of acquisitions and divestitures. We do not currently use purchases, sales or transfers of offsets in our GHG accounting. Gases covered in these calculations include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. Hydrofluorocarbons (HFCs) are disclosed in EHS&S Governance. Perfluorinated chemicals, sulfur hexafluoride and nitrogen trifluoride do not result from our operations. We do not calculate or report biogenic CO<sub>2</sub> emissions in MT CO<sub>2</sub>e separately from the gross direct (Scope 1) GHG emissions. Electricity emission factors are obtained from the International Energy Agency's CO<sub>2</sub> Emissions from Fuel Combustion Report and the U.S. Environmental Protection Agency's eGRID publication for location-based Scope 2 reporting, and from supply contracts and residual emission factors, where available, for market-based Scope 2 reporting. Fuel emission factors are obtained from the EPA Climate Leaders publication. Global Warming Potentials are obtained from the Intergovernmental Panel on Climate Change Fifth Assessment Report. The chosen consolidation approach for emissions is operational control.
- We did not report Scope 2 emissions using the market-based method prior to 2017. Starting from 2017, we are reporting Scope 2 emissions using both location-based and market-based methods, based on the latest Scope 2 guidance from the World Resources Institute in the Corporate Accounting and Reporting Standard.
- Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Melon's 2002 dataset. Where more specific

primary data were able to be obtained, they were used in place of the IO calculation methodology.

- Business Travel emissions for reporting year 2016 and 2017 are being restated due to the availability of spend data in categories that were not previously available.
- Emissions from Employee Commuting were calculated using survey data from several properties and extrapolated for global operations. It should be noted that due to the assumptions that were made, Johnson & Johnson did not receive third-party limited assurance for this scope, but will work to improve these assumptions in the coming years.
- Emissions from Fuel-and Energy-related Activities were calculated for emissions from transportation and distribution losses from purchased electricity. Emissions were calculated by combining purchased electricity with an appropriate emissions factor and percentage grid loss for each location.
- Emissions from Upstream Leased Assets were calculated by applying the energy intensity from office locations in our Scope 1 and 2 footprint to the building area of leased assets less than 50,000 SqFt, which are excluded from Scope 1 and 2 reporting.
- Emissions from Waste Generated in Operations were calculated for non-hazardous waste for our global operations using the U.S. EPA's Waste Reduction Model (WARM).
- Emissions from Downstream Transportation and Distribution were calculated using the U.S. EPA's SmartWay Program, and are provided for U.S. shippers only.
- Emissions from the Use of Sold Products and the End-of-Life Treatment of Sold Products were calculated using sales volumes for all Johnson & Johnson products combined with lifecycle assessment (LCA) models where sales volumes could be obtained, and where they could not be obtained, sales revenues and average unit prices were used to estimate volumes. Due to the size of our product portfolio, LCA's were not performed for every Johnson & Johnson product, so products were placed into LCA categories and a representative product LCA was applied. It should be noted that due to the assumptions that were made, Johnson & Johnson did not receive third-party limited assurance for these scopes, but will work to improve these assumptions in the coming years.

- Emissions from the Processing of Sold Products, Downstream Leased Assets, Franchises, and Investments are not applicable to Johnson & Johnson operations.
- Where relevant, prior year data have been restated, reflecting improvements in data quality over time.
- HAP, VOC and SOx emissions decreased in 2018 significantly compared to 2017, due to emergency generators operating for an extended time during the Hurricane Maria in 2017.
- PM emissions increase was mainly driven by a significant use of diesel at one of the European sites when old sulphur-rich diesel was replaced by new sulphur-poor diesel.

## Waste & Water Management

GRI 303, 306 (103)

Nearly half the global population is already living in potential water-scarce areas at least one month per year. This could increase to some 4.8 – 5.7 billion by 2050.<sup>38</sup> Access to clean water and sanitation is essential for human health and wellbeing and, as leaders in healthcare, we are committed to conserving water resources wherever we operate, and to meeting the water demand for our operations without limiting the availability or quality of water resources to others.

Waste is a sign of resource inefficiency in value chains. High levels of waste place unnecessary burden on planetary resources, contribute to climate change through methane generation, and represent risks for biodiversity and human health, especially where poorly managed waste facilitates the spread of disease.

At Johnson & Johnson, we aim to minimize our impacts on the planet through responsible use of water and minimizing waste generation at source, while increasing sustainable management of waste.

### Water Management

Our water stewardship strategy is based on the following key priorities:

- Reducing water demand and increasing water reuse across our operations;
- Complying with wastewater discharge requirements and our internal wastewater quality standards;
- Prioritizing water management actions using a risk-based approach at our sites worldwide; and
- Reporting publicly on our performance and progress.

Johnson & Johnson Environmental Health, Safety & Sustainability Standard for water and wastewater management requires our facilities to comply with the local treatment standards or our proprietary Standard, whichever is more stringent.

Our Health for Humanity 2020 water goal commits us to conducting a comprehensive water risk assessment at 100% of manufacturing and R&D locations, and implementing resource protection plans at the high-

risk sites. We are on track to achieve this goal. We measure water risk with our proprietary risk assessment model for water stress, which uses frameworks from leading water stress models and our own site data.

Johnson & Johnson has been a participant in the CDP Water Program since its inception in 2010, and in 2018 received CDP Water Security A- rating for our water management efforts.

