

A photograph of three young children, two boys and one girl, playing with water in what appears to be a shower stall. One boy is holding a clear plastic cup from which water is pouring onto the girl's head. The girl is laughing and looking up at him. The second boy is standing behind her, smiling. They are all wet and appear to be having fun. The background is a plain, light-colored wall.

People. Places. Practices.

Finding more ways to help more people.

Contents

Guide to the Icons

The icons below help to communicate the scope and boundary for each topic covered in our report. They represent the audience and locations throughout the world impacted by our business segments or enterprise.



Operations



Global



Pharmaceutical



Employees



North America



Medical Devices



Customers



Latin America



Consumer



Local Communities



Europe, Middle
East, Africa



Enterprise



Asia-Pacific

About the GRI Indicators

In addition to a GRI index at the back of this report, we have provided indications throughout to denote where content related to specific GRI indicators can be found. The following key presents two-letter abbreviations for the standard disclosure areas outlined by the Global Reporting Initiative. These abbreviations, along with numbers that correspond with performance indicators, appear throughout this report near the respective entries.

EN Environmental

HR Human Rights

LA Labor Practices and Decent Work

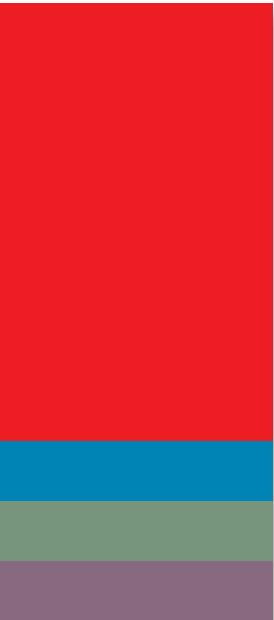
SO Society

PR Product Responsibility

EC Economic



Our Credo



We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

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.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens—support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Letter from Our Chairman & CEO

For 130 years Johnson & Johnson has been helping people everywhere live longer, healthier and happier lives. Written nearly 75 years ago, Our Credo guides everything we do with a strong sense of responsibility, inspiration and a clear measure of accountability. Our Credo outlines our commitments to the people, places and communities we touch every day with our products and solutions, and informs our strategic approach to our Citizenship & Sustainability efforts.

At Johnson & Johnson, we aspire to improve health in all we do, and everywhere we go. Since the launch of our [Healthy Future 2015](#) goals in 2010 we have worked to advance global health; steward a healthy environment; increase sustainability among our suppliers; foster the most engaged, health-conscious and safe employees in the world; advance community wellness; enhance outcome measurement in philanthropy; and increase transparency and collaboration. We met most of our goals and, in so doing, helped even more people and deepened our relationships with our stakeholders. Our [performance](#) is presented in this report and highlighted in [Successes and Opportunities](#).

Also in 2015, we expanded the ways we think about health and sought new ways to make everyone, everywhere, healthier as we finalized our new Citizenship & Sustainability 2020 Goals, described in detail within this report. Our Citizenship & Sustainability 2020 Goals continue our legacy of work to advance healthier societies and will help more people live healthier lives through the ideas we generate, products we make, and good habits and practices we create. These new goals have three key focus areas:

- **People:** We will help people be healthier by providing better access and care in more places around the world.
- **Places:** We will make the places we live, work and play healthier by using fewer and smarter resources.
- **Practices:** We will team up with partners and employees to further advance our culture of health and well-being.

We believe we can use our expertise, influence, global reach and partnerships to help make this world a healthier, better place. We are acutely aware of the dramatically changing global healthcare market. Populations of developed nations are aging rapidly and intractable diseases are taking hold in some developing countries, increasing healthcare costs; middle classes are expanding in many developing nations, putting pressure on existing healthcare infrastructure and capacity; and patients are becoming increasingly involved in their own healthcare decisions, necessitating a holistic approach to meeting their needs by integrating wellness solutions, innovative new medicines and advanced technologies.

We believe the most important contribution we can make to the dynamic challenges we are facing is innovation—innovation in products and solutions, services, processes and practices. The promise of innovation in health care is great, but it comes with the need for forward-focused investment in R&D, a holistic approach to evolving global healthcare markets and bold future-facing strategies that build



upon our proven strategic principles.

In developing our new Citizenship & Sustainability 2020 Goals we have broadened our view to consider not just the challenges of the business we are in, but of the world in which we operate. Global trends that could impact our ability to help people and the environment be healthier include: population growth, poverty and inequality, rising global instability, climate change, water and resource scarcity, human rights issues, and pressures to increase transparency.

These and many other global challenges are recognized within the UN Sustainable Development Goals (SDGs) ratified in late 2015. The SDGs provide a comprehensive framework for governments, NGOs, private sector and other entities to consider in their strategic plans moving forward. Later in 2016 we will provide a perspective on the role we can play in addressing the SDGs.

As the world's largest, broadly based healthcare company, guided as we are by Our Credo, we are committed to fulfill our unique opportunity to help billions of people live longer, healthier, happier lives today, and for generations to come.

Sincerely,

Alex Gorsky
Chairman of the Board of Directors and
Chief Executive Officer



Provided below are the material areas where we have achieved our greatest successes in 2015 and those where opportunities remain. A general description of each area is given along with a link to the section of the report where details are available.

Successes

Global Health

We launched a new, enterprise-wide Global Public Health strategy and organization to leverage the full breadth and depth of Johnson & Johnson to deliver comprehensive, long-term health solutions that deliver better health outcomes for families and communities.

Quality & Safety of Products

We continually explore new ways to foster our proactive quality culture and use our expertise to engage in leadership roles with external stakeholders to influence and shape regulations, ensuring the Company continues to deliver safe and effective products to improve the lives of our patients and customers.

Procurement and Our Suppliers

By collaborating with our partners to strengthen the social and environmental performance of our supply base, we are driving sustainability efforts beyond our four walls, while also strengthening the Company.

Climate

We have realized a 9.8 percent reduction in facility CO₂ emissions against our 2010 baseline; approximately seven percent of the Company's energy is currently generated by clean/renewable sources; and on-site renewable and clean technology energy capacity has increased to 54 megawatts. In 2015, we extended our commitments with two new energy and climate goals based on the latest climate science.

Product Stewardship

Improving the sustainability profiles of our products and/or packaging has been an integral part of the Company's goal-setting efforts for many years. Using our Earthwards® approach, we are reducing the social and environmental impacts of our products.

Governance

We created a new office of Worldwide Corporate Governance that will partner with the Environment, Health, Safety & Sustainability and Citizenship teams to measure progress against the completion of our Healthy Future 2015 goals and track progress on our new Citizenship & Sustainability 2020 Goals.

Opportunities

Access

While we have strong access programs in place, our efforts must continue to evolve to address challenges stemming from limitations of existing healthcare infrastructure and increasing demands by people who need greater access to quality health care.

Water

We operate in many areas of the world where water quality and quantity are an issue. While we are not a large water user, we are undertaking additional efforts to evaluate water availability in the areas in which we operate and to implement water risk mitigation efforts in those areas where water risks are the highest.

Human Rights

Managing the human rights considerations in our supply base is a critical and complex undertaking. Efforts are ongoing to expand human rights as a filter for supplier risk prioritization, update our [Responsibility Standards for Suppliers](#) to reflect all relevant provisions from the UN Guiding Principles on Human Rights, and apply our Standards to all suppliers.

Transparency

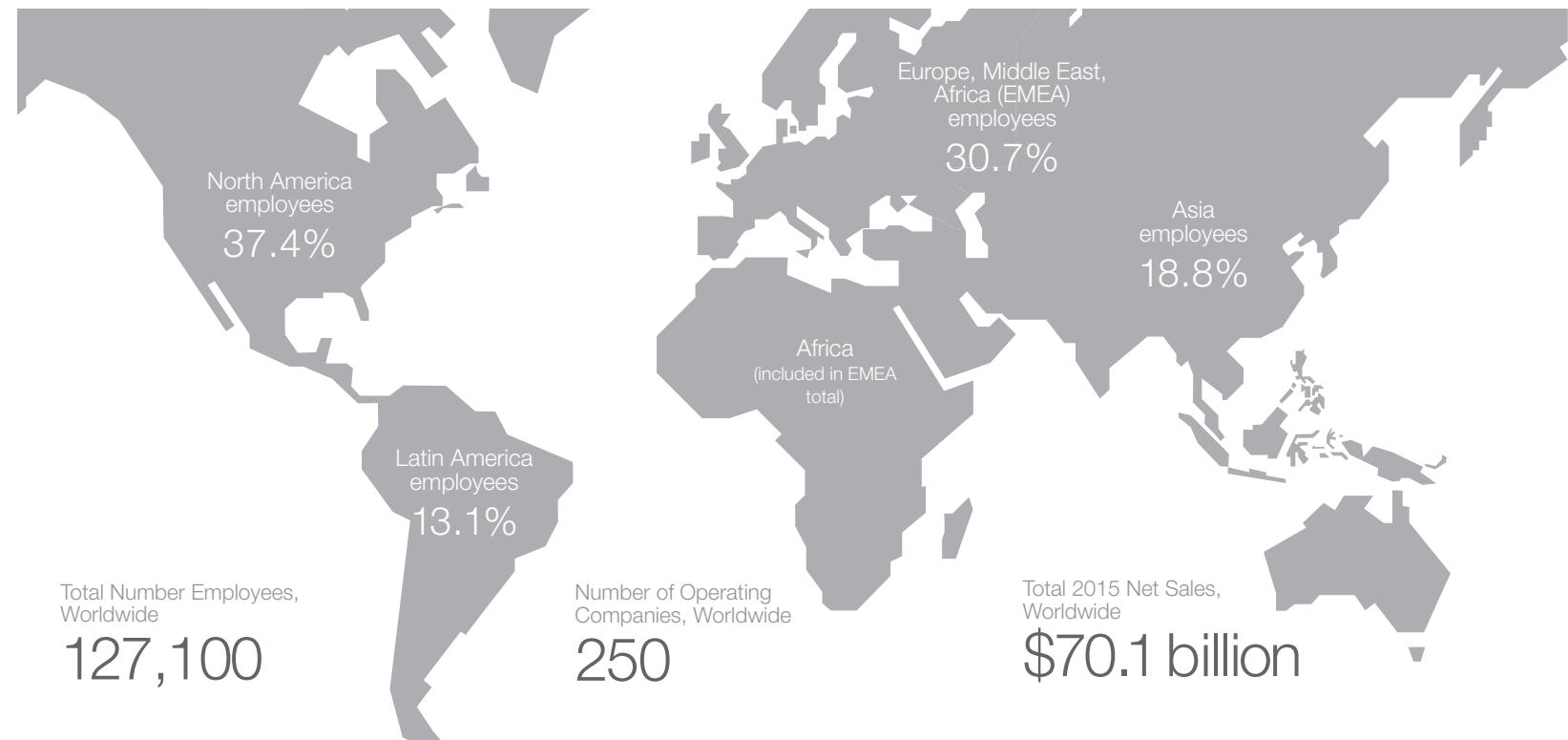
We continue to assess how we approach transparency for any identified material issues and work to raise the bar of our reporting in accordance with the Global Reporting Initiative (GRI) strategic framework that we and hundreds of other companies use for Citizenship & Sustainability reporting.

Stakeholder Engagement

Our senior leadership establishes broad parameters for stakeholder engagement; we do not have an overarching policy for stakeholder engagement or one group that leads it. As a decentralized company, our employees engage with many stakeholders on a variety of topics related to our businesses throughout the world.

Organizational Profile

G4-8



Johnson & Johnson is organized into three business segments:

Pharmaceutical



The Pharmaceutical segment is focused on five therapeutic areas: immunology (e.g., rheumatoid arthritis, inflammatory bowel disease and psoriasis), infectious diseases and vaccines (e.g., HIV, hepatitis, respiratory infections and tuberculosis), neuroscience (e.g., Alzheimer's disease, mood disorders and schizophrenia), oncology (e.g., prostate cancer, hematologic malignancies and lung cancer), and cardiovascular and metabolic diseases (e.g., thrombosis and diabetes).

2015 Sales: \$31.4 billion

Medical Devices



The Medical Devices segment includes a broad range of products used in the orthopaedic, surgery, cardiovascular, diabetes care and vision care fields.

2015 Sales: \$25.1 billion

Consumer

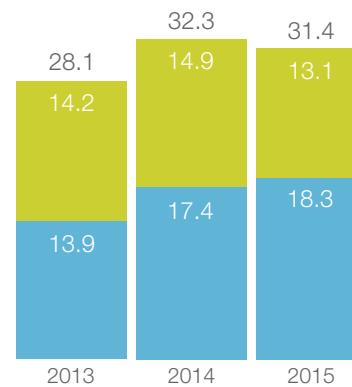


The Consumer segment includes a broad range of products used in the baby care, oral care, skin care, over-the-counter pharmaceutical, women's health and wound care markets.

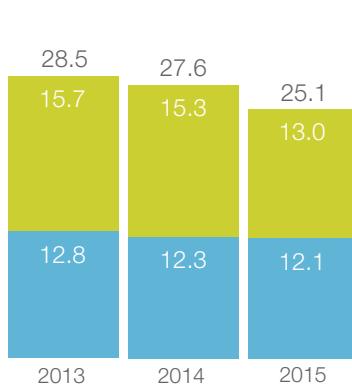
2015 Sales: \$13.5 billion

Sales by Geographic Region G4-9
(in billions of dollars)

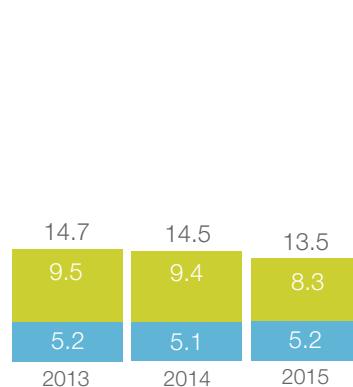
■ U.S. ■ International



Pharmaceutical

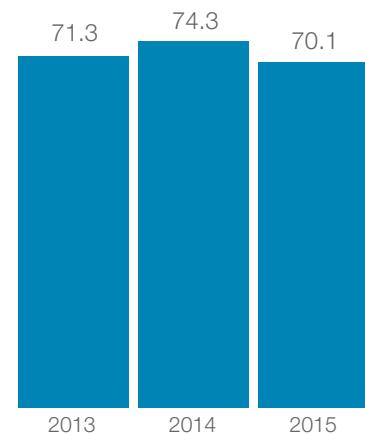


Medical Devices



Consumer

Worldwide Sales
(in billions of dollars)



Worldwide Total

Johnson & Johnson, through its Family of Companies (“the Company”), is the largest and most diversified healthcare company in the world.

G4-3, G4-4

Our 250 operating companies employ approximately 127,100 employees in 60 countries (as of year-end 2015), who are engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. We utilize more than 80,000 suppliers and hundreds of external manufacturers to support the development and manufacturing of our products worldwide. The Company’s product portfolio spans pharmaceuticals, medical devices and consumer—approximately 389,000 products and product variations in total that touch more than one billion people every day.

G4-6, G4-9, G4-12, G4-17

The Company is organized into three business segments: Pharmaceutical, Medical Devices and Consumer. The Management and Executive Committees of Johnson & Johnson are the principal management groups responsible for the strategic operations and allocation of the Company resources. These committees oversee and coordinate the activities of the Company’s three business segments.

Our worldwide headquarters are in New Brunswick, New Jersey, USA. We have been listed on the New York Stock Exchange since 1944 under the symbol JNJ.

G4-5, G4-7

For changes in our business during the reporting period, please see Note 20 (Business Combinations and Divestitures) on page 62 of our [2015 Annual Report](#) available on our [Investor Relations website](#). **G4-13**

For more details about [Our Management Approach](#) and Johnson & Johnson [Enterprise Risk Management Framework](#), please see our Company website. Johnson & Johnson can be found online at www.jnj.com and via social media.



Our Citizenship & Sustainability

While the terms *citizenship* and *sustainability* are widely used today, the concepts behind them are not new to Johnson & Johnson.

Our responsibilities to those who use our products and services, to our employees, to the communities in which we live and work, to the environment, and to our shareholders are voiced in Our Credo and have guided employees of Johnson & Johnson for nearly 75 years. Efforts that we now capture under the heading of Citizenship & Sustainability have existed internally for decades across the enterprise.

A decentralized management approach is one of our core strategic operating principles, and we recognize the need to coordinate our Citizenship & Sustainability efforts across the enterprise. Our office of Worldwide Corporate Governance partners with our Environment, Health, Safety & Sustainability, and Citizenship teams to coordinate and track performance of the Company's overall efforts. (For more, see the [Governance](#) section of this report.)

Our Citizenship & Sustainability strategic priorities focus efforts to improve our social, environmental, governance and economic impact and influence. These include: advancing global public health; reducing carbon emissions,

protecting the environment and conserving natural resources; and conducting our business responsibly so we can continue using capabilities, expertise, influence and partnerships to fulfill our role in making the world a better, healthier place for generations to come.

With the launch of the Citizenship & Sustainability 2020 Goals we are creating a new vision of health—a vision that seeks new ways to make everyone, everywhere healthier. Our Citizenship & Sustainability 2020 Goals will help advance healthier societies. With the ideas we generate, products we make, and good habits we create, we can do more than ever before.

Our priorities are identified as three pillars:

People

Helping people be healthier, by providing better access and care in more places around the world.

Places

Making the places we live, work and play healthier, by using fewer and smarter resources.

Practices

Teaming up with partners and employees to further advance our culture of health and well-being.

These pillars permeate everything we do and serve as critical components in our commitment to creating value through innovation, fostering global reach and local focus, driving excellence in execution, and leading with purpose. Ultimately, we view Citizenship & Sustainability as an intrinsic component of our aspiration to help billions of people around the world live longer, healthier and happier lives.



Johnson & Johnson

Citizenship & Sustainability 2020 GOALS

People

Goals:

- Develop and deliver innovative, life-changing solutions to address the world's major health challenges.
- Deliver innovative healthcare access and training programs that impact a billion lives in underserved areas.
- Collaborate with governments, nonprofits and the private sector to foster new models of health that improve economic well-being and healthcare in emerging markets, including Brazil, China and India.

Targets & Metrics:

- Expand the database documenting bedaquiline's (Sirturo®) effectiveness, efficacy and safety profile through collaborative efforts to further increase access.
- Initiate Phase 3 trials and regulatory submissions for rilpivirine LA, the first all-injectable depot regimen for HIV.
- Produce and donate one billion doses of mebendazole (Vermox®) to treat more than 100 million children at risk for intestinal worms, and reduce infections by 26 million over five years through integrated treatment and prevention.
- Deliver HIV/AIDS therapy access to 130,000 adults and 5,000 children, and tuberculosis

therapy to a cumulative 200,000 patients, saving 148,000 lives.

- Train 30,000 skilled birth attendants to assist six million births.
- Support the delivery of six million eye care screenings to underserved children, and provide corrective treatments as needed to 100,000.
- Activate signature partnerships for five of our largest Consumer brands to promote the health and well-being of people in need around the world.
- Drive policy thought leadership and strategic engagements to expand healthcare access and coverage in three emerging markets (Brazil, China, India) and lead three to five pilots to demonstrate improvements in economic, productivity and health outcomes.

Places

Goals:

- Fully integrate sustainable design solutions into our product innovation processes.
- Reduce our impacts on climate and water resources.

Targets & Metrics:

- New and existing products representing 20 percent of Johnson & Johnson revenue achieve Earthwards® recognition for sustainable

innovation improvements.

- Increase recyclability of our consumer product packaging to 90-plus percent in key¹ markets through design for recyclability and partnerships.
- Reduce absolute carbon emissions 20 percent by 2020, 80 percent by 2050. Produce/procure 20 percent of electricity from renewable sources by 2020; aspire to power all facilities with clean/renewable energy by 2050.
- Conduct a comprehensive water-risk assessment at 100 percent of manufacturing/R&D locations and implement water-risk mitigation plans (WRMPs) at the high-risk sites.

Practices

Goals:

- Collaborate with our suppliers to accelerate environmental and social improvements across the value chain.
- Empower and engage the Johnson & Johnson family of employees to become the healthiest workforce.

Targets & Metrics:

- Enroll suppliers covering 80 percent of our spend in our Sustainable Procurement Program.
- Consistently achieve benchmark spending with U.S. diverse suppliers and small suppliers globally, while doubling our global supplier diversity footprint.
- Empower and engage at least 100,000 employees toward a "personal best" in health and well-being via the principles of Energy for Performance®, innovative digital health tools, and advancing a culture of healthy eating and physical activity.

1. Key markets include those where mature recycling infrastructure exists (U.S., U.K., France, Germany, Canada).



Completion of Healthy Future 2015 Goals

Our performance against our Healthy Future 2015 goals has helped us advance global health; steward a healthy environment; increase sustainability among our suppliers; develop engaged, health-conscious and safe employees; advance community wellness; enhance outcomes measurement in philanthropy; and increase our transparency and collaborations. Progress is reported here and in more detail within our report.

Advancing Global Health

Goal: One research partnership and three licensing agreements finalized to address diseases of the developing world.

Actual: Our efforts to reach this goal began with commitments made in 2011 as part of the London Declaration to end Neglected Tropical Diseases (NTDs) by 2020, and include working with partners, such as Drugs for Neglected Diseases initiative (DNDi), to develop a chewable formulation of VERMOX® (mebendazole), our treatment for intestinal worms in children. In 2013, the Company executed a data-sharing agreement with DNDi for preclinical research on flubendazole as a potential new treatment against parasites that cause lymphatic filariasis (elephantiasis) and onchocerciasis (river blindness); a licensing agreement with PATH on TMC278LA pre-exposure prophylaxis; and in-licensing agreements with Wellcome Trust and Ku Leuven in the field of dengue. We bolstered our portfolio of treatments against NTDs in 2015 when we added the early development program for dengue to our Global Public Health portfolio, aiming to develop in partnership with key research institutions innovations that protect against dengue for people traveling to and living in endemic areas.

In 2014, Janssen Global Public Health expanded its collaboration with the International Partnership for Microbicides (IPM) to include

worldwide development and commercialization of dapivirine for HIV prevention in women. In 2015, Janssen Sciences Ireland UC (Janssen), one of the pharmaceutical companies of Johnson & Johnson, expanded its relationship with IPM through a new agreement to help protect women against sexual transmission of HIV. This new agreement grants IPM an exclusive, royalty-free license to develop darunavir, an antiretroviral (ARV) medicine used for HIV-1 treatment, as a vaginal or rectal microbicide for HIV prevention in selected developing countries at an affordable cost.² A

Goal: Ninety least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing.

Actual: In more than 100 countries, our HIV medicines are made available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration. The 90 least-developed or middle-income countries identified in our Healthy Future 2015 goal are part of an HIV Access Territory from which we measure our progress. A

2. <http://www.ipmglobal.org/publications/ipm-receives-worldwide-rights-hiv-prevention-medicine>

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.



Goal: Achieve World Health Organization (WHO) prequalification for all our products that address diseases of the developing world.

Actual: Since 2010, five formulations of our HIV antiretroviral medicines have achieved WHO prequalification: 75, 150 and 600 mg formulations of PREZISTA® (darunavir) and 100 and 25 mg formulations of INTELENCE® (etravirine). The WHO included SIRTURO® (bedaquiline), our TB medicine, in its interim policy guidance on treatment of multidrug-resistant tuberculosis (MDR-TB) issued in June 2013.

In 2014, the WHO granted prequalification for QUINVAXEM® in cPAD, a fully liquid pentavalent vaccine (DTwP-HepB-Hib) in an innovative, compact, prefilled, auto-disable (cPAD) injection system. After embarking on an adaptive new development project to make QUINVAXEM® available in a cPAD injection system (Becton Dickinson's Uniject), Janssen Vaccines made the decision to stop the development of this injection system. (See the [Access](#) section of this report for more information.)

Goal: Provide 200 million doses of VERMOX® (mebendazole), our treatment for intestinal worms, to infected children in more than 30 countries.

Actual: In 2015, we provided more than 129 million doses of VERMOX®, our treatment for intestinal worms, for distribution to affected children in 14 countries. Compared with 2014, our donation decreased from 181 million doses, primarily due to challenges stemming from limited country capacity to fully utilize the amount of committed medicines. Our donations had consistently increased from 36 million doses in 2010, to 80 million in 2011, 116 million in 2012, and 161 million in 2013, to 181 million in 2014. [A](#)

Goal: Register a new triple-combination therapy for HIV and finalize a generics licensing agreement.

Actual: In 2011, a new triple-combination therapy

was registered in the U.S. and EMEA, and five generics licensing agreements were signed for our HIV medicine, rilpivirine. This registration marked achievement of the goal. [A](#)

Stewarding a Healthy Environment

Goal: 20 percent absolute reduction in facility carbon dioxide emissions (by 2020).

Actual: Realized a 9.8 percent absolute reduction vs. 2010 baseline. [A](#)

Goal: 10 percent absolute reduction in water consumption at manufacturing and R&D locations.

Actual: 7.2 percent absolute reduction.

Goal: 10 percent absolute reduction in total waste disposed at manufacturing and R&D locations.

Actual: 2.9 percent absolute reduction. [A](#)

Goal: Increase on-site renewable and clean-technology energy capacity to 50 megawatts.

Actual: 54 megawatts installed or in progress.³

Goal: 20 percent improvement in vehicle fleet emissions efficiency.

Actual: 20 percent improvement. [A](#)

Goal: Products and packaging evaluated for sustainability improvements, with 60 achieving Earthwards® recognition.

Actual: 80 products have received Earthwards® recognition. [A](#)

3. Performance is lower than clean energy capacity reported in 2014 report (55.7 MW) based on recalculations due to divestitures.

Engaged, Health-Conscious Employees

Goal: 90th percentile employee engagement when compared to external benchmarks.

Actual: In 2014, engagement levels for Johnson & Johnson in total and for each of the business segments exceeded the Mayflower Global Norm. However, in 2015 a Credo survey redesign program was initiated, and engagement was not evaluated.

Goal: 90 percent of employees have access to Culture of Health programs.

Actual: 93 percent have access to Culture of Health programs. [A](#)

Goal: 80 percent of employees have completed a health risk assessment and know their key health indicators.

Actual: 92 percent have completed a health risk assessment and know their key health indicators. [A](#)

Goal: 80 percent of measured employee population health risks are characterized as low risk.

Actual: 73 percent of employees characterized as low risk based on employee health results. [A](#)

Goal: 15 percent improvement in employee safety vs. 2010 (Lost Workday Case rate target of 0.09).

Actual: Achieved 0.08 lost workday case rate, a 27 percent improvement over 2010. [A](#)

Goal: 15 percent improvement in contractor safety vs. 2010 (Lost Workday Case Rate target of 0.12).

Actual: Realized a lost workday case rate for contractors of 0.18, a 28.5 percent increase. [A](#)

Goal: 15 percent improvement in fleet safety vs. 2010 (Auto crashes per million miles [CPMM] target of 4.7).

Actual: Realized a CPMM rate of 6.01, a nine percent increase over 2010. [A](#)

[A](#) Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.



Supplier Sustainability

Goal: All strategic suppliers have two or more publicly reported sustainability goals.

Actual: Approximately 98 percent of strategic suppliers have two or more publicly reported sustainability goals. ⁶ A

Goal: \$1 billion in spend with diverse suppliers by 2011; five percent increase per year thereafter with a 2015 target of \$1.36 billion.

Actual: Achieved \$1.39 billion in spend. A

Goal: All goods suppliers in high-risk countries and any service providers with greater than \$250,000 in spend with operations in a high-risk country confirm awareness of and conformance with the human rights provisions of our policies.

Actual: Using a regional approach, identified approximately 1,200 goods suppliers in high-risk countries and services suppliers with greater than \$250,000 in annual spend with operations in a high-risk country. Of these, greater than 80 percent have been determined to have confirmed awareness of and conformance with the human rights provisions of our policies.⁴ A

Goal: All critical employees receive human rights training.

Actual: Greater than 1,300 procurement professionals (characterized as critical employees), or 99.85 percent, have received training.⁵ A

Goal: All palm oil and palm oil derivatives are sourced from certified sustainable sources.

Actual: Working on including Roundtable for Sustainable Palm Oil-certified derivatives in our supply chains where possible. Additionally, we are understanding our supply chains through transparency improvements with our suppliers and purchasing Independent Smallholder Greenpalm

certificates. We continue to support on-the-ground projects to improve yields and farming standards at small holders.

Advancing Community Wellness

Goal: Advancing community wellness through health education—number of programs by geography and disease/health education area where the needs are greatest.

Actual: 26 new health education programs launched across 20 countries.

Goal: Report the number of people reached by these initiatives.

Actual: Approximately 568,000 lives reached.

Philanthropy Measurement⁶

Goal: Increase number of major philanthropic programs measuring health-related outcomes.

Actual: 170 programs reported measuring long-term outputs and/or outcomes; 10 programs were identified for projects to build measurement capacity.⁷ A

Goal: Increase percentage of major philanthropic programs measuring and reporting health-related outcomes.

Actual: 85 percent (170 of 201 programs in this category) reported measuring long-term outputs and/or outcomes.⁷ A

Goal: Increase percentage of mid-tier/intermediate programs measuring and reporting health-related outcomes.

Actual: 70 percent (132 of 189 programs in this category) reported measuring long-term outputs and/or outcomes. A

Transparency and Collaborations

Goal: All major brand websites share product sustainability information.

Actual: 100 percent of major brands share product sustainability information on their websites. A

Goal: Major stakeholder engagements and new collaborations reported publicly.

Actual: As a global healthcare company, we engage in hundreds of collaborations in any given year.

Goal: Johnson & Johnson website shares Company policy perspectives on major issues.

Actual: The Company shares policy perspectives on major issues routinely on the website.

Goal: Economic and sustainability reporting enhanced online and provided for key markets.

Actual: Reporting on global environment, social, governance and economic activities strengthened online and across regions.

4. Performance against this goal was originally tracked by supplier category. In 2015, we modified to a more comprehensive regional approach. For more details, please see the Procurement and Supplier Management section of this report.

5. In 2014, we erroneously reported progress against this goal at 100 percent, but discovered after publication of the report that actual progress was just under 50 percent due to adjustments of classifications of employees.

6. For these metrics, major philanthropic programs include grants greater than \$50,000, and mid-tier/intermediate programs include grants of \$50,000 or less. The indicator is based on response to the question on the grant application asking whether grantees will be measuring long-term outputs and/or outcomes. J&J does not fund the same partners every year, making annual comparisons difficult; grants not submitted through GIFTS Online (including some in regional portfolios) are excluded.

7. Progress as stated is correct and cannot be measured against the original goal on the basis of year-over-year increase, as the overall pool of programs varies over time.

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.

Our Materiality Assessment

G4-18-21, G4-23

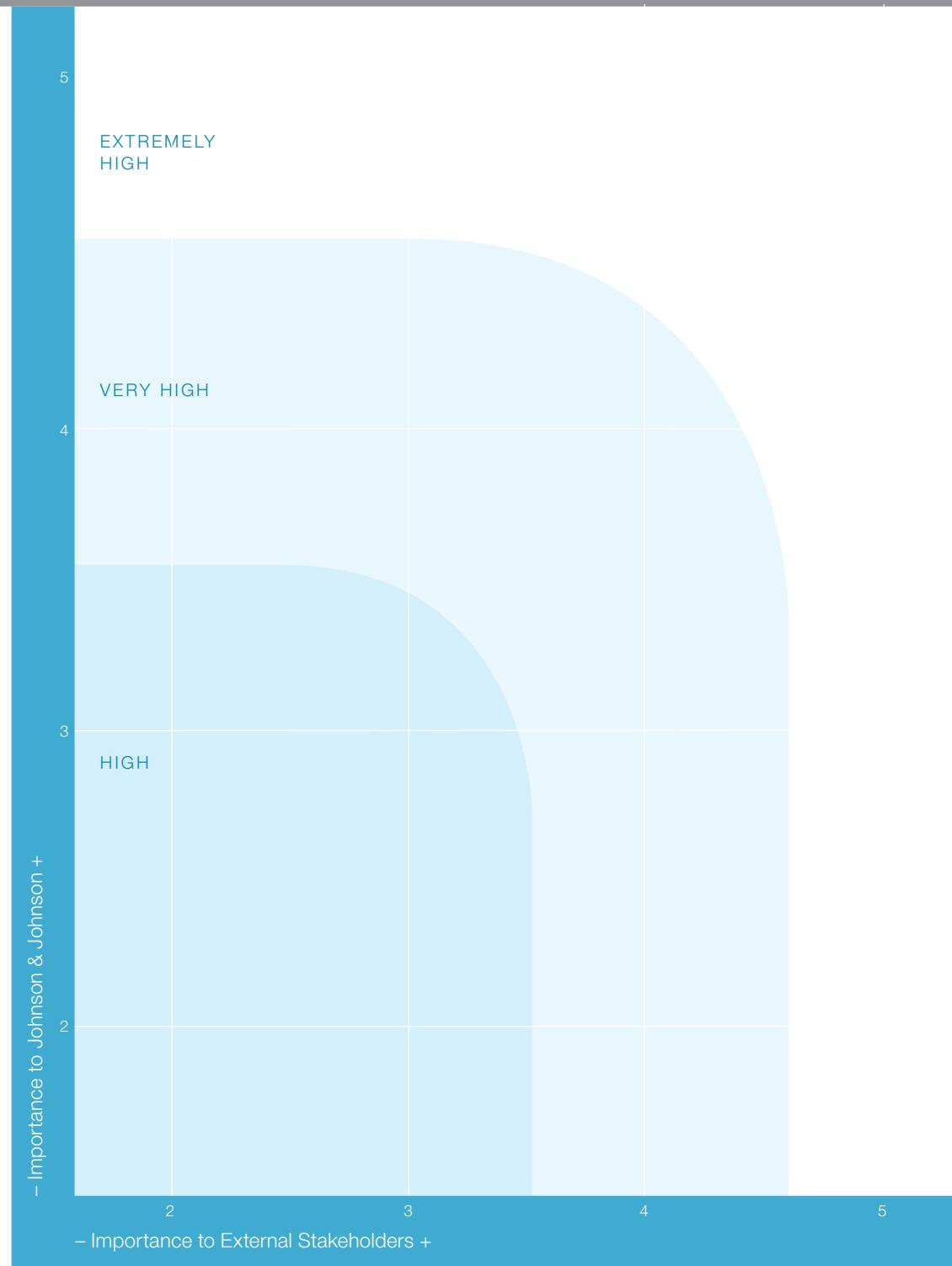
In 2013, Johnson & Johnson conducted a Citizenship & Sustainability materiality⁸ assessment to identify those topics of greatest interest to both Johnson & Johnson and our stakeholders; specifically, those reflecting our significant economic, environmental and social impacts, and those that could substantively influence the assessments and decisions of stakeholders. The process involved several steps:

Initial list of issues: Developed from the aspects identified by the Global Reporting Initiative (GRI), issues identified by the Sustainability Accounting Standards Board, a review of competitor reports and websites, topics identified through our customer call centers, shareholder resolutions and questionnaires from socially responsible investors.

Expanded list of issues: Interviews were conducted with Johnson & Johnson staff from all regions, business units, levels and functions of the enterprise, asking them to consider the Company's activities, impacts and stakeholder expectations, and to identify those issues of the greatest interest to Johnson & Johnson and our stakeholders. A master list of over 220 topics was generated.

Impact assessment: Each topic was evaluated for boundaries (where its impact occurred). Impacts were determined both inside and outside the organization, and by business unit, region and stakeholder group.

⁸. The use of "materiality" in this context is not related to matters or facts that could be deemed "material" to a reasonable investor as referred to under U.S. securities laws or similar requirements of other jurisdictions.





Consolidation of topics: The number of topics to be assessed was consolidated, taking into account the number of times an issue was identified, along with other considerations. A final list of 41 topics was developed.

Ranking of topics: A group of diverse Johnson & Johnson staff, including many senior decision makers, ranked the issues using a series of 10 questions designed to explore both internal and external priorities. This allowed the consideration of many views to be taken into account, including the interests of stakeholders with whom we are not in constant or obvious dialogue.