### Waste Management

As a global manufacturer, we have an important role to play in reducing our operational waste and promoting the circular economy approach. We look for opportunities across the entire value chain to use raw materials more efficiently; use less hazardous materials; reduce the amount of waste generated and recycle/reuse waste generated. The waste streams generated directly by our operations include hazardous and non-hazardous waste from research laboratories, manufacturing processes and offices.

We maintain several initiatives at our plants to systematically avoid waste or reduce waste to landfill. For example, our Waste-to-Value program at Consumer products manufacturing sites sees groups collaborating to reduce waste in the manufacturing process and partnering with external organizations for alternative disposal options. In Belgium, our innovative mobile wastewater treatment unit treats liquid waste streams from chemical production and recovers zinc metals for reuse. In the Netherlands, we separate food waste and use it to create biogas energy. These initiatives and more reflect our strong commitment to waste reduction to safeguard health for humanity. Every Johnson & Johnson site must comply with local requirements and develop its own waste management strategy based on the following hierarchy of waste management practices:

1. Source reduction
2. Recycle/reuse
3. Chemical/biological treatment
4. Incineration/energy recovery
5. Land disposal

✓ ON TRACK

### 2020 Goal Progress

# 69%

of all high-risk sites identified in water risk assessment process developed mitigation plans and have budget allocated to start implementation in 2019.

[View Scorecard](#) →



## Our Performance

### Total Operational Waste (MT) GRI 306-1

	2018	2017	2016
Hazardous waste	<b>52,672</b>	48,743	52,392
Non-hazardous waste	<b>143,635</b>	137,732	125,526
<b>Total waste generated</b>	<b>196,307</b>	186,475	177,918

### Hazardous Waste by Disposal Method (MT)

	2018	2017	2016
Recycled	<b>24,652</b>	22,450	21,506
Energy recovery	<b>16,374</b>	14,395	14,728
Landfilled	<b>3,462</b>	4,325	5,347
Incinerated	<b>2,953</b>	3,584	7,439
Reused	<b>2,758</b>	988	490
Bio/chemical treatment	<b>2,372</b>	2,901	2,664
Other	<b>101</b>	100	217
<b>Total hazardous waste</b>	<b>52,672</b>	48,743	52,392

### Non-Hazardous Waste by Disposal Method (MT)

	2018	2017	2016
Recycled	<b>79,827</b>	75,281	67,412
Energy recovery	<b>22,356</b>	20,116	19,759
Landfilled	<b>13,068</b>	15,356	14,252
Reused	<b>12,796</b>	10,125	4,438
Bio/chemical treatment	<b>10,228</b>	11,079	8,376
Incinerated	<b>5,318</b>	3,893	4,731
Other	<b>42</b>	1,883	6,558
<b>Total hazardous waste</b>	<b>143,635</b>	137,732	125,526

Our Performance, cont.

Water Use Summary (million m³)* GRI 303-1, 303-3			
	2018	2017	2016
Total water use	11.64	11.50	10.80
Total water recycled and reused	0.84	0.91	0.88
Total water discharge	7.69	7.81	8.08

Water Use by Source (million m³)* GRI 303-1			
	2018	2017	2016
Municipal	8.21	8.05	8.31
Groundwater	3.26	3.28	2.30
Greywater	0.06	0.05	0.06
Other	0.06	0.04	0.05
Rainwater	0.04	0.04	0.06
Surface water	0.02	0.02	0.01
Total water use	11.64	11.50	10.80

Water Discharge by Destination (million m³)* GRI 306-1			
	2018	2017	2016
Wastewater treatment plant	5.21	5.36	5.29
Surface water	2.11	2.07	2.33
Irrigation	0.19	0.22	0.16
Other	0.10	0.10	0.22
Ocean	0.08	0.07	0.09
Total water discharge	7.69	7.81	8.08

\* Where relevant, prior year data have been restated, reflecting improvements in data quality over time.

## Product Sustainability

J&J-5 (GRI 103)

Product sustainability is a priority in Johnson & Johnson's environmental stewardship strategy. We are committed to the development of more sustainable products that contribute to a healthier planet. Our approach is based on science and a lifecycle accountability for product impacts—from discovery and design, raw material sourcing and manufacturing to product use and end of life.

Our commitment to product sustainability includes the following:

- Including sustainability considerations at the design phase to identify and quantify potential environmental risks;
- Selecting and sourcing more sustainable ingredients;
- Assessing lifecycle environmental impacts of our product categories to identify opportunities for improvement;
- Applying green chemistry and engineering principles in design and manufacturing;
- Taking a more sustainable approach to packaging;
- Managing product end-of-life impacts, including the effects of pharmaceuticals and personal care products in the environment.

Our global environmental product stewardship team, which is part of our Environmental Health, Safety & Sustainability organization, leads our product sustainability focus across our consumer, medical devices and pharmaceutical businesses, connecting with our R&D, supply chain and marketing teams to embed sustainable principles into our product innovation processes. They also partner with our customers, governments, advocacy and industry groups to share best practices and shape responsible, science-based product stewardship policies across the world.

## Lifecycle Assessment with EARTHWARDS

J&J-6, GRI 103

**EARTHWARDS** is our approach for encouraging the development of more sustainable products. Focusing on the lifecycle areas with the highest potential impact, we prioritize improvements for the largest possible impact reduction. When a product achieves at least three significant improvements across our seven impact areas, a board of external experts determines if it warrants EARTHWARDS recognition. Since we launched EARTHWARDS in 2009, 139 products have been recognized, with 31 newly recognized in 2018. Our adherence to the EARTHWARDS methodology is audited annually by an external verification company.

To brainstorm ideas and spur innovation across our global product stewardship teams, we organize EARTHWARDS Innovation sessions. These are workshops where we use a suite of tools and resources to have our cross-functional teams think about their products from a sustainability perspective and identify areas of improvement.



### 2020 Goal Progress

New and existing products representing 19.60% of Johnson & Johnson revenue achieved EARTHWARDS recognition.

[View Scorecard](#) →



### Consumer: SUNDOWN Todo Dia

SUNDOWN Todo Dia Repellent is the combination sunscreen/bug repellent launched in Brazil to simplify consumers' routines. By combining two formulations into one product, the project team achieved a 48% reduction in weight of materials, and the same amount of reduction in weight of primary packaging. Thus, SUNDOWN Todo Dia Repellent addresses the consumer need of protection against the elements in an efficient and more sustainable way.



### Medical Devices: SURGICEL Original Absorbable Hemostat

Of the many EARTHWARDS recognitions<sup>39</sup> in 2018, a standout for Medical Devices was our SURGICEL Original. SURGICEL Absorbable Hemostat (oxidized regenerated cellulose) is used adjunctively in surgical procedures to assist in the control of capillary, venous, and small arterial hemorrhage when ligation or other conventional methods of control are impractical or ineffective.<sup>40</sup> SURGICEL Original met four product sustainability improvement areas by using Forest Stewardship Council Certified® paper in the packaging, reducing greenhouse gas emissions by 99% at one point of distribution, limiting waste by 66% in comparison to a previous product, and innovating new and unique in-house machinery to create the product.<sup>41</sup>

20

**EARTHWARDS innovation workshops held resulting in 3 recognitions**



### Pharmaceutical: Apalutamide

Early in 2018, ERLEADA (apalutamide) became the first medicine approved by the U.S. Food and Drug Administration for the treatment of non-metastatic castration-resistant prostate cancer, which is defined as prostate cancer that has not spread but continues to grow despite treatment with hormone therapy, and in the same year earned EARTHWARDS recognition based on sustainability improvements demonstrated during the development process. These include application of "Green Chemistry and Technology" principles used in the development of a new active pharmaceutical ingredient (API) synthesis route and the reuse of solvent. A cross-functional team assessed these improvements, which resulted in relevant reductions in the use of raw material, water and waste. In addition, ERLEADA was assigned the EARTHWARDS "innovation" impact area, based on the innovative API synthesis route, which resulted in multiple patents granted, and the application of process analytical tools, leading to a significant reduction in the use of energy.

Our Performance

EARTHWARDS Products Summary	2018	2017	2016
Number of EARTHWARDS-recognized products, cumulative since 2009	139	118	93
Annual savings from EARTHWARDS-recognized products sold*			
Packaging reduced (MT)	14,139	14,932	4,488
Material reduced (MT)	1,170	22,838	66,779
Water saved (liters)	1,768,260	623,684	214,096,470
Waste reduced (MT)	179.9	202.84	689,793
GHG emissions avoided (MT CO <sub>2</sub> e)	43,000	70,000	Not Reported

\* Savings are for products recognized through the end of 2017 and are estimated based on best available methodologies for each impact reduction area; select products are not included in savings estimation because of lack of detailed data; we track savings starting the first full calendar year after a product is recognized.

## Green Chemistry & Engineering

We believe green chemistry offers significant environmental and business benefits as it increases resource efficiency and generates less waste while enabling production cost savings that help our business perform better. Most medicines and vaccines require substantial amounts of raw materials to manufacture a single treatment dose containing active ingredients. Responsible use of chemicals is therefore a priority for our pharmaceuticals segment.

Janssen is a founding member of the American Chemical Society (ACS) Green Chemistry Institute® Pharmaceutical Roundtable, and has been participating in the European CHEM21 program since its inception in 2012. These forums offer an opportunity to share industry best practices and direct academic research to develop greener manufacturing of active pharmaceutical ingredients (APIs).

We integrate the 12 principles of green chemistry and engineering adopted by ACS into our product development practices. Typically, we generate the most significant improvements by focusing on:

- Reduction of process mass intensity (PMI)
- Reducing hazardous waste generation
- Using greener solvents



### Reducing Solvent Use

Through the use of green chemistry & engineering techniques our HIV drug INTELENCE (etravirine) achieved an **88%** reduction in the solvent use during drug product manufacturing. It's also the first product in Janssen's portfolio to employ direct solvent reuse, which means solvents are reused in the manufacturing process instead of being disposed of as waste.



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## Sustainable Packaging

Packaging plays a critical role in maintaining the quality, safety and integrity of our products throughout the value chain. It also delivers important information to patients and consumers about product composition and guidance for proper use. All our product packaging must comply with local packaging regulations in all countries where they are manufactured and sold. In addition, we continuously explore opportunities to reduce environmental impacts of our packaging by focusing on the following:

- Reducing material use by decreasing packaging size, weight or thickness;
- Using packaging materials with recycled content;
- Designing for recyclability by selecting materials that are already widely recycled;
- Purchasing responsibly sourced packaging materials;
- Influencing recycling rates by raising consumer and customer awareness.