In 2014, the assessment was expanded to include input from a larger group of external stakeholders. Over 200 geographically diverse customers, healthcare providers, universities, suppliers, NGOs and investors were invited to provide input to the process. Responses received were aggregated with the external stakeholder responses received in 2013, and a revised ranking of the 41 material issues was generated. The expanded results are shown in the diagram at right. Boundaries for each material issue are shown by the use of icons throughout the report.

In 2015, we grouped related issues under a common heading, and moved others strictly to our website. A consolidated list of topics is summarized at right, along with notations where information resides solely on our website. There have been no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this report.

Extremely High	<ul style="list-style-type: none">• Product Quality and Safety• Access to and Affordability of Health Care• Global Health• Governance & Ethical Performance <i>Combines Ethical Performance and Corporate Governance</i>• Compliance• Financial Health/Economic Performance	<ul style="list-style-type: none">• Innovation <i>Includes Product Pipeline and R&D and Clinical Trials</i>• Procurement and Supplier Management <i>Formerly called Supply Chain Management</i>• Human Rights• Product Stewardship <i>Includes Ingredients & Raw Materials/Sourcing of Raw Materials</i>• Transparency
Very High	<ul style="list-style-type: none">• Employees <i>Combines Workplace Health and Safety, Staying Healthy/Wellness, Employee Recruitment/Development/Retention, and Diversity</i>• Intellectual Property <i>on website</i>• Water• Environmental Responsibility• Market Access and Presence <i>on website</i>	<ul style="list-style-type: none">• Stakeholder Engagement <i>Combined with Community Engagement and Partnership</i>• Greenhouse Gas/Climate <i>Combined with Energy Use</i>• Labor Practices• Philanthropy
High	<ul style="list-style-type: none">• Public-Private Partnerships <i>on website</i>• Strategic Leadership/Sharing of Expertise <i>on website</i>• Biodiversity <i>on website</i>• Waste• Air Emissions <i>on website</i>• Job Creation <i>on website</i>	<ul style="list-style-type: none">• Data Protection and Privacy <i>on website</i>• Compensation & Remuneration <i>on website</i>• Product and Financial Donations <i>on website</i>• Political Contributions/Lobbying <i>on website</i>• Volunteerism <i>on website</i>



People



We'll help people be healthier,
by providing better access and care in
more places around the world.

People

Global Health



At Johnson & Johnson, we believe that health care is society's greatest challenge and that we are uniquely poised to tackle it. For 130 years, Johnson & Johnson has been committed to improving the health of individuals, families and communities around the world.

In 2014, the Janssen Pharmaceutical Companies of Johnson & Johnson launched Janssen Global Public Health (Janssen GPH), incorporating innovative R&D, policies and access models to meet the world's greatest public health challenges. However, these complex challenges require more than just pharmaceutical interventions. To address this, we launched a new, enterprise-wide global public health strategy and organization to build on the success of the Janssen organization and others. Rather than focusing on individual interventions in isolation, this new organization leverages the full breadth and depth of Johnson & Johnson to deliver comprehensive health solutions for better health outcomes for families and communities. While designing these innovative health solutions is core to what we do

at Johnson & Johnson, this new organization will mobilize coalitions of global and local partners to achieve maximum impact. To work with these partners more effectively, we established an on-the-ground operations presence in South Africa. This site was chosen to officially launch our new [Johnson & Johnson Global Public Health \(GPH\) strategy](#).

The enterprise-wide ambition for our GPH strategy is reflected by the diversity of our GPH senior leadership, which includes representatives from our Consumer, Pharmaceutical and Medical Devices business segments; Corporate Affairs divisions (Communications, Corporate Equity and Corporate Citizenship); Government Affairs and Policy; and Finance and Human Resources groups.

Our GPH strategy aims to deliver integrated evidence-based solutions to address complex global health problems in three key focus areas: maternal, newborn and child health; HIV/AIDS; and tuberculosis. We are also scoping other focus areas, including neglected tropical diseases, surgery/trauma, mental health, vision care and game-changing vaccine technologies.

Maternal, Newborn and Child Health

Building on the legacy of our Corporate Citizenship group, our goal is to help end preventable maternal and child deaths and ensure every child thrives. We believe that the lives of millions of moms and babies can be saved through simple, affordable interventions.

Our innovative partnerships, spanning decades, have trained a new generation of health workers to provide critical prenatal and obstetric health care in resource-limited settings. We also donate life-saving medicines and support the development of technologies that improve access to critical healthcare information to protect women and their children.

Johnson & Johnson was among the first private-sector companies to answer the United Nations (UN) Secretary General's call to redouble the effort toward achieving the Millennium Development Goals (MDGs), specifically those which impact maternal and child health. In 2010, Johnson & Johnson pledged to support MDGs 4, 5 and 6 with a comprehensive five-year commitment to reach as many as 120 million women and children a year by 2015. We met and exceeded this goal in 2015 with efforts focused on five key areas. In each of these areas we have developed strong, innovative partnerships that have the potential to foster the greatest improvements in maternal and child health:

- Making childbirth safer;
- Treating and preventing intestinal worms in children;
- Using technology to reach new and expectant mothers with vital health information;
- Eliminating mother-to-child transmission of HIV;

- Piloting and scaling therapeutic innovations through research and development to treat HIV, TB and neglected tropical diseases.

Many of these efforts continue as we consider the UN Sustainable Development Goals and have been built into our Global Public Health organization and strategy. Find out more about our commitment to maternal and child health in our [2015 Digital Year in Review](#).

HIV/AIDS

Our goal is to help ensure every child is born HIV-free, adolescent girls and young women have the tools they need to stay HIV-free, and people living with HIV have access to the medicines they need to lead healthy, productive lives.

Despite significant progress, HIV/AIDS continues to take lives and devastate communities, especially the most vulnerable. To help create an HIV/AIDS-free generation, we are investing in research and development for new treatments and fostering partnerships to increase access to medicines and quality care, while providing educational tools to empower communities severely impacted by HIV.

As part of the Company's overall commitment to HIV, in December 2015 we marked World AIDS Day with four major new global commitments:

Stemming the tide of HIV in adolescent girls

Janssen Pharmaceutica N.V., one of the Janssen Pharmaceutical Companies of Johnson & Johnson, is supporting the President's Emergency Plan for AIDS Relief (PEPFAR) DREAMS partnership. This ambitious collaboration seeks to reduce new infections in adolescent girls and young women by 40 percent in 10 sub-Saharan Africa countries by 2017. Seventy-four percent of new infections among adolescents in sub-Saharan Africa are girls. In joining this partnership, we committed up to \$15 million over two years in combined funding



PRETERM-BIRTH PREVENTION Born On Time is a global public-private partnership that brings together resources and expertise from Johnson & Johnson, Government Affairs of Canada, World Vision, Plan International Canada, and Save the Children in Bangladesh, Ethiopia and Mali—three countries where the burden of newborn deaths is high and governments have been committed to improving survival rates.

and in-kind contributions. We will provide expertise, financial resources and in-country consumer insights to support a suite of programs, and we launched the DREAMS Innovation Challenge to identify and develop new approaches. Janssen joins other major partners, the Bill & Melinda Gates Foundation, Girl Effect, Gilead Sciences and ViiV Healthcare in its support.

Empowering women and girls in HIV prevention

Building on a decade-long partnership, Janssen Sciences Ireland UC granted the not-for-profit International Partnership for Microbicides (IPM) an exclusive, royalty-free license to develop and commercialize in a number of developing countries its HIV medicine darunavir as a potential vaginal and rectal microbicide for HIV prevention in women. The collaboration complements our existing license to IPM for dapivirine, an investigational HIV medicine, for use as a potential vaginal microbicide, as part of our efforts around the development and delivery of innovative tools

for women and girls in developing countries to protect themselves against sexual transmission of HIV. This represents the first time a pharmaceutical company has licensed a protease inhibitor to be developed as a microbicide.

Increasing access to innovative fixed-dose second-line therapy for the treatment and prevention of HIV/AIDS

Janssen Sciences Ireland UC is collaborating with the Clinton Health Access Initiative to facilitate the development and delivery of a fixed-dose combination of darunavir and ritonavir (DRV/r) for the treatment of HIV in resource-limited settings. Unlike in developed markets, there is no approved fixed-dose combination of darunavir and a booster (ritonavir or cobicistat) in resource-limited settings, which is a key barrier to uptake and use of darunavir in these countries. This collaboration represents a shared commitment to improving access to important medical solutions and will help support generics manufacturers' efforts to broaden access to these formulations. The collaboration supports the inclusion of DRV/r as an element of second-line treatment in the World Health Organization's update to its global HIV/AIDS treatment guidelines, which will allow for enhanced access to the treatment for more of the patients, families and communities in need.

Enhancing detection, treatment and prevention of HIV and TB for patients

Connect for Life™: In collaboration with the Infectious Diseases Institute, the Ugandan Ministry of Health and Johnson & Johnson Corporate Citizenship Trust, Janssen has launched the Ugandan Academy for Health Innovation and Impact as a flagship of the new Connect for Life™ program. Connect for Life™ aims to help patients manage their diseases, while also building capacity in local healthcare professionals to enhance detection, treatment and prevention of HIV and tuberculosis (TB), and improve maternal and child health outcomes. By deploying mobile



PLEDGES HELP HIV+ CHILDREN The new Johnson & Johnson crowd-funding platform dedicated to global public health, CARINGCROWDSM, inspired donors to make a difference in the health of 25 HIV+ children and their families in Zambia. In September and October 2015, 36 donors pledged more than \$6,500 to nonprofit organization Tiny Tim and Friends, who were then able to provide the families with nutritional support and education.

and digital technologies, demonstration projects and academies of independent local experts, the program seeks to generate regional evidence, provide tailored education and training, and bring to scale impactful solutions against some of the greatest public health challenges.

CARINGCROWD[®]: In addition, J&J is galvanizing public support for HIV-related causes by donating funds through its Donate A Photo initiative and Charity Miles. In September 2015, we launched CARINGCROWD[®] — a new crowd-funding platform powered by Johnson & Johnson fully dedicated to improving public health. CARINGCROWD[®] aims to connect individuals with nonprofit organizations working on projects targeting critical public health challenges, including HIV. As of December 2015, four projects were successfully funded and more than \$75,000 has been pledged to projects on CARINGCROWD[®].

These new initiatives build on the Company's long-standing commitment to address HIV through a broad portfolio of transformational medicines and combination therapies; history of novel programs and partnerships to increase access to HIV medicines and care; collaborative research on innovative tools and treatments; strategic philanthropy partnerships that have resulted in significant gains in the elimination of mother-to-child transmission of HIV; and issue advocacy at high-level forums and with leading stakeholders in the fight against HIV. Recent studies of novel therapies researched and developed by the Janssen Pharmaceutical Companies showed that long-acting, injectable formulations of HIV are keeping the virus under control and offered promise for a new prime-boost vaccine program currently in clinical trials.

Find out more about our efforts to combat HIV/AIDS in our [2015 Digital Year in Review](#).



Tuberculosis

Our goal in TB is to eliminate deaths from extensively drug-resistant (XDR) and multidrug-resistant (MDR) TB and to simplify treatment and care.

SIRTURO® (bedaquiline) was launched in 2013 to treat MDR-TB and is the first new TB therapy with a novel mechanism of action in more than 40 years.

One of the key barriers to successfully treating MDR-TB is accurate and accessible diagnostics. In 2015, Janssen Pharmaceutica N.V. announced it entered into a novel collaboration with the nonprofit organization FIND to step up the fight against the public health threat of TB and MDR-TB. The partnership draws on FIND's innovative work in increasing access to affordable diagnostic solutions; the capabilities of Janssen Diagnostics—a global division specializing in diagnostics; as well as Janssen's experience in pharmaceuticals development and innovative access models. The collaboration focuses on providing increased access to molecular diagnostics tools for TB case detection and MDR-TB diagnosis, and on ensuring accelerated access to effective treatments. Read more about our [Access](#) efforts in the next section of this report.

Other Global Public Health Efforts

In addition to our focus areas, we are working to deliver new treatments to fight neglected tropical diseases, as well as game-changing vaccine technologies that could help eradicate polio, Ebola and HIV.

Neglected Tropical Diseases

In 2015, we added the early development program for dengue to our Global Public Health portfolio, aiming to develop in partnership with key research institutions innovations that protect against dengue both for people traveling to and living in endemic areas. The early development program for dengue bolsters our portfolio of treatments against NTDs.

Our medicine against intestinal worms in children, VERMOX®, is being used to combat parasites that cause physical and cognitive impairment. In addition to a donation program as part of our Healthy Future 2015 goals, we are working to develop a chewable tablet formulation of this medicine to allow usage in younger children and for those without access to safe drinking water. Find out more about our VERMOX® donation program in the Access section of this report.

While treating children with VERMOX® is important, we strive ultimately to break the cycle of re-infection that continues to challenge communities worldwide. Therefore, in 2015 we established a collaboration with the Government of Canada and Micronutrient Initiative to build a holistic approach to intestinal worm care in Bangladesh, combining school-based, mass-drug administration with health, hygiene, sanitation and nutrition education and interventions to prevent infection.

Ebola

As the world's most broadly based health care company, we play an important role in protecting the lives of people around the globe through the development of new therapies and vaccines against emerging threats.

Throughout 2015, in response to the world's deadliest Ebola outbreak in West Africa, the Janssen Pharmaceutical Companies of Johnson & Johnson partnered with leading global research institutions and NGOs to accelerate development and deployment of a prime-boost vaccine regimen, including conducting multiple Phase I and II studies in rapid succession across the U.S., Europe and Africa; scaling production and capacity; and securing support from global, national and local authorities around vaccine development and uptake. By April, 2016, Janssen in partnership with Bavarian Nordic rapidly scaled up production of the vaccine regimen and now has approximately 2 million regimens available, with the capacity to produce several million regimens if needed.

While the devastating outbreak has since been contained, our team and partners continue to do what we can, as fast as we can, to prevent this threat to global public health from ever happening again.

Health Security

Following the Ebola outbreak, governments, multilateral institutions, civil society groups and private sector companies have voiced commitments to building a more robust global health infrastructure. Senior leaders at Johnson & Johnson have championed this cause, drawing attention to the need for cross-sector collaboration to build resilience in the face of emerging health threats. We have played a key role in defining the private sector's role in developing a coordinating mechanism to address public



health emergencies that threaten global health security, leading the development of the Global Health Security Agenda (GHSA) Private Sector Roundtable (PSRT), in partnership with the GE Foundation. Aiming to promote collaboration among industry to help prevent, detect and respond to emerging health threats, the Roundtable is working to elevate global health security as an international priority, advancing dialogue with government agencies in the U.S. and other countries.

Zika

The Zika virus pandemic is still evolving, as experts continue to learn about its impact. In 2015, Johnson & Johnson began evaluating whether any of our available technologies could be directed to address the infection. It is premature to say how long this might take, or even speculate on the outcome, but we are fully committed to doing what's best to help nurture happy, healthy babies worldwide. We are also leveraging our consumer business, which currently distributes a safe and effective mosquito repellent in Brazil. In addition to expanding the distribution of this product in the country, we are assessing the need to expand distribution to other regions afflicted by the outbreak.

Antimicrobial Resistance

Now more than ever, public health must be protected by safeguarding our current antibiotics and developing new antibiotics or vaccines. Industry and governments can work together to support sustained innovation to address the growing problem of antimicrobial resistance by which bacteria and microbes become resistant to regularly used drugs, making common yet life-threatening infections difficult or even impossible to treat. Johnson & Johnson has joined more than 80 companies and organizations in signing the [Declaration on Combating Antimicrobial Resistance \(AMR\)](#), an industry-wide call to action announced at the World Economic Forum in Davos, Switzerland. By participating in this first

industry-wide call for new collective action, AMR reinforces the Company's long-standing commitment to innovation in antimicrobial R&D.

Humanitarian Crises

We also support global responses to humanitarian crises and emerging threats, and explore new ways to apply our expertise in new areas such as general surgery and trauma, mental health and vision care. In November 2015, we expanded our long-term partnership with Save the Children by providing an additional \$1.75 million over the next two years to directly address the ongoing refugee crisis in Syria. The first element of this program focuses on meeting the short-term needs of the millions of families affected by this crisis, from food to hygiene products. Funding will also be directed toward resilience programs specifically designed to address the trauma these communities face.

Details about our efforts to advance global health are included in our [2015 Year in Review](#) and in a new section devoted to [Global Public Health](#) on JNJ.com.

We made good progress on our

Healthy Future 2015

goal to advance global health

Finalized research partnership

and licensing agreements to address diseases of the developing world.

Exceeded

In more than 100 countries, our HIV medicines are made available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration.

Exceeded

Achieved WHO prequalification for several of our products that address diseases of the developing world.

Met

Provided 129 million doses of VERMOX® (mebendazole), our treatment for intestinal worms, to infected children in 14 countries. (Target: 200 million doses.)

Partial

Registered a new triple-combination therapy for HIV and finalized five generics licensing agreements (for our HIV medicine, rilpivirine).

Exceeded

Access & Affordability of Health Care



As a global health care company, Johnson & Johnson has an important responsibility to do all it can to address unmet medical needs. This responsibility includes the need to make our medicines, vaccines and diagnostics accessible to patients living in resource-limited settings.

Our innovation, commitment and ongoing work are helping to create a world where people across all economic and social circumstances have access to the treatments and care they need to lead healthy lives. Our access programs include strategic partnerships and collaborations and licensing agreements to help register, manufacture and distribute our medicines, as well as donation programs and other strategies to reach vulnerable populations. We promote capacity building through our programs to ensure that donated product can reach people in need and also look for ways to shape the future of clinical trials to better serve patient populations, especially children.

Global HIV Access Effort

We are committed to ensuring broad access to our HIV therapies for those who need them and continually work to advance registration and special-effort pricing where there is a need and the possibility for safe, appropriate use. A comprehensive, multi-country registration effort ensures availability of our branded HIV medicines where there is a public health need, such as in sub-Saharan Africa, where we target 20+ countries. These countries make up part of the 90 least-developed or middle-income countries identified in our Healthy Future 2015 goal, which, in turn, are part of an HIV Access Territory of more than 100 countries where our HIV medicines are made available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration.

Intellectual Property Policy Expansion

As part of efforts to help meet the needs of children and adolescents living with HIV, Janssen is working to create one of the broadest geographic territories for an access effort for pediatric HIV medicines to date. In 2015, Janssen furthered its commitment to improve the health of children living with HIV through an expanded policy aimed at enhancing access to our HIV medicine darunavir, building upon a 2012 policy not to enforce the patents on darunavir in select low- and middle-income countries. This expanded policy enables the development of and access to new pediatric products of darunavir in 128 low- and middle-income countries, home to 99.8 percent of children and adolescents living with HIV worldwide today, provided the generic versions of darunavir are high quality, medically acceptable, and only used in the indicated countries.

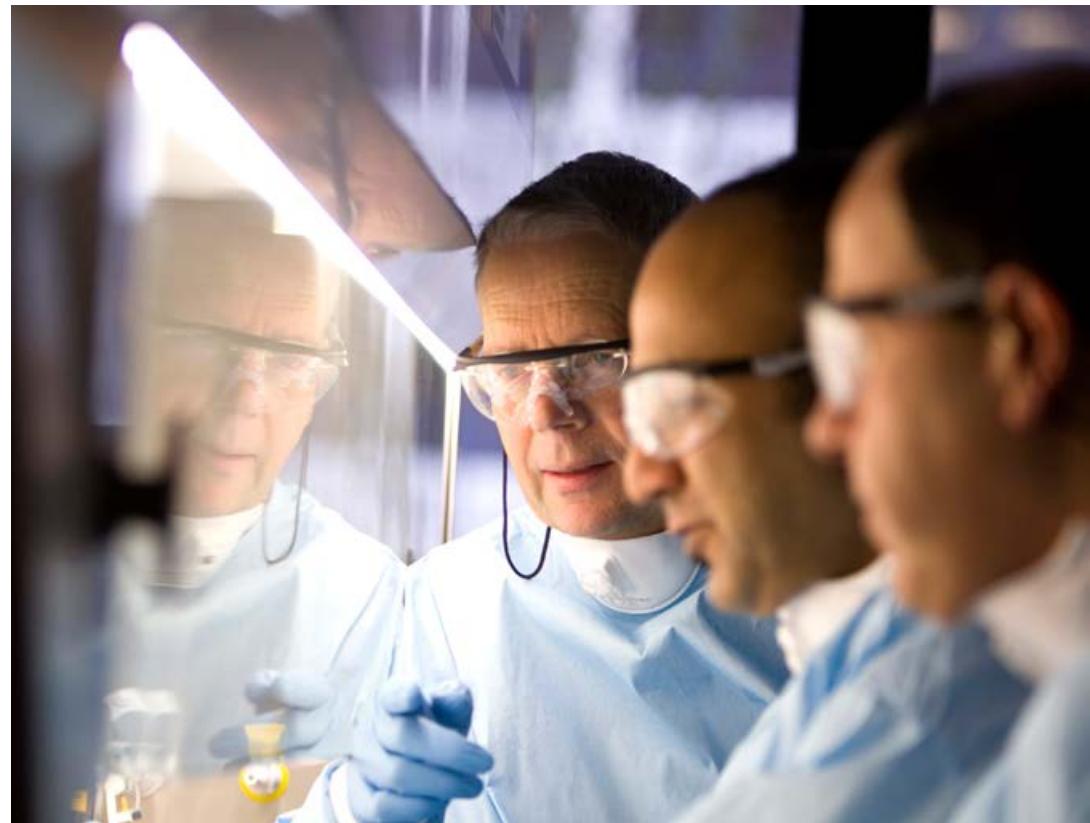
These renewed efforts are an outcome of engagement between Janssen and the Medicines Patent Pool (MPP), directly supporting the recently launched Pediatric HIV Treatment Initiative (PHTI). PHTI is a partnership between the MPP, UNITAID, the Drugs for Neglected Diseases initiative (DNDi) and the Clinton Health Access Initiative (CHAI) dedicated to speeding the development of high-priority pediatric co-formulations of HIV medicines and addressing other potential barriers to treatment access for children living with HIV. Janssen will collaborate with PHTI partners to develop critical new formulations of pediatric HIV

medicines to help safeguard the lives of children and adolescents living with HIV.

New Horizons Advancing Pediatric HIV Care Collaborative

The New Horizons Advancing Pediatric HIV Care Collaborative has quickly become a fundamental component of our Company's ongoing commitment to improving the care of children around the world and in our fight against HIV. Since its launch in 2014, this first-of-its-kind program has expanded beyond donations of medicines to emphasize health systems strengthening and a holistic approach to care for children and adolescents living with HIV, including emotional and psychosocial support. From training and tools to build health worker capacity to data collection and publication to share learnings, we are working to address individual patient needs and foster holistic public health approaches to care.

In 2015, the first New Horizons patients in Kenya, Swaziland and Zambia received donated HIV medicines from Janssen. Additionally, independent experts including representatives from partner organizations selected Lesotho—the country with the second highest prevalence of HIV globally—from applicants to the second Expression of Interest to participate in New Horizons. Also in 2015, efforts focused on building health care worker capacity with "Resistance Made Easy" workshops in Zambia, Kenya, South Africa and Swaziland. These were in addition to the second annual New Horizons Technical Support Workshop in Johannesburg, highlighting challenges and differences between countries while generating enthusiasm for collaboration and information sharing between countries. In 2016, New Horizons will increase its focus on adolescents living with HIV that need or are receiving third-line treatment; enhanced psychosocial support for adolescent HIV patients especially when facing the unique challenges when transitioning from pediatric to adult HIV health care systems.



TUBERCULOSIS PATIENT NEEDS Efforts by Johnson & Johnson to address TB are part of an overall Global Public Health commitment to measurably improve the lives of individuals, families and communities. This includes working to help eliminate MDR-TB (multidrug-resistant) and XDR-TB (extensively drug resistant), as well as simplifying treatment regimens for patients worldwide.

Global TB Access Framework

Janssen has a long legacy of working to improve access to and appropriate use of medicines for diseases of great unmet need, including HIV/AIDS, TB and other diseases impacting the developing world and emerging markets. In 2015 we continued to leverage the power of partnerships to increase the potential impact of our efforts, with a particular emphasis on designing and deploying a global TB access framework.

USAID—Bedaquiline Donation Program

Janssen is contributing an estimated \$30 million

worth of its MDR-TB medicine, totaling 30,000 courses, for use in more than 100 low- and middle-income Global Fund-eligible countries for the treatment of MDR-TB. Janssen and the U.S. Agency for International Development (USAID) are working with national TB programs and partners to provide sustainable access and ensure appropriate use of SIRTURO® (bedaquiline).

As part of these efforts, Janssen has entered into a new Memorandum of Understanding (MOU) with USAID that will widen the scope of their engagement in the fight against MDR-TB. With this new MOU, Janssen has committed to expanding patient access to novel

MDR-TB therapies, expanding upon the current engagements and providing incremental funding to program partners valued at \$15–20 million over the next three years.

Stop TB Partnership

Janssen is working with the procurement agent for the Stop TB Partnership's Global Drug Facility, to facilitate access to SIRTURO® for the treatment of pulmonary MDR-TB in adults in more than 130 low- and middle-income countries outside the United States. The goal of this partnership is to facilitate access, while ensuring appropriate use of medicines.

VERMOX® Donation Program

In 2015, we provided more than 129 million doses of VERMOX®, our treatment for intestinal worms, for distribution to affected children in 14 countries. Our donation decreased from 181 million doses in 2014 primarily due to challenges stemming from limited country capacity to fully utilize the amount of committed medicines. Our donations had consistently increased from 2010 (36 million doses that year) to 2014 and we are working to bring the donation level up again in 2016. In addition to our donation efforts, Janssen is currently developing a fast-disintegrating chewable formulation of VERMOX®. This will further improve efficiency when administered to younger children and those without access to a safe supply of drinking water. Looking ahead to the next five-year goal period, we will again consider our role in providing treatment for children at risk for intestinal worms with the aim to reduce morbidity caused by these infections through integrated treatment and prevention.

WHO Prequalification

The World Health Organization (WHO) included SIRTURO® (bedaquiline) in its interim policy guidance on treatment of MDR-TB issued in June 2013. Five formulations of our HIV antiretroviral medicines have already achieved WHO



CHILDREN FREE FROM WORMS At Ventanilla School, just outside Lima, Peru, Johnson & Johnson donates VERMOX® and teams up with INMED Partnerships for Children to roll out the deworming treatment as part of a nationwide soil-transmitted helminthes prevention campaign. INMED also mobilizes public and private sector alliances to support development of a formal water, sanitation and hygiene component.

prequalification: 75, 150 and 600 mg formulations of PREZISTA® (darunavir) and 100 and 25 mg formulations of INTELENCE® (etravirine).

We are also working with the WHO on its Collaborative Registration Procedure pilot, around encouraging national regulatory authorities in sub-Saharan Africa to fast-track registration of medicines approved by Stringent Regulatory Authorities, such as the U.S. Food and Drug Administration. Prior to the launch of the pilot study, it could take from six months to more than five years to receive approval for a new medicine in a sub-Saharan African country. The 25mg pediatric formulation of INTELENCE® was the first drug selected by WHO for the pilot, based on its alignment with WHO and UN global health priorities to enhance access to essential therapies

for young people living with HIV. The first approval for INTELENCE® 25mg through the Procedure was granted in Namibia in June, within 90 days of filing.

In 2014, the WHO granted prequalification for QUINVAXEM® in cPAD, a fully liquid pentavalent vaccine with a demonstrated immunogenicity and safety profile, in an innovative, compact, prefilled, auto-disable (cPAD) injection system. After embarking on an adaptive new development project to make QUINVAXEM® a fully liquid pentavalent vaccine (DTwP-HepB-Hib) available in a compact prefilled autodisable (cPAD) injection system (Becton Dickinson's Unijet), Janssen Vaccines made the decision to stop the development of this injection system. We are disappointed about this decision; however,



it follows a thorough investigation into difficulties encountered with our production line during secondary processing operations of the injection system. Our investigation into the challenges with the commercial production of the cPAD injection system showed that significant efforts would be needed to solve the technical issues that had been identified. These efforts would also require a substantial investment of resources and time. We would like to emphasize that the problems are not related to the quality of the vaccine or the injection system, but concern secondary processing issues. Together with GlaxoSmithKline, we continue to provide QUINVAXEM® in the vial presentations for routine immunization and vaccination campaigns for five major childhood diseases; tetanus, diphtheria, whooping cough, Haemophilus influenza, and hepatitis B. While we are disappointed to have to take this action, Janssen Vaccines and GlaxoSmithKline remain committed to advancing global health by addressing the world's unmet medical needs through meaningful innovation.

Pricing

We are deeply committed to providing access to our medicines and making our medicines affordable to those in need. For the period 2005–2015, in the U.S., the weighted average compound annual growth rate of the Company's net price increases for health care products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

We engage strategic, innovative and equitable pricing strategies for a variety of diseases, suited to regional and individual market needs around the world.

Information about specific [Pricing Strategies and Programs](#) is provided on our Citizenship & Sustainability website.

Access to Investigational Medicines

In keeping with the Company's long-standing commitment to the highest standards of ethical decision-making that serves the needs of patients, in 2015 Janssen forged a first-of-its-kind partnership with the Division of Medical Ethics at the NYU School of Medicine to further ensure that the evaluation of compassionate use requests for investigational medicines are treated in the most fair and ethical manner.

Compassionate use is a pathway for patients to gain access to investigational drugs, biologics and medical devices not yet approved by the FDA. By ensuring compassionate use requests for our investigational medicines are evaluated by a well-informed, external committee, we can make the most responsible decision for each patient. As part of this collaboration, the NYU School of Medicine will establish the Compassionate-Use Advisory Committee (CompAC), an external group of 10 internationally recognized medical experts, bioethicists and patient representatives to pilot the new approach. Commencing with one of Janssen's investigational medicines, the CompAC will make recommendations regarding individual patient requests from anywhere in the world.

If successful, the program will become a model that will be applicable more broadly across Johnson & Johnson.

Access to Medicines Index Performance

In 2015 and early 2016, Johnson & Johnson prepared a response for the 2016 Access to Medicine Index (ATMI) survey, covering access-oriented activities across our entire Family of Companies from June 2014 to May 2016. Results are slated for release in late 2016.

Results of the 2014 Access to Medicines Index (ATMI) saw Johnson & Johnson ranked No. 3 among 20 global companies. It was noted by ATMI that: "Of all companies, Johnson & Johnson is adapting the most products for pediatric use that target diseases within the scope of the Index."

The products from our pipeline most relevant to ATMI include fixed-dose combinations and pediatric formulations of medicines for HIV/AIDS, MDR-TB and hepatitis C.

Feedback received from ATMI regarding opportunities for improving access to medicines included extending our engagement in licensing, developing access strategies for relevant investigational products, and including access-oriented terms systematically in product development partnerships. We continue to consider this feedback in our strategic discussions about access moving forward.

Prescription Assistance

Over the past 12 months, the Johnson & Johnson Patient Assistance Foundation, Inc. (JJPAF), a nonprofit that assists patients without adequate financial resources and prescription coverage in obtaining free products donated by Johnson & Johnson operating companies, provided medicines to more than 97,000 patients in the U.S.

The [JJPAF website](#) helps users find programs that provide assistance with medication costs. Johnson & Johnson is a member of the Partnership for Prescription Assistance, a broad private-sector effort funded by the pharmaceutical industry, which offers a single point of access to 475 public and private patient-assistance programs.

Our Company is also one of the founding members of Together Rx Access™, which since 2005 has helped more than 2.5 million Americans, including approximately 400,000 children who have no prescription drug coverage and are not eligible for Medicare, access prescription drug savings.

Innovation



Innovation is critical to the success and future of Johnson & Johnson. It is critical to the entire healthcare industry and central to the success and well-being of society as a whole.

For 130 years, Johnson & Johnson has been driving breakthrough innovation in health care—from revolutionizing wound care in the 1880s to developing cures, vaccines and treatments for some of today's most pressing diseases in the world. We are acutely aware of the need to evaluate our business against the changing healthcare environment and to challenge ourselves based on the results we deliver.

We believe the most important contribution we can make to the dynamic challenges we are facing is innovation—innovation in products, services, solutions and in everything we do. We have to put the patient in the center and reward innovations that drive better outcomes and long-term value.

The promise of innovation in health care is great, but it comes with the need for forward-

focused investment in R&D, a holistic approach to evolving global health care markets and bold future-facing strategies. Our broad-based health care focus fuels our ability to invest and create value through opportunities across a broad spectrum. It enables us to offer custom and comprehensive solutions to our partners and to lead in innovation.

In 2015, we invested \$9 billion in R&D. We have access to the industry's leading science, which when applied against our consumer insights, our disciplined research and investment, and our portfolio management enables us to build an industry-leading pipeline across our enterprise.

Innovation Strategy

Our strategy focusing on delivering transformational innovation has created a cycle of success. It positions our Company for continued growth in the future. Over the past seven years, we have transformed the lives of many patients worldwide and significantly transformed our pharmaceutical business.

Up to 2009, the Pharmaceutical segment was decentralized and grown primarily through the acquisition of multiple R&D companies. From 2006 to 2009, there were six separate R&D organizations, seven therapeutic areas, a wide footprint, and multiple pre-clinical and clinical organizations, regulatory and medical safety organizations, as well as duplication of platforms and technologies across the world, in

an organization which was very much internally focused.

In 2009, the organizational model was changed by implementing a new R&D strategy that formed one team under the name Janssen. Janssen built on new science, leveraging breakthrough innovation, generated both internally and externally; focused on medical need and differentiation; and created five end-to-end therapeutic area teams and 10 focus disease areas.

By sourcing innovation wherever the best science came from, the Janssen portfolio was transformed. Operations teams were set up focusing on excellence in global execution, speed, quality, cost and efficiency, and delivered 16 new drugs in six years (2009–2015).

In 2015, Janssen led the branded pharmaceutical industry in productivity, FDA approvals and breakthrough therapy designations. In November 2015, just four months after submission of clinical findings, Janssen received FDA approval for one breakthrough therapy, DARZALEX® (daratumumab), the first human monoclonal antibody to be approved anywhere in the world for patients with multiple myeloma. (Read more about DARZALEX® in our [2015 Digital Year in Review](#).)

Janssen R&D is one of the strongest pharmaceutical research and development organizations in the world. With the combined strength of its in-market portfolio, deep late-stage pipeline and robust early-stage pipeline, Janssen will continue delivering above



industry growth and advances in human health through 2019.

Janssen's remarkable and sustained turnaround since the launch of our innovation strategy provides best practices that we are applying across our entire business. As the most broadly based healthcare company in the world, Johnson & Johnson has strong internal capability, technology platforms and key insights in each of our business segments. These strengths are leveraged across the entire organization. Deep, broad internal expertise and platforms are complemented with the best external science and technology, which we access through our unique innovation model.

As our Consumer business continues its return to benchmark performance, its portfolio is focused in critical geographies and leverages iconic mega-brands to address key consumer need states across six categories: skin care, over-the-counter (OTC) medicines, oral care, wound care, women's health and baby.

Our Medical Devices segment also continues to fully leverage the Johnson & Johnson innovation model. Medical Devices saw success in 2015 from the launch of 20 new products and notably expanded its extremity portfolio as well as added new capabilities in sports medicine visualization through acquisitions. In the last quarter of 2015, Medical Devices led formation of a joint venture with Google, [Verb Surgical Inc.](#) (on page 27); acquired [Coherex Medical, Inc.](#); partnered with the [Fogarty Institute](#) to back next-generation device innovation; and entered into the first-of-its-kind value creation agreement with [Ramsay Health Care](#).

As part of the restructuring we announced in January 2016, we are also undertaking actions to further strengthen our go-to-market model, accelerate the pace of innovation, prioritize key platforms and geographies, and streamline operations while maintaining high quality standards.

Johnson & Johnson Innovation Research & Development and Commercial leadership across

Accessing Innovation

Sourcing innovation begins with a deep understanding of the innovation landscape. Our experts define an innovation strategy, conduct a holistic scan of the innovation landscape, and prioritize all accessible opportunities, internal or external, to select the best asset.

- We access early innovation through our J&J Innovation Centers in London, California, Boston and Asia/Pacific. To date, the Innovation Centers have explored more than 3,800 opportunities and have helped to establish over 200 collaborations in the past two years.

- Through our incubators, JLabs, we enable entrepreneurs to advance their research with a no-strings-attached approach. We opened our sixth [JLabs facility in Toronto](#) in 2015, [JLNX in Belgium](#) in early 2016, and currently have more than 80 companies in residence across all JLabs.
- Through Johnson & Johnson Development Corporation, the first corporate venture fund in the life science industry, with more than 30 years of experience, we make strategic investment in life science and technology in our areas of interest and where we have insights and capabilities.
- In late stage, we access innovation by traditional licensing, partnerships and acquisition.

all our operating companies continuously refines our external and internal innovation model. By expanding this model across all three business segments of Johnson & Johnson, our goal is to continuously work to be the most innovative company in the world on behalf of our patients and consumers through our internal R&D programs and external collaborations.

Broadly Based Advantage

In addition to collaborating with external innovators, Johnson & Johnson is uniquely positioned to bring forward integrated healthcare solutions from cross-segment collaboration. Our broad base enables Johnson & Johnson

to create product platforms and systems that cross categories and establish new sources of innovation through convergent combination products. We are excited about the promise of convergent technologies in categories like lung cancer, vision care, biosurgery, robotics, obesity and diabetes.

- We are establishing a lung cancer center in China to look at the disease from multiple perspectives and with multiple solutions, from prevention to diagnosis and cure. By combining our surgical oncology capabilities from our global surgery business with Janssen Diagnostics and Janssen Therapeutics and the new insights in disease prevention, we

are taking an integrated approach to tackle lung cancer in China, which is anticipated to account for almost half of the deaths from lung cancer in the world.

- We have an ongoing collaboration to potentially treat age-related macular degeneration through cell therapy, bringing together novel pharmaceutical and vision care technology. In this approach, expertise from our biologics Center of Excellence is combined with expertise in noninvasive surgical technology from our Ethicon, Inc. business to use a tiny catheter to deliver cell therapy to the retina. This technology is currently in Phase 2, proof-of-concept studies, with potential to restore vision in the elderly.
- EVARREST® Fibrin Sealant Patch is a convergent technology that has the potential to drive a paradigm shift in the treatment of problematic bleeding during surgery. For example, clinical studies demonstrate that EVARREST® is 98 percent effective in stopping bleeding and maintaining hemostasis compared to the current standard of care of 53 percent. This is an example where we leveraged our pharmaceutical know-how in biologics with our deep knowledge of polymers to help develop a solution for surgery. In 2015, the U.S. Food and Drug Administration approved an additional indication for EVARREST® as an adjunct to hemostasis for control of bleeding during adult liver surgery.

Because of its many advantages, our broad base ultimately helps Johnson & Johnson deliver strong, consistent and sustainable financial performance. And most importantly, it allows us to create better products, more valuable services and improve outcomes for patients, consumers and their families.



FIRST INTERNATIONAL JLABS As the first JLABS to open outside the United States, JLABS@Toronto joins a network of life science facilities that are based throughout the United States in San Diego (flagship), San Francisco, South San Francisco, Boston and Houston. These facilities are home to over 100 early-stage companies advancing bio/pharmaceutical, medical device, consumer and digital health programs. JLABS@Toronto will be located at MaRS Discovery District.

Technology and Innovation

The advanced and rapidly evolving technologies of today also present opportunities to leverage the breadth and capabilities of Johnson & Johnson to bring forward innovative medical solutions that extend and improve people's lives. Several recent initiatives demonstrate the promise of technology and transformative innovation to advance human health.

- The [Janssen Human Microbiome Institute](#) (JHMI) was launched in February 2015 with the goal of studying and harnessing the potential power of the microbiome, the collection of bacteria and other microorganisms that naturally reside within each human body. The hope is that the microbiome may hold clues to

intercept and prevent diseases as well as new therapeutics.

- A collaboration between Johnson & Johnson Health and Wellness Solutions, DePuy Synthes and IBM Watson Health announced in April 2015 focuses on innovating novel ways to provide one-on-one virtual health coaching and other personalized digital interactions for consumers and patients. Digital health technology solutions could leverage wearable devices, smartphones and artificial intelligence to connect physicians, hospitals, payers and patients to deliver a seamless healthcare experience.
- In December 2015, Johnson & Johnson announced the formation of [Verb Surgical Inc.](#),

an independent surgical solutions company, in collaboration with Verily Life Sciences LLC (formerly Google Life Sciences), which aims to develop a comprehensive surgical solutions platform that will incorporate leading-edge robotic capabilities and best-in-class medical device technology for operating room professionals. This new company was formed in connection with the strategic collaboration between Ethicon, a Johnson & Johnson medical devices company, and Google Life Sciences, which was announced in March 2015. Ethicon, which has deep expertise in minimally invasive surgery and advanced instrumentation, is developing surgical instruments for Verb Surgical's new robotics-assisted platform.

- Building on the success of JLabs in sourcing external innovations from emerging pharmaceutical and medical device companies, Johnson & Johnson Health and Wellness Solutions, Inc. (JJHWS) announced a partnership with technology accelerator Plug and Play Tech Center to create a new [Health and Wellness Technology Accelerator](#) aimed at supporting early-stage companies developing direct-to-consumer solutions that enhance wellness. Companies selected to participate in the accelerator will participate in a rigorous three-month program that includes coaching and mentorship for their founders, and that could lead to funding for the most promising ideas.

Johnson & Johnson remains focused on creating value through innovation. Our innovation strategy is to identify the best science around the world to advance therapies and products for patients and consumers. We are delivering value to people, society and to our business by bringing forward innovative medical solutions that extend and improve people's lives.



Melinda Richter, Head, Johnson & Johnson Innovation, JLabs, was recognized by Fierce Biotech as a [Top Women in Biopharma](#). Over the past few years, she successfully led the growth of JLabs from the flagship facility in San Diego to new outposts in San Francisco, Boston, Houston and Toronto. In addition, Ms. Richter is a strong champion for women within the biotech community.

Philanthropy



At Johnson & Johnson, Our Credo responsibility inspires us to advance the health of communities in which we live and work, and the world community as well. This unwavering commitment to making the world a healthier place is at the heart of our giving.

We fulfill our mission by developing enduring partnerships that deliver community-based solutions to health challenges. We focus in three strategic areas: saving and improving the lives of women and children, preventing disease among the most vulnerable, and strengthening the healthcare workforce. Together with our partners, we make life-changing, long-term differences in human health, helping families to survive and thrive.

Overall, in 2015 Johnson & Johnson contributed \$1 billion in cash and products to organizations in the U.S. and around the world. This included \$163 million in cash, with more than \$15 million allocated through our U.S. Matching Gifts program. Johnson & Johnson double-matched employee contributions in 2015.



CONNECTING MORE MOMS VIA MOBILE Access to basic health education on preventing diseases, preparing for birth, and understanding the complications that could occur during pregnancy and infancy periods is vital to preventing the deaths of nearly 150 mothers and thousands of children each day in India. Through a program called mMitra, mothers are sent voice calls twice a week that provide preventive care information directly to their mobile phones.

Johnson & Johnson companies made \$877 million in non-cash contributions (product donations are reported at fair market value, which is consistent with the reporting methods of nonprofit organizations).

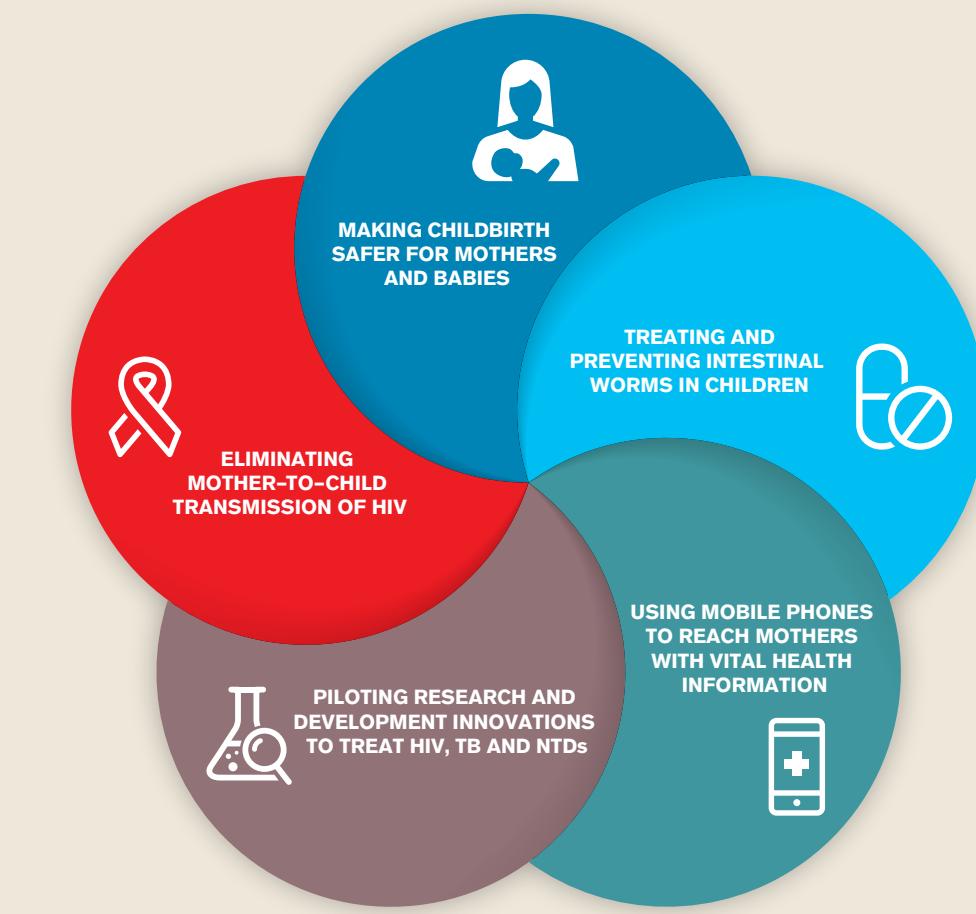
Of these non-cash contributions, the Company donated \$635.5 million of selected prescription products to patients without adequate financial resources in the U.S. through the Johnson & Johnson Patient Assistance Foundation. The balance of non-cash contributions went to private voluntary organizations that assist medically underserved people in developing countries and

provide emergency disaster relief.

In 2010, Johnson & Johnson was the first private sector company to make a commitment to the United Nations' Every Woman, Every Child initiative, which focused on the health-related Millennium Development Goals (MDGs 4, 5, & 6). We committed to reach 120 million women and children annually by 2015, focusing on five areas where our role as a global healthcare company supported strong, innovative partnerships and programs: making childbirth safer; treating and preventing intestinal worms in children; using mobile phones to share vital health information to new

In 2010, Johnson & Johnson pledged to support Millennium Development Goals (MDG) 4, 5 and 6 with a comprehensive, five-year commitment to reach as many as 120 million women and children a year by 2015. This pledge reflected a shared vision of a world in which women are healthy and children live to reach their full potential.

Our Commitment to Improving the Health of Women and Children



and expecting mothers; eliminating mother-to-child HIV transmission; and research and development to treat HIV, tuberculosis and neglected tropical diseases. Through this comprehensive, multi-stakeholder effort, we met our goal in 2014, one year early. By the end of 2015, our commitment had reached more than 400 million women and children through programs in 84 countries, and had trained more than 350,000 healthcare providers, exceeding our stated commitments.

Cultivating Partnerships & Measuring Impact

The work we do could not exist without partnerships. With more than 400 partnerships in our portfolio, we have been able to effectively impact the lives of people throughout the world.

The Company's corporate giving aims to improve the health of populations around the world through strong relationships with nonprofit partners, putting them at the center when it comes to program design, implementation and evaluation. As part of our enterprise's Healthy Future 2015 goals, Johnson & Johnson committed to raising the standard of measurement and evaluation within the philanthropy programs we support by increasing the capacity of our partners to measure program outcomes. A set of measures we have used to approximate our partners' capacity for measurement and reporting is the "number and percentage of philanthropic programs intending to measure long-term outputs and/or outcomes," for both major grants (those over \$50,000) and mid-tier/intermediate grants. This question is asked on our common grant application. For 2015, among those who responded, the response was "Yes" for 170 (85 percent) of 201 major grants and 132 (70 percent) of the 189 mid-tier/intermediate grants.

To advance our Healthy Future 2015 goal of strengthening measurement and evaluation (M&E) capacity, we proposed to work with a subset of nonprofit partners we fund to identify, develop and



implement projects that would build capacity to conduct M&E and report on and use the findings, with a focus on health outcomes. Working closely with evaluation consultants, grant managers and nonprofit partners, the Company's monitoring and evaluation staff identified 10 nonprofit partners in need of capacity-building support, oversaw administration of assets and needs assessments, and supported design and implementation of the initiative with interventions tailored to fit each nonprofit partner's needs. We ultimately focused our work with eight of these partners for which the timing and opportunity aligned.

Here are a few examples of how we engaged with our partners:

Tracking Outcomes

Hand in Hand (HiH) International's job creation model works to integrate group savings, skills training, micro-finance, and connections to larger markets for grassroots entrepreneurs across 13 countries. While HiH has been using a system to consistently track key outputs of its work, it had limited infrastructure for collecting and reporting on health-related outcomes. The M&E capacity-building work supported by Johnson & Johnson Worldwide Corporate Contributions (WCC) convened HiH staff and a highly respected consulting firm to identify key health outcomes and a plan for measurement and reporting. By the end of the project, HiH had developed a logic model that incorporated health outcomes, defined key health and health-related indicators, and integrated those indicators into existing data collection tools and information systems.

Strengthening Data Systems

Another partner in this initiative focused more on strengthening data systems. Hôpital Albert Schweitzer (HAS) Haiti aims to improve health outcomes in its catchment area, including reducing maternal and neonatal mortality, severe disability and mortality from trauma, and malnutrition among children. HAS Haiti has an electronic medical record (EMR) system in place, but the system

is limited. For HAS Haiti, an improved system is crucial to effective healthcare delivery and to ultimately driving desired health outcomes. Thus the Company-supported capacity-building project aims to improve the EMR system, increase staff accessibility of the system and improve data quality. Some key activities underway in 2016 include conducting an assessment of the current system and making recommendations for improvement, developing new data collection forms and modules and providing training.

Increasing M&E Capacity

In addition to this capacity-building work with several key partners, in 2015 the WCC team continued ongoing efforts to increase internal capacity to conduct M&E, to use those results to inform programming, and to support all partners and team members on general M&E needs. For example, the team developed common indicators that can be aggregated across programs for some key areas of the portfolio. The team streamlined internal data collection processes by setting up and monitoring an automated email reminder system. Using the standardized reporting definitions and guidelines, the team conducted webinars for at least 200 individuals representing partner organizations and disseminated the guidelines via email and online. Similar sets of tools to standardize data collection and reporting for some specific clusters of programming were distributed (e.g., healthcare provider leadership and management programs). Regional data collection was centralized and standardized for the first time. The team also continued to expand upon a framework for measuring health outcomes for many major programs.

Thought Leadership

When it comes to M&E of corporate giving, Johnson & Johnson is increasing its position as a thought leader by helping to drive the agenda on the importance of M&E. In September 2015, we hosted more than 100 global health leaders

**350,000
healthcare
providers
trained in
84
countries**

in a United Nations Global Assembly week forum on data for decision-making in global health. At the 2015 Council on Foundations Conference we planned and implemented two panels of corporate philanthropy leaders on measuring social and business impact. We also have expanded to begin contributing to forums focused on the broader evaluation field, such as the American Evaluation Association.

At conferences like these, Johnson & Johnson is one of very few corporations present, taking a strong stance on the importance of evaluating our work and highlighting collaboration with key partners. We also continue to have a constant presence at health and philanthropy conferences, such as the American Public Health Association, increasingly focusing on the role of M&E in our partnerships.



We'll make the places we live, work and play healthier, by using fewer and smarter resources.

Places

Environmental Responsibility⁹

G4-14, G4-58



We believe that human health is inextricably linked to a healthy environment. You cannot have healthy people without a healthy planet.

The challenges facing the planet are numerous, and as a company, we recognize the need to identify, prevent and plan for these challenges, including constraints on natural resources, climate change and water scarcity, and their impacts on human health. This means that to create healthier societies, we must have an unwavering commitment to protecting the natural resources upon which we all rely, today and in the future.



BETTER HEALTH THROUGH NATURE Hands-on workshops on healthy food preparation and field trips to farms and gardens help teach students of Origen Agroecological School in Pirque, Chile, about nutrition, healthy eating and disease prevention, while increasing their understanding of sustainable agriculture, the environment and nature conservation. Johnson & Johnson is working to promote the Origen education model.

9. Includes data from all manufacturing and R&D locations. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.



Environment, Health & Safety Management Approach

Johnson & Johnson has established global policies and statements, including our [Environment, Health & Safety \(EHS\) Policy](#), our [Climate Friendly Energy Policy](#), and our statements on the [Human Right to Water](#) and [Respecting Biodiversity](#) to guide the management of our operations around the globe. These are made actionable by our Environment, Health, Safety and Sustainability standards, which require that our manufacturing and R&D sites have Environment, Health, Safety & Sustainability (EHS&S) management systems in place. Taken together, these documents establish the expectations for managing our environmental performance, for development and implementation of initiatives that promote greater environmental responsibility, and for efforts to continually reduce our environmental impacts.

Organizational Responsibility

The EHS&S organization is accountable for stewarding environment, health, safety and sustainability performance on behalf of the enterprise. The Executive Committee and the Board of Directors provide EHS&S oversight, and the EHS&S Council, comprised of the EHS&S leadership team and representatives from relevant functions (e.g., Facilities, Engineering) and the business segments, provides additional guidance and leadership to advance the EHS&S strategy and performance. For more information, see [Environmental Responsibility/Approach](#) on our website.

Management Systems and Standards

All manufacturing and R&D sites are required to maintain EHS&S management systems and to obtain third-party certification to the International Standards Organizations (ISO) 14001 Environmental Management System.

Company acquisitions have 36 months after the date of acquisition to achieve ISO 14001 certification. As of the end of 2015, 96 percent of Johnson & Johnson manufacturing and R&D sites were certified; four non-certified sites are acquisitions that are still working to obtain certification¹⁰.

The Company's Worldwide EHS&S standards are designed to ensure that all Johnson & Johnson companies achieve and maintain a consistent and high level of EHS&S performance. These standards address a range of topics (for a full listing, see [Environmental Standards & Assessment](#)) and are reviewed and, if necessary, revised annually.

Our Management Awareness and Action Review System (MAARS) has been the assurance process for all Johnson & Johnson sites to proactively identify and mitigate EHS&S risks and to ensure compliance with legal requirements and the Johnson & Johnson Worldwide EHS&S Standards. The process includes annual self-assessment, independent (second- or third-party) assessment (typically every three years), and corrective action planning and tracking. For more information, see [Environmental Standards & Assessment](#) on our website.

In 2015, we undertook an effort to improve the MAARS process and to align it more closely with other Johnson & Johnson risk functions' internal audit processes. The new approach will be more risk based, will provide for more in-depth auditing of high-risk areas and closer monitoring of site corrective and preventive actions, and will require standard qualifications and training of internal and external auditors. The new approach will be pilot tested in 2016.

We continue to implement, track and maintain an incident notification process that alerts management to EHS&S regulatory non-compliances, accidental releases and safety incidents within 72 hours of occurrence.

10. Does not include small R&D sites with limited operations.

Our Credo is the foundation of our Environment, Health and Safety Policy.

It provides us with a clear, compelling and enduring reminder of our responsibilities to mothers, fathers, doctors, nurses and caregivers, employees, communities, the environment and shareholders.

We believe that **robust compliance** is an essential prerequisite for EHS excellence.

We believe that **employee safety** is a core value, inseparable from our mission of improving human health.

We believe that **healthier employees** are more engaged, more satisfied and more productive.

We believe that a **healthy planet** is the ultimate human health issue.

We believe that **engagement and dialogue** contribute to sustainable growth.

We **integrate EHS** into our overall business strategy.

We **implement processes** across Johnson & Johnson to assure adherence to this policy.

Product Stewardship

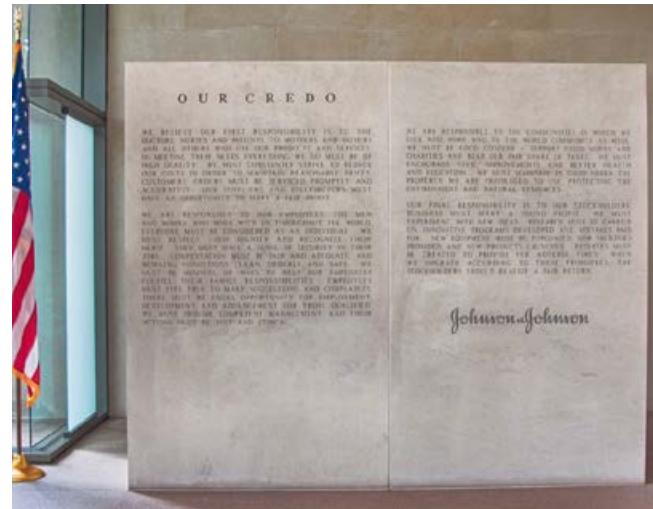


With the world population anticipated to approach nine billion by 2050¹¹ and a quickly expanding middle class, the world's natural resources are under increasing pressure.

According to the *World Wildlife Fund Living Planet Report*, 2014, we need 1.5 Earths to meet the demands humanity currently makes on nature.

Product Stewardship at Johnson & Johnson

For 130 years, the Company's desire to make a difference has inspired every invention, every product and every breakthrough we have brought to human health. This commitment to serving the needs of others is guided by Our Credo, which shapes our approach to business and defines our responsibilities to our stakeholders. One of the most important responsibilities emphasized in Our Credo is our obligation to the environment: "We must maintain in good order the property we are privileged to use, protecting the environment and natural resources."



11. www.worldbank.org/depweb/beyond/beyondco/beg_03.pdf

We made good progress on our

Healthy Future 2015

goal to increase sustainable design of our products

Evaluated products and packaging for sustainability improvements resulting in **80 Earthwards®-recognized products.**

Exceeded

In addition to our goal:

Realized approximately \$9.3 billion in revenue—approximately 13 percent of sales—from Earthwards®-recognized products in 2015, an increase of more than 5 percent from 2014

Met commitments to remove certain ingredients from our products by year-end 2015

Established a 2020 Citizenship & Sustainability goal to fully integrate sustainable design solutions into our product innovation processes

The Earthwards® Approach EN-7

Earthwards® is the Johnson & Johnson approach for developing innovative and more sustainable products. This approach defines how we think about product life cycles—from formulation and manufacturing to product use and disposal.

The Earthwards® approach focuses on improving the social and environmental impacts of our products and targets improvements in seven key areas shown at right. To improve our performance, we collaborate with internal teams across all three business segments, and with our suppliers and customers to identify improvement opportunities across our value chain. Our life cycle approach includes considering opportunities to apply green chemistry principles, improve the sustainability of our packaging, and reducing end-of-product-life impacts through recycling and reprocessing of used equipment.

Within five years of launching Earthwards®, we have surpassed our initial goal of making significant improvements to 60 products by 2015, with 80 products being Earthwards® recognized at the end of 2015. Going forward, our 2020 Citizenship & Sustainability goal is to fully integrate sustainable design solutions into our product innovation processes.

Our portfolio of Earthwards®-recognized products currently reflects a broad range of improvements, the majority of which go above and beyond the minimum requirement of 10 percent improvement. Specifically, our portfolio of 80 Earthwards®-recognized products currently reflects the following improvements across the seven key impact areas:

Impact Area	Number of Improvements
Materials	85
Packaging	70
Energy	45
Waste	19
Water	18
Social	35
Innovation	25

These improvements have resulted in the following reductions from products that were recognized up through and including 2014: [EN27](#)

Packaging

Approximately 3,600 metric tons (MTs) of reduction in packaging

Materials

Approximately 18,270 MTs of materials removed

Water

Approximately 6,630 liters of less water used

Waste

Approximately 3,630 MTs of waste reduced

For more information on the Earthwards® process, see [Product Stewardship/Earthwards®](#).

Earthwards®-Recognized Products



Moving toward a healthy future

earthwards®



Selected Products that Received Earthwards® Recognition in 2015 include:

Pharmaceutical



**PREZISTA®
Oral Solution
(OS)**



- 31 percent reduction in the weight of the shipper used for transportation¹²
- 40 percent improvement in shipping efficiency¹²
- 31 percent reduction in packaging waste generated at the customer¹²
- PREZISTA® OS is part of the New Horizons initiative, so that donations are made to pediatric AIDS patients in qualified countries

12. Compared to previous active pharmaceutical ingredient synthesis process

Medical Devices



**PROLENE™ Mesh
(Latin America)**



- 96 percent reduction in packaging materials¹³
- 100 percent sustainable materials (FSC Certified) in secondary packaging
- 60 percent increase in shipping space utilization¹³

13. Compared to previous version of product

Consumer



**AVEENO®
Active Naturals
Ultra-Calming
Nourishing
Night Cream**



- Removal of paraben blend¹⁴
- 66 percent reduction in shipper packaging¹⁴
- 144 percent increase in shipping space utilization¹⁴

For more information on our Consumer brands, visit HealthyEssentials.com

14. Compared to previous version of product



Packaging

Following the 2014 launch of our [Responsibility Standard–Forest-Based Materials & Products](#), we focused our 2015 efforts on engaging suppliers of our forest-based materials. As a result, we have gained increased visibility on the country of origin of these materials, as well as on supply chain and deforestation risks. Suppliers demonstrate varying levels of ability to respond to inquiries, so continued focus in engaging this key stakeholder group is required to fully realize our standards.

We will continue to work with our suppliers to enhance the transparency of our forest-based materials supply chain. When instances of sourcing from high-priority countries are identified, we request specific information regarding the materials. We also request this information upfront during our supplier selection process. See [Responsibility Standard–Forest-Based Materials & Products](#) and the [Procurement](#) section of this report for more information.

PVC Elimination

For our Consumer products business, PVC packaging represents less than one percent of our total plastic packaging usage. We have been actively removing PVC from our packaging since 2005 and will continue to do so where technically feasible, excluding pharmaceutical blisters. Pharmaceutical blisters present unique challenges to transition to non-PVC alternatives including regulatory, safety and performance requirements. In 2015, we incorporated the prohibition of PVC use in packaging (excluding pharmaceutical blisters) into our Global EHS&S Standards.

	2012	2013	2014	2015
Electronic Product Take-Back				
Pounds Recycled	NA	107,852	145,961	94,615
Sterilmed Waste Reduction				
Sterilmed Devices Collected (Number of Units)	7,710,998	11,342,149	9,421,194	9,090,726
Sterilmed Devices Reprocessed (Number of Units)	5,350,283	5,625,989	5,506,859	5,040,508

Product End of Life and Disposal [EN28](#)

Managing the end of life for products is a steadily growing environmental challenge. While many of our products are completely consumed in use, this is not the case with others, including unused medicines and some medical devices. Regarding medical devices, we work with our customers to evaluate opportunities to increase the number and quantity of products that can be recycled and reprocessed. Our Sterilmed business offers an excellent example of waste reduction efforts that have other benefits. By collecting devices bound for landfills or incineration, Sterilmed is significantly reducing waste disposal while providing a cost-effective alternative for our customers.

We've also developed tools that help us ensure that our products are gentle on the environment long after you use them. When many of our products are used, they are washed off the body and enter local wastewater systems, which then feed into the broader water supply.

To better understand how our products interact with water environments, we continue to use a tool we developed in 2010 called GAIA—the Global Aquatic Ingredient Assessment™ protocol. GAIA analyzes what impact an ingredient might have on an aquatic environment, and the fish and plant life that live there. The GAIA protocol measures three key criteria that are commonly used to gauge aquatic impact:

- Persistence, or how long the ingredient would remain in the water before being degraded;
- Bioaccumulation, or how the ingredient might build up in fish or other aquatic species over time; and
- Toxicity, or how, if at all, this ingredient could negatively affect fish or other aquatic life.

Each ingredient we use is evaluated against these criteria and given a score. Then, by calculating how much of an ingredient is used in a product and the score of that ingredient, each product can be given its own score. For products with lower scores, we look to improve the formulation to reduce any potential impact on aquatic life. The tool is used to guide product developers around the world to choose environmentally preferred ingredients. The use of ingredients that are readily biodegradable and have minimal environmental impact to the ecosystem reduces our environmental footprint. In 2015, nine Consumer products received Earthwards® recognition, two of which were awarded in part for achievements in their GAIA score and for meeting the minimum GAIA score required for Earthwards® recognition.

And regarding packaging, the Care To Recycle® program was launched in fall 2013 after research showed that many Americans do not recycle in the bathroom, where most Johnson & Johnson consumer products are used or stored. The



INCREASING RECYCLING IN THE BATHROOM Our Johnson & Johnson Family of Consumer Companies created the Care to Recycle® awareness campaign to engage consumers to remember to recycle personal care products after research showed that many Americans are not recycling in the bathroom. This poster, created for PETE's Bathroom Bin Challenge, reminds us “Recycling IS better than throwing everything away!”

program aims to increase consumer awareness of the recyclability of Johnson & Johnson Consumer Inc.’s and other personal care product packaging, and ultimately increase recycling of those items. Through the [Care To Recycle®](#) website, social media platforms like Pinterest and Facebook, partners like Recyclebank and Earth911, and relevant influencers, we’re showing how recycling can help parents create a bond with

their families around doing good together. Care To Recycle® seeks to present recycling as part of the creative parenting process rather than a household chore. In 2015, the program doubled consumer engagement actions (e.g. video views, quizzes, social media actions) and online research demonstrated a direct positive impact on consumer intent to recycle personal care products.

Extended Producer Responsibility

Johnson & Johnson complies with Extended Producer Responsibility regulations where they exist around the world and also invests in education programs, important partnerships and other sustainability initiatives.

- To address prescription drug abuse, we have invested in programs with proven impact, such as teen, patient and physician education programs like “Smart Moves, Smart Choices” and “Prescribe Responsibly.”
- Because we believe the issue of pharmaceuticals in the environment (PIE) should be actively studied and monitored, we have invested resources in efforts to improve PIE science, like the public-private Innovative Medicines Initiative’s iPIE project, in order to ensure the protection of human health and ecosystems.
- To protect patients and healthcare practitioners from sharps injuries, we have committed to designing our self-injected healthcare products and lancets with safety features that minimize the chance of a needle stick following use of the device.
- We have focused on product stewardship as critical to advancing sustainability and have been long recognized for our Earthwards® approach. It is being embedded into our product development processes, and it helps drive continuous product innovation by designing more sustainable solutions across all parts of a product’s life cycle.



Reducing the Environmental Impacts of Health Care

Everything we do affects the health of the planet. From the medicines and devices used, to the buildings in which treatment is conducted to the disposal of wastes generated by healthcare institutions—the impacts are expansive. We must develop more sustainable healthcare products and services, and evaluate the way resources are used in the delivery of health care to prepare for more people on the planet one day needing access to health care.

Johnson & Johnson, in partnership with several other companies, is working with the [Coalition for Sustainable Pharmaceuticals and Medical Devices](#) (CSPM) to address the way we deliver care, to redesign services and to promote prevention. In 2015, CSPM, a partnership with the National Health Service (NHS) in the UK, released the [Sustainable Care Pathways Guidance](#), a guidance document to enable more consistent quantification of the sustainability performance of care pathways globally, both those that already exist and new and emerging pathways, with the intent of providing support to decision makers in their choices related to improving the performance of models of care. Currently, the guidance is limited to appraising greenhouse gas (GHG) emissions, water use and waste generation, but it will be expanded to additional environmental and social metrics over time. CSPM operates with the aim of facilitating transition to a more sustainable health system internationally, through the promotion of best practice and the development of sustainability tools and guidelines related to care pathways, pharmaceuticals and medical devices.

What is a sustainable health system?

The Sustainable Development Strategy, published by the Sustainable Development Unit¹⁵ in January 2014 for and on behalf of the National Health Service, Public Health and Social Care within the U.K. provides the following definition of a sustainable health system:

“A sustainable health and care system works within the available environmental and social resources protecting and improving health now and for future generations. This means working to reduce carbon emissions, minimizing waste and pollution, making the best use of scarce resources, building resilience to a changing climate and nurturing community strengths and assets.”

Coalition for Sustainable Pharmaceuticals and Medical Devices (CSPM); Sustainable Care Pathways Guidance

15. The Sustainable Development Unit is funded by, and accountable to, NHS England and Public Health England to work across the NHS, public health and social care system.

Our Ingredients & Raw Materials



Our Safety & Care Commitment means that our products are supported by science, recommended by healthcare professionals and trusted by people around the world.

In 2011, we made a global commitment to remove formaldehyde-releasing preservatives and to further reduce traces of 1,4-dioxane from applicable products by December 2015. This was a decision made based on changing consumer sentiment. As of January 2016, we have met all our commitments; we have reduced and eliminated certain ingredients in our baby and beauty products worldwide. Our efforts to phase out or restrict several additional ingredients from our products continue, as shown in the table below. For more information on our efforts, safety process, ingredient safety policies and programs, visit [Our Safety & Care Commitment](#) website.

Reformulations	Baby Care Products	Adult Care Products
Formaldehyde releasers	Removed	Removed from new adult products; use for new products is by exception only
1,4-Dioxane	Reduced to four or fewer parts per million	Reduced to 10 parts per million
Parabens	Removed	Phased out parabens (except for methyl, ethyl and propyl parabens)
Triclosan	Not permitted	Removed from all products
Materials in fragrances	Removed phthalates, nitro musk, polycyclic musks, animal-derived ingredients, tagetes, rose crystal and diacetlyl	
Microbeads	No longer developing new products containing polyethylene microbeads; goal is to remove them from our products globally by the end of 2017	

Emerging Issues

Replacing microbeads with jojoba beads

Microbeads are used in exfoliating face washes. In personal care products they act to gently scrub away dead skin in much the same way a sponge would. Concerns have been raised about the environmental impact of polyethylene microbeads. Despite the growing environmental science that shows that microbeads are significantly removed by wastewater treatment and are not found in marine life, the environmental concern is not likely to be resolved in the near future. Our Safety & Care Commitment means we continually evolve our policies and products to reflect not only the latest science and new regulations, but also consumer views and concerns. Our goal is to give consumers peace of mind that our products are gentle on people and gentle on the environment.

In 2013, the Johnson & Johnson Family of Consumer Companies Inc. became one of the first companies to commit to removing polyethylene microbeads from its personal care products globally. Our goal is to remove microbeads from our products globally by the end of 2017, having met our 2015 commitment and now having alternatives available to our consumers. As always, our goal is to choose ingredients that are safe and environmentally sound and provide consumers with a great experience.

Responsibility Standards for Suppliers

Our standards include requirements to:

- **Comply** with applicable laws and regulations
- **Behave** ethically and with integrity
- **Integrate** quality into business processes
- **Respect** human and employment rights
- **Promote** health, safety and well-being of employees
- **Embrace** sustainability and operate in an environmentally responsible manner
- **Implement** management systems
- **Be transparent** about impact on the environment and social issues

Sourcing of Raw Materials

The Johnson & Johnson Family of Companies approaches the issue of responsible sourcing of raw materials in several ways. Our [Responsibility Standards for Suppliers](#) state that suppliers are expected to operate in a responsible manner, and work to reduce their environmental impacts including those associated with material sourcing. For more information on our efforts with our suppliers, see the [Procurement & Supplier Management](#) section of this report. Johnson & Johnson also has specific responsible sourcing programs for forest products (see [Packaging](#) and [Procurement & Supplier Management](#)) and palm oil. And, as mentioned earlier in this section, we focus on improving the impacts of our products through our Earthwards® approach.