### Committing to the New Plastics Economy

In 2018, Johnson & Johnson Consumer Inc. became a signatory to the New Plastics Economy Global Commitment, thereby committing to use more recycled materials in packaging, reduce reliance on single-use packages, and ensure that 100% of plastic packaging be reusable, recyclable or compostable via design, partnerships, and investments by the year 2025. The New Plastics Economy

Global Commitment, led by the Ellen MacArthur Foundation, in collaboration with UN Environment, unites businesses, governments, and other organizations behind a common vision, and works to address plastic waste and pollution at its source. Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations and investors.

### Helping consumers recycle

We believe consumers play a vital role in helping to close the cycle of care for our planet. That's why we created and maintain a website – [caretorecycle.com](http://caretorecycle.com) – featuring tips, videos and how-to's on best ways to involve families in recycling personal care products and reducing waste.

As Johnson & Johnson Consumer Inc., we also took a step to help consumers recycle by joining the growing list of companies adopting the How2Recycle label, a recycling label that is standardized across all packaging types in North America. We began rolling out this label on our JOHNSON'S Baby packaging and continue to include on it new bottle and carton packaging, providing instructions that help people properly dispose and recycle our products.



### 2020 Goal Progress

Continued recycling-related partnerships to advance development of recycling infrastructure in Brazil, India and Vietnam.

View Scorecard →

“We are thrilled that Johnson & Johnson Consumer Inc. is joining the movement of hundreds of brands embracing standardized recycling labeling with How2Recycle. By telling people exactly how to recycle their packaging, Johnson & Johnson is empowering parents to take proper action while making their lives easier.”

Kelly Cramer, Lead of How2Recycle at the Sustainable Packaging Coalition

## A selection of our sustainable packaging initiatives and partnerships:

- We are a founding partner of the **Closed Loop Fund**, a U.S. social impact fund that invests in scaling recycling infrastructure and sustainable manufacturing technologies to advance circular economy.
- **CARE TO RECYCLE** is our branded initiative encouraging consumers to recycle their personal care products through educational campaigns.
- We are a founding partner of **The Healthcare Plastics Recycling Council**, an initiative helping the healthcare industry support recyclability of plastics in clinical settings.
- We participate in **Plastic Tube Recycling Collaborative** as one of the few consumer companies funding efforts to advance recycling solutions for plastic tubes in North America.
- As a member of **Inclusive Waste Recycling Consortium**, we are promoting scalable “value from waste” programs that help recycling cooperatives in Brazil and India to improve their operational processes develop a stronger social infrastructure, and create a sustainable market for their materials.

## Products in the Environment

The major source of pharmaceuticals entering the environment is via patient excretion following use of medicine. A smaller contribution stems from emissions resulting from the manufacturing process and from improper disposal of medications. The major source of personal care products entering the environment is via use of products and rinsing from the body during bathing activities

### Pharmaceuticals in the Environment

We aim to mitigate the effects of medicines in the environment in the following ways:

- Conducting environmental risk assessments of all active pharmaceutical ingredients (APIs) used in our products prior to market approval to determine potential environmental concentration and risks;
- Monitoring our manufacturing wastewaters for potential toxicity to aquatic species, controlling our discharges according to local regulations and maintaining discharge levels below no-effect concentrations;
- Employing sourcing practices that help ensure that our chemicals and API suppliers comply with our expectations for environmental and social practices;
- Advancing the science through research and public-private research consortiums to find new solutions to minimize the presence of pharmaceuticals in the environment.

### Antimicrobial Resistance (AMR)

Pharmaceuticals entering the environment are a contributing factor in the rapid growth of AMR, the resistance of pathogens to previously effective drugs. As one of the original signatories

of the Davos Declaration, in 2016 Johnson & Johnson joined the industry-wide call to curb development of AMR, also endorsing the Roadmap on Progress for Combating AMR. We are working on multiple fronts to fulfill our AMR Roadmap commitments, including those related to environmental impact from production of antibiotics. For more information, [see our AMR page](#).

### Personal Care Products in the Environment

The Johnson & Johnson statement on the Impact of Pharmaceuticals and Personal Care Products in the Environment lays out our approach to assessing and managing our impacts, while partnering with others to advance responsible science-based policy.

In our Consumer business, many of our products are washed off the body into the local environment and water supply. To understand how our formulations interact with these environments we use our patented GLOBAL AQUATIC INGREDIENT ASSESSMENT protocol.

We have also voluntarily removed microbeads from our products worldwide. Finally, we continue to replace the plastic sticks from our cotton buds with 100% paper sticks—completed in Africa, Europe, Japan and Middle East, and rolling out across other regions.

### Extended Producer Responsibility (EPR)

We comply with applicable EPR regulations in different countries, and invest in many initiatives for better management of our products at end of life. We support voluntary take-back programs, and we work with our customers to evaluate opportunities to increase the number and quantity of products that can be recycled and reprocessed.

For example, the Johnson & Johnson Medical Devices Companies work with health facilities to collect medical devices that otherwise would be immediately bound for landfills or incineration, and reprocesses those devices so that they can be reused by healthcare professionals. Also, our Janssen U.S. business has created the Janssen SAFE RETURNS program for patients using our biologics products at home, enabling them to collect and return used injection devices like prefilled syringes and auto-injectors for disposal.