Johnson & Johnson Safety Assurance Process

- 1 Partner only with suppliers that meet our ingredient safety standards and product stewardship principles to source our raw materials
- 2 Conduct ingredient safety assessments
- 3 Conduct clinical evaluation of formulations
- 4 Conduct “in-use” testing
- 5 Ongoing evaluations of ingredients in beauty and baby care products



Progressive palm oil policies and practices since 2006

2006 Joined the Roundtable for Sustainable Palm Oil (RSPO)

2011 Set goal to source all ingredients derived from palm oil from certified sustainable sources

2012 Our work with small holders gives first certification to independent RSPO small holders in Thailand

2014 Became a member of The Forest Trust (TFT), launched our [Responsible Palm Oil Sourcing Criteria](#), and began direct evaluation of the suppliers used in our supply chains

2015 Qualified our first supplier of RSPO-certified soap noodles in South America

Palm Oil

Palm oil is the most widely used vegetable oil in the world and a common ingredient and feedstock to ingredients in many foods, fuels and personal care products. Growing populations and an increased demand for such products means palm oil production has never been higher and is continually increasing. This demand for palm oil has led to conversion of high-conservation value forests, contributed to the destruction of habitats, compromised biodiversity, and generated social conflicts between indigenous communities and growers.

We do not buy palm oil but instead buy ingredients derived from palm oil (called derivatives) and its by-product, palm kernel oil. Our purchases of these derivatives represent a tiny fraction of global palm oil production. Oil from a variety of growers, processing plants and countries is intermingled during the manufacturing and delivery, which makes verifying the origins of the oils used to produce the oleo-chemicals we use in our products very difficult.

Since launching our [Responsible Palm Oil Sourcing Criteria](#) in 2014, we have engaged all our leading suppliers who represent the majority of our palm oil derivatives supply. Our Sourcing Criteria are being used to assess our top suppliers against our commitments and to map our derivatives supply chain with the goal of achieving full transparency on our palm oil's origin.

Our goal is to fully implement our sourcing criteria by year-end 2020. For more information, see [Raw Material Sourcing](#) and [Palm Oil Tracability](#).

Increasing Small Holder Yield

Researchers at Wageningen University in the Netherlands, in partnership with Johnson & Johnson, are seeking to understand the barriers that small holders face to sustainably increase oil palm yields in their plantations in Indonesia. The project is exploring opportunities to address the financial and labor constraints facing small holders, and to find pathways to move from current poor management and average yields of 15–18 tons of fresh fruit bunches per hectare to greater than 22 tons per hectare.

Working with the small holders, the researchers are identifying and implementing sustainable practices, such as applying the right amount of fertilizers and other good practices, and simultaneously measuring the yield, number of bunches and vegetative growth of the palms. The data will help the researchers to understand the mechanisms behind yield improvement and to design suitable approaches for projects at a larger scale. “Our goal is to find ways to increase sustainable production in small holder systems, so that the increased demands for palm oil can be met without the need for large-scale expansion, and the position of small holder palm oil producers is improved,” said Wageningen University researchers.

External Organization Participation

To remain fully engaged in the latest developments around product stewardship, Johnson & Johnson is an active member and participant in several industry and collaborative organizations. Some include:



Climate



Human health and environmental health go hand in hand.

Johnson & Johnson began its formal energy management program more than 30 years ago. In 2000, we established our first enterprise-wide public commitment to reduce CO₂ emissions. In just the past 10 years, our energy and CO₂ emissions reduction projects have reduced both our energy costs and carbon footprint by approximately 15 percent. We are proud of the solid progress we have made to reduce our carbon footprint, protect our environment and conserve our natural resources. And we are committed to doing even more.

Climate change is one of the biggest global health threats of the 21st century, according to a recent report by the Lancet/UCL Commission on Health and Climate Change, a collaboration of dozens of experts from around the world.¹⁶



HARNESSING THE SUN'S POWER Still one of the largest solar panel arrays in the state of New Jersey, this collection of panels installed back in 2010 on the Janssen Titusville campus puts the power of the sun to work. Solar energy is one part of our growing reliance on clean and renewable sources of energy as we aspire to power all our facilities with renewable energy by 2050.

16. "Managing the Health Effects of Climate Change," 2015.

As part of the Citizenship & Sustainability 2020 Goals we launched in 2016, we extended our commitments with two new energy and climate goals based on the latest climate science. Across Johnson & Johnson, we aim to:

- Reduce absolute carbon emissions 20 percent by 2020 and 80 percent by 2050¹⁷
- Produce/procure 20 percent of electricity from clean/renewable sources by 2020 and aspire to power all our facilities with renewable energy by 2050

Also in 2015, we:

- **Joined more than 80 companies in the signing of the American Business Act on Climate Pledge**, a commitment to take climate action. The pledge was signed by 30 percent of the largest 50 companies in the United States, who together employ nine million people across the nation.
- **Joined RE100**, a collaborative, global initiative of influential businesses committed to 100 percent renewable electricity. We were the first healthcare company to join the ranks of other prominent businesses that have made this pledge. RE100 is led by The Climate Group in partnership with Carbon Disclosure Project.
- **Continued participation in all of the CDP's reporting programs**, including Climate Change, Water, Supply Chain Climate, Forest and Water Supply Chain programs. See our reports at www.cdproject.net.
- **Achieved recognition as part of the CDP Disclosure Leadership Index** for the sixth consecutive year. Our performance score was a B, and our disclosure score was a 99. Performance compared to that of our peer companies is presented in the CDP's S&P 500 Climate Change Report 2015.

17. Pertains to Scope 1 and Scope 2 emissions only.



In 2015, Johnson & Johnson Chairman and CEO Alex Gorsky joined a round table discussion with President Obama and business leaders to discuss the impact and influence business can have on our environment. The Summit on Climate and the Road Through Paris brought together science and business leaders to explore ways to further drive efforts to address climate change.

Johnson & Johnson partnered with the World Wildlife Fund, the World Resources Institute and 34 other corporations to launch the [Corporate Renewable Energy Buyers Principles](#), which were created to raise awareness of the challenges faced by corporate energy purchasers.



Five Johnson & Johnson delegates attended the sixth annual One Young World Summit in Bangkok, Thailand. Each delivered a video message calling on their respective country leaders to take action to stop climate change, reminding them of its impending danger to the health of people and the planet.

We made good progress
on our
Healthy Future 2015
goals to steward a healthy
environment

Realized a 9.8 percent absolute reduction in facility CO₂ vs. 2010 baseline. (Target is 20 percent by 2020.)
On track

Increased on-site clean-technology energy capacity to 54 MWs.

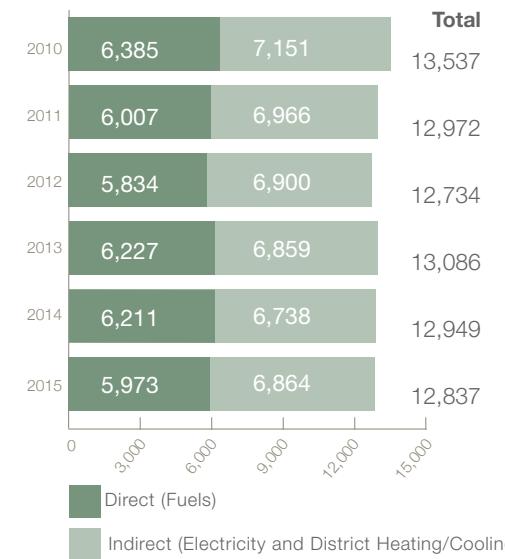
Exceeded

Realized 20 percent improvement in vehicle emissions efficiency.
Met

Energy Use¹⁸

Our energy use has decreased 5.2 percent, from 13,537 terajoules (TJ) in 2010 to 12,837 TJ in 2015, including a decrease of approximately 112 TJ from 2014–2015. These reductions are due primarily to improvements in the efficiency of our utility systems at our largest production facilities. **EN5¹⁹, EN6²⁰** Our energy intensity has decreased by 17 percent, from 220 TJ/billion U.S. dollars (USD) in 2010 to 183 TJ/billion USD in 2015.

2015 Purchased Energy Consumption, in Terajoules **EN3, EN4**



2015 Energy Consumption, by Type

	Category	Energy Consumption (Terajoules)
Purchased	Electricity	6,665
	District Heating/ Cooling	199
	Natural Gas	5,285
	Diesel	582
	Propane	88
	Fuel Oil 6	15
	Biomass	2
Generated On-Site	Solar PV	77
	Geothermal	29
	Cogeneration	610
	Wind	57
	Fuel Cell	26

18. 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. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Energy use, carbon emissions and clean energy capacity data have been adjusted to reflect acquisitions and divestitures.

19. Our diverse product portfolio makes it difficult to track an organization-specific metric, so we can only use revenue, square feet or employees as a denominator for energy intensity. Electricity, stationary fuels and district heating and cooling are all included in energy intensity ratio, which also includes energy used at Johnson & Johnson facilities.

20. The types of energy included in the reductions are fuel and electricity. Reductions in energy consumption are calculated by comparing energy consumption before project implementation and expected consumption after implementation. The project data we have are based on engineering estimates when the projects are approved.

To improve the efficiency of our operations, Johnson & Johnson has implemented five targeted demand-side efficiency efforts (see below) designed to optimize the largest energy-using systems at our most energy-intensive manufacturing and research properties. These programs have realized reductions in both energy and water use. In 2015, we began expanding these programs beyond North America and the Europe, Middle East and Africa (EMEA) region into Asia-Pacific and Latin America.

Project COLD

Converting existing chilled water systems into an optimized variable condition by taking advantage of state-of-the-art control technology.

Project HOT

Modernizing steam and hot water systems by utilizing a mix of proven best practices and new technologies to increase efficiency.

Project c-AIR

Implementing continuous monitoring, improved controls, efficient drying and heat recovery on our largest compressed air systems.

Project n-AIR-g

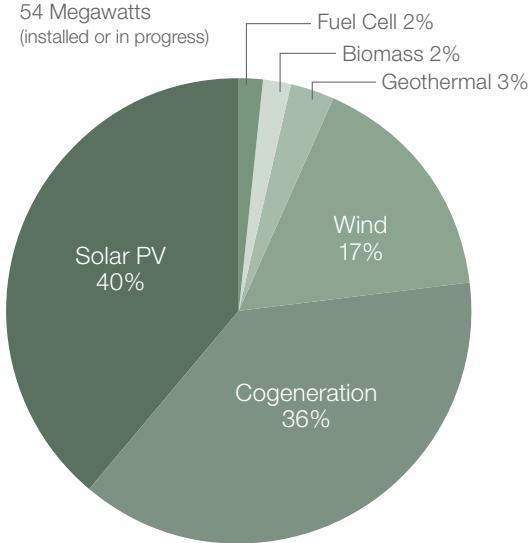
Retro-commissioning the HVAC systems at our largest properties using real-time controls and set-point optimization.



Systematically upgrading existing fluorescent lighting systems to LED technology to provide better light quality and control while improving efficiency.

While energy efficiency improvements are one way to address climate change, the use of clean energy sources is a way to reduce the environmental impact of the energy our business needs to operate. At the end of 2015, we have increased our on-site clean/renewable energy technology capacity to 54 megawatts (MWs), exceeding our Healthy Future 2015 goal of 50 MWs.²¹ Of this, 53.5 MWs are currently installed and 0.5 MWs are approved or under construction. Efforts in 2015 include two fuel cell projects in California, and the construction of a new windmill project in Ireland, which was completed in early 2016. Currently, approximately seven percent of the Company's electricity is generated by clean/renewable sources. Our 2020 goal, updated in 2016, is to produce/procure 20 percent of our electricity needs from clean/renewable sources by 2020, with an aspiration to power all our facilities with renewable energy by 2050.

Current On-Site Renewable/Clean Energy Capacity



²¹ Performance is lower than clean energy capacity reported in 2014 report (55.7 MW) based on recalculations due to divestitures.



At our Vision Care facility in Limerick, Ireland, a 3.0 MW wind turbine completed in early 2016 is the latest project in a series of energy use and CO₂ emission reduction efforts ongoing since 2006, which through the end of 2015 have reduced the energy cost and CO₂ emissions at that location by nearly 30 percent. These efforts continue into 2016 with additional energy efficiency and water use reduction projects. An “energy wall” (below) at the facility explains and tracks the site efforts.



Facility CO₂ Emissions²²

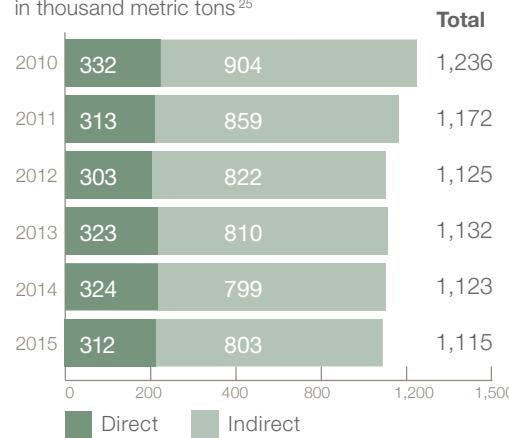
We continue to follow the Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development and the World Resources Institute, and three of our sites are subject to the European Union Emissions Trading System program. We track and report our Scope 1 and 2 emissions sources. In launching our new science-based 2020 CO₂ reduction goal, we also expanded the scope of the goal to include our aviation fleet and sales fleet. We continue to engage with our external supply chain in an effort to collect meaningful data on our material Scope 3 emissions sources and collaborate with them on reducing their carbon footprint.

Our Healthy Future 2015 goal is to achieve a 20 percent absolute reduction in facility CO₂ emissions by 2020, compared to our 2010 baseline. Since 2010, we have realized a 9.8 percent decrease in CO₂ emissions at our facilities globally. In 2015, we realized a 0.7 percent decrease in CO₂ emissions, from 1,122,888 metric tons in 2014 to 1,114,764 metric tons in 2015. These reductions are the result of energy efficiency and clean energy projects, the electricity grid becoming cleaner across the globe and portfolio optimization. Our emissions intensity (including Scope 1 and Scope 2 emissions) per revenue since 2010 has decreased by more than 20 percent, from 20.1 MT CO₂/million USD in 2010 to 15.9 MT CO₂/million USD in 2015. **EN18** We currently do not use carbon offsets to reduce our global emissions footprint.

The Scope 3 emissions currently tracked include employee business travel, non-hazardous waste generated from our operations, electricity-related transmission and distribution losses, and limited downstream (U.S. only) transportation emissions. Evaluation of opportunities for engagement and improvement within our Scope 3 footprint continue, and an input/output analysis has been performed to identify emissions hot spots within our value chain. We continue to participate in the CDP supply chain climate program where we ask our largest suppliers to report energy and emissions data for their operations. For more information, see

Worldwide Facility CO₂e Emissions (Scope 1 and Scope 2) EN15²³ EN16^{23, 24}

in thousand metric tons²⁵

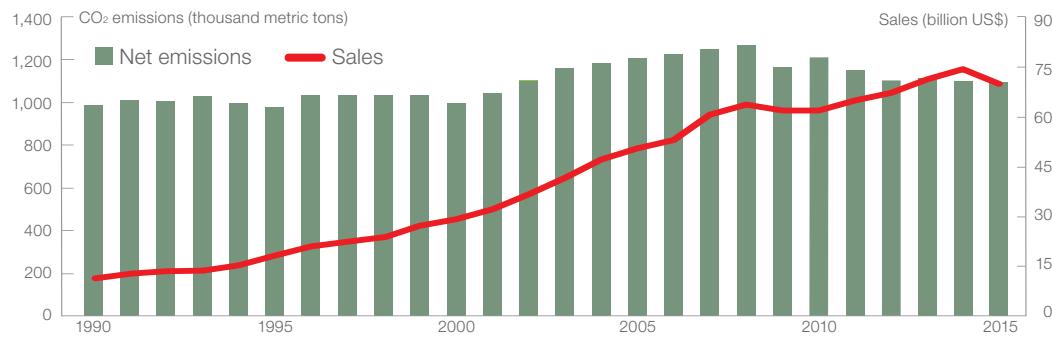


Worldwide Aviation and Sales Fleet Scope 1 Emissions

in metric tons

Year	Sales Fleet	Aviation
2011	150,003	8,544
2012	142,709	8,571
2013	132,973	9,081
2014	130,755	10,604
2015	127,640	9,855

Worldwide CO₂ Emissions vs. Sales, Facility-related Scope 1 and Scope 2 emissions, 1990–2015



22. Recalculation for Emission Factors: It is standard for reporting on Scope 2 GHG emissions to use electricity factors with a two-year lapse time due to the delay in the availability of grid and country emission factors for a specific year. For this reason, we use the most recent emission factors available when reporting emissions, and then recalculate emissions for prior years when the actual factors become available.

23. Johnson & Johnson does not currently use purchases, sales or transfers of offsets or allowances. Gases included in these calculations include only CO₂, as that is how our goal was originally written, but we have calculated methane and nitrous oxide emissions from 2010 forward, and these are included in our new goal. Hydrofluorocarbons (CFCs) are tracked by EHS&S. Perfluorinated chemicals, sulfur hexafluoride and nitrogen trifluoride do not result from our operations. We do not calculate or report biogenic CO₂ emissions in metric tons of CO₂ equivalent separately from the gross direct (Scope 1) GHG emissions. Base year is 2010, included in table. Emissions in base year have been recalculated to adjust for acquisitions and divestitures in accordance with guidance from World Resources Institute Corporate Accounting and Reporting Standard. We follow the World Resources Institute

Corporate Accounting and Reporting Standard. Electricity emission factors are obtained from the International Energy Agency's CO₂ Emissions from Fuel Combustion Report and the U.S. Environmental Protection Agency's eGRID publication. 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.

24. Facility CO₂ emissions numbers were third party-assured in 2010–2015, but prior year values are being restated due to updates in electricity grid emission factors and the addition and removal of acquisitions and divestitures, which is in line with guidance from the World Resource Institute's Greenhouse Gas Protocol Corporate Standard.

25. Emissions data are adjusted for prior years due to divestitures, acquisitions and updated emissions factors. As a result, data presented here will not correspond to the figures in the 2014 Report or those submitted to CDP in the respective years. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report.



Scope 3 CO₂ Emissions EN17²⁶ EN30

in metric tons

Year	Business Travel	Downstream Product Transportation	Fuel- and Energy-Related Activities
2010	219,290		
2011	232,944		
2012	224,220	63,058	
2013	229,317	55,722	87,313
2014	235,157	36,246	84,957
2015	248,281	available 12/16	93,128

Business Travel includes global flights via American Express reporting and personal vehicles miles via gXRS internal reporting. **Downstream Product Transportation** includes downstream shipping-related emissions for U.S. operations as compiled by U.S. Environmental Protection Agency's (EPA) SmartWay program. **Fuel- and Energy-Related Activities** includes transportation and distribution losses in the electricity grids globally per EPA data in the U.S. and World Bank data globally.

the [Procurement & Supplier Management](#) section of this report.

Our CO₂ reduction capital funding process provides a \$40 million annual budget for energy and greenhouse gas reduction projects across the Company. In 2015, 14 new projects were approved and 15 projects were completed, with year-end total spend of \$26.5 million.

Over the last 11 years, 202 energy reduction projects have been approved and 166 have been completed. Together, the completed projects are collectively avoiding CO₂ emissions of approximately 228,000 metric tons per year, equivalent²⁷ to removing 48,000 cars from the road. To date, the energy reduction projects

completed since 2005 have reduced our annual energy costs by approximately \$64 million. [EN19](#)

Ozone-Depleting Substances (ODS)

Chlorofluorocarbons (CFCs) have been eliminated from use in our facilities for several years. We plan to eliminate the use of hydrochlorofluorocarbons (HCFCs) by the end of 2025, or earlier where required by government regulations, and all Johnson & Johnson manufacturing sites were required to prepare an HCFC phase-out plan. For more information, see [Air Emissions](#) on our website. In 2015, emissions of ODS were 3.64 metric tons. We do not produce, import or export ODS. [EN20](#)

Fleet-Related CO₂ Emissions

We achieved Our Healthy Future 2015 goal to realize a 20 percent improvement in fleet emissions²⁸ efficiency for our global inventory of more than 28,000 owned or leased vehicles, with an average global CO₂ emissions per vehicle of 141.8 g/km, representing a 20 percent reduction in CO₂ from the 2010 baseline of 177g/km. [EN30](#)

These results were driven by a decline in total vehicle count and an increase in average

Approved Energy Reduction Projects, Since 2005

Project Type	Number of Projects
Other Energy Efficiency	59
Project Relight	44
Project COLD	28
Project n-AIR-g	6
Project HOT	5
Project cAIR	5
Solar Photovoltaic	30
Cogeneration	14
Geothermal/Biomass	6
Wind	3
Fuel Cell	2

Sales Fleet CO₂ Emissions Efficiency

Year	Grams CO ₂ per kilometer
2010	177 g/km
2011	170 g/km
2012	161 g/km
2013	149.6 g/km
2014	142.8 g/km
2015	141.8 g/km

CO₂ emissions efficiency in both the EMEA and Asia-Pacific regions. Belgium, France, Germany, the United Kingdom, Japan and the Philippines increased use of more fuel-efficient vehicles.

Shipping-Related CO₂ Emissions

Johnson & Johnson does not own the fleet used to ship our goods; instead, we work with asset and non-asset based providers to transport our goods.

To minimize environmental impacts from



goods transport, we work with our transportation providers to optimize our network, using multi-compartment trailers, taking advantage of freight consolidation opportunities, eliminating deadhead miles (the number of miles that are driven from the point of unloading to the point where the new load is ready for pickup), and engaging in cross-shipper moves with other companies that have similar product lines.

In 2015, our efforts to increase intermodal shipments continued, helping to decrease carbon emissions. In the U.S., Johnson & Johnson participates in the U.S. Environmental Protection Agency's SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing greenhouse gas 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. More than 99 percent²⁹ of the over-the-road transport providers in our U.S. network are currently members of the program. The SmartWay membership is part of the decision criteria for awarding business to our transportation providers.

Green Buildings

Our Policy on Sustainable Building Design and Construction requires that sustainability be incorporated into our new buildings and major renovations, and that it be applied to all projects with a cost of at least \$5 million and to all new stand-alone facilities owned or leased by Johnson & Johnson companies worldwide. The policy establishes an enterprise minimum design standard based on the Leadership in Energy & Environmental Design (LEED) standard. At the end of 2015, Johnson & Johnson had 29 LEED-certified buildings, with four new facilities in the U.S. and China joining the list (at right).

Johnson & Johnson LEED-Certified Buildings

Affiliate	Location	Level	Date	Building Area (Sq. Ft.)
Janssen	Titusville, N.J.	Gold	8/04	472,553
J&J PRD	La Jolla, Calif.	Certified	4/05	150,000
McNeil	Ft. Washington, Penn.	Silver	12/06	50,000
McNeil	Las Piedras, Puerto Rico	Certified	9/09	482,642
J&J PRD	Springhouse, Penn.	Gold	11/09	150,000
World Headquarters	New Brunswick, N.J.	Gold	12/09	448,200
Janssen	Geel, Belgium	Certified	1/11	82,505
J&J Medical China	Suzhou, China	Silver	1/11	52,635
J&J Consumer China	Shanghai, China	Silver	2/11	68,847
J&J Consumer Philippines	Manila, Philippines	Gold	10/11	74,271
J&J Medical China	Suzhou, China	Gold	10/11	21,528
Lifescan	Inverness, Scotland	Gold	10/11	14,500
J&J Sales & Logistics	Mooresville, Ind.	Gold	1/12	1,050,000
J&J India	Chennai, India	Gold	3/12	20,600
Centocor U.S.	Horsham, Penn.	Silver	12/12	27,494
J&J Family of Companies	Zug, Switzerland	Platinum	3/13	271,000
McNeil	Ft. Washington, Penn.	Gold	6/13	345,700
Centocor U.S.	Horsham, Penn. (200)	Gold	12/13	92,734
Centocor U.S.	Horsham, Penn. (850)	Gold	12/13	89,718
Centocor U.S.	Horsham, Penn. (800)	Silver	12/13	107,675
J&J Dubai	Dubai, UAE	Gold	6/14	82,000
LifeScan	Aguadilla, Puerto Rico	Silver	10/14	188,573
Janssen Belgium	La Louvière, Belgium	Silver	11/14	313,000
LifeScan Canada	Burnaby, British Columbia	Silver	11/14	25,872
Janssen India	Mumbai, India	Platinum	12/14	84,160
Vision Care	Jacksonville, Fla.	Silver	6/15	45,200
J&J Consumer China	Minhang, China	Silver	9/15	77,640
Corporate—George Street Building	New Brunswick, N.J.	Silver	10/15	258,400
JJSC	Bridgewater, N.J.	Certified	10/15	129,000
Total				5,276,447
Johnson & Johnson Building Area				50,634,606
Sustainable Workplace Percentage				10.4%

29. 2014 value, EPA SmartWay Report.

Water³⁰



Clean water is essential for health.

People depend on water for drinking, sanitation, hygiene and food supply. Yet one in nine people lack access to clean water, and half the world's hospital beds are filled with people suffering from water-related diseases³¹. More than a billion people currently live in water-scarce regions, and as many as 3.5 billion could experience water scarcity by 2025³². And as populations continue to increase, climate change is expected to shift precipitation patterns and speed glacial melt, altering water supplies and intensifying floods and drought.

Global Water Stress and Scarcity

Water scarcity occurs when water supplies are no longer adequate to satisfy all human or ecosystem requirements, resulting in increased competition between water users and other demands.

Our [Statement on Human Right to Water](#) recognizes that everyone is entitled to sufficient, safe,

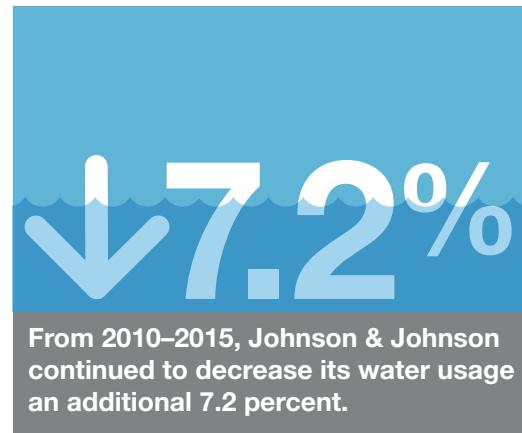
30. Includes data from all manufacturing and R&D locations. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur. Data have been adjusted to reflect divestitures.

31. Globalwaterchallenge.org

32. WRI.org



ACCESS TO SAFE WATER Access to reliable sources of potable water is limited in many parts of the world, such as in this village in Nkhotakota, Malawi. Without access to clean water, children walk long distances and use dirty water from ponds and rivers, raising fear of waterborne disease. Johnson & Johnson recognizes the Human Right to Water, as defined by the United Nations.



R&D locations and implement water-risk mitigation plans (WRMPs) at high-risk sites. Additionally, more locally focused data about our water use and impacts will be available as we move forward to meet this goal. **EN26**

Water Usage³³ **EN10**

Johnson & Johnson has had goals to reduce water usage for over 10 years. We have made substantial progress in reducing our water use, realizing an absolute reduction of over nine percent from 2005–2010, and an additional 7.2 percent from 2010 to 2015.

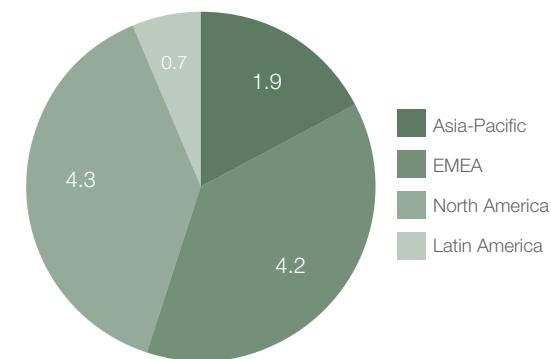
At the end of 2015, our water use volume was down to 11.13 million cubic meters, a reduction of approximately 7.2 percent compared to our 2010 baseline volume. Although we missed our Healthy Future 2015 goal to achieve a 10 percent absolute reduction in water use by 2015, with our 2010 consumption as a baseline, compared to our performance in 2013 and 2014 we made significant advancement in water reduction in 2015. Over the five-year goal period, water use decreased in the Pharmaceutical and Medical Devices segments, but increased in the Consumer segment. Regionally, water use increased in Asia-Pacific and decreased in EMEA and the Americas. Water use increases are mainly driven by higher production volumes. Reductions can be attributed to site-specific water conservation measures or to energy efficiency projects that have related water savings benefits.

Water use in 2015 by region and by business segment is shown in the pie charts on the right.

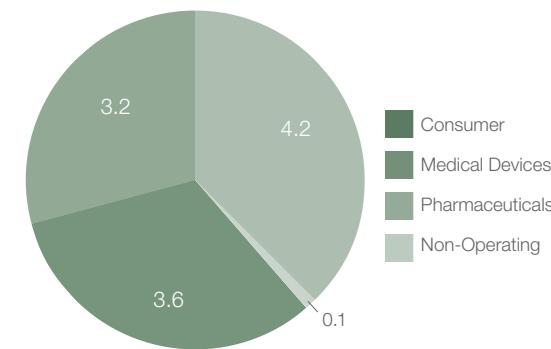
Recycling water is another way to reduce demand on limited water resources. In 2015, we reused 0.75 million cubic meters of recycled water, meeting approximately 6.7 percent of our total water demand, similar to our use in 2014.

Our water sources remain unchanged and are shown at right. **EN8**

2015 Water Use, by Region
in million cubic meters



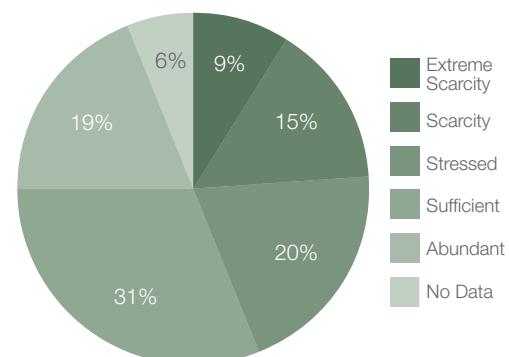
2015 Water Use, by Business Segment
in million cubic meters



acceptable, physically accessible and affordable water, and acknowledges that our actions can impact water quality and quantity. Water scarcity is a concern in many areas of the world where we operate, including India, China, Mexico, Thailand and parts of Europe and the U.S. Using the methodology developed by the World Resources Institute (WRI) to predict water-stressed or water-scarce areas in 2025, we have evaluated our site locations for exposure to water stresses/scarcity. **EN9** Site-specific risk assessments will be conducted as part of our 2020 goals.

Our Citizenship & Sustainability 2020 water goal is to conduct a comprehensive water-risk assessment at 100 percent of our manufacturing/

Percentage of Water Consumption Anticipated to Be in Water-Stressed or Scarce Areas by 2025



Water Sources	Percent of Total Water Used
Municipal	76.74
Groundwater	21.92
Rainwater	0.52
Gray Water	0.67
Surface Water	0.10
Other	0.04

33. Baseline and performance has been adjusted to reflect Synthes and other acquisitions.



Participation in CDP Water Programs

Johnson & Johnson has been a participant in Carbon Disclosure Project (CDP) Water program since its inception in 2010. Additional information on our water use and risks can be found in our CDP Water submission at www.cdpproject.net. Our CDP 2015 water score was rated B; the average healthcare sector score was a B–, as was the average for all companies who provided information.

Water Discharge

In 2015, our water discharge volume was approximately 8.22 million cubic meters, discharged as shown in the chart below.

Discharges are monitored, as required, to demonstrate compliance with the applicable water quality standards. In 2015, we discharged a total of 12.9 metric tons of biological oxygen demand (BOD-5) and 78.5 metric tons of chemical oxygen demand (COD), essentially unchanged since 2014. **EN22**

Our Worldwide EHS&S Standard for water and wastewater management (Standard) requires that facilities comply with either the local treatment standards or the Standards, whichever is more stringent, and sets forth clear responsibilities for addressing water conservation, drinking water supply management and storm water management. Manufacturing and R&D sites conduct water inventories and review wastewater sources

Global Water Discharge 2015

in million cu meters

	Cubic Meters
Ocean	0.08
Wastewater Treatment Plant	5.83
Surface	1.92
Irrigation	0.20
Other Body	0.18
Total	8.22

Water Conservation Efforts Continue

Each of our facilities has a role to play in meeting our water use reduction goals. Examples of water conservation efforts are highlighted below:

Site	Project
Johnson & Johnson Consumer, Brazil	Toiletries Water Re-utilization System (reuse of reject reverse osmosis water).
Janssen Belgium (Beerse)	Increase the application of gray water on the Beerse site by using soil water as source for the reverse osmosis water.
Janssen Belgium (Geel)	Reuse of effluent water for polymer lime dosing formulation.
Vistakon Ireland	Installation of optimized washing unit for cleaning activities, resulting in reduced water use. Reuse of reject reverse osmosis water.
Ethicon Mexico	Replacement of old equipment with newer, higher efficient models to reduce water use (and natural gas).
J&J Medical Brazil	Implementation of automation in a washing station, resulting in reduced water use.
Janssen Mexico	Improvements in the wastewater treatment process to allow for reuse of treated wastewater.

annually, to identify opportunities to decrease wastewater generation and/or contaminants.

Pharmaceuticals in the Environment

Pharmaceutical residues in the environment (PIE) are found in water bodies and some soils and sediments, primarily as the result of excretion of medicines by humans and livestock. Some pharmaceuticals survive conventional industrial and municipal wastewater treatment processes; because of this, regulations to limit levels of pharmaceuticals in water are being considered in

the U.S., Europe and other parts of the world.

In 2015, Johnson & Johnson, other pharmaceutical companies and the European-based Inter-Association Initiative on Pharmaceuticals in the Environment (IAI PIE)—consisting of the Association of the European Self-Medication Industry (AESGP), the European Federation of Pharmaceutical Industries and Associations (EFPIA), and Medicines for Europe—launched the Eco-Pharmaco-Stewardship (ESP) framework to address PIE. This framework is designed to 1) develop new science and models



that will enable focused environmental testing of pharmaceuticals and early identification of pharmaceutical substance properties and the associated environmental risk potential through a four-year, 10 million euro research project; 2) evaluate and control manufacturing facility wastewater discharges, including those in the external supply chain; and 3) develop an extended environmental risk assessment process for pharmaceuticals introduced prior to 2006 when the existing risk assessment process for PIE went into effect. For more information on this effort, visit the [EFPIA](#) website.

To develop new science and continue to increase understanding of PIE risks, we continue to:

- Conduct Environmental Risk Assessments for all new drug compounds;
- Collect environmental impact data for all major pharmaceutical products, including a prioritized list of legacy (i.e., approved prior to 2006) products;
- Partner with a wide range of stakeholder groups that share our commitment to sound science and effective actions to gain a better understanding of this issue; and
- Work closely with regulatory agencies to ensure that the potential impacts of pharmaceuticals on human health and on the aquatic environment are understood and minimized.

We continue to implement our internal PIE strategic plan that will guide our efforts through 2020, including development of predicted “no effect” levels for pharmaceuticals and identification of adjustments to cleaning practices at our manufacturing sites to avoid discharging active pharmaceutical ingredients to our wastewater treatment systems. We will also continue our work on monitoring and improving our wastewater treatment. Our wastewater is treated before discharge by either a company-owned system or an off-site municipal wastewater treatment

system, and often our wastewater is treated by both types of systems. We evaluate our pharmaceutical manufacturing wastewaters for pharmaceutical residues and potential toxicity to aquatic species, and, if needed, action is taken to reduce concentrations to acceptable levels.

To support the evaluation and control of manufacturing facility wastewater discharges, we are sharing best practices with our manufacturing partners. Additionally, working with other pharmaceutical companies, at the end of 2015 we published previously unpublished ecotoxicity data for over 100 pharmaceutical compounds, and Johnson & Johnson has added additional compounds to this list. This information is now available through the Temple University Water and Environmental Technology Center to center members and to regulators upon request. We also shared our wastewater effluent maturity ladder with the Pharmaceutical Supply Chain initiative and suppliers.

Waste³⁴



As the world population exceeds seven billion and finite nonrenewable resources are becoming harder to obtain, finding ways to use materials more efficiently or to turn wastes into raw materials is becoming a necessity.

³⁴. Includes data from all manufacturing and R&D locations. For information on how data from acquisitions and divestitures are managed, please see the *Report Profile* section of this report. Exceptions will be noted in the relevant sections in which they occur. Data have been adjusted to reflect divestitures.

Reduce.

At our facility in Baddi, India, employees worked with our suppliers to replace one-time use corrugated box packaging with reusable crates, significantly reducing the use of one-time use corrugated boxes.

Reuse.