**1.9M**  
medical devices collected and  
**1.5M**  
reprocessed in 2018



### Impact of Pharmaceuticals and Personal Care Products in the Environment Statement

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## Appendix



GRI Index

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UNGC Index

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Data Summary

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## About This Report

GRI 102-10, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

Johnson & Johnson's 2018 Health for Humanity Report details our progress in citizenship and sustainability. Data in this Report cover the period between January 1, 2018, and December 31, 2018, unless otherwise indicated. The Report is also available online at [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com). It includes a Report Summary, which is available in five languages. Reporting on other matters specific to financial performance of the Company and its subsidiaries can be found in our [2018 Annual Report](#).

This Report covers Johnson & Johnson's worldwide operations, including our subsidiaries across three business segments: Consumer, Medical Devices and Pharmaceutical. Contract manufacturers are excluded from the scope of this Report, unless otherwise noted. There have been no significant changes from our previous reporting period regarding scope, boundaries, or measurement methods applied.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. Our 2016 Priority Topics Assessment process guided the Report's structure. The Report also serves as our annual UNGC Communication on Progress.

All data in the Report have been subject to some level of verification. ERM Certification and Verification Services (ERM CVS) conducted independent review and assurance of the following information and data in the Report:

- Progress against our Health for Humanity 2020 Goals, and associated data presented in the 2020 Goals Progress Scorecard.

- Progress against UN SDG commitments, and associated data presented in the UN SDG Progress Scorecard.
- Selected year 2018 global greenhouse gas (GHG) emissions inventory and electricity use generated from renewable energy sources that are also included in our 2019 CDP Climate Change Report.

ERM CVS's Assurance Statements are available [on this page](#).

The financial data and general information about the business in this Report were previously audited for disclosure in our 2018 Annual Report.

**Acquisitions:** Environment, health and safety (EHS) data of recently acquired companies, except for road safety data, are included in the Report two years after acquisition, unless otherwise noted. This grace period allows the new acquisitions to adjust their EHS management and reporting systems to Johnson & Johnson standards. Road safety data are integrated the first year after acquisition, where available, and two years after acquisition at the latest. The dates and details of recent acquisitions can be found in Note 20 (Business Combinations and Divestitures) on page 81 of our 2018 Annual Report.

**Divestitures:** Except for injury statistics and violations or fines, EHS data of divested companies are excluded in the reporting year.

**Restatements:** We use a 5% change threshold to apply to significant changes in data or information that is restated. There are a number of potential reasons that may lead to a restatement of either prior periods or baseline data (e.g.,

a significant change in newly published measures, new acquisitions or divestitures, data errors, or improvements in data collection methodology over time). Depending on circumstances, each is evaluated using this threshold, and appropriate disclosures are included in the Report.

**Human Resources Data:** These data are based on headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in our Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students. Data may not include full population from more recently acquired companies.

BSR, a global nonprofit organization focused on corporate sustainability, partnered with Johnson & Johnson to help secure stakeholder feedback on the 2018 Health for Humanity Report content. Feedback has been integrated into this Report.

We welcome your queries and feedback on this Report. Please contact us at [WW-Corporate-Governance@its.jnj.com](mailto:WW-Corporate-Governance@its.jnj.com).

# Independent Assurance Statement

## Health for Humanity 2020 Goals Progress

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on cumulative progress over 2016 -2018 against the Health for Humanity 2020 Goals reported in the Johnson & Johnson 2018 Health for Humanity Report (the Report) and on [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com) as set out below.

### Our conclusion

Based on our assurance activities, as described below, nothing has come to our attention to indicate that the cumulative progress (2016 -2018) against the Health for Humanity 2020 Goals and Targets, as reported in the Scorecard on pages 14 to 17 of the Report and on [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com), is not fairly presented, in all material respects, in accordance with the reporting criteria.

### Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed assurance procedures as follows:

- A 3-day visit to J&J Corporate Offices in New Brunswick, NJ and a number of conference calls to interview:
  - relevant staff in order to understand and evaluate the systems and processes (including internal review/audit) used for collecting, consolidating, evaluating and reporting the information and data used to report progress against the Health for Humanity 2020 Goals and Targets;

### Engagement Summary

#### Scope of our assurance engagement

Whether cumulative 2016 -2018 progress against the Health for Humanity 2020 Goals and related Targets as reported in the Health for Humanity 2020 Goals Progress Scorecard (the Scorecard) on pages 14 to 17 of the Report and on [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com) is fairly presented, in all material respects, in accordance with the reporting criteria.

#### Reporting criteria

Health for Humanity 2020 Goals and Targets as defined in the Scorecard. World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol for Greenhouse Gas emissions.

#### Assurance Standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000 Revised).

#### Assurance level

Limited assurance.

#### Respective responsibilities

J&J is responsible for preparing the Report, including the Scorecard, and for the collection and presentation of the assured performance information and data.

ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and on exercising our professional judgement.



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- management representatives responsible for the Health for Humanity 2020 Goals and Targets and the implementation of the related activities undertaken in 2018;

- A review of the reporting principles, boundaries, definitions and internal guidelines for each of the selected Health for Humanity 2020 Goals and Targets;
- A high level review of the greenhouse gas (GHG) and renewable energy data to confirm consistency with the findings of our separate GHG and renewable energy verification engagement including completeness and consistency over time and the restatements of the baseline and prior year data;
- A review of samples of underlying documentary evidence and data to support the reported cumulative progress for each Health for Humanity 2020 Goal and Target, including internal and external documents; and
- A review of the presentation of information relevant to the scope of our work on [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com) and in the rest of the Report to ensure consistency with our findings.