And at our facility in the state of Selangor, Malaysia, finished goods not meeting our quality standards had always been landfilled. Through a partnership with the local government and a waste contractor, the off-spec products are now collected, segregated and combined with other industrial wastes to make fuel bricks, used as an energy source.

Waste Management³⁵

Our Healthy Future 2015 goal was to achieve a 10 percent absolute reduction in total waste disposed off-site from manufacturing and R&D locations using 2010 total off-site waste disposal as a baseline. Total waste includes both hazardous and non-hazardous waste and excludes waste that is recycled or reused, or disposed/treated

³⁵. For 2015, waste data for new acquisitions has been added to the 2010 baseline (Synthes, Calibra, Guangzhou Bioseal) for the purpose of calculating goal achievement, but does not represent actual waste generated in 2010. Ortho Clinical Diagnostics is not included, except for Huntington Valley (part of Janssen from 2014). Cordis is included since divestiture only completed in October 2015; Cordis, Juarez Salvacar, is also continuing and reported with Biosense, Juarez, in 2015.

In many parts of the world where people lack regular access to food, there are still problems with the amount of food that is wasted each day. Employees at our Mulund, India facility took action to make sure their site, where over 1,100 people work each day, did not add to that problem. In the last quarter of 2015, food waste generation was reduced by 66 percent, from approximately 900 kg per month to just over 300 kg per month. Any food wastes that are generated are converted into compost that is used as a fertilizer at the site, eliminating the need for off-site disposal.



on-site in any way. We have focused on total waste, rather than on separated waste types, in order to support our companies' efforts to apply their waste reduction efforts strategically, relative to their own operations.

Our total waste disposed off-site in 2015 was 80.0 million kilograms, a decrease of 2.9 percent compared to our 2010 baseline of 82.4 million kilograms. Over the last year, the greatest reductions were realized in the Consumer segment and in the EMEA region.

Over the five-year goal period, the greatest reduction was in our Consumer segment, while regionally we saw a decrease in waste in the Asia-Pacific region (in part due to the implementation

of on-site wastewater treatment capability), and an increase in EMEA, mainly due to an increase in production.

Waste Generation³⁶

In 2015, our hazardous waste generation decreased by 4.0 percent from 2014 (from 58.08 million kg to 55.77 million kg), and our non-hazardous waste generation decreased by 1.7 percent versus 2014 (from 117.88 million kg to 115.90 million kg). Total waste generation decreased 2.4 percent from 2014 (175.95 million kg to 171.67 million kg). While we do ship wastes between countries, we currently have no mechanism to track the volumes of these shipments at the enterprise level. **EN25** Notably, over half of the waste generated by Johnson & Johnson is reused or recycled.

Environmental Remediation

Johnson & Johnson is remediating contamination at 21 current or former facilities. In 2015, we spent \$6.5 million remediating these facilities.

³⁶ 36. Synthes, Calibra, Guangzhou Bioseal data are included from 2013.

Notable Waste Reduction Projects, 2015

Site	Project
Janssen Belgium (Geel)	Increased waste recycling by adding additional solvent distillation.
Janssen Belgium (Beerse)	Improved wastewater treatment processes, allowing for treatment of wastewater stream previously sent for incineration.
Consumer, L.A.	Modified wastewater treatment system processes, resulting in a reduction of hazardous waste generated by this system.
Mentor Irving, Calif.	Implemented beneficial use of previously disposed waste stream; replaced use of hazardous material with non-hazardous alternative.
Noramco Wilmington, Del.	Reduced the amount of cleaning solvent by implementation of 'dry' cleaning with carbon dioxide.
	Implemented recycling for previously disposed waste stream.

EN23

Waste Disposed, by Region, 2015 in million kg

Asia-Pacific	5.3
EMEA	39.9
North America	30.2
Latin America	4.6

Hazardous Waste Disposed, 2015 in thousand kg

	On-Site	Off-Site
Recycled	2,693	17,890
Reused	147	326
Landfilled	0	3,732
Incinerated	0	6,590
Energy Recovery	0	20,206
Biological/ Chemical Treatment	0	3,030
Other	0	24

EN23

Waste Disposed, by Segment, 2015 in million kg

Consumer	27.2
Medical Devices	16.9
Pharmaceutical	35.0
Non-Operating	0.9

Non-Hazardous Waste Disposed, 2015 in thousand kg

	On-Site	Off-Site
Recycled	0	60,621
Reused	779	9,101
Landfilled	0	14,906
Incinerated	65	3,139
Energy Recovery	25	19,442
Biological/Chemical Treatment	32	7,751
Other	0	36



We'll team up with partners and employees to further advance our culture of health and well-being.

Practices

Governance & Ethical Performance



Johnson & Johnson has well-established governance structures and accountability measures to ensure responsible performance that furthers our purpose and aims with regard to economic, social, environmental and governance dimensions of our citizenship and sustainability.

Our Board of Directors, our highest governance body, is a diverse group of individuals who are elected by our shareholders each year. Among the six standing committees of the Board of Directors, the Regulatory, Compliance & Government Affairs Committee and the Science, Technology & Sustainability Committee—each composed of non-employee (independent) directors—share responsibility for oversight of topics related to Citizenship & Sustainability, including regulatory, compliance, quality and governmental matters, and policies, programs and practices on environment, health, safety and sustainability. These committees advise and, as appropriate, make recommendations to the Board on issues for which they are responsible. Details about our Board of

Directors and various committees of the Board are available on the [Corporate Governance](#) section of our website. **G4-34, G4-38, G4-39**

In 2015, Johnson & Johnson created a new office of Worldwide Corporate Governance that will partner with the Environment, Health, Safety & Sustainability (EHS&S) and Citizenship teams to measure progress against the completion of our Healthy Future 2015 goals and introduce our next set of five-year goals. In addition, in early 2016 a Johnson & Johnson Enterprise Governance Council (EGC) was established, comprised of a community of enterprise experts who will work cross-functionally to drive alignment and coordination of external engagement efforts related to key environment, social and governance issues affecting the Company. The Council will also help lead the effective delivery of our Citizenship & Sustainability 2020 Goals.

We will continue to have a Citizenship & Sustainability Working Group, with representatives from across the enterprise representing various divisions and disciplines that accomplish the work in support of practices on environment, health, safety, citizenship and sustainability.

The Citizenship & Sustainability Working Group has tracked performance and progress against our Healthy Future 2015 goals, assisted in the development and execution of our last materiality assessment, and assists in other Citizenship & Sustainability strategic efforts such as the development of our next set of five-year goals.

G4-35-36

Our governance structure also includes Corporate Internal Audit; an independent auditor, PricewaterhouseCoopers, LLP; the Audit Committee of our Board of Directors; and regular review of business results by our Executive Committee.

Further details are provided on [www.jnj.com](#) under [Our Company](#), as well as on our [Investor Relations](#) and [Citizenship & Sustainability](#) websites.

Communication with Our Board

G4-37, 49-50

Shareholders, employees and others may contact the Board or any of our Directors (including the Lead Director) by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933 or via email at LeadDirector@its.jnj.com, or by using the online submission form. General comments to the Company (including complaints or questions about a product) should be sent via the [Contact Us](#) form on our website.

Johnson & Johnson holds its annual meeting of shareholders each year on the fourth Thursday of April. A notice of annual meeting and Proxy statement are mailed or delivered electronically to shareholders in mid-March. The [Proxy Statement](#) and the Company's [Annual Report](#) are available on the Company's [Investor Relations](#) website.

Advance notice is required of shareholder proposals and other items of business. Under the terms of the Company's By-Laws, a shareholder who intends to present an item of business (other than a proposal submitted for inclusion in the Company's Proxy materials) must provide written notice of such business to the Company. This advance notice and associated deadlines are outlined in the [Company's Proxy Statement](#).

Topics related to economic, environmental and social performance that were raised through the 2015 reporting period included shareholder proposals seeking a policy for share repurchase preference, an independent Board Chairman, report on lobbying disclosure and take-back programs



for unused medicines. These proposals and the Board's statements in opposition are presented in the Company's [Notice of Annual Meeting and Proxy Statement](#) of March 16, 2016, available online. The majority of votes cast by shareholders were against the adoption of these proposals, as announced at the Company's Annual Meeting on April 28, 2016.

Ethical Performance

The Johnson & Johnson Family of Companies has the privilege of doing business in many countries and regions around the world. In every single location, employees at every level have the responsibility to know and follow laws and regulations that apply to our business.

While compliance with laws and regulations is mandatory, it also shows our commitment to being a responsible corporate citizen and demonstrates care about and respect for all those we serve and who do business with us. In addition, noncompliance with laws and regulations can result in civil and criminal fines and penalties, imprisonment and other commercial or personal disciplinary actions.

Our Company has comprehensive policies, procedures and required training that help employees comply with laws and regulations. The Johnson & Johnson Law, Health Care Compliance & Privacy, Quality & Compliance, Human Resources and Finance departments are available to help all employees navigate the laws and regulations that impact our work.

In 2015, the Johnson & Johnson Code of Business Conduct, previously known as the Johnson & Johnson Policy on Business Conduct, was modernized and renamed to advance a culture of accountability in an increasingly complex business environment, and with availability in 25 languages, to better reflect the needs of our global, diverse workforce.

Additional details concerning policies and procedures that define what we expect of our people and our business partners throughout the world are provided on our [Citizenship & Sustainability](#) website. **G4-56-58**

Anti-Corruption

The Law Department and the Johnson & Johnson Office of Health Care Compliance & Privacy (HCC&P) are responsible for setting enterprise-wide standards with respect to anti-corruption laws and interactions with healthcare professionals.

The Finance organization is responsible for assuring appropriate accounting controls at all levels of the organization that ensure accuracy over financial reporting, including the investigation of potential fraudulent financial activity or results. The organization is also responsible for evaluating, testing and monitoring accounting control systems on an ongoing basis to be reasonably assured that the controls in place continue to be appropriate and function properly. Part of this evaluation includes documenting all the steps taken to evaluate and monitor controls, as well as documenting existing accounting and internal control systems and procedures.

Internal Audit conducted 195 financial control audits at operating companies in 2015. In addition, Internal Audit and HCC&P conducted 84 and 76 audits, respectively, for compliance with our Foreign Corrupt Practices Act and Healthcare Compliance controls. Generally speaking, all operating companies are audited on either a three- or five-year cycle, depending on the risk profile of the particular operating company. In addition, HCC&P conducts additional monitoring and testing operations at our operating companies for compliance with our healthcare policies on a regular basis, with the scope and frequency of such monitoring being dependent on the local operating company requirements and local conditions. **SO3**

Our policies require anti-corruption training for those employees with job responsibilities that are relevant to such training, with a significant emphasis placed on the training requirement to ensure completion by the applicable employees. The training covers all aspects of the Health Care Business Integrity Guide (HCBIG), including charitable contributions, donations, third-party intermediary (e.g., distributors) and cross-border interactions, all of which are deemed as high-risk activities. In 2015,

Johnson & Johnson operating companies met the training goal (as captured in our metrics management tool), with training completed for more than 101,974 applicable employees worldwide. **SO4**

Adherence is verified through ongoing independent audits and operations testing conducted by Internal Audit and HCC&P. Information on reviews is part of regular updates to the Regulatory, Compliance & Government Affairs Committee of the Board of Directors. Where process reviews identify questionable activities, these issues are escalated to an internal Triage Committee and for-cause investigations commence.

Many incidents and allegations are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure. **SO5**

Ethical Marketing

The Company is committed to marketing all products responsibly to honor the trust that consumers place in us in choosing our products and to ensure efficient markets. See the Ethical Marketing section of our Citizenship & Sustainability website for more information. Lawsuits, claims regarding commercial and other matters, governmental investigations, and other legal proceedings arise from time to time in the ordinary course of business. Legal proceedings that involve Johnson & Johnson and its subsidiaries and meet criteria for requiring public disclosure are reported externally in our public filings, available on our Investor Relations website. **SO7**

Supply Chain



The *Customer* is at the center of everything we do in Supply Chain. Johnson & Johnson Supply Chain plays a critical role in helping patients and consumers around the world live longer, healthier and happier lives.

Safely producing and delivering a reliable supply of products to meet changing customer needs around the world takes coordination on a grand scale. Our Johnson & Johnson Supply Chain is responsible for making products at our own Johnson & Johnson facilities and through hundreds of external partners. The Johnson & Johnson Supply Chain takes an end-to-end view starting with a close collaboration with Research & Development and Commercial colleagues to safely and efficiently plan, source, make and deliver a high-quality, reliable supply of all of the products in the Johnson & Johnson portfolio. Our end-to-end supply chain exists to serve the customer.

Our first responsibility has been and continues to be to meet customer needs, every day. We work with hospitals, pharmacies, retailers,

Safely producing and delivering a reliable supply of products to meet changing customer needs around the world takes coordination on a grand scale.

distributors and wholesalers to reach people around the world. Our top priority is to ensure our products are of high quality and available when needed. Read about Quality and Safety of Products in the next section of this report.

From the first mile to the last, hundreds of customer service and distribution centers unite to deliver a positive customer experience. Read more about [how we track performance with our](#)

[customers](#) through a customer relationship survey program on page 63.

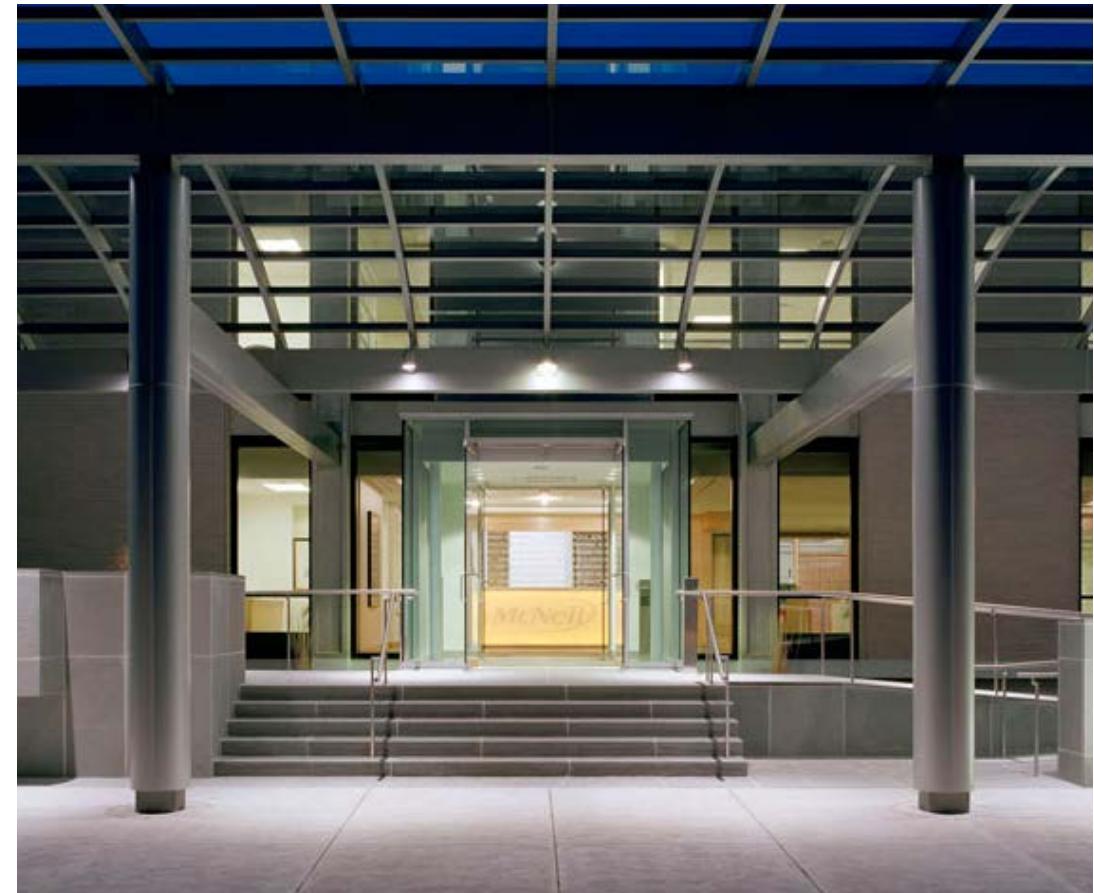
Johnson & Johnson Supply Chain provides oversight and monitoring for key elements of our Enterprise Risk Management framework; Environment, Health, Safety & Sustainability (EHS&S); Quality & Compliance; and operational and strategic supply chain risk, as [discussed on](#) page 65.

Quality & Safety of Products



In keeping with Our Credo commitment that “...everything we do must be of high quality,” Johnson & Johnson continues to take steps to ensure consistent and sustained high quality, safe and effective products that allow us to fulfill our greatest role: helping people live longer, healthier, happier lives.

We use various tools—including the Johnson & Johnson Quality Policy, Quality Management Framework, and Quality Policy Standards—that outline the requirements our operating companies across Johnson & Johnson must achieve to design, make and deliver our products. These tools cascade down to more detailed technical documents and procedures that shape our business segments’ (Consumer, Pharmaceutical and Medical Devices) quality systems and require each operating company to have processes that include monitoring, trending,



FACILITY RESUMES PRODUCTION Rebuilt over nearly five years into a state-of-the-art manufacturing facility, McNeil Consumer Healthcare (McNeil) Fort Washington, Pennsylvania, resumed commercial production in 2015. Manufacturing activities are supported by quality assurance, research and development, engineering, maintenance and warehouse functions. McNeil is the world's largest over-the-counter drug company.

change control, deviations, corrective action/preventive action (CAPA), risk management, escalation and accountability, resulting in a system of continuous improvement. Our independent, internal audits (conducted on a regular cycle) are designed to determine whether individual companies conform to Johnson & Johnson Quality Policy Standards and health authority requirements. When one of these audits, a regulatory agency inspection, routine quality testing or an employee identifies a potential quality issue, our Quality Policy Standards require

that the particular Johnson & Johnson company investigate to determine if there is any impact to the quality of any product. Furthermore, they require the company to document the root cause, implement corrective actions and monitor for effectiveness (as well as report and take action as required where there is an impact to product in the field).

In accordance with the Johnson & Johnson Quality Policy, each Johnson & Johnson company is required to establish a system that includes the monitoring of trends and the establishment of



triggers to allow escalation of significant quality issues. Escalated issues are similarly investigated, documented, corrected and monitored until resolved. In all matters of quality and regulatory compliance escalation, the decision-making line is to the Quality & Compliance organization.

An independent internal audit program assesses whether Johnson & Johnson sites comply with health authority regulations and with our own quality standards. Any findings made by the audit team are required to be remediated, and such remediations are tracked until complete.

The program operates on a three-year cycle. Audits of some companies may be more frequent, if necessary to follow up on the remediation of previous audit findings. Findings are classified, action plans are created, and follow up and reporting continues until gaps are fully closed.

Independent Quality Review Boards (QRBs) are used within each business unit to make decisions with respect to concerns that may arise regarding the quality of product that has been released to the market. The Quality Standard that harmonized this process across the enterprise empowers the right quality, medical and regulatory colleagues to make our most important decisions about product in the market, independent of commercial considerations. Each of our businesses has the accountability to ensure that both resources and systems are in place to identify and escalate any quality issues, make informed and timely decisions, and take the necessary actions whenever required—while always keeping the safety and well-being of patients and consumers as our primary focus.

As a result of these efforts, Johnson & Johnson has achieved an integrated and proactive approach to quality and continuous improvement. For the benefit of our customers, we actively strive for continuous improvements in all aspects of quality and safety throughout all phases of product life cycles. Health and safety impacts are assessed for all our significant product categories in each business segment throughout the world. **PR1** In addition, Chief Medical Officers

are setting new benchmarks for medical safety and have implemented a consistent global approach for monitoring the use of in-market products.

In 2015, we did not experience any substantive regulatory actions for non-compliances with regulations and voluntary codes concerning the health and safety impacts of products. The monetary value of any fines or penalties assessed for non-compliance with laws and regulations concerning the provision and use of products and services was determined not to be significant. **PR2, PR4, PR9**

Since 2013, Johnson & Johnson has embarked on a number of programs designed specifically to reduce supply chain related recalls that could impact product availability to our customers. These programs, on an annual basis, have demonstrated a measurable reduction in interruptions. Additionally, our quality metric programs and proactive compliance programs have resulted in more than two thirds of our regulatory health inspections concluding with no deficiencies being noted.

We continually explore new ways to foster our proactive quality culture and use our expertise to engage in leadership roles with external stakeholders to influence and shape regulations, ensuring the Company continues to deliver safe and effective products to improve the lives of our patients and customers. In one example, Johnson & Johnson has been working proactively with the U.S. Food and Drug Administration (FDA) and other industry representatives as the FDA explores innovative ways to use quality metrics for routine surveillance of prescription and non-prescription drug facilities and products across the entire supply chain. In 2014, Johnson & Johnson conducted a large internal pilot collecting quality metrics data from 11 Johnson & Johnson sites. The learnings from this internal pilot were shared with FDA leaders to help them understand the strengths and weaknesses of their proposed program. Subsequently, the FDA published a draft guidance to industry, Request

McNeil Consumer Healthcare Update and Status of Goals Under Consent Decree

Nearly all over-the-counter (OTC) products were returned to shelves by the end of 2015, with additional sizes and flavors to be introduced during 2016.

FDA notification was received that our U.S. OTC manufacturing facilities in Lancaster, Pennsylvania; Fort Washington, Pennsylvania; and Las Piedras, Puerto Rico, are in conformity. Fort Washington resumed commercial production in September 2015.

No independent third-party is needed for day-to-day oversight at any of these facilities, but an independent third-party will reassess the sites at various times during the next several years.

for Quality Metrics. Johnson & Johnson again participated in a pilot program to both help gain experience with the FDA proposal and respond to the FDA with data-driven comments to the Draft Guidance. Quality Metrics is an evolving topic. We will continue to develop our internal processes in preparation for new expectations and work actively with external stakeholders to develop best practices in collecting quality data and calculating Quality Metrics.



Customer Relationship Management

G4-PR5

While patients and consumers are our customers, the majority of our business is based upon our relationships with retailers and healthcare channels in order to reach people who ultimately benefit from our products and services across all business segments.

Research among commercial customers shows there is strong loyalty to Johnson & Johnson brands and that strong loyalty is vital to continuing to meet Our Credo responsibility to doctors, nurses and patients, to mothers and fathers and all others who use our products and services. Johnson & Johnson Supply Chain (JJSC) has developed a global, enterprise-wide capability to collect direct commercial customer feedback on a regular basis that evaluates our supply chain performance and provides actionable insights to build trust, loyalty and mutual value.

A customer experience metric was added to the JJSC enterprise-level dashboard in 2012. Enterprise-wide metrics have been established and are monitored to measure commercial effectiveness. Following an initial pilot in 2012, these metrics are assessed in our Customer Experience Survey Program that

reaches 26 countries on an annual basis. The Customer Experience Survey employs a data gathering approach specifically designed to drive identification of insights and ability to action plan at three levels: enterprise, functional and local. In 2014, the interview instrument was modified to reduce the number of attributes from 16 to 14.

Findings focus on three key areas:

- Supply Chain Partner Performance (supply chain index score calculated using importance times performance against 14 key attributes of a world-class supply chain partner);
- Key Capabilities Needed (from identified themes);
- Health of the Customer Relationship (future intent data).

The customer supply chain index is a key performance metric for the JJSC. Results are shared with the JJSC leadership team and as part of regular engagements with business stakeholders, including commercial organization leadership and supply chain leaders within each business segment. Information is shared broadly to increase action on the big company-wide initiatives and more local or regional actions based upon findings in given markets, with certain products, or certain customer channels. Over 400 global, regional and local action plans were completed to address customer feedback in 2015, allowing us to achieve improvement in our Supply Chain Index score (61 percent in 2014 to 63 percent in 2015). However, our competitive environment is very dynamic, and we have observed top competitors accelerating their pace of innovation and performance. We are focusing our efforts on the top areas of opportunity identified by our customers to ensure we continue to meet their needs.

In 2016, the global Supply Chain organization will continue to mature and expand customer metrics. We will focus on the 3-E's of Customer Experience: Effectiveness as measured by Supply Chain Index, Emotion as measured by the Net Promoter Score and Ease as measured by the

The Three E's of Customer Experience Effectiveness Emotion Ease

Customer Effort Score. Additionally, the 2016 goals for improvement are focused on closing competitive gaps in critical customer areas.

The Customer Experience Survey is just one supply chain initiative to improve the customer experience and to create joint value between the Company and our key customers. Other efforts include advancing customer collaboration models, executing a global customer service strategy and developing an e-commerce strategy. Ultimately, everything we do should be designed to enhance the customer experience.

Consumer and patient satisfaction are assessed on an ongoing basis by our business units and business segments. Our operating companies employ a variety of mechanisms to measure consumer and patient satisfaction, including surveys, website interactions, focus groups and patient advisory groups. These customer satisfaction measures, as collected by our business units, are not shared externally for competitive reasons.

Supply Chain Risk Management



Johnson & Johnson Supply Chain provides oversight and monitoring for key elements of our [Enterprise Risk Management Framework](#); Environment, Health, Safety & Sustainability (EHS&S); Quality & Compliance, and operational and strategic supply chain risk. Our comprehensive programs cover compliance (Johnson & Johnson Quality & Compliance, Supplier Quality, EHS&S) and strategic and operational risk.

Before Johnson & Johnson took an enterprise approach to our supply chain operating model, supply chain risk management activities were focused on business continuity planning (BCP). BCP focused on disaster recovery at individual sites, utilization of resources within individual operating units, and development of recovery plans and post-event actions. While BCP was effective at helping our business manage through events, it did not drive systematic and proactive assessment of risk across our supply chain. That is why, in 2010, we developed a “best-in-class” standard, our proactive supply chain risk management (SCRM) program, to identify, prioritize and manage supply chain risks.

This approach prioritizes products based on, first, patient/customer and Johnson & Johnson reputational impact, and secondarily, financial impact; considers the likelihood that risk will occur; and prompts preventive actions to increase our level of preparedness. By using a standard approach across Johnson & Johnson, we can compare supply chain risks across products, sites, and suppliers and ensure mitigation resources are used most effectively.

We recognize that execution of our SCRM program is critical to remaining a reliable supply chain and protecting customers, our Johnson & Johnson trustmark and growth.

In order to deliver maximum value to our consumers, patients, caregivers, employees, communities and shareholders, we at

Johnson & Johnson must understand and manage the risks faced across our entire organization. Risks are inherent in our business activities and can relate to strategic threats, operational issues, compliance with laws and regulations, and reporting obligations.

Our Enterprise Risk Management Framework provides an overview of our enterprise-wide approach to risk management and illustrates examples of how this approach is implemented within the organization. Johnson & Johnson business leaders are accountable for managing risks affecting their business. As appropriate, issues are escalated to their respective Executive Committee member or directly to the Regulatory, Compliance & Government Affairs Committee. Our Board of Directors provides oversight of senior leadership's management of the various risks the Company faces.

Compliance



Our Code of Business Conduct requires that all employees comply with all laws and regulations governing our Company's behavior.

When this is not the case, information is reported internally within the organization to senior management and, as appropriate, also shared with the Executive Committee, the Board of Directors and/or the external auditors. Many of these issues are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. 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 64 of our [2015 Annual Report](#). **PR7, SO8**

Environment, Health, Safety & Sustainability (EHS&S) Compliance³⁷

Accountability for environmental, health, safety and sustainability performance is shared across the enterprise. Our operating model uses geography to leverage expert Environment, Health, Safety and Sustainability (EHS&S) knowledge across our manufacturing, R&D, distribution and commercial operations, while continuing to leverage subject-matter technical experts across the enterprise,

develop strategy, oversee talent management and execute governance. For more information on our management approach, see [Organizational Approach and Responsibility](#) on our website, and the [Environmental Responsibility](#) section of this report.

Beginning in 2014, we included several new EHS&S categories of non-compliance such as non-compliances associated with fire codes, food service, elevators and boilers. Now the areas being managed and reported as part of our compliance program reflect a more inclusive and holistic view of our operations, going beyond the traditionally reported areas of EHS&S compliance. We also increased the rigor of our reporting. These factors caused, in part, an increase in the number of

environmental, health, safety and sustainability non-compliances. Our aim is to achieve zero accidental releases, regulatory non-compliances and fines.

In 2015, we experienced 30 accidental releases and 77 environmental non-compliances, and we paid a total of \$3,800 in fines for violations related to hazardous waste, air and wastewater management. None of the accidental releases were considered to be significant, as defined by the GRI guidance. A total of 398 health and safety non-compliances were also recorded, with over 69 percent of these occurring in the newly added categories. A total of \$675 was paid for health and safety violations in 2015. **EN24, EN29**

Visit our [website](#) for more information on our approach to compliance.

EHS&S Non-Compliances, Releases and Fines Paid ³⁸	2011	2012	2013	2014	2015
Accidental Releases (Number of Events)	9	8	7	24	30
Environmental Non-Compliances (Number of Individual Findings)	30	29	45	72	77
Environmental Fines Paid (U.S. Dollars)	\$ 5,000	\$ 3,500	0	\$ 416,195	\$ 3,800
Health & Safety Non-Compliances—Number of Individual Findings	9	6	7	192	398
Health & Safety Fines Paid (U.S. Dollars)	\$ 7,311	\$ 648	\$ 205,000	\$ 7,488	\$ 675

37. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.

38. Includes data from all manufacturing, R&D, warehouse, distribution center and office buildings locations. Beginning in 2014, we included several new EHS&S categories of non-compliance such as non-compliances associated with fire codes, food service, elevators and boilers.

Procurement & Supplier Management



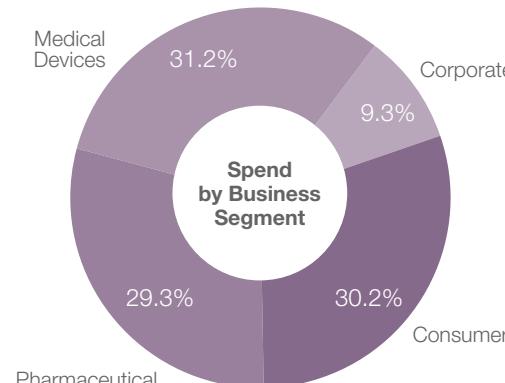
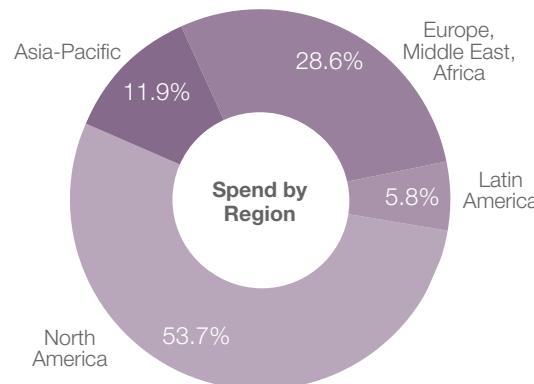
The strength of our Johnson & Johnson procurement organization lies in its ability to effectively connect the people, companies and organizations necessary to make and deliver our products around the world.

Our reach is extensive with more than 80,000 suppliers and an annual procurement spend of more than \$30 billion. This presents great opportunities for us to work with a large network of partners to expand healthier practices that contribute to the improved health of people and communities around the globe. It also presents a challenge to collaborate and impact such a sizable and diverse supply chain in a meaningful way. In 2015, we implemented new procedures and programs, and continued improving existing ones, to address both our opportunities and challenges.

We look to partner with suppliers who are transparent about their sustainability programs, can assure us that they are sustainably producing the goods and/or services we are buying, and can verify the legal and regulatory compliance of their supply chain. Our [Sustainability Toolkit for](#)

Procurement at a Glance

G4-12, EC9



[Suppliers](#) assists suppliers in understanding our sustainability commitments and in improving their sustainability processes.

While we put great trust in our suppliers and ask for maximum transparency, we also monitor and measure their performance in many key areas. By the end of 2015, there were a number of notable and measurable advances and successes, and the recognition that we and our suppliers still have work to do (see sidebar).

To maintain momentum, in 2015 we developed our Citizenship & Sustainability 2020 Goals, which will guide us as we collaborate with our suppliers to accelerate environmental and

We made good progress on our

Healthy Future 2015

goals to partner with suppliers who share our concern for the environment and for human rights, creating an indirect extension of our own actions

98 percent of our strategic suppliers, representing approximately 25 percent of spend, publicly reported at least two sustainability goals. (Target: 100 percent of strategic suppliers.)

Partial

Achieved \$1.39 billion in spend with diverse suppliers.

Exceeded

Over 80 percent of all goods suppliers in high-risk countries and any service providers with greater than \$250,000 in spend with operations in a high-risk country confirm awareness of and conformance with the human rights provisions of our policies.³⁹ (Target: 100 percent.)

Partial

99.85 percent of Johnson & Johnson procurement and supply chain professionals and others in positions most sensitive to potential human rights infringement have received human rights training. (Target: 100 percent.)

Met

39. Original Healthy Future 2015 goal stated that all suppliers in high-risk countries confirm awareness of and conformance with the human rights provisions of our Responsibility Standard for Suppliers, with high-risk countries identified largely on assessments done by external groups, such as Transparency International.



social improvements across the supply base. The new five-year goals contain two key supplier-related targets. First, to more broadly expand our reach, we aim to enroll suppliers covering 80 percent of the Company's spend in our Sustainable Procurement Program. Our second target is to consistently achieve benchmark spending with diverse suppliers in the U.S. and small suppliers globally, while doubling our global supplier diversity footprint.

Managing Procurement Risks

Managing our supply base is a critical and complex undertaking. We use many tools to accomplish this task, starting with our Procurement Sustainability Initiative (PSI). The PSI provides the foundation to guide our procurement professionals in their purchasing decisions and a framework to provide guidance to influence our suppliers.

Internally, our Procurement team works closely with our Environment, Health, Safety & Sustainability (EHS&S) team to integrate our processes and approach and to elevate our employees' awareness of the importance of managing our procurement risks.

Externally, expectations for human rights, business ethics, labor practices, health and safety, and environmental performance are established in our [Responsibility Standards for Suppliers](#) and are applicable to all suppliers. For more information, see [Supplier Standards](#).

Expectations may also be defined in supplier contracts. Standardized contract terms and conditions guide the foundation of our formal agreements with suppliers. We maintain processes to assist our suppliers in assessing, and, where necessary, improving their performance. Visit our

40. Based largely on assessments of high-risk countries done by external groups, such as Transparency International.

41. Original Healthy Future 2015 goal stated that all suppliers in high-risk countries confirm awareness of and conformance with the human rights provisions of our Responsibility Standard for Suppliers.

HR4-HR6

High-Risk Countries Considered by Independent Organizations⁴⁰ to Be at Risk for Human Rights Violations

Afghanistan	Kenya
Algeria	Mexico
Angola	Montenegro
Azerbaijan	Myanmar
Bangladesh	Nigeria
Belarus	North Korea
Brazil	Pakistan
Cambodia	Palestinian Authority
Cameroon	Panama
China	Paraguay
Cuba	Philippines
Democratic Republic of Congo	Thailand
Guatemala	Turkmenistan
India	Romania
Indonesia	Russia
Iran	Serbia
Iraq	Sudan
Ivory Coast	Syria
Jordan	Ukraine
Lebanon	Uzbekistan
Liberia	Vietnam
Kazakhstan	Yemen
	Zimbabwe

[website](#) for more information.

Our Healthy Future 2015 goals increased our focus on human rights risks in high-risk countries.⁴⁰ All goods suppliers in high-risk countries, and any services suppliers with greater than \$250,000 in annual spend with operations in a high-risk country, confirm awareness of and conformance with the human rights provisions of our policies.⁴¹ In prior years, we reported results for our strategic suppliers and those in active pharmaceutical ingredients and external manufacturing, achieving 98 and 95 percent adherence respectively in 2014.