**The limitations of our engagement**

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating, or estimating the underlying information. It is important to understand our assurance conclusions in this context. In addition, the assured information should be read in conjunction with the boundary and consolidation policies under 'About This Report' on page 137 and the disclosures provided under the column 'Notable' in the Scorecard. Regarding the formation on [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com), we provide no assurance over any information other than as described in our assurance scope above nor on changes to the content of the assured information after the date of this assurance statement.

**Our observations**

We have provided J&J with a separate management report with our detailed findings and recommendations.



**Jennifer Iansen-Rogers**  
Head of Corporate Assurance  
31 May 2019



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*ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to this client in any respect.*

## Independent Assurance Statement

### UN Sustainable Development Commitment Progress

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on the consolidated 2016 to 2018 progress against the Company's 2020 Targets related to its SDG 2030 vision and aspirations as presented in the Johnson & Johnson **2018 Health for Humanity Report** and on [jnj.com](http://jnj.com).

#### Our conclusion

Based on our assurance activities, nothing has come to our attention to indicate that the consolidated 2016 to 2018 progress reported against the 2020 SDG targets in the SDG Progress Scorecard as presented on page 18 to 20 in the Report is not, in all material respects, fairly presented.

#### Our assurance activities

The reliability of the assured information is subject to inherent uncertainties, given the nature of the ambitious J&J aspirations and targets and the dependence on partner organisations to deliver programs and provide performance information, as well as the use of estimates, assumptions and extrapolations to report progress. J&J describes these uncertainties in the 'Challenges of reporting and assuring progress against the SDG goals' on page 20 of the Report. It is important to understand our assurance conclusions in this context. Regarding the information on [jnj.com](http://jnj.com), we provide no assurance over changes to the content of the web-based information after the date of this assurance statement.

- A review of the 2020 SDG goal definitions, underlying programs and reporting guidance, where available.
- A visit to J&J Corporate Offices in New Brunswick, NJ and a number of conference calls in order to:
  - interview J&J management representatives to understand the Vision 2030 strategy and the

#### Engagement Summary

##### Scope of our assurance engagement

Whether the consolidated progress for the three year period ending 31 December 2018 against the 2020 targets as presented in the 2018 SDG Progress Scorecard on page 18 to 20 in the 2018 Health for Humanity Report (the Report) and on [jnj.com](http://jnj.com) is fairly presented, in all material respects.

##### Reporting criteria

The 2020 targets (under Vision 2030) as described in the Progress Scorecard.

##### Assurance Standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000 Revised).

##### Assurance level

Limited assurance.

##### Respective responsibilities

J&J is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and on exercising our professional judgement.

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philosophy behind the goals and 2020 targets;

- understand and evaluate the systems and processes used to manage the performance commitments, related programs and associated partner organisations, and monitor progress against these;
  - interview goal owners and business unit representatives involved in collecting, evaluating and reporting progress against the 2020 targets.
- Interviews with selected J&J Partners responsible for delivering programs and providing the data used to report the 2016 to 2018 progress towards the targets.
  - A review of completeness and the consolidation of the program results for 2016 to 2018 for each target in order to reduce the risk of double counting and to understand assumptions as well as overlaps with some of the J&J Health for Humanity 2020 goals for which we undertook a separate assurance engagement.
  - A review of the explanatory notes in the 'Notable' column in the SDG Progress Scorecard and in the section on 'The Challenges of reporting and assuring progress against the SDG goals' to ensure consistency with our findings.



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31 May 2019



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## Independent Assurance Statement

### GHG Emissions Data

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson and Johnson (J&J) to provide assurance in relation to the information set out below and presented on pages 16, and 124 to 125 in the [Johnson & Johnson 2018 Health for Humanity Report](#) and on [healthforhumanityreport.jnj.com](https://healthforhumanityreport.jnj.com).

#### Our conclusion

Based on our activities, nothing has come to our attention to indicate that the following selected 2018 corporate metrics\* are not fairly presented, in all material respects, with the Reporting Criteria. This conclusion is to be read in the context of the remainder of this report, in particular the information in the emphasis of matter and inherent limitations paragraphs below.

**Scope 1 GHG emissions: 445,054 tCO<sub>2</sub>e**

**Scope 2 GHG (location-based) emissions: 680,326 tCO<sub>2</sub>e**

**Scope 2 GHG (market-based) emissions: 550,480 tCO<sub>2</sub>e**

**Scope 3 GHG emissions for the following categories:**

- |  |                                   |
|--|-----------------------------------|
| • Purchased goods and services   | <b>8,826,462 tCO<sub>2</sub>e</b> |
| • Capital goods  | <b>271,422 tCO<sub>2</sub>e</b>   |
| • Fuel and energy related activities (Transmission and distribution losses only) | <b>50,821 tCO<sub>2</sub>e</b>    |
| • Upstream transportation and distribution                                       | <b>2,039,872 tCO<sub>2</sub>e</b> |
| • Waste generated in operations (Non-hazardous waste only)                       | <b>2,983 tCO<sub>2</sub>e</b>     |
| • Business Travel  | <b>775,747 tCO<sub>2</sub>e</b>   |