The shift to a high-risk country focus expanded our reach to include nearly 1,200 suppliers across Asia-Pacific (approximately

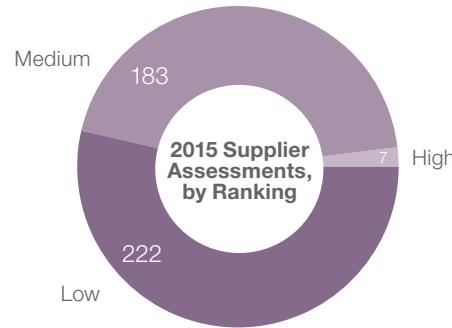
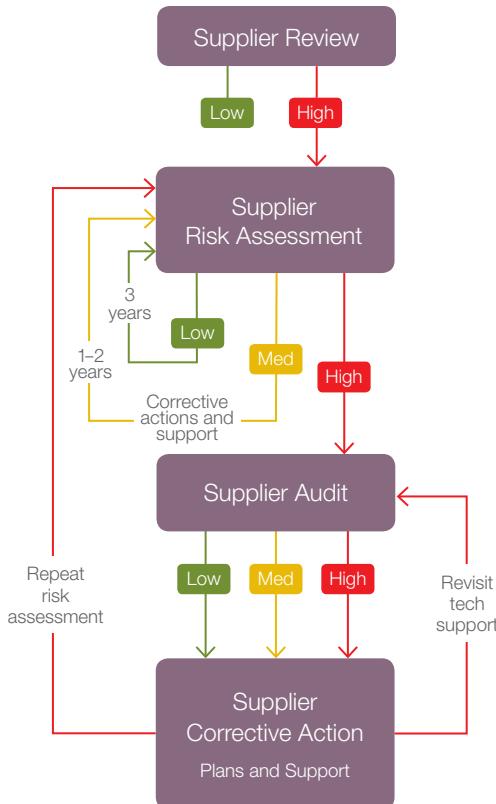
800), Latin America (approximately 300) and EMEA (approximately 100). Regional leaders now oversee a standard outreach process to evaluate conformance to our human rights policies. Where clarity is needed to make a determination of possible risks, a third party has been engaged to investigate further. As a result of increasing the number of suppliers included in our reporting, our adherence rate decreased. In 2015, greater than 80 percent of suppliers identified in high-risk countries have been confirmed to conform to the human rights provisions. While our adherence level is lower, our reach is broader and we believe our impact is greater as we strive for 100 percent compliance.

Assessments and Audits

Assessments of new or existing suppliers are centered around ethics, employee health and safety, and environmental protection elements and are prioritized mainly based on the supplier category. External manufacturing sites and active pharmaceutical ingredients supplier sites are high on the priority list and receive the most detailed, site-level assessments. Assessment of remaining suppliers is conducted initially at the corporate level, and may be conducted for certain factors, with emphasis on all our strategic suppliers and certain R&D and chemicals suppliers. Our assessment process is detailed in the Responsible External Supply chart on the following page.

The primary driver in determining the type and frequency of assessment or audit is the level of supplier EHS&S risk. An initial review considers supplier location and the products or services it provides. Suppliers rated as low priority require no further immediate action. Those determined to be high priority are evaluated using a formal EHS&S risk assessment, using either an internal process or one provided by our external partner, EcoVadis, and assigned ratings of high, medium or low. Nearly all of the approximately 400 suppliers reviewed in 2015 ranked medium or low (see pie chart on next page).

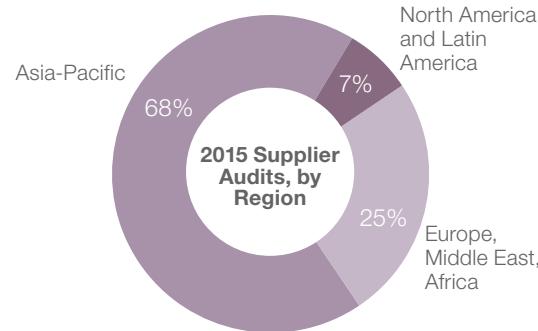
Responsible External Supply



Where the individual supplier score falls below our desired target rating, we request that the supplier look at its programs and ensure improvement. If non-conformances are discovered, we work with the supplier to identify problem areas and develop strategies to improve performance. If significant non-conformances are identified that cannot be resolved, the relationship with the supplier may be in jeopardy.

Of the slightly more than 100 suppliers provided repeat assessments in 2015, more than 60 percent improved their score by 10 percent or more.

When an on-site supplier audit is warranted because a potential high risk has been identified, Johnson & Johnson staff or a contracted auditor is hired to visit and review a supplier's operations. This may take up to several days. In 2015, Johnson & Johnson conducted approximately 70 supplier audits in all global regions (below).



Category of Finding

Social includes:

- Health & Safety
- Working Conditions
- Labor Relations
- Training & Career Management
- Child and Forced Labor
- Non-Discrimination
- Fundamental Human Rights

Fair Business Practices includes:

- Corruption and Bribery
- Anti-Competitive Practices
- Fair and Responsible Marketing

Environment includes:

- Energy & Greenhouse Gas (CO₂)
- Water
- Biodiversity
- Local Pollution
- Materials, Chemicals, Waste
- Product Use
- Product End of Life
- Customer Health & Safety
- Sustainable Consumption

Supply Chain includes:

- Suppliers Environmental Performance
- Suppliers' Social Practices

Findings may be identified in the categories of social, fair business practices, environment or supply chain (see above), and all findings are separated into critical, major and minor and are communicated to each supplier along with our expectations that they must implement time-bound corrective actions and demonstrate improvement. **EN32, HR10, LA14, SO9** Our approach, process and tools continue to evolve. In 2015, we continued emphasis on supplier improvement, supplier training and development and supplier sustainability programs.



PSCI India Supplier Conference

We partner with others to champion responsible supply chain practices.

Through the Pharmaceutical Supply Chain Initiative (PSCI), we have collaborated on establishing principles to articulate pharmaceutical industry expectations for the supply chain. PSCI members collaborate to deliver a supplier conference in important sourcing regions to provide information and resources to help suppliers meet the expectations of the PSCI Principles. The third PSCI capability building conference for suppliers was held in Mumbai, India, during fall 2015. PSCI-member companies and representatives from 70 suppliers participated in the conference, which focused on labor, ethics, environment, health and safety as they relate to suppliers.

Working with Suppliers on Climate and Water

The Company's Procurement Sustainability Initiative began in 2008, and by 2010 added several supply chain initiatives, including promoting supplier participation in the Carbon Disclosure Project (CDP), which addresses climate change issues by focusing attention on companies' greenhouse gas emissions, energy usage and reduction. As of 2015, Johnson & Johnson has invited 202 suppliers to participate in the CDP Climate Supply Chain program; 181 have chosen to do so, including all strategic suppliers. We invited 77 suppliers to participate in the CDP Water Supply Chain program, which requires them to publish their water usage and their exposure to changing patterns of water availability; 48 have chosen to do so.

Forest Materials and Conflict Minerals

For forest materials, we have established a set of expectations for purchased products such as packaging, office paper, printed marketing materials and wood-based furniture. (See chart at right). To meet these expectations, which are included in [Our Responsibility Standard for Forest Materials](#), we seek their content and country of origin and, where possible, we choose post-consumer recycled content and Forestry Stewardship Council (FSC)-certified materials. Our progress in 2015 is highlighted here and in the [Product Stewardship](#) section of this report.

Rule 13p-1 under the Securities Exchange Act of 1934 requires public reporting companies that manufacture or contract to manufacture products that contain "conflict minerals" (defined as tin, tungsten, tantalum and gold, or "3TG") to conduct due diligence on the source and chain of custody of those conflict minerals to seek to determine whether they originated from the Democratic Republic of Congo (DRC) or adjoining countries and directly or indirectly financed or benefited armed groups in those countries.

As indicated in our [Statement on Conflict](#)

Furniture

Developed long-term plan to confirm content, country of origin, compliance and purchasing preference for recycled and FSC-certified materials.

Printed marketing materials

Launched cross-sector program in the U.S. Gained visibility to the country of origin of all our commercial paper products, as well as supply chain and deforestation risks. Includes commercial paper stock grades that all meet environmental sustainability certifications (Forest Stewardship Council—FSC and/or Sustainable Forest Initiative). Paper stocks maintain full chain of custody, providing transparency and tracking of commercial paper purchases. Also included are stocks that offer up to 30 percent post-consumer waste.

Office copier paper

Greater than 80 percent of the materials purchased contained recycled content and/or certified content and over 55 percent are FSC certified.

Minerals, we are taking steps to determine the use, country of origin and source of 3TG in our global product portfolio. Using a documented reasonable due diligence process, as suggested by the Organization for Economic Cooperation and Development (OECD) guidelines, we are working with our suppliers to determine the presence and sourcing of 3TG in our supply chain. In furtherance of our commitment, we:

- Expect our suppliers to source materials from suppliers who also source responsibly, including from legitimate, conflict-free mines in the DRC region;
- Require all our 3TG suppliers to conduct the necessary due diligence and provide us with proper verification of the country of origin and source of the materials used in the products they supply to Johnson & Johnson companies;



- Support initiatives to verify smelters and refiners that are conflict-free, and expect our suppliers to utilize any such conflict-free smelter/refiner programs that are available;
- Reserve the right to verify any information received from our suppliers.

For the last three years, we have surveyed all potential 3TG suppliers to assess their sourcing practices and filed an Annual Conflict Minerals Report with the Securities and Exchange Commission on Form SD. Based on our due diligence efforts for the 2015 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, 2015.

Human Trafficking

Johnson & Johnson strictly prohibits employees, subcontractors, subcontractor employees and agents from engaging in human trafficking-related activities. These activities include engaging in sex trafficking, procuring commercial sex acts (even if this practice is legal in the jurisdiction where it transpires), using force, fraud or coercion to subject a person to involuntary servitude, or obtaining labor from a person by threats of serious harm to that person or another person, among others. We are developing a Human Trafficking compliance plan to address the issues identified in the U.K. Modern Slavery Act, the California Supply Chain Transparency Act and certain Federal Acquisition Regulations. Please see our [Human Trafficking Policy](#) for more information.

Supplier Diversity & Inclusion

Johnson & Johnson companies have long recognized that small and diverse suppliers play

Johnson & Johnson Supplier Diversity & Inclusion Facts

- Billion Dollar Roundtable member for the **fifth consecutive year**
- Tier 1 and Tier 2 diverse spend with suppliers at **approximately 11 percent** of total U.S. spend
- Spend with small businesses decreased five percent to **\$2.95 billion** due mainly to one supplier losing Small Business status
- Veteran- and disabled-owned Veteran Business supplier spend at approximately **\$90 million**
- Lesbian, gay, bisexual, transgender supplier spend at more than **\$1.3 million**
- More than **13,500** certified minority- and women-owned and small-business suppliers

an important role in the success of our businesses and are a vital part of our supplier community. The inclusion of diverse people and perspectives provide innovative solutions across Business Services, Commercial, R&D and Supply Chain spend categories. This supports our growth agenda and contributes ideas that best represent our customers, patients and consumers who use our products and services globally.

Since establishing our formal office of Supplier Diversity and publishing our Supplier Diversity Policy Statement in 1998, Johnson & Johnson has led an active outreach and advocacy program that aligns directly with Our Credo commitment to the communities in which we live and work. Our strategy goes beyond the fundamental process of buying and focuses on more sustainable solutions by investing in supplier development, education, collaboration with customers, and global expansion.

Executive leadership and sponsorship are provided by our Chief Procurement Officer, Vice President Procurement Citizenship, Head of Global

Supplier Diversity & Inclusion (GSDI) and our GSDI team. Our global Category Leaders embed Supplier Diversity & Inclusion in their Category strategies, which are derived directly from the plans of our businesses, with program results routinely reported to the Company's Executive Committee.

In 2015, we expanded our supplier diversity efforts to additional global markets, including Canada and Brazil, joining programs already underway in Australia, South Africa, Switzerland

Minority- and Women-Owned Supplier Spend
in billions of dollars (U.S.)

Year	Goal	Achieved
2011	\$1.12	\$1.31
2012	\$1.18	\$1.23
2013	\$1.23	\$1.36
2014	\$1.3	\$1.52
2015	\$1.36	\$1.39

and the U.K. As we expand into other regional markets such as China and India, regional teams provide leadership by leveraging best practices, partnering with local advocacy groups to inform our strategic direction, enrich our approach and identify additional meaningful prospects for inclusion in our diversity initiative.

Our Healthy Future 2015 goal for Supplier Diversity & Inclusion in the U.S. was to reach \$1 billion in annual Tier 1 spend with certified minority- and women-owned business suppliers by 2011 and to increase that spend by five percent each year thereafter. The Company achieved this goal.

Johnson & Johnson is recognized by the Women's Business Enterprise National Council among America's Top Corporations (10th time); the National Minority Supplier Development Council National Top Performer for Development (first time); the National Veteran-Owned Business Association among the Top 10 Best Corporations for Veteran-Owned Business (fifth time) and Supply Nation Australia-Johnson & Johnson Medical Up & Coming Member of the Year (first time). The Company continues to support and be recognized by numerous national and regional advocacy groups in Global Supplier Diversity & Inclusion.

The Johnson & Johnson Supplier Diversity program has been recognized by many organizations and publications. Here are some of the recognitions received in 2015.

Publications & Recognitions



- Among the "Most Admired Corporations for Supplier Diversity" (Fifth year)
- Beverly Jennings and Veronica Manuel-Gilbert recognized as "Best of the Decade" in Circle of Honor/Supplier Diversity Professionals



2015 WE 100 of the Year Supporting Supplier Diversity (Third year)



One of 30 Top Corporations for Supplier Diversity (First year)



"A Top Supplier Diversity Program for Hispanics" (Fifth year)



Best of the Best "Top Supplier Diversity Programs" (Seventh year)



One of the Top 2015 Military Friendly Diversity Programs (Fifth year)



2014 Corporate 101: America's Most Admired Corporations for Supplier Diversity

Veronica Manuel-Gilbert one of "2015 Champions of Supplier Diversity" (Second time)



Veronica Manuel-Gilbert recognized as one of the "Top 100 Leaders in Corporate Supplier Diversity" (Third year)



Top 50 Corp Multi-Cultural Business (Seventh consecutive year)



2015 Premier Supplier Diversity Award Honorable Mention



Arizona Million Dollar Circle of Excellence award



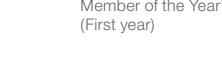
Platinum Level (highest level) Top Corporation of the Year (11th time) and first time at platinum; Beverly Jennings awarded 2015 Applause Award



2015 Corporation of the Year (Fifth year)



Recognized as one of the Top Performers: Development



"Up and Coming Member of the Year" (First year)

Human Rights⁴²

G4-58



Johnson & Johnson has a responsibility to respect the rights of all people, including the more than one billion people we touch with our products and services every day.

Many of the 60 countries in which we operate (a list of our operating locations can be found in Exhibit 21 of our [2015 10-K filing](#)) are considered by independent organizations to be at risk for human rights violations, including forced labor, child labor and restrictions on the right to exercise freedom of association or collective bargaining. See the [Procurement & Supplier Management](#) section of this report for the full list. **HR4-HR6**

Our [Statement on Human Rights](#) articulates our commitments and the efforts that support them, and our [Responsibility Standards for Suppliers](#) reflect our values and expectations for our suppliers. We are members of the UN Global Compact and are committed to respect human rights as embodied in the Universal Declaration

⁴². For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.



HUMAN RIGHTS Our Statement on Human Rights articulates our commitments and the efforts that support them, and our Responsibility Standards for Suppliers reflect our values and expectations for our suppliers. Responsibility for human rights follows our management structure and resides in our local operating companies, managed by the relevant corporate and business group functions.

of Human Rights and its two corresponding covenants, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Our [Human Trafficking Policy](#), developed in 2015, strictly prohibits employees, subcontractors, subcontractor employees and agents from engaging in human trafficking-related activities.

Efforts are also ongoing to give more consideration to human rights as a filter for supplier risk prioritization, and to review and update our [Responsibility Standards for Suppliers](#) to reflect all relevant provisions from the UN Guiding Principles on Human Rights and apply them to all suppliers.

We follow the principles in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor. Our commitments are detailed in our [Global Labor and Employment Guidelines](#), our [Policy on the Employment of Young Persons](#), [Responsibility Standards for Suppliers](#) and our [Code of Business Conduct](#). For more information on these topics, visit the [Human Rights](#) section of our website.

Our internal human rights efforts are overseen by our Vice President of Human Resources, reporting



directly to our Chief Executive Officer. Responsibility for human rights follows our management structure and resides in our local operating companies, managed by the relevant corporate and business group functions. Compliance is monitored under our global Code of Business Conduct through individual business units. **HR4–HR6**

Compliance training is required of all employees, and compliance with communication, training and execution of our Code of Business Conduct is audited. Each business and all senior leaders must certify compliance with our Code of Business Conduct annually, and results are reviewed by the Corporate Secretary's Office, Internal Audit and the Board's Regulatory, Compliance & Government Affairs Committee. While training data are not currently tracked at the enterprise level, a global data system to gather enterprise-wide data is under development. We have a Healthy Future 2015 goal to provide all critical employees, defined as those in positions most sensitive to human rights infringements, with human rights training. At the end of 2015, approximately 1,300 procurement professionals (or 99.85 percent) had completed this training, up from less than 50 percent in 2014.⁴³ **HR2**

Our **Global Labor and Employment Guidelines** articulate our expectations for labor and employment practices at our sites, including forced labor, discrimination and child labor, among other topics. **HR4–HR6** Assessments against our Global Labor and Employee Guidelines are conducted on an ongoing basis through local Human Resources and our Global Employee & Labor Relations function. Currently, three regional leaders interact with employees, trade unions and other employee representatives (works councils), and government officials. They have broad oversight and responsibility for monitoring compliance and maintaining relationships with

labor unions and works councils. Assessment data are considered confidential. **HR3, HR9**

Procedures have been established to remedy reported HR or employee-related concerns. All employees can anonymously report potential violations through Our Credo Hotline, within each operating company locally using the Open Door process, or to Human Resources. Hotline access is communicated broadly, and visibility of this access and Hotline functionality are in scope for financial audits. In the Americas and Asia-Pacific, 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. Concerns raised through the Open Door process are addressed locally and are not tracked at an enterprise level. Concerns raised through the Hotline are reported at an enterprise level, and of the approximately 1,000 employee relations Hotline matters received in 2015, all were addressed. Of these, approximately 78 percent were closed by December 31, 2015, along with additional matters pending from 2014. Although additional grievance data are not tracked at the enterprise level, a global system to gather this enterprise data remains under development.

G4–G8, EN34, HR12, LA16, SO11

Human Rights and Suppliers

Our Responsibility Standards for Suppliers apply across the entirety of our supply chain. Implementation will take time, due to the sheer number of suppliers. These standards, which previously applied only to our external manufacturing partners, have been extended to more than 80,000 suppliers. For more information, see the **Procurement and Supplier Management** section of this report.

⁴³ In 2014, we erroneously reported progress against this goal at 100 percent, but discovered after publication of the report that actual progress was just under 50 percent due to adjustments to classifications of employees.

Labor Practices & Workforce^{44, 45}

G4-58



Our Company's greatest capital is our human capital—our approximately 127,100⁴⁶ employees—who work in 250 operating companies in 60 countries.

Our approach to labor practices is reflected in numerous documents, including [Our Credo](#), [Global Labor and Employment Guidelines](#), [Global Diversity and Inclusion Vision Statement](#), [Policy on the Employment of Young Persons](#), and our [Responsibility Standards for Suppliers](#) as well as through our signing of the UN Global Compact in 2013. For more information on Company policies and practices related to human rights, see the [Human Rights](#) section of this report and our [website](#).

[Our Global Labor and Employment Guidelines](#)

44. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.

45. Data from recent acquisitions included. Turnover data includes retirees.

46. Includes full- and part-time employees worldwide.



EVERY EMPLOYEE MATTERS Every employee of the Johnson & Johnson Family of Companies performs work that in some way touches the lives of millions of people every day. Our Global Labor and Employment Guidelines establish consistent principles for labor and employment practices, and are followed by all Johnson & Johnson operating units around the world.

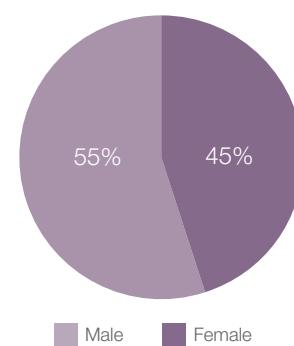
require that our policies and actions are in full compliance with the laws and regulations of the countries in which we operate. [Responsibility Standards for Suppliers](#) extend these and other expectations to our suppliers. For more information on these guidelines, see [Employee & Labor Relations Practices](#).

Responsibility for labor practices are shared across several global functions, Global Diversity

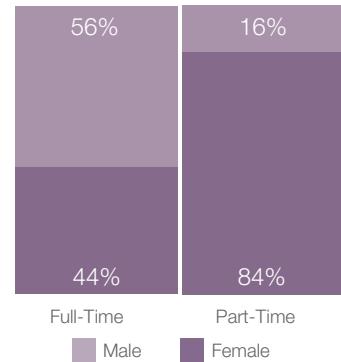
& Inclusion, which reports to the Chairman and Board of Directors through its Vice President and Chief Diversity Officer, and Human Resources, whose Vice President is a Corporate Officer and a member of the Executive Committee. The Supply Chain Vice President of Human Resources for Johnson & Johnson is responsible for the oversight and implementation of our labor relations policy.

These graphs and charts show our workforce by several key metrics.⁴⁷ **G4-10, LA1**

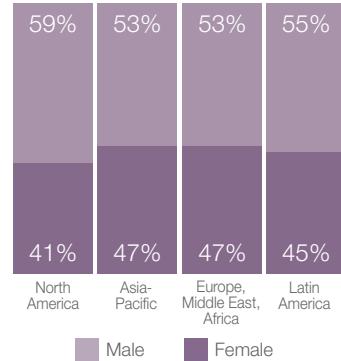
Employees by Gender, Worldwide



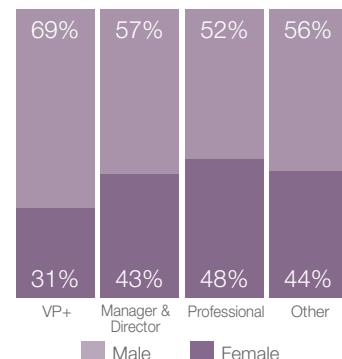
Full- and Part-Employees by Gender, Worldwide



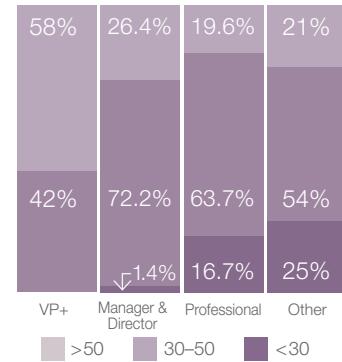
Employees by Gender and Region, Worldwide



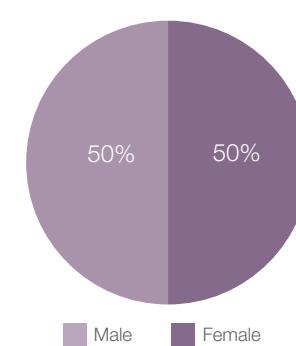
Employees by Job Category and Gender, Worldwide



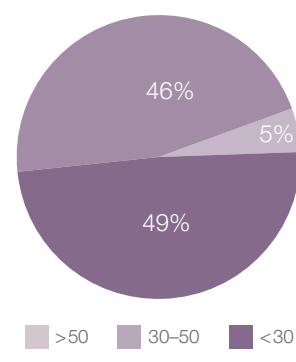
Employees by Job Category and Age, Worldwide



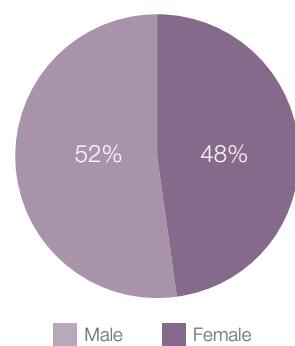
New Employees Hires by Gender, Worldwide



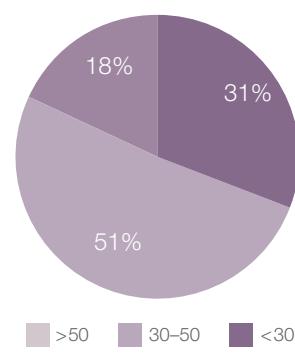
New Employees Hires by Age Group, Worldwide



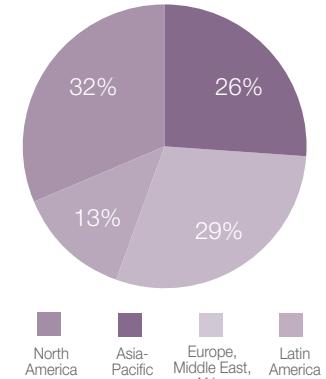
Employee Turnover by Gender, Worldwide



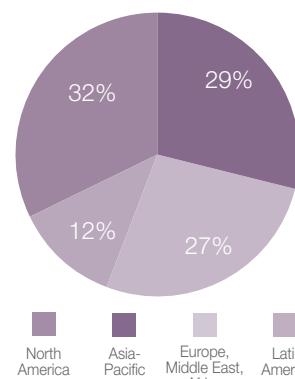
Employee Turnover by Age, Worldwide



New Employees Hires by Region, Worldwide



Employee Turnover by Region, Worldwide



47. Estimated based on existing database platform.



We currently have 11 Board members, 10 of whom are “independent” under the rules of the New York Stock Exchange; three (27 percent) women, eight men; and three racial minorities (27 percent). [LA12](#)

Collective Bargaining [G4-11](#)

The freedom to establish a formal employee organization or representation structure is provided for across Johnson & Johnson and our operating companies, and company sites have the ability to establish an employee representation structure or framework except where prohibited by law. Where employees choose to establish these structures, management provides support.

Across Johnson & Johnson, representation structures vary worldwide. As of January 1, 2014, employees were represented by labor unions or work councils at approximately one-third of our sites around the world.⁴⁸ Not including local practices or requirements, our collective bargaining agreements with these representative groups contain provisions covering grievance and discipline processes, joint management-employee health and safety committees, paid time off, paid maternity leave, paid paternity leave, mandated employee training, and collectively bargained severance and separation benefits. Other negotiated terms and conditions of employment contained in our collective agreements include, but are not limited to, topics such as wages and performance management. In some instances terms and conditions of employment may not be covered in a collective bargaining agreement, because the parties have chosen not to include them, or where addressed by local law or regulation.

With respect to the majority of our workforce who has chosen not to collectively bargain its terms and conditions of employment, policies and practices establish formal grievance mechanisms, joint management-employee health and safety

committees, severance or separation benefits, and paid leaves. Policies and practices establishing performance, development and training guidelines are also established across the organization. Additional information is available in Notes 9-11 of our [2015 Annual Report](#) and in the [Financial Performance](#) section of this report.

Minimum Notice Periods [LA4](#)

The management of reorganizations and layoffs and the policies associated with them vary depending on the location, nature, size and scale of the restructuring, as well as the qualifications of the employees impacted. Where employees are negatively impacted by operational changes, operating companies have measures in place to help and support impacted employees, including but not limited to severance payments, access to outplacement support and employee assistance programs.

In addition, 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. Feedback and suggestions from employees and representatives may be taken into consideration before final decisions are made. The Company will comply with all local laws and notice obligations regarding minimum notice periods, where applicable, and 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 companies attempt to provide notice at the earliest feasible time.

48. 2014 data. Data are collected on a less than annual basis.

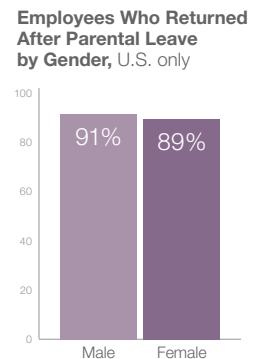
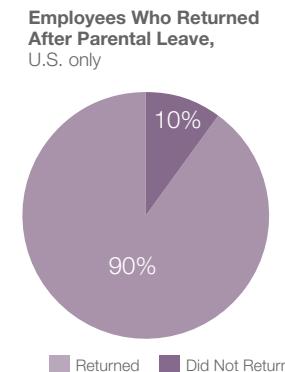
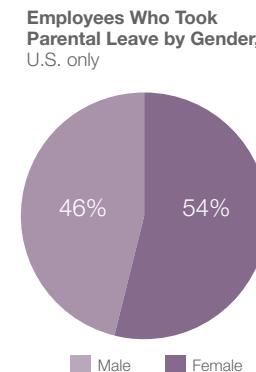
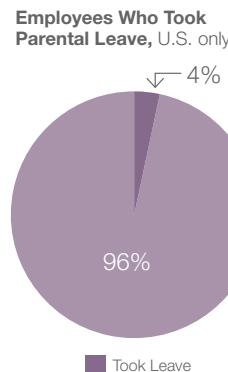


Flexible Work/Parental Leave **LA3**

The Johnson & Johnson Family of Companies offers parental leave to employees in most countries in which we operate in accordance with statutory requirements and/or based on local competitive practices. Wherever possible, we also offer flexibility and flexible work arrangements for employees.

In 2015, we announced a significant upgrade to our parental leave policy in the United States, offering all new parents—maternal, paternal and adoptive—the opportunity to take up to eight⁴⁹ additional weeks of paid leave during the first year of the family's birth or adoption. This new policy is in addition to current leave policies, which means moms who give birth can take up to 17 paid weeks off, and dads and adoptive parents can take up to nine paid weeks. The time doesn't need to be taken consecutively, so families can enjoy some much-needed flexibility during such a critical time in their lives. We're also making it retroactive for employees who became parents on or after May 2014. And also in 2015, the Company implemented a Special Needs Benefit, providing

⁴⁹. This benefit is in addition to the six-week short-term disability benefit for new mothers and the one-week Work, Personal and Family paid leave for mothers and fathers, increasing the leave time to 17 weeks for C-section mothers, 15 weeks for non-C-section mothers, and the minimum to nine weeks for fathers, adoptive parents and same-sex parents.



support and benefit coverage for parents and their children with special needs. Retention rates in the U.S. following parental leave are shown above.

Benefits **LA2**

Johnson & Johnson offers a comprehensive and competitive benefits program to attract and retain talented employees. In providing employee benefits around the world, Johnson & Johnson regularly compares the value delivered to that of our competitors and seeks to rank in the upper half among these world-class companies. We assess this competitive view on a country-specific basis. We also consider benefit adequacy as well as attracting and retaining critical talent in designing our benefit programs.

Plan provisions may differ for certain part-time employees and by country. In the U.S., Choices Benefits are provided annually to active salaried and non-union hourly employees, as well as regular and casual part-time employees who are scheduled to work 19 or more hours per week. Employees create a personalized benefit package for themselves and their eligible dependents.

Benefits include:

- Medical
- Dental
- Vision
- Tobacco Cessation

- HealthAccount (Flexible Spending Account)
- CareAccount (Flexible Spending Account)
- Life Insurance
- Accident Insurance
- Disability Coverage
- Long-Term Care Insurance
- Group Legal Insurance
- Auto and Home Insurance
- Commuter Benefits Program

For additional information, see [Benefits](#) on our website. Benefits are provided to union employees through collective bargaining agreements. Additional information is available in Notes 9-11 of our [2015 Annual Report](#) and in the [Financial Performance](#) section of this report.

As the largest and most diversified healthcare company in the world, enhancing the health and wellness of our employees is a logical extension of our corporate mission. Our Healthy People program provides Employee Assistance, as well as Occupational Health and Wellness and Health Promotion services, all of which have expanded globally since 2005. Additional information about our Healthy People programs is provided in the [Health-Conscious, Safe Employees](#) section of this report.

Employee Recruitment, Development & Retention



At Johnson & Johnson, enterprise talent management is overseen by both human resource leaders and business leaders who are accountable for attracting and recruiting talent, managing performance and development, building a pipeline of global and diverse leaders, and creating an environment that embraces diversity and inclusion.

Our Leadership Imperatives

Our Leadership Imperatives set the performance and behavioral expectations for all employees. As the driving force for our talent agenda, the Leadership Imperatives integrate our Talent Practices—Recruitment, Development, Succession Planning, Performance Management, and Reward and Recognition—as a consistent reinforcement to those behaviors. The Leadership Imperatives apply to everyone—across all geographies, businesses, roles and levels—giving all employees a clear and consistent



DEVELOPING VALUED EMPLOYEES Any individual may still have untapped potential. At Johnson & Johnson, we promote a culture of learning and development for all employees and of shared accountability between each employee and their manager to ensure that opportunities for development are pursued.

way to lead the Johnson & Johnson Family of Companies into the future. Topics covered below are all strategically aligned with the Leadership Imperatives. For more information about our leadership imperatives, visit [Leadership Development & Performance Management](#).

Talent Acquisition

Johnson & Johnson implements recruiting models in countries around the world, focused on a healthy pipeline of skilled talent. The Global Job Posting program promotes our commitment to the advancement and development of our employees by providing them transparency in job opportunities within Johnson & Johnson. The Company also has implemented a new employee orientation to help accelerate an employee's entry

into the Johnson & Johnson Family of Companies. For more information, visit [Talent Attraction, Management & Retention](#).

Talent Development

Johnson & Johnson promotes a culture of learning and development for all employees, with shared accountability between employee and manager to ensure that opportunities for development are identified and pursued, with a goal to maximize the potential of the individual. Development offers a vast array of topics and are provided via both on-the-job training and online to all full- and part-time employees globally. Independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action-planning courses are included in the



offerings. International assignments are used to develop global leadership talent and to foster a global mind-set, diversity and innovation. Johnson & Johnson encourages employees to seek cross-segment, cross-functional and cross-regional experience; this is facilitated by our global operations around the world. Temporary workers do not participate in Johnson & Johnson learning or leadership development offerings. See [Talent Attraction, Management & Retention](#).

Training is provided, tracked and documented by the operating companies. Because training records are currently maintained at a local or operational level, we are not able to provide a detailed report on this information on a global level for all employees; however, systems are being implemented that will compile this information across the Johnson & Johnson enterprise within the next several years. [LA9](#)

Transition assistance programs are offered to support employees who are retiring or who have been terminated from employment. Visit [Skill and Talent Management and Training](#) for more details.

[LA10](#)

Performance Management

Over the past three years, Johnson & Johnson has undertaken a massive effort to transition from over 200 performance management systems globally to one global system. In the successful launch of our Performance & Development (P&D) approach, we discovered that a globally consistent way of doing things successfully across the entire organization is possible. Approximately 71 percent of employees are being assessed using the new approach, including 100 percent of employees at the management level and above, the exceptions being those employees in manufacturing roles and covered by collective bargaining agreements. Operational metrics and KPIs to assess the effectiveness and outcomes of the new approach are under development. For more information on this framework, visit our [website](#). [LA11](#)

The P&D approach at Johnson & Johnson

has as its foundation conversations between manager and employee that are frequent, meaningful and continuous. Each employee and manager is expected to engage in clear and candid dialogue throughout the year within the "5 Conversations Framework," which consists of the Performance and Development Planning, Mid-Year, Career Planning, Year-End Performance and Compensation conversations.

The P&D approach consists of two dimensions. The first, Results, is based on aligning employees' goals and actions with the goals of their company. The second, Leadership, reflects the key behaviors that are critical to the future success of Johnson & Johnson. These two components provide the basis for annual performance evaluation of all employees, with a strong link between performance and pay.

Retention, Rewards and Recognition

The Total Rewards program is another important part of Global Talent Management and includes compensation, benefits and health resources services across the Johnson & Johnson Family of Companies. To meet the needs of our diverse workforce, we offer competitive compensation programs, as well as cost-effective and country-focused services related to health and wellness, pension, disability and leave of absence.

Johnson & Johnson administers a Global Credo Survey every two years to ensure that: Everyone across our companies is inspired by the goals we set, both personally and for the future of our business; we feel connected with our colleagues and the values we hold ourselves to; and we remain committed to taking the steps necessary to meet the needs of our patients, customers and communities we serve. The results are provided to companies, regions and departments to review and address any opportunities for improvement.

We had set a Healthy Future 2015 goal to achieve a 90th percentile employee engagement rating when compared to external benchmarks. In

2014, engagement levels for Johnson & Johnson in total and for each of the business segments exceeded the Mayflower Global Norm. However, in 2015 a Credo survey redesign program was initiated, and engagement was not evaluated in the same way it had been earlier in the goal period.