#### Engagement Summary

##### Scope of our assurance engagement

Whether the corporate 2018 data\* for the following selected indicators are fairly presented, in all material respects, in accordance with the reporting criteria:

- Total absolute Scope 1 GHG emissions in tonnes of CO<sub>2</sub>e
- Total absolute Scope 2 GHG emissions in tonnes of CO<sub>2</sub>e reported using the location based and market based methods
- Total absolute Scope 3 GHG emissions in tonnes of CO<sub>2</sub>e for the following categories:
  - Purchased goods and services
  - Capital goods
  - Fuel and energy related activities (Transmission and distribution losses (T&D) losses only)
  - Upstream transportation and distribution
  - Waste generated in operations (Non-hazardous waste only)
  - Business Travel
  - Upstream Leased Assets
  - Downstream transportation and distribution for US operations (from the EPA SmartWay program)
- Total NOx and SOx from facility combustion sources in tonnes
- Percentage of electricity use generated by renewable energy sources

##### Reporting criteria

The WBCSD/WRI GHG Protocol (2004) and the Johnson & Johnson Greenhouse Gas (GHG) Inventory Worldwide Energy Management Technical Resources & Compliance (9 January 2019)

##### Assurance Standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).

##### Assurance level

Limited assurance.

##### Respective responsibilities

J&J is responsible for preparing the data and for its correct presentation in the Report to third parties, including disclosure of the reporting criteria and boundary.

ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

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- |  |                           |
|--|---------------------------|
| Upstream Leased Assets   | 39,981 tCO <sub>2</sub> e |
| Downstream transportation and distribution (from the EPA SmartWay program) | 45,850 tCO <sub>2</sub> e |

### Emphasis of matter

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by J&J relating to the data on page 124 of the Report, in particular the limitations relating to the 2018 data\* for the Scope 3 categories 5, 6 and 9 on page 125 of the 2018 J&J Health for Humanity Report which should be read in conjunction with the data.

### Our assurance activities

Our objective was to assess whether the assured emission data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. We applied a 5% material error threshold.

A team of GHG and assurance specialists performed the following key activities:

- Interviews with relevant staff to understand internal reporting processes, including the use of its GHG Management Plan, internal spreadsheets, and its various internal data management and reporting systems;

- A review of samples of primary data such as invoices;
- A review of the calculations undertaken, including conversion factors and emission factors used;
- A review of estimates, extrapolations and assumptions made in relation to the data for relevant GHG Scope 3 categories, and
- An analytical review of the consolidated 2018 year end data\* for each metric.

### The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our work was undertaken remotely. We did not undertake source data verification at any operated facilities.

### Our Observations

We have provided Johnson & Johnson with a separate management report with our detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observation:

- Johnson & Johnson should document both qualitatively and quantitatively their uncertainty information for each GHG Scope 3 category, and describe their efforts to record uncertainty in future revisions of the Scope 3 emissions inventory.



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*\* For Scope 3 Downstream transportation and distribution we assured the 2017 data.*