Optimizing Work, Family and Personal Life

To help support individual effectiveness at work and at home, we offer comprehensive programs and services for employees that reflect a holistic view of work, family and personal life. Specific programs, including those for flexible work arrangements, parental leave, education, adoption, child care and elder care may vary around the world based on local circumstances and business needs. See [Flexible Work/Parental Leave](#) on page 78.

Workplace Health & Safety⁵⁰



Our human capital is our most important capital. Safety is our expectation. Our goal is for every employee to arrive home to their families in the same, if not better condition, as when they arrived at work.

Our [Worldwide Environment, Health & Safety \(EHS\) Policy](#), supplemented by our Worldwide EHS&S Standards (the Standards), set the expectations for our health and safety efforts. The Standards are reviewed annually and revised as necessary. Compliance with these Standards is currently monitored by our Management Awareness and Action Review System (MAARS), an assessment program that provides a framework for Johnson & Johnson sites to proactively identify and mitigate EHS&S risks, and includes annual self-assessments and periodic independent assessments. We began a project to reinvigorate this system in 2015, to increase its alignment with the audit processes of other Johnson & Johnson risk

A **safety leader** is anyone who has any influence on safety in the workplace or who influences at least one other colleague.

functions; the new approach is being pilot tested in 2016. Everyone—from the plant manager to the production operator—is responsible for workplace safety.

We encourage, but do not require, third-party certification to the Occupational Health and Safety Assessment Series management system (OHSAS 18000), and in 2015, 37 percent of our manufacturing and R&D sites were third-party certified to OHSAS.

Safety Culture Roadmap

In 2014, we began work on improving our safety culture by developing and piloting a standardized approach for all of Johnson & Johnson Supply Chain (JJSC). The Safety Culture Roadmap ensures each manufacturing facility conducts assessments of its safety culture, looking at leadership, safety education and awareness, and processes and habits. In 2015, the Safety Culture Roadmap was deployed across our Supply Chain to individuals and sites around the world. Following the assessments, individual site action plans were developed to address areas of weakness; improvement activities began in the

second half of 2015. Going forward, each site will continue to implement its action plan, or if implementation is complete, will review findings and identify additional focus areas to be addressed in 2016. The site assessment will be repeated every two years so organizations have visibility to how their culture is performing. In 2016, the Safety Culture

Roadmap will be expanded to R&D sites, logistics operations and fleet operations, and all offices with over 500 employees.

In 2015, the Johnson & Johnson Consumer Supply Chain organization began working on a program to reconnect employees to the importance of safety. The campaign, Your Safety, My Responsibility, was launched in 2015, translated into more than 20 languages and deployed across the globe, all part of the overall Safety Culture Roadmap.

We continue to build on our **Healthy Future 2015** goals to develop engaged, health-conscious, safe employees. (More on page 85)

Achieved a 27 percent improvement in employee safety performance enterprise-wide, realizing a Lost Workday Case (LWDC) rate of 0.08.

Exceeded

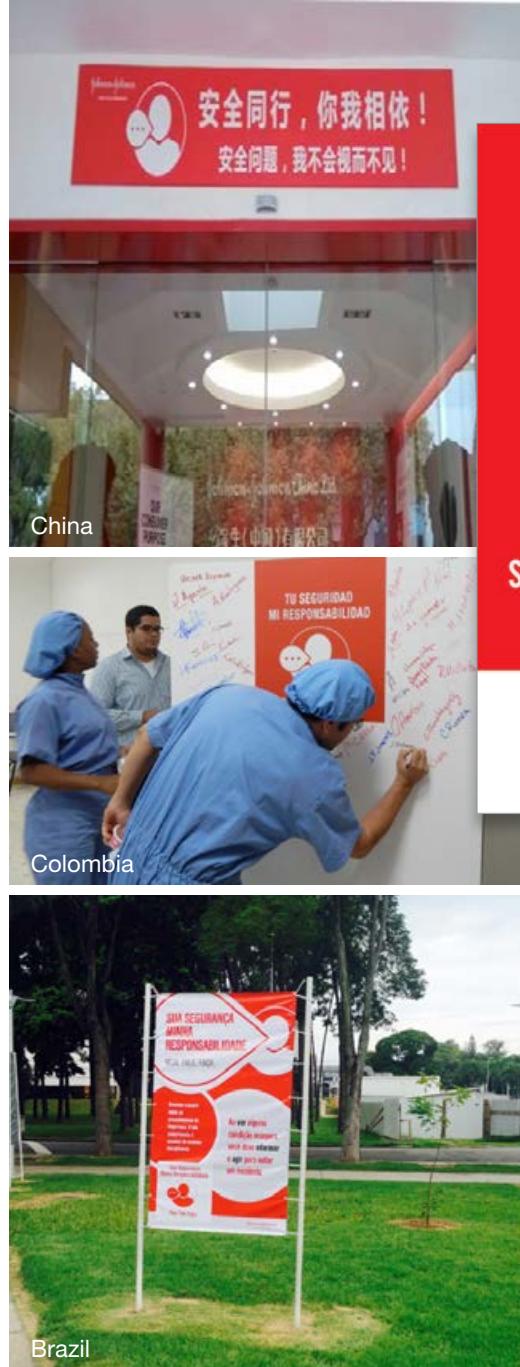
Achieved a 28.5 percent increase in contractor safety performance at all Johnson & Johnson manufacturing and R&D facilities, realizing a LWDC rate of 0.18. (Target 15 percent improvement; LWDC rate of 0.12.)

Did Not Meet

Achieved a nine percent increase in crashes per million miles (CPMM), realizing a rate of 6.01. (Target 15 percent improvement; CPMM rate 4.7.)

Did Not Meet

50. Includes data from all manufacturing, R&D, warehouse, distribution center and office building locations, unless otherwise noted. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.



Safety culture is the attitude (behaviors), beliefs, perceptions and values that management, employees and contractors share in relation to safety.

Safety culture is not a program. The safety culture of an organization must be evaluated, leveraged, managed—and cultivated—just as diligently as projects and key performance indicators.



Joint Management-Worker Committees

Most of our operating company manufacturing and R&D locations have formal joint management-worker health and safety committees. Our sales and service field employees are represented by SAFE Fleet teams worldwide. In addition, one-third of those working in office settings are represented in health and safety committees through our Office EHS program. Where local collective bargaining agreements exist, requirements for working conditions, including health and safety, are typically incorporated into the agreements. These requirements may include personal protective and safety equipment, health and safety committees and their designated representatives, inspections, complaint processes and training. More information on the Company's commitment to health and safety can be found on our [website](#).

LA5, LA8

Performance

We exceeded our Healthy Future 2015 goal to achieve a 15 percent improvement in employee safety performance enterprise-wide, as measured by our Lost Workday Case (LWDC) rate, (goal of 0.09), with a rate of 0.08. Our LWDC rates were

StepRight



lower in Asia-Pacific, EMEA and Latin America, and higher in North America. Our efforts to support and drive our safety culture continue, with a focus on ensuring a strong safety culture across our operations, and integrating these programs with acquisitions.

The leading causes of LWDC within our operations continue to be ergonomics and Slips, Trips and Falls (STF), which were 33 percent and 30 percent of our LWDC rate, respectively, in 2015.

To address STFs, the StepRight program, a campaign initiated to raise awareness of the causes of STFs, has been extended in an effort to fully embed awareness regarding the prevention of STFs with our employees. The top 10 locations with the highest incidence of STF-related LWDCs conduct fall prevention site assessments, include fall prevention as a priority focus in the MAARS joint assessments, and provide quarterly progress reports to the EHS&S Leadership Council. In collaboration with our safety culture initiative, a StepRight video competition was held in 2015. The competition had four categories, one for each of the four main causes of slips trips and falls: slippery surfaces, housekeeping, distractions, and stairs. The winning videos are being used to raise awareness.

A three-year plan has been developed to

address the main sources of ergonomic injuries at Johnson & Johnson, and it will include offices, customer logistics services, and acquisitions along with our manufacturing and R&D locations. A self-assessment tool has been created for use by locations experiencing higher ergonomic injury rates, to be followed by mitigation efforts of the risks identified by the assessment.

Our LWDC and total recordable injury rates (TRIR) are tracked at an enterprise and regional level and are shown at right. Our TRIR in 2015 was 0.56. This performance reflects the addition of data from recent acquisitions, including Synthes. Non-injury type statistics that are classified as "illness," such as mental stress cases, are included in our total recordable rate. These statistics are not tracked by gender. We experienced no fatalities and one partial finger amputation in 2015.

In 2014, we made the decision to broaden our Serious Injury and Illness Case (SIIC) definition to include cases that put a greater emphasis on the illness side of the metric, such as hearing loss, disability lasting over 180 days, and surgery that addresses cumulative trauma. We believe the revised metric is more reflective of employee health. However, broadening the metric means more injuries are reported in it, and after reaching a five-year low in 2013, the rate is trending upward, to 0.069 in 2015.

Our health and safety non-compliances also continue to trend upward, from 192 in 2014 to 398 in 2015. This increase is due, in part, to the inclusion of several new categories not captured in previous reporting (fire code, food service, elevators, and health clinics). In 2015, we paid fines of \$675 for violations related to an elevator violation at our Janssen site in Vacaville, California. See the [Compliance](#) and [Data Summary](#) sections of this report for five-year data trends.

We do not track absenteeism at an enterprise level. Occupational disease is also not tracked, since these types of diseases are not prevalent in our workforce. We have extensive wellness programs for our employees; these are discussed in the [Health-Conscious, Safe Employees](#)

Lost Workday Case Rate and Total Recordable Injury Rate Frequencies **LA6**

Region	Total Recordable Injury Rate	Lost Workday CaseRate ⁵¹
Asia-Pacific	0.20	0.06
Europe, Middle East and Africa	0.49	0.05
Latin America	0.77	0.02
North America	0.73	0.13
Worldwide	0.56	0.08

Lost Workday Case Rate

2015 Benchmark Comparison

Company	Lost Workday Case Rate
ORC HSE	0.40
PSG	0.25
Johnson & Johnson	0.08

section of this report. **LA7** Enterprise-wide safety performance is discussed with the Regulatory, Compliance & Government Affairs Committee and the Science, Technology & Sustainability Committee of the Board of Directors.

Johnson & Johnson continues to compare our safety results to two industry benchmarks: ORC HSE Strategies (45 broad global companies) and the Pharmaceutical Safety Group (PSG) (14 pharmaceutical companies). As of the time of this report, the ORC HSE Strategies LWDC rate 2015 benchmark was 0.40, and the PSG 2015 benchmark was 0.25. The Company's LWDC rate was 0.08 in 2015.

Contractors

We have a Healthy Future 2015 goal to achieve a 15 percent improvement (a target LWDC rate of 0.12) in contractor safety performance at all Johnson & Johnson manufacturing and R&D

51. Calculated based on calendar days

facilities. Unfortunately, we did not meet this goal; our overall contractor LWDC rate trended upward from 0.12 in 2013 and 0.16 in 2014 to 0.18 in 2015. The Total Recordable Injury Rate (TRIR) for contractors working on-site was 0.6 in 2015, up from our rate of 0.50 in 2014, in part due to the inclusion of data from recent acquisitions.

In 2015, we experienced no fatalities and one partial finger amputation. Our LWDC rate increase was due, in part, to an increase in contractor incidents in our Pharmaceutical segment and the inclusion of contractor safety incidents from the newly integrated Synthes business. In the previous report two major actions were announced: the creation of 11 global standardized Permits-To-Work and the hiring of two additional staff members to focus on contractor safety. Implementation of the Permits-To-Work is ongoing, and the staff members have been hired. As we have not achieved our goal, we will carefully analyze the current processes and target our weakest areas for corrective actions.

During the goal period (2010-2015), our Worldwide Engineering and Technology Organization (WWETO) group created and implemented a construction safety strategy for large capital investment projects, leading to a significant reduction of accidents/incidents in this challenging, fast-changing environment. During this time period, the population of contractors working daily on WWE-managed projects increased significantly, while their Lost Workday Case Rate and Recordable rates decreased.

Fleet Safety 52, 53

Many companies have large fleets of company vehicles and Johnson & Johnson is no exception; some employees spend up to 50 percent of their time driving on company business. Since 1995, our crashes per million miles driven (CPMM) rate has decreased significantly. Our vehicle count decreased slightly in 2015, compared to 2014.

Unfortunately, we did not meet our Healthy

Future 2015 goal to achieve a 15 percent improvement to a target rate of 4.7 CPMM in fleet safety performance worldwide. In 2015, our CPMM was 6.01, up from our 2014 performance of 5.95 and our 2010 baseline of 5.53. Over the past year, our Consumer and Medical Devices segments saw CPMM increase, while our

Pharmaceutical segment saw a decrease in CPMM.

Our Injuries Per Million Miles (IPMM) rate decreased from 0.10 in 2014 to 0.07 in 2015, well below our target rate of 0.20. The Consumer segment maintained its IPMM rate, while the Medical Devices and Pharmaceutical segments improved.

These improvements are partially the result of the implementation of our full-ban mobile phone policy, as well as increased driver/manager accountability through SAFE Fleet goals, increased management engagement and support, and the addition of advanced safety features within some fleets. To address high-risk driving behaviors, such as speeding and harsh braking, we expanded our telematics coaching programs in the U.S., and the results are promising. The objective is to assist our drivers in identifying and improving unsafe driving habits to reduce the risk of crash and/or injury.

And to share what we have learned with others, we have created a website, www.e-safetyforall.com, with information on safe driving, vehicle safety, and other topics.

52. For information on how data from acquisitions and divestitures are managed, please see the Report Profile section of this report. In the U.S., limited data from a subset of Synthes operations are not yet reflected in these numbers.

53. SAFE Fleet data are collected on employees of J&J and its affiliates 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. Employees who receive a car allowance to purchase their own vehicle, and/or those who are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep, and/or those who receive a regular mileage allowance.

2015 Results

Helmets for Kids

Students from 44 schools, including Huong An School, Vietnam (below), took part in successful Helmets for Kids events in 2015. Average helmet use rate increased significantly from 2.2 percent to 90.7 percent in five new project schools and remained high at 92.5 percent at 39 schools. Students or teachers were protected from potential head injury in 28 reported crash cases, thanks to helmets donated by Johnson & Johnson. Find out more at AIP-Foundation.org.



Health-Conscious, Safe Employees⁵⁴



**“It’s an investment,
not a cost.”**

Alex Gorsky, Chairman and Chief Executive, on employee health and wellness.

Caring for people, one person at a time, is what we do. And it starts here, with our employees.

Caring for the health and well-being of Johnson & Johnson employees is a key component of our Company culture. With a vision to have the healthiest employees, we continue to apply new and innovative approaches to encourage and engage our employees in their own health (or personal best).

The Healthiest Employees/ Healthy Future 2015

Key to sustainability is personal health and well-being—a shared core value for every human being. Health is also at the heart of our Company. As our employees are considered to be our most precious resource, caring for their health and wellbeing is of paramount importance. This is reflected in the three Healthy Future 2015 goals

54. This information is based on data gathered from Johnson & Johnson locations/operating companies worldwide (367 locations total, with some companies with fewer than 50 employees not included), unless otherwise noted.



TO DO GOOD AND BE WELL, JUST TRI The idea of “Do Good, Be Well” encourages Johnson & Johnson employees to compete in fitness-related fundraising events as Johnson & Johnson teams to help those in need, while improving personal health and wellness. Johnson & Johnson became a title sponsor of TriRock Philadelphia in 2013, doubled team J&J participation in 2014, and three-peated participation in 2015.

that were set to provide an enterprise-wide focus and support for the health and well-being of our global workforce. And since the initiation of these goals in 2010, notable progress has been made, confirming this established commitment to our core values.

A key first step to help employees understand their health status is to participate in a confidential, voluntary health risk assessment. In turn, this can inform them about changes they can make to achieve a healthier lifestyle. With this in mind, in 2010, we set a goal for 80 percent of the



employee population to complete a health risk assessment and “know their numbers.” By the end of 2015, this objective was reached with 92 percent of employees⁵⁵ having taken this step through completion of personal biometrics and a health risk questionnaire (a 62 percent increase compared to 2010). Outside the U.S., the participation rate is 87 percent, a 73 percent increase since 2010.

The “Make it Count!” campaign helped to reach this goal, by demonstrating the advantages of a healthy lifestyle through a series of dynamic portraits and on-site engagements featuring Johnson & Johnson employees from all continents and cultures. The images put a relatable face to the objective and demonstrated the energy and excitement that results from the knowledge of one’s health status. Alongside the images was the call to action to “Make it Count!” by knowing your numbers.

Our “Culture of Health” Healthy Future 2015 goal is for 90 percent of employees across the globe to have access to a rich and fully implemented set of health programs and services.⁵⁶

55. Represents unique participation from 2013, 2014 and 2015. Total population does not include locations with fewer than 50 employees; a total of 331 locations.

56. Tobacco free, HIV policy, health profile, employee assistance, physical activity, healthy eating, medical surveillance, health promotion, stress and energy management, cancer awareness, return-to-work, travel health.

57. Have only zero-to-two (of 10) key health risks. Due to the large increase in sample size and outside U.S. representation (where health risks vary significantly), year-on-year data comparisons do not reflect overall population health trends.

Our Healthy Future 2015 goals challenged employees to be more health conscious

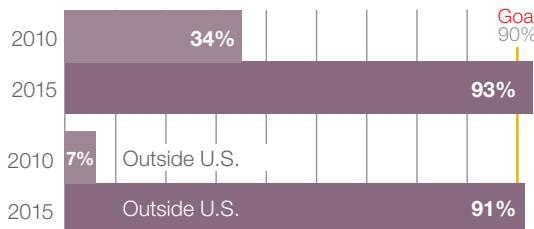
Goal 1⁵⁵

90 percent of employees have access to Culture of Health (COH) programs

93 percent of employees have access to all 12 fully implemented COH Programs

Overall: Increase of 59 percent since 2010

Outside U.S.: 91 percent access in 2015 (increase of 84 percent since 2010)



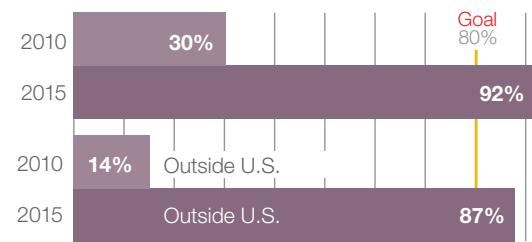
Goal 2⁵⁶

80 percent of employees have completed a health risk assessment and “know their numbers”

92 percent of employees have completed a health risk assessment

Overall: 62 percent increase since 2010

Outside U.S.: 87 percent, with a 73 percent increase since 2010

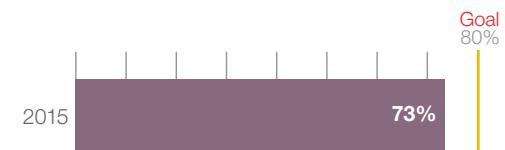


Goal 3⁵⁷

80 percent of assessed population are considered “low” health risk

73 percent of all profiled employees are considered “low” health risk

Individual health risks trend better than national norms (in the U.S.)



The Energy for Performance® initiative in Dubai (left) and India.

These services are centered on prevention, protection and performance. The goal illustrates our commitment to taking positive action via an environment that cultivates the right health choices. At the end of 2015, we surpassed our goal with 93 percent of Johnson & Johnson employees being able to access the complete portfolio of Culture of Health programs (reflecting an increase of 59 percent since 2010). Outside the U.S., our progress has been even more significant, with 91 percent access at the end of 2015—an increase of 84 percent since 2010.

Finally, we continue to monitor the overall health of our employees. Based on the 2015 employee health results, 73 percent of our global employees were characterized as having a “low” health risk.⁵⁷ While this result is below the aspirational goal of 80 percent established in 2010, it is the result and real reflection of the input from our employees who participated in our health assessment process in 2015. As expected, reaching out to a global population with a high participation rate resulted in a true depiction of current health risks, setting a global base line. As we start 2016, having 73 percent of our global employee population considered as having a “low” health risk is a very strong indicator of the overall good health of our population. We will continue to monitor this lagging indicator as a true “outcomes” measure for the success of our interventions with emphasis on addressing the key drivers for population health risks with a focus on total well-being.

Another reflection of our commitment to employee health and wellbeing is related to one of our key Culture of Health programs—the Energy for Performance® initiative (which stems from the Corporate Athlete® program developed by the Johnson & Johnson Human Performance Institute®). The program is unique in that it sees health as multidimensional

⁵⁷. Have only zero-to-two (of 10) key health risks. Due to the large increase in sample size and outside U.S. representation (where health risks vary significantly), year-on-year data comparisons do not reflect overall population health trends.

Johnson & Johnson is committed to advancing our workplace Culture of Health, and we are constantly striving to set the best standards both within and beyond our industry.



(spiritual, mental, emotional and physical) and explores how all these dimensions interact and impact our personal energy levels and aligns the change process to an individual core mission or purpose. In 2010, our aspirational goal was to reach approximately 50 percent of the Johnson & Johnson employee population (57,000 employees) with the principles of Energy for Performance® (either through key note, half-, one-, two- or two-and-a-half day trainings). By 2015, over 33,000 employees had received

⁵⁸. Unique attendees for keynotes were not tracked, allowing for the possibility that some who attended keynotes also participated in trainings.

training and 28,000 had attended keynotes.⁵⁸

The training has made a difference—participants have reported healthier eating, increased movement, energy, focus, productivity and successful management of life engagement.

Building on Success

In the U.S., where our health programs have been in place the longest, efforts continue to enhance programs and services that can be applied globally in future years. One example is our ongoing focus on work-life effectiveness. We continue to be recognized as leaders in this area and were



invited to participate in the 2015 White House Council on Women and Girls and Council of Economic Advisers Convening on the Working Families Agenda.

In the meantime, our Employee Assistance Program (EAP) continues to support our employees, their families and our businesses as we strengthen our culture of mental well-being with 99 percent of our employees having access to EAP services globally.

We understand that at the core of well-being is the ability to effectively address the very important issues that often occur outside of the work place, striving to set the best standards both within and beyond our industry. We continue to commit to key work-life issues such as flexibility and our ever-evolving benefits offerings that underscore our strong support for the modern-day family, no matter what shape that family takes. These 2015 efforts also serve as a precursor to expanding work-life initiatives on a worldwide basis. Johnson & Johnson is immensely proud to be at the forefront of driving the type of critical change needed to align workplace policies with the realities of the 21st-century family.

Looking Forward

Looking to 2020, our vision continues to be to have the healthiest workforce, allowing every employee to reach their “personal best,” wherever they are along the health continuum. With this in mind, 2020 enterprise-wide employee health goals have been set. These goals build upon the foundation of the Healthy Future 2015 goals and focus on:

- Continued outreach to employees with the principles of Energy for Performance® and exploring how to sustain and embed these principles into the work-site culture
 - Innovation, personal choice and engagement via digital health tools
 - Healthy eating, physical activity, mental well-being and work-life effectiveness
- Expanding select programs and services to our families and communities

As we work toward this 2020 vision, it is our hope that this continued commitment will count toward an even deeper understanding of how to care for and engage our employees in their health. By cultivating this kind of environment, we bring the ultimate reward of health and well-being to our employees.

Sharing Knowledge

Johnson & Johnson is a recognized leader when it comes to employee health and well-being, using our experience to assist in advancing well-being around the world through a variety of engagements and partnerships. We have built strong relationships with key business and industry organizations in order to share our unique experiences and insights in this space. We share our knowledge and expertise with businesses and communities around the world, encouraging others to take on a leadership position when it comes to investing in employee health.

A few of these are highlighted below:

Bipartisan Policy Center's (BPC) CEO Council on Health and Innovation

Harvard Business School; Johnson & Johnson—The Pursuit of Wellness Business Case

5th Asia-Pacific Wellness Forum (at Google Singapore)

American Heart Association CEO Roundtable

CEO Roundtable on Cancer Prevention

Rutgers Institute for Ethical Leadership: 2015 Ethical Leadership

Carter Center Productivity Summit

Global Wellness Institute—Participating on Re-Defining Workplace Wellness

Asia-Pacific Economic Cooperation (APEC) Roundtable on Mental Health

Life Science Innovation Forum (LSIF)/APEC—Meeting on Health & the Economy

Employee Diversity & Inclusion



Our Global Diversity & Inclusion

Vision challenges us to maximize the power of diversity and inclusion to drive innovation, superior business results and sustainable competitive advantage.

Differences in age, race, gender, nationality, sexual orientation, physical ability, thinking style and background of our employees enhance our work environments, and allow us to better connect with the health needs of people in communities around the world. Attracting, developing and retaining a base of employees that reflects the diversity of our customers is essential to our success, which hinges on relationships with diverse professional and patient organizations, civic groups and suppliers. See the [Procurement & Supplier Management](#) section of this report for more information on supplier diversity.

Employee Resource Groups

Employee Resource Groups (ERGs) at Johnson & Johnson companies have partnered with the Office of Diversity & Inclusion in creating an open forum to exchange ideas and to strengthen the linkage to and within diverse communities. Our enterprise-wide ERGs are uniquely positioned to provide key insights and strategically focused on driving better outcomes on behalf of our people, our marketplace and our communities. We estimate these groups engage almost 13,000 employees across 186 U.S. chapters and 18 non-U.S. chapters.

See [Labor Practices & Workforce](#) for workforce diversity data. [LA12](#) For more information, visit our [website](#).

Employee Resource Groups

are inclusive and voluntary groups that are organized around a particular shared interest or dimension. These groups have been initiated by employees and usually focus on a shared interest or characteristic, such as race, ethnicity, gender or sexual orientation. Each group's main intent is to create an open forum for idea exchange and to strengthen the linkage to and within diverse communities.

AALC African American Leadership Council

ADL Alliance for Disability Leadership

AMENAH Association for Middle Eastern and North African Heritage

ASIA Asian Society for Innovation and Achievement

GLOBAL Gay and Lesbian Organization for Business and Leadership

HOLA Hispanic Organization for Leadership and Achievement

HONOR Helping our Neighbors with Our Resources

MILLENNIAL Bridging Generational Diversity

SAPNA South Asian Professional Network and Association

VLC Veteran's Leadership Council

WLI Women's Leadership Initiative

Transparency



A recently released SustainAbility report, entitled “2016 Global Trends: Impacts for Corporate Leadership” identified transparency as one of 12 global sustainability trends shaping the economic, political, and social landscape and business agenda in 2016.

In 2014, we initiated efforts to expand our public reporting to further satisfy stakeholder interests and reduce the need for questions from various groups that might lead to selective disclosures. These efforts continue and are reflected in our 2015 report in the forms of increased data around energy and carbon, water, quality and safety of products, and compliance.

Product Transparency

As our approach to transparency evolves, we continue to track our efforts specified as a Healthy Future 2015 goal to have all major⁵⁹ brand (currently numbering 21) websites share product sustainability information. In 2015, all major brands (100 percent) had some level of external transparency to address their customers'/consumers' most relevant questions. In addition, our Consumer segment provides information on [HealthyEssentials.com](#). Links to the major brand websites can be found below.

Pharmaceutical

Medical Devices

Consumer

59. “Major” brands determined by each business segment based on a combination of factors, including sales, stakeholder interest in sustainability considerations, etc. List of major brands for Medical Devices has been adjusted between 2013–2015 from eight to five, and for Janssen in 2015 from nine to 10.

Stakeholder Engagement

G4-24–G4-27



We believe that business is strengthened by the level of engagement it has within the communities where it operates, as well as with the various internal and external stakeholders in social, environmental and governance matters. As the largest broad-based healthcare company, our engagement spans a wide range of stakeholders that allows us to serve the needs of more people.

We consider a variety of factors before engaging with stakeholders to ensure the most optimal outcome. Some of these factors include:

- The possible alignments of our goals and values with that of the stakeholder group;
- Our ability to improve health conditions;
- Our ability to improve social, environmental or other conditions;
- The opportunity that we and the stakeholder group have to learn from one another;
- The identity, including the composition and values, of the stakeholder group;



CARE INSPIRES CARE The global platform CARE INSPIRES CARE™, or CARINHO INSPIRA CARINHO™ in Portuguese, encourages selfless acts of care—big and small—with the goal of making the world a more caring place. Here, an employee volunteers at the nonprofit care facility “Casa Ondina Lobo” in São Paulo during the 2015 “Semana do Carinho,” which included a special celebration with food, music and dancing for the elderly.

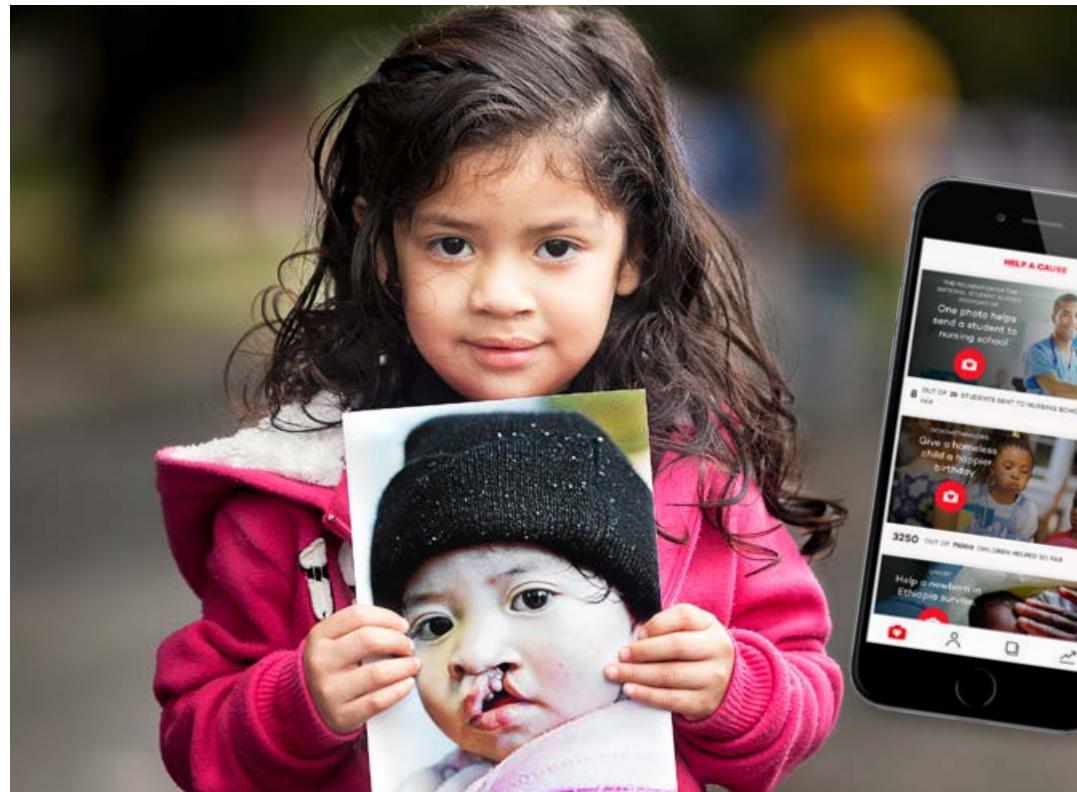
- The potential for the stakeholder group to have a positive impact on other stakeholder groups, our customers, the public at large and Johnson & Johnson;
- Our ability to effectively participate in the engagement.

Here are a few examples:

Multi-Stakeholder Engagement

Tuberculosis (TB) and its multi-drug resistant form MDR-TB present an ongoing global health

challenge, disproportionately affecting the most vulnerable members of populations across the globe. As part of our commitment to advance global public health, Janssen is partnering with governmental, academic and advocacy organizations that are able to help provide solutions to those who are most affected. The Company is working in collaboration with several major partners, including the United States Agency for International Development (USAID), the Global Drug Facility (GDF) and Pharmstandard to take major steps toward ending TB.



PHOTOS HELP HEAL A CHILD'S SMILE Every child suffering from cleft lip or cleft palate deserves access to exceptional medical solutions. For every photo donated, Johnson & Johnson gives \$1 to Operation Smile. That \$1 will help Operation Smile give children around the world with cleft lip, cleft palate or another facial deformity the critical supplies they need for life-changing surgery. It takes 240 photos to provide a safe surgery that will help one child eat, speak and smile with confidence.

Employee Engagement

I Care. I Do. is an employee engagement and awareness program built around sustainability ambassadors who make a commitment to care, do and share. The program connects them with other sustainability ambassadors and opportunities to positively impact Citizenship & Sustainability outcomes in the Medical Devices segment through taking action in one of five different areas: environment, sustainable product innovation, brand and reputation, community, and personal health and wellness.

The goal of the ambassador program is for employees to commit to an action, to share that action with others and to recruit new

ambassadors. The *I Care. I Do.* movement is intended to be two-fold: both a grassroots effort and a leadership-supported program. To facilitate peer-to-peer learning, ambassadors are provided with a toolkit that includes message guides, talking points, branded artwork, videos, program slides, logos, email signatures and more to help ambassadors promote the initiative. Besides the toolkit, the site acts as a hub for employees to learn more about Citizenship & Sustainability, ways to take action in the five focus areas, as well as how they can get involved through *I Care. I Do.*. Roll-out of the program beyond Medical Devices began in 2015.

Donate a Photo

Johnson & Johnson has been dedicated to helping people and causes all over the world. One of the creative ways we are engaging stakeholders in the U.S., U.K. and Asia-Pacific region is through our platform [Donate a Photo](#). This social media app allows the Company to raise more awareness for causes and connects people to nonprofits, helping everyone make an even bigger difference.

For every photo shared through the app, Johnson & Johnson donates \$1 to the designated cause. Every cause in Donate a Photo sets a goal. When a cause's goal is met, another cause takes its place. Some of the organizations supported include:

[Foundation of the National Student Nurses' Association](#)

[DoSomething.org](#)

[U.S. Fund for UNICEF](#)

[Girl Up](#)

[Nothing but Nets](#)

[Operation Smile](#)

For more examples of stakeholder engagement, visit the [Our Stakeholders](#) section of our website.

Community Engagement Through Volunteerism

Giving back is woven into the fabric of Johnson & Johnson. Employees of the Johnson & Johnson Family of Companies are committed to making a positive impact in the communities where they live and work, playing active roles in educational, civic, cultural and faith-based organizations. The Company's Volunteer Support Program helps employees become involved and connected with volunteer efforts in their local communities. The program serves as a resource for employees by creating partnerships and relationships with local nonprofit organizations; coordinating volunteer days for Johnson & Johnson companies, groups



and individuals; and recognizing excellence in volunteerism.

As a global company, our volunteerism efforts vary in focus by region and by business segment. At our worldwide corporate headquarters in New Brunswick, New Jersey, for example, we support organizations such as Elijah's Promise, which provides thousands of meals to community residents each year and where Johnson & Johnson employees volunteered more than 1,000 hours in 2015. Additionally, more than 700 employees volunteered at the Children's Specialized Hospital Foundation, spending over 2,000 volunteer hours. As an enterprise-wide effort, along with our Janssen business, employees partnered with Stop Hunger Now, helping to alleviate global child hunger. More than 4,000 employees volunteered and packaged over 700,000 meals for people in nearly a dozen countries.

In our Medical Devices segment, our Johnson & Johnson Diabetes Care Companies (JJDCC) employees are actively engaged across the world. World Diabetes Day is the world's largest diabetes awareness campaign, held in November every year since 1991 in more than 100 countries. Every year, JJDCC supports this important cause with awareness-raising activities and events about this growing epidemic.

In São Paulo, Brazil, team members sponsored events with patient support groups, including blood testing at shopping centers and metro stations. In partnership with Janssen, LifeScan Brazil delivered 300 OneTouch UltraMini® blood glucose meters to the National Diabetes Congress.

In Mexico, team members participated in a five-kilometer walk to raise diabetes awareness at Mexico City's Revolution Monument.

In Japan, team members set up displays with handouts and brochures in partnership with the Japan Association for Diabetes Education and Care, promoting the benefits of blood glucose testing.

In India, the team collaborated with an online content startup to create a campaign that would

better connect with young caregivers through social media. The campaign, titled "Terribly Tiny Tales," was designed to capture the small but meaningful moments that come with a family-oriented approach to diabetes care.