# References

## Better Health For All

- 1 <https://www.hiv.gov/hiv-basics/overview/data-and-trends/global-statistics>
- 2 [http://www.genderhealth.org/files/uploads/change/publications/CHANGE\\_AGYW\\_data\\_brief.pdf](http://www.genderhealth.org/files/uploads/change/publications/CHANGE_AGYW_data_brief.pdf)
- 3 <https://www.hiv.gov/federal-response/pepfar-global-aids/global-hiv-aids-overview>
- 4 <http://www.unaids.org/en/resources/presscentre/pressreleaseandstatementarchive/2018/july/miles-to-go>
- 5 <https://www.who.int/en/news-room/fact-sheets/detail/tuberculosis>
- 6 <https://www.who.int/news-room/fact-sheets/detail/tuberculosis>
- 7 <https://www.tballiance.org/why-new-tb-drugs/antimicrobial-resistance>
- 8 Bedaquiline was approved by the U.S. Food and Drug Administration based on Phase 2b clinical trial data for use as part of combination therapy in adults (>= 18 years) with pulmonary MDR-TB, when an effective treatment regimen cannot otherwise be provided.
- 9 [https://extranet.who.int/sree/Reports?op=Replet&name=/WHO\\_HQ\\_Reports/G2/PROD/EXT/TBCountryProfile&ISO2=VN&outtype=pdf](https://extranet.who.int/sree/Reports?op=Replet&name=/WHO_HQ_Reports/G2/PROD/EXT/TBCountryProfile&ISO2=VN&outtype=pdf)
- 10 [https://www.who.int/neglected\\_diseases/diseases/en/](https://www.who.int/neglected_diseases/diseases/en/)
- 11 <https://www.who.int/news-room/fact-sheets/detail/soil-transmitted-helminth-infections>
- 12 <https://www.who.int/emergencies/ten-threats-to-global-health-in-2019>
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- 14 SPRAVATO [Prescribing Information]. Titusville, N.J., Janssen Pharmaceuticals, Inc. 2 Duman RS. *F1000Research*. 2018; 7:F1000.
- 15 Dubovsky SL. *Psychother and Psychosom*. 2018; 87:129-139.
- 16 Rush AJ et al. *Am J Psychiatry*. 2006;163(11):1905-1917.
- 17 [https://www.who.int/news-room/fact-sheets/detail/influenza-\(seasonal\)](https://www.who.int/news-room/fact-sheets/detail/influenza-(seasonal))
- 18 [https://amr-review.org/sites/default/files/AMR%20Review%20Paper%20-%20Tackling%20a%20crisis%20for%20the%20health%20and%20wealth%20of%20nations\\_1.pdf](https://amr-review.org/sites/default/files/AMR%20Review%20Paper%20-%20Tackling%20a%20crisis%20for%20the%20health%20and%20wealth%20of%20nations_1.pdf)
- 19 [http://reports.weforum.org/global-risks-2018/anti-microbial-resistance/?doing\\_wp\\_cron=1555504260.8589730262756347656250](http://reports.weforum.org/global-risks-2018/anti-microbial-resistance/?doing_wp_cron=1555504260.8589730262756347656250)
- 20 <https://www.who.int/news-room/detail/13-12-2017-world-bank-and-who-half-the-world-lacks-access-to-essential-health-services-100-million-still-pushed-into-extreme-poverty-because-of-health-expenses>
- 21 Includes employees classified under job functions of R&D and Engineering.
- 22 American Cancer Society. "Cancer Facts & Figures 2018." 2018.  
<https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2018/cancer-facts-and-figures-2018.pdf>
- 23 World Health Organization (WHO), "Hepatitis B." July 2018. <http://www.who.int/mediacentre/factsheets/fs204/en/>.
- 24 Yuen, Man-Fung, Keven Liu, Bruce D. Given, Thomas Schluep, James Hamilton, Ching-Lung Lai, Stephen A. Locarnini, Kathy Jackson, Johnson Y.N. Lau, Carlo Ferrari, and Robert G. Gish. "RNA Interference Therapy with ARC-520 Injection Results in Long Term Off-therapy Antigen Reductions in Treatment Naïve, HBeAg Positive and Negative Patients with Chronic HBV. Poster #FRI-362." *EASL 2018*, April 11-15, 2018. Paris, France.  
<http://ir.arrowheadpharma.com/static-files/5b205068-35a4-41c9-942e-cb5ed100c2b2>
- 25 American College of Surgeons and Surgical Infection Society: Surgical Site Infection Guidelines, 2016 Update Ban, Kristen A. et al. *Journal of the American College of Surgeons*, Volume 224, Issue 1, 59-74.
- 26 The programs listed in this section are funded through a variety of entities, including the Johnson & Johnson Foundation, the Johnson & Johnson Corporate Citizenship Trust, Johnson & Johnson corporate functions and the operating companies across our three business segments.
- 27 [https://www.unicef.org/media/media\\_71508.html](https://www.unicef.org/media/media_71508.html)
- 28 The programs listed in this section are funded through a variety of entities, including the Johnson & Johnson Foundation, Global Public Health and the operating companies across our three business segments.
- 29 Our partnership with Save the Children reflects strategic impact investments from our Johnson & Johnson Foundation and Johnson & Johnson Corporate Citizenship Trust, as well as marketing programs such as Wisdom by Kids supported by Corporate funding and engagements with our brands (e.g., JOHNSON'S Baby) on educational programs.
- 30 Johnson & Johnson Foundation, Johnson & Johnson Corporate Citizenship Trust and the Johnson & Johnson Patient Assistance Foundation are independent, non-profit organizations.



Our People

- 31 Millennial Careers: 2020 Vision, Manpower Group, 2016.
- 32 Represents the proportion of employees in Manager and above job categories who in their career progression movement (including upward promotion, downward demotion, or lateral transfer) crossed function, country or business segment lines.

Responsible Business Practices

- 33 Based on average cumulative volume of ingredients in washes, lotions, shampoos and conditioners using ISO/DIS 16128 (water included).
- 34 Our high-risk country classification is based on a list of countries that we establish and update regularly using various external sources of information such as the U.S. Department of State Travel Warnings, the World Bank's country ranking on Worldwide Governance Indicators, the United Nations Human Development Index, and Transparency International's Corrupt Perception Index.
- 35 We define a critical finding as evidence of very high risk to human life or potential catastrophic impact to facility, community or environment. We expect suppliers and potential suppliers to address critical findings immediately.
- 36 A technical visit is a follow-up visit to the initial audit.

Environmental Health

- 37 [http://www3.weforum.org/docs/WEF\\_Global\\_Risks\\_Report\\_2019.pdf](http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019.pdf)
- 38 According to a report by Burek et al. quoted in the United Nations Water Fact Sheet: <http://www.unwater.org/water-facts/scarcity/>
- 39 Each EARTHWARDS recognition is as compared to the previous version of the product.
- 40 SURGICEL Absorbable Hemostat Instructions for Use.
- 41 SURGICEL EARTHWARDS, S. Ramcharitar, C. Gruel, November 2018.



## **2018 Health for Humanity Report**

Progress in Citizenship & Sustainability

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Front Cover: Every day 1,000 adolescent girls and young women are infected with HIV in sub-Saharan Africa, having a disproportionate impact on their lives and preventing them from fulfilling their potential. That's why we launched DREAMS Thina Abantu Abasha (Zulu for "We the Youth"), a youth-led and implemented peer-to-peer program, with PEPFAR and UNFPA in some of the worst HIV hotspots to reduce HIV infections among girls 15 – 24 years old. This is part of our longstanding Company-wide commitment to make HIV history. Learn more at [www.jnj.com/hiv](http://www.jnj.com/hiv). Photo by Jonathan Burton.