Additionally, JJDCC participated in diabetes camps in Korea, Mexico and the U.S. to help children overcome the fear of diabetes and learn about healthy ways to manage the disease. In Korea, LifeScan Korea partnered with the Korea Insulin Dependent Diabetes Association (KIDDA), the nation's largest association for Type 1 diabetes patients, on a diabetes camp and trip for young people with the disease. Through the camp, JJDCC became the first corporate partner in Korea to organize this kind of diabetes camp for children. At a seminar sponsored by OneTouch®, the young campers learned about diabetes management, insulin therapy and how to properly self-test blood glucose.

LifeScan Mexico helped empower kids with Type 1 diabetes, ages six to 18, at 10 camps across Mexico with the tools and skills they needed to manage their condition. Group discussions enabled the campers to share their fears and triumphs, all with an aim toward helping them develop a positive attitude about managing diabetes. Diabetes-related complications are the number one cause of death in Mexico.

In the U.S., JJDCC donations helped an American Diabetes Association summer camp, Camp Korelitz, in Ohio. This week-long residential camp is for children living with Type 1 or Type 2 diabetes. JJDCC supports more than 120 camps annually with meters, strips and pump supplies to ensure children have the supplies they need to have a healthy and fun week. The contributions of OneTouch® supplies help to offset expenses for the not-for-profit camp organizations.

Each business holds its own designated volunteer month or volunteer day. At Janssen locations in the U.S., for example, more than 1,800 employees volunteered at nonprofits as part of the annual month of service in 2015, raising a few hundred thousand dollars for nonprofits

and donating about 1,000 pints of blood. In our Latin America region, across six countries (Brazil, Colombia, Argentina, Chile, Mexico, and Puerto Rico), we implemented close to 50 new volunteerism efforts that reached almost 6,000 people.

Over the past five years Johnson & Johnson companies in Asia-Pacific have steadily built a culture of volunteering through a focused "volunteer month" campaign. What began as one month of intense activity in June 2010 has developed into a season of caring across the region. This year's campaign saw nearly 11,000 employees (45 percent), including the region's most senior business leaders, volunteer their time across 318 programs, supporting 157 charities and touching the lives of nearly 30,000 people. As our employees are becoming more engaged in volunteer efforts, we recognize the importance of providing short-term volunteer opportunities. In our EMEA region, we launched the "Trust Secondment Strategy Program," giving selected employees the opportunity to share their skills and knowledge base with trusted non-governmental organizations (NGOs) in long-term assignments (three-to six months), in line with the J&J Worldwide Corporate Contributions Strategy. Unique about the program is its commitment to place the needs of the selected and trusted NGOs first, ensuring that our partners gain access to much-needed skill sets in order to build and strengthen their organizational structure and support growth. In 2015, 65 employees participated in this volunteer leave opportunity.

We believe it's important to recognize employees who are passionate and highly engaged within their communities. Some of our business segments and regions formally acknowledge employees' volunteerism with recognition grants that can be applied to nonprofit organizations of their choice.

Financial Performance



Johnson & Johnson delivered strong underlying growth in 2015, with full-year sales of \$70.1 billion and adjusted net earnings of \$17.4 billion,⁶⁰ driven by the performance of our Pharmaceutical business and iconic Consumer brands. As we enter 2016, our core business is very healthy, and recent decisive actions we've taken in support of each of our businesses position us well to drive sustainable long-term growth, faster than the markets we compete in.

We have achieved our near-term priorities, exceeding our financial targets with full-year operational⁶¹ sales growth of 1.8 percent. Excluding the net impact of acquisitions, divestitures and hepatitis C sales, on an operational basis, worldwide sales increased 6.5 percent.⁶²

A complete Analysis of Results of Operations and Financial Condition is provided in our [2015 Annual Report](#).

Economic Value Retained **EC1**

A basic indicator of our economic impact is calculated using economic value generated and economic value distributed, as outlined by the Global Reporting Initiative. Our economic value retained is provided in the chart below.

Economic Value Retained in billions of dollars (U.S.)	2011	2012	2013	2014	2015
Direct Economic Value Generated					
Revenues	65,030	67,224	71,312	74,331	70,074
Economic Value Distributed					
Operating, Employee & Other Costs	48,364	48,821	48,898	52,459	50,786
Payments to Providers of Capital	6,727	7,146	7,768	8,301	8,725
Community Investments	706	966	993	1,080	1,040
Economic Value Retained	9,233	10,291	13,653	12,491	9,523

60. Non-GAAP financial measure that excludes intangible amortization expense and special items.

61. Operational measures exclude the impact of currency translation.

62. Non-GAAP measure. See Reconciliation of Non-GAAP Financial Measures in our [Annual Report](#).



Report Profile

G4-13, G4-23, G4 28-33

This report provides the Company's Citizenship & Sustainability activities and progress as of December 2015. It is our 13th annual Citizenship & Sustainability Report. Our first environmental report was in 1993. Reporting for 2015 is presented in our 2015 Annual Report and our 2015 Citizenship & Sustainability Report (available online), with additional information available on our Citizenship & Sustainability website.

The primary audiences for these reports and our Citizenship & Sustainability website continue to be our employees and external stakeholders, the latter of whom are an extremely broad and diverse group. The Company has a variety of other mechanisms by which it shares Citizenship & Sustainability progress internally.

Information presented in our reports and on our website is from the administration, research and development, manufacturing, marketing and selling organizations operated by the Johnson & Johnson Family of Companies, unless otherwise indicated. No external manufacturing is included in our data, except as indicated in this report. As we engage further with our supply chain on Citizenship & Sustainability topics, additional information on these efforts will continue to be incorporated into our reports.

There have been no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this report. Acquisitions are accounted for in our financial statements from their respective dates

of acquisition. Environmental, health and safety, and employee health and wellness performance data do not include data from acquisitions that have been part of the Company for less than three years. Data from the acquisition of Synthes, Inc., completed in 2012, is now included from 2013 onwards and, where relevant for the goals, the 2010 baseline has also been adjusted. Exceptions are noted where they occur within this report. Timing and details of recent acquisitions are included in Note 20 (Business Combinations and Divestitures) on page 62 of our [2015 Annual Report](#). Where noted, data are adjusted to reflect a divestiture, starting with the year in which a divestiture occurs.

Numerous sources, including socially responsible investment (SRIs) groups, non-governmental organizations (NGOs), multiple stakeholder engagements, senior company leadership and other feedback helped to guide the report's organization and information.

Global Reporting Initiative (GRI)

This report has been prepared in accordance with the GRI's 2013 Sustainability Reporting Guidelines (G4 Core). A [GRI Index](#) is included, with references to G4 indicators. We continue to be challenged by data collection at the enterprise level, as the Company's structure is based upon the principle of decentralized management. However, we are succeeding in increasing the number of indicators we report against, as noted in the Index, while we continue to improve upon our internal data verification processes.

In 2014, our report process included the use of data collection templates, facilitating additional validation and assurance capabilities. This continued for our 2015 report. In some instances, data estimates provided in prior reports have been removed, due to the expanded data validation process. As indicated in the Healthy Future 2015 Goals Progress table, the 2015 performance for selected Healthy Future Goals, including some GRI Indicators, has been assured by ERM Certification and Verification Services (ERM CVS). See [ERM CVS Assurance Statement](#) for their Independent Assurance Statement on the following page.



Independent Assurance Statement to Johnson & Johnson

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on the 2015 performance for 22 Healthy Future 2015 Goals and other selected data in the Johnson & Johnson 2015 Citizenship & Sustainability Annual Report (the Report) as set out below.

Scope of Our Assurance Engagement

Whether the 2015 performance for 22 of the Healthy Future 2015 Goals as described on pages 10-12 of the Report, and for selected indicators in the data tables on pages 97 to 101, as indicated with A is fairly presented in all material respects.

Reporting Criteria

Healthy Future (HF) 2015 Sustainability Goals and related definitions as described in the Report. WBCSD/WRI GHG Protocol for the 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 and for the collection and presentation of the information, including the performance data.

ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our Conclusion

Based on our activities, nothing has come to our attention to indicate that the 2015 performance for the 22 selected Healthy Future 2015 Goals on pages 10-12 of the Report, and for the selected indicators in the data tables on pages 97 to 101, as indicated with A, is not, in all material respects, fairly presented.

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 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, evaluating and reporting the performance information and data for the selected HF goals;
 - management representatives responsible for the selected HF goals and the implementation of management processes and the related activities undertaken since 2010 in order to meet the 2015 goals;
 - staff responsible for the internal verification of the reported performance information for each of the selected HF goals;
- A review of the internal reporting guidelines for each of the selected HF goals;
- A high-level review of the greenhouse gas (GHG) data to confirm consistency with the findings of our separate GHG 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 to support the reported progress including internal and external documents; and
- A review of the presentation of information relevant to the scope of our work in 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 'Report Profile' on page 95 and the explanatory footnotes throughout the Report.

Regarding the reporting criteria, while not affecting our conclusions regarding the reported progress, we draw attention to J&J's disclosures regarding limitations in alignment between the reported performance and the original 2015 goal definitions where relevant.

Our Observations

We have provided J&J with a separate management report with our detailed findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- The scope of this second assurance engagement was increased to cover 22 of the 2015 goals, compared to 14 last year, increasing stakeholder confidence in the reported performance. Based on its corporate responsibility strategy and materiality assessment, J&J has developed a revised and more focused set of external goals for 2020, in most cases supported by quantitative metrics and targets as described on page 9 of the Report. In order to ensure that the performance information for all goals and metrics can be consistently collected and reported to stakeholders, as well as assured, over the full five-year period, we recommend an early review of the baseline data for the new 2020 metrics.
- During 2015 J&J further developed its internal reporting systems and controls around the reported performance for the goals. We recommend that J&J continues to improve the consistency of the internal verification process, including the documentation of the procedures undertaken and results, through training and developing a guidance document for the internal verifiers.

Jennifer Iansen-Rogers
Head of Report Assurance
17 June 2016

ERM CVS
Informed Assured

ERM Certification and Verification Services, London
www.ermcvs.com email: post@ermcvs.com

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.



2015 Data Summary Table

Employee Health and Safety

	UNIT	2011	2012	2013	2014	2015
Serious injury/illness rate ^{1,2,3}	Incidents per 100 employees	0.028	0.027	0.020	0.059 ³	0.069 A
Lost workday case rate (LWDC) ^{1,2}	Incidents per 100 employees	0.11	0.09	0.11	0.11	0.08 A
Fleet car accidents ⁴	Crashes per million miles driven	5.94	5.82	6.14	5.95	6.01 A
Ergonomic injuries ^{1,2}	Percentage of lost workday cases	30	33	34	25	33
Contractor lost workday case rate ¹	Incidents per 100 contractors	0.14	0.17	0.12	0.16	0.18 A
Safety non-compliances ^{1,2}	Number of findings	9	6	7	192	398
Safety fines paid ^{1,2}	U.S. dollars	7,311	648	205,000	7,488	675

1. Does not include acquisitions that have been part of the Company for less than three years.

2. Includes data from all manufacturing, R&D, warehouse, distribution centers and office buildings.

3. New expanded definition that includes continuous impairment and surgical intervention.

4. Data are collected on employees of Johnson & Johnson and its affiliates who drive personally owned vehicles for Company business. Employees in this category are those who: 1) Drive for Company business as a "regular part" of their job, and 2) Employees who receive a car allowance to purchase their own vehicle, and/or those who are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep, and/or those who receive a regular mileage allowance.

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.



2015 Data Summary Table

Environment

	UNIT	2011	2012	2013	2014	2015
Environmental non-compliances ^{5, 6}	Number of findings	30	29	45	72	77
Environmental fines paid ^{5, 6}	U.S. dollars	5,000	3,500	0	416,195	3,800
Accidental releases ^{5, 6}	Number of events	9	8	7	24	30
OHSAS certifications ^{5, 7}	Percent of manufacturing/R&D facilities with certification	30	25	28	30	37
ISO 14001 certifications ^{5, 7}	Percent of manufacturing/R&D facilities with certification	99	93	95	95	96
Energy use ^{5, 8, 9}	Billion terajoules ⁸	12,972	12,734	13,086	12,949	12,837 A
Facility CO ₂ e emissions ^{5, 10}	Metric tons	1,172,142	1,125,412	1,132,392	1,122,888	1,114,764 A
On-site clean or renewable energy capacity ⁸	Megawatts	38.7	45.58	47.68	55.7	54 ¹¹
CO ₂ fleet emissions ^{5, 8, 12}	Average emissions per vehicle (g/km)	170	161	149.6	142.8	141.8 A
CO ₂ project capital spent	Energy/CO ₂ project spend, \$MM	48.2	22.2	37.6	34.4	26.5
CO ₂ project results	Cumulative CO ₂ emissions avoided annually, thousand metric tons	138.4	145.9	181.5	213.9	228
Water use ^{5, 7, 8}	Million m ³	10.7	11.0	11.7	11.7	11.1
Recycled water use ^{5, 7, 8}	Million m ³	0.69	0.59	0.74	0.79	0.75

5. Does not include acquisitions that have been part of the Company for less than three years.

6. Includes data from all manufacturing, R&D, warehouse, distribution centers and office buildings.

7. Includes data from all manufacturing and R&D locations.

8. Data have been adjusted to reflect divestitures.

9. 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.

10. Emissions data are adjusted for prior years due to divestitures, acquisitions and updated emissions factors. As a result, data presented here will not correspond to the figures in the 2014 Report or those submitted to CDP in the respective years.

11. Online or in progress.

12. Fleet vehicles are those vehicles owned or leased by Johnson & Johnson, and provided to drivers in field sales and service roles. In countries other than the U.S., vehicles are also provided to employees based on level as part of their overall compensation package. Personal vehicles driven as part of a business role or need are not part of the Fleet Program.

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.



2015 Data Summary Table

Environment (cont.)

	UNIT	2011	2012	2013	2014	2015
Wastewater discharged ^{13, 14, 15}	Million m ³	7.74	8.04	8.27	8.46	8.22
Non-hazardous waste disposed ^{13, 14, 15}	Million kg	42.2	44.8	45.1	45.2	45.3
Hazardous waste disposed ^{13, 14, 15}	Million kg	29.7	29.4	33.2	38.5	34.7
Waste site remediation ¹³	Number of active remediation sites	18	17	18	17	21
Total waste generated ^{13, 15}	Million kg	72.0	74.2	78.3	83.7	80.0
Sulfur dioxide emissions ^{13, 14, 15, 16}	Metric tons	127	108	111	135	131
Mono-nitrogen oxides (NOx) emissions ^{13, 15, 16}	Metric tons	245	237	253	254	252
Hazardous air pollutant emissions ^{13, 15, 17}	Metric tons	44	36	53	55	53
Volatile organic compound emissions ^{13, 15, 17}	Metric tons	1,386	1,244	1,069	1,367	1,299
Particulate matter emissions ^{13, 15, 17}	Metric tons	131	125	211	150	156
Refrigerant emissions ^{13, 15}	Metric tons	9.6	8.96	7.47	8.43	10.24
Greener products ¹⁵	Cumulative number of Earthwards® products	24	33	52	73	80
LEED buildings ¹⁵	Number certified	12	15	20	25	29
Suppliers participating in CDP supply chain climate program, at Johnson & Johnson request	Number	96	129	139	173	181

13. Does not include acquisitions that have been part of the Company for less than three years.

14. Includes data from all manufacturing and R&D locations.

15. Data have been adjusted to reflect divestitures.

16. Estimated.

17. Based primarily on engineering judgment, including batch process and mass balance.



2015 Data Summary Table

Employees and Diversity

	UNIT	2011	2012	2013	2014	2015
Women on the Board of Directors	Number and percent of board	3 / 25%	3 / 23%	3 / 25%	3 / 23%	3 / 27%
Women in workforce	Percent of employees	44.9 ¹⁸	47.5 ¹⁹	46.5 ¹⁹	45.4 ²⁰	45.4 ²⁰
Women in management	Percent of employees	38.8 ¹⁸	40.3 ¹⁹	41.8 ¹⁹	41.7	42.3

Suppliers and Diversity

	UNIT	2011	2012	2013	2014	2015
Minority/Women-owned business spend	U.S. dollars, millions	1,305	1,234	1,357	1,522	1,391 A
Small Business spend	U.S. dollars, millions	3,149	2,731	2,700	3,200	2,951
Number of Minority/Women-owned business suppliers	Total number	2,200	1,700	1,600	1,500	1,900
Veteran-owned business spend	U.S. dollars, millions	103	101	85	82	90
Lesbian/Bisexual/Gay/Transgender-owned business spend	U.S. dollars, millions	1.7	1.6	1.5	2.4	1.3
Minority/Women-owned business supplier spend	Percent total spend	8.2	8.4	8.3	11.8	9.7

18. Data available for U.S. only.

19. Data are from our North American region.

20. Global data.

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.

2015 Data Summary Table

Operations and Statistical Data²¹

	UNIT	2011	2012	2013	2014	2015
Sales	U.S. dollars, millions	65,030	67,224	71,312	74,331	70,074
	Percent change over previous year	0.5	3.4	6.1	4.2	(5.7)
Net earnings ²²	U.S. dollars, millions	9,672	10,853	13,831	16,323	15,409
	Percent change over previous year	(27.5)	12.2	27.4	18.0	(5.6)
Market price per share (year-end close)	U.S. dollars	65.58	69.48	92.35	105.06	102.72
R&D	U.S. dollars, millions	7,548	7,665	8,183	8,494	9,046
	As percentage of sales	11.6	11.4	11.5	11.4	13
Operating companies	Number (approximate)	250	275	275	265	250
Employees	Number (approximate)	117,900	127,600	128,100	126,500	127,100
Effective income tax rate	Percentage of income	21.8	23.7	10.6	20.6	19.7
Advertising costs	U.S. dollars, billions	2.6	2.3	2.5	2.6	2.5
	As percentage of sales	4	3.4	3.5	3.5	3.6
Charitable contributions	Total U.S. dollars, millions	706.1	966.3	993	1,080.4	1,040
	As percentage of pretax income	5.7	7	6.4	5.3	5.4
	Non-cash	587.1	835.0	835.5	908.7	877

21. Additional information available in the [2015 Johnson & Johnson 10-K report](#).

22. Net earnings attributable to Johnson & Johnson.

A Included in the scope of ERM CVS assurance engagement. Please see page 96 for their findings and conclusions.



United Nations Global Compact

G4-14

In July 2013, Johnson & Johnson became a member of the United Nations Global Compact (UNGC), a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment, and anti-corruption. We are committed to the UNGC principles, many of which have been embedded in our business practices for decades.

Our Citizenship & Sustainability Annual Report provides detailed information on our corporate responsibility strategy and performance for calendar year 2015.

Human Rights

UNGC PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS-REFERENCE TO GRI INDICATORS
<ol style="list-style-type: none"> 1. Support and respect the protection of internationally proclaimed human rights. 2. Make sure that business is not complicit in human rights abuses. 	<p>Our commitment to respect human rights is embodied in several of our policies and statements, including:</p> <ul style="list-style-type: none"> • Code of Business Conduct • Statement on Human Rights • Global Labor & Employment Guidelines • Policy on Employment of Young Persons • Responsibility Standards for Suppliers 	Human Rights Pages 72–73	HR4–6 LA14–15
		Labor Practices Pages 74–77	LA2, LA4, LA12

Labor Standards

UNGC PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS-REFERENCE TO GRI INDICATORS
<ol style="list-style-type: none"> 3. Uphold freedom of association and the effective recognition of the right to collective bargaining. 4. Support elimination of all forms of forced and compulsory labor. 5. Support effective abolition of child labor. 6. Elimination of discrimination in respect of employment and occupation. 	<p>Our Statement on Human Rights incorporates references to the key labor issues identified in the UNGC, including prohibition of child labor, forced labor, human trafficking and discrimination. Our Global Labor & Employment Guidelines articulate our expectations for labor and employment practices at our sites. These guidelines require open communication with all employees, mandate respect for each employee's right to freedom of association and good faith collective bargaining, prohibit discrimination and forced labor of any kind, and require adherence to and enforcement of child labor laws. Our workplace practices and policies on providing fair compensation, equal opportunity, safe and healthy workplaces and other commitments to human rights reflect our belief that the success of our Company is linked with employee satisfaction and well-being. We foster compliance with these policies on a continuing basis through internal training programs, certification processes for external manufacturers and risk-based audit programs.</p>	Human Rights Pages 72–73	HR4
		Labor Practices Pages 74–77	HR6
		Procurement & Supplier Management Pages 66–71	HR5



United Nations Global Compact

Environment

UNGC PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS-REFERENCE TO GRI INDICATORS
7. Businesses are asked to support a precautionary approach to environmental challenges.	For 130 years, the Company's desire to make a difference has inspired every invention, every product and every breakthrough we have brought to human health. This commitment to serving the needs of others is guided by Our Credo , which shapes our approach to business and defines our responsibilities to society-at-large. One of the most important responsibilities emphasized in Our Credo is our obligation to the environment: "We must maintain in good order the property we are privileged to use, protecting the environment and natural resources."	Product Stewardship Pages 34–43	EN7, EN27, EN28
8. Undertake initiatives to promote greater environmental responsibility.	Our commitment to the environment is embodied in several of our policies and statements, including: Environment, Health & Safety Policy ; Climate Friendly Energy Policy ; Statement on Human Right to Water and Respecting Biodiversity .	Our Ingredients & Raw Materials Page 40	
9. Encourage the development and diffusion of environmentally friendly technologies.	We incorporate environmental performance goals throughout our operations and regularly report on our progress, seeking continuous improvement in energy efficiency, emissions reductions, resource conservation and waste reduction. We strive to minimize the environmental impact of our products—from design through disposal—and we collaborate with others to develop innovative ways that technology can help address long-term sustainability challenges.	Sourcing of Raw Materials Pages 41–43	
	As a global company, we work to exercise far-reaching influence with regard to sourcing of materials and set a goal for our most important, or Segment 1, suppliers to publicly report on two or more sustainability goals in any of the following goal categories: energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, and community and human rights investment.	Environmental Responsibility Page 32–33	G4-14
		Water Pages 51–54	EN8–10, EN22
		Climate Pages 44–50	EN3–6, EN15–20, EN 30
		Waste Page 55–56	EN23
		Biodiversity Conservation www.jnj.com	EN11–13
		Supply Chain, Procurement & Supplier Management Pages 60, 66–71	EN32, EN33



United Nations Global Compact

Anti-Corruption

UNGCG PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS-REFERENCE TO GRI INDICATORS
10. Businesses should work against corruption in all its forms, including extortion and bribery.	<p>The ethical principles embodied in Our Credo are the lenses through which our employees make many business decisions each day. To help ensure that we conduct business according to these principles, we have an extensive list of policies and procedures that define what we expect of our people and our business partners throughout the world. Details are provided on our Citizenship & Sustainability website.</p> <p>In 2015, the Johnson & Johnson Code of Business Conduct, previously known as the Johnson & Johnson Policy on Business Conduct, was modernized and renamed to advance a culture of accountability in an increasingly complex business environment, and, with availability in 25 languages, to better reflect the needs of our global, diverse workforce. Training for all employees is part of the Code relaunch.</p> <p>Our policies require anti-corruption training for employees who may present a compliance risk to the Company and place a significant emphasis on the training requirement to ensure compliance.</p> <p>In 2015, more than 101,974 employees completed this training worldwide.</p>	<p>Governance & Ethical Performance Pages 58–59</p> <p>Human Rights Pages 72–73</p>	<p>SO3–SO5, HR2, HR9, LA16</p>



Global Reporting Initiative (GRI) Index

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Strategy and Analysis			
G4-1	Statement from the most senior decision maker of the organization	<input type="checkbox"/> Chairman's Letter	
G4-2	Description of key impacts, risks, and opportunities	<input type="checkbox"/> Chairman's Letter <input type="checkbox"/> Successes and Opportunities	
Organizational Profile			
G4-3	Name of the organization	<input type="checkbox"/> Organizational Profile	
G4-4	Primary brands, products, and/or services section	<input type="checkbox"/> Organizational Profile	
G4-5	Location of organization's headquarters	<input type="checkbox"/> Organizational Profile	
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	<input type="checkbox"/> Organizational Profile	
G4-7	Nature of ownership and legal form	<input type="checkbox"/> Organizational Profile	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	<input type="checkbox"/> Organizational Profile	
G4-9	Scale of the reporting organization including quantity of products or services provided	<input type="checkbox"/> Organizational Profile	
G4-10	Total workforce by employment type, gender, employment contract and region	<input type="checkbox"/> Labor Practices and Workforce	
G4-11	Percentage of employees covered by collective bargaining agreements	<input type="checkbox"/> Labor Practices and Workforce	
G4-12	Describe the organization's supply chain	<input type="checkbox"/> Organizational Profile <input type="checkbox"/> Procurement & Supplier Management <input type="checkbox"/> Supply Chain <input checked="" type="checkbox"/> Supply Chain	
G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	<input type="checkbox"/> Organizational Profile <input type="checkbox"/> Report Profile	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<input type="checkbox"/> Environmental Responsibility	
G4-15	Externally developed economic, environmental, and social charters	<input checked="" type="checkbox"/> Our Governance; External Commitments	
G4-16	Memberships in associations	<input checked="" type="checkbox"/> Public Policy	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Identified Material Aspects and Boundaries</h3>			
G4-17	Operational structure: List all entities in the consolidated financial statements	<input type="checkbox"/> Organizational Profile	
G4-18	Process for defining report content and the Aspect Boundaries	<input type="checkbox"/> Our Materiality Assessment	
G4-19	List Material Aspects Identified	<input type="checkbox"/> Our Materiality Assessment	
G4-20	Aspect Boundary within the organization	<input type="checkbox"/> Our Materiality Assessment	
G4-21	Aspect Boundary outside the organization	<input type="checkbox"/> Our Materiality Assessment	
G4-22	Explanation of the effect of any restatements		Restatements are handled on a case-by -case basis and either explained in text or using references such as footnotes and endnotes.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	<input type="checkbox"/> Report Profile <input type="checkbox"/> Our Materiality Assessment	
<h3>Stakeholder Engagement</h3>			
G4-24	List of stakeholder groups engaged by the organization	<input type="checkbox"/> Stakeholder Engagement <input checked="" type="checkbox"/> Stakeholder Engagement	
G4-25	Basis for identification and selection of stakeholders with whom to engage	<input type="checkbox"/> Stakeholder Engagement <input checked="" type="checkbox"/> Stakeholder Engagement	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<input type="checkbox"/> Stakeholder Engagement <input checked="" type="checkbox"/> Stakeholder Engagement	
G4-27	Key stakeholder topics and concerns and organization response	<input type="checkbox"/> Stakeholder Engagement <input checked="" type="checkbox"/> Stakeholder Engagement	
<h3>Report Profile</h3>			
G4-28	Reporting period	<input type="checkbox"/> Report Profile	
G4-29	Date of most recent previous report	<input type="checkbox"/> Report Profile	
G4-30	Reporting cycle	<input type="checkbox"/> Report Profile	
G4-31	Contact point for questions regarding the report and its contents	<input type="checkbox"/> Report Profile	
G4-32	Report the "in accordance" option the organization has chosen, and GRI Index	<input type="checkbox"/> Report Profile	
G4-33	Policy and current practice with regard to seeking external assurance for the report	<input type="checkbox"/> Report Profile	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Governance</h3>			
G4-34	Governance structure of the organization	<input type="checkbox"/> Governance & Ethical Performance	Reporting beyond "core" requirements
G4-35	Process for delegating authority for economic, environmental and social topics	<input type="checkbox"/> Governance & Ethical Performance	Reporting beyond "core" requirements
G4-36	Responsibility for economic, environmental and social topics	<input type="checkbox"/> Governance & Ethical Performance	Reporting beyond "core" requirements
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	<input type="checkbox"/> Governance & Ethical Performance	Reporting beyond "core" requirements
G4-38	Composition of the highest governance body and its committees	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> 2015 Proxy Statement, pages 5–7	Reporting beyond "core" requirements
G4-39	Indicate if chair of highest governance body is also an executive officer	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> 2015 Proxy Statement, pages 5–7	Reporting beyond "core" requirements
G4-40	Process for nomination and selection of highest governance body	<input checked="" type="checkbox"/> 2015 Proxy Statement, pages 5–7	Reporting beyond "core" requirements
G4-41	Processes in place for highest governance body to ensure conflicts of interest are avoided	<input checked="" type="checkbox"/> Johnson & Johnson Policy on Business Conduct	Reporting beyond "core" requirements
G4-42	Roles for development, approval, and updating of organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-43	Measures taken to develop and enhance highest governance body's collective knowledge of economic, environmental and social topics	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-44	Processes for evaluating highest governance body's own performance	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-46	Highest governance body's role in reviewing effectiveness of organization's risk management processes for economic, environmental and social topics	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-47	Frequency of highest governance body's review of economic, environmental and social impacts, risks, and opportunities	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-48	Highest committee or position that formally reviews and approves organization's sustainability report and ensures all material aspects are covered	<input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements
G4-49	Process for communicating critical concerns to highest governance body	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Governance (cont.)			
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> 2016 Johnson & Johnson Notice of Annual Meeting and Proxy Statement	Reporting beyond "core" requirements
G4-51	Linkage between compensation for members of highest governance body, senior managers, and executives, and organization's performance	<input checked="" type="checkbox"/> 2016 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, pages 34 to 64	Reporting beyond "core" requirements
G4-52	Process for determining remuneration	<input checked="" type="checkbox"/> 2016 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, pages 38 to 42	Reporting beyond "core" requirements
G4-53	Stakeholders' views regarding remuneration	<input checked="" type="checkbox"/> 2016 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, page 36	Reporting beyond "core" requirements
G4-54	Ratio of the annual total compensation for highest-paid to the median annual total compensation for all employees		Confidential
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees		Confidential
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	Reporting beyond "core" requirements
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Reporting beyond "core" requirements
Economic Performance			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Financial Performance	
G4-EC1	Direct economic value generated and distributed	<input type="checkbox"/> Financial Performance	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<input type="checkbox"/> Financial Performance	Those risks posed to Johnson & Johnson by climate change and related policies are not considered to be significant. However, such risk analysis is included as part of our continued involvement in the Carbon Disclosure Project. This analysis is included in a complete report filed with CDP and available at www.cdpproject.net .



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Economic Performance (cont.)</h3>			
G4-EC3	Coverage of the organization's defined benefit plan obligations	<input type="checkbox"/> Financial Performance	Johnson & Johnson sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide. Plan descriptions and the fair value of plan assets can be found in Note 10 "Pensions and Other Benefit Plans" on page 50 of our 2015 10K / Annual Report.
G4-EC4	Financial assistance received from government	<input checked="" type="checkbox"/> Johnson & Johnson Annual Report 2015 (See Note 8 to the Consolidated Financial Statements for further information regarding income taxes)	
<h4>Aspect: Market Presence</h4>			
G4-DMA	Generic Disclosures on Management Approach		Not Identified as a Material Issue
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		Not Identified as a Material Issue
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		Not Identified as a Material Issue
<p>In a global, decentralized business, hiring locally helps us best meet customer needs. Each subsidiary within our business segments is, with some exceptions, managed by citizens of the country where it is located. Our operating companies hire from the communities in which we do business and follow all applicable labor laws and requirements.</p>			
<h4>Aspect: Indirect Economic Impacts</h4>			
G4-DMA	Generic Disclosures on Management Approach		
G4-EC7	Development and impact of infrastructure investments and services supported		Given the diverse nature of our business the gathering of this information is not feasible at this time
G4-EC8	Significant indirect economic impacts, including the extent of impacts		Given the diverse nature of our business the gathering of this information is not feasible at this time
<h4>Aspect: Procurement Practices</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	<input type="checkbox"/> Procurement & Supplier Management	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Environmental</h3>			
<h4>Aspect: Materials</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	
G4-EN1	Materials used by weight or volume	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	Not applicable. Given the diverse nature of our business, and the variety of products produced, this metric is not considered meaningful.
G4-EN2	Percentage of materials used that are recycled input materials	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	Not applicable. Given the diverse nature of our business, and the variety of products produced, this metric is not considered meaningful.
<h4>Aspect: Energy</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	We are subject to the European Union Emissions Trading System program at three of our sites
G4-EN3	Energy consumption within the organization	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN4	Energy consumption outside of the organization	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN5	Energy intensity	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN6	Reduction of energy consumption	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN7	Reductions in energy requirements of products and services	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Environmental (cont.)			
Aspect: Water			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	
G4-EN8	Total water withdrawal by source	<input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	
G4-EN9	Water sources significantly affected by withdrawal of water	<input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	Classifications of local water sources are not tracked at the enterprise level. Water impacts are managed locally.
G4-EN10	Percentage and total volume of water recycled and reused	<input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	
Aspect: Biodiversity			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input checked="" type="checkbox"/> Biodiversity	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/> Biodiversity	Information regarding proximity of operations to areas of high biodiversity value is not tracked at the enterprise level. Biodiversity issues are managed locally.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/> Biodiversity	Information regarding proximity of operations to areas of high biodiversity value is not tracked at the enterprise level. Biodiversity issues are managed locally.
G4-EN13	Habitats protected or restored	<input checked="" type="checkbox"/> Biodiversity	Examples of habitats protected or restored are provided on our website. Not tracked comprehensively at the enterprise level. Biodiversity issues are managed locally.
G4-EN14	Total number of International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Information regarding number of IUCN Red List Species is not tracked at the enterprise level. Biodiversity issues are managed locally.



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Environmental (cont.)			
Aspect: Emissions			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN18	Greenhouse gas emissions intensity	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN19	Reduction of greenhouse gas emissions	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN20	Emissions of ozone-depleting substances (ODS)	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN21	NOX, SOX, and other significant air emissions	<input checked="" type="checkbox"/> Emissions	
Aspect: Effluents and Waste			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Water <input type="checkbox"/> Waste <input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Places	
G4-EN22	Total water discharge by quality and destination	<input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	
G4-EN23	Total weight of waste by type and disposal method	<input type="checkbox"/> Waste	
G4-EN24	Total number and volume of significant spills	<input type="checkbox"/> Compliance	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	<input type="checkbox"/> Waste	This information is not collected at an enterprise level at this time.
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	<input type="checkbox"/> Water <input checked="" type="checkbox"/> Water	This information is not collected at an enterprise level at this time. Water impacts are managed locally.



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Environmental (cont.)			
Aspect: Products and Services			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<input type="checkbox"/> Product Stewardship <input checked="" type="checkbox"/> Product Stewardship/Earthwards®	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category		Not applicable. Given the diverse nature of our business, and the variety of products produced, this metric is not considered meaningful.
Aspect: Compliance			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<input type="checkbox"/> Compliance	
Aspect: Transport			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Climate	
Aspect: Overall			
G4-DMA	Generic Disclosures on Management Approach		Not Identified as Material
G4-EN31	Total environmental protection expenditures and investments by type		Not Identified as Material



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Environmental (cont.)			
Aspect: Supplier Environmental Assessment			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	We do not track new suppliers differently from existing suppliers, as our system is designed to identify those suppliers with the higher potential risk profile.
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
Aspect: Environmental Grievance Mechanisms			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
Social Labor Practices and Decent Work			
Aspect: Employment			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Labor Practices and Workforce <input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<input type="checkbox"/> Labor Practices & Workforce	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<input type="checkbox"/> Labor Practices & Workforce <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA3	Return to work and retention rates after parental leave, by gender	<input type="checkbox"/> Labor Practices & Workforce <input checked="" type="checkbox"/> Employee & Labor Relations Practices	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Social</h3> <h4>Labor Practices and Decent Work (cont.)</h4>			
<h4>Aspect: Labor/Management Relations</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Labor Practices & Workforce <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<input type="checkbox"/> Labor Practices & Workforce <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
<h4>Aspect: Occupational Health and Safety</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Workplace Health & Safety <input checked="" type="checkbox"/> Workplace Health & Safety	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<input type="checkbox"/> Workplace Health & Safety <input checked="" type="checkbox"/> Workplace Health & Safety	Actual percentage of total workforce represented in formal joint management-worker health and safety committees is not tracked at the enterprise level at this time.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<input type="checkbox"/> Workplace Health & Safety <input checked="" type="checkbox"/> Workplace Health & Safety	We do not track absenteeism at an enterprise level. Occupational disease is also not tracked, since these types of diseases are not prevalent in our workforce. Injury rates are not tracked by gender.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	<input type="checkbox"/> Workplace Health & Safety <input checked="" type="checkbox"/> Workplace Health & Safety	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	<input type="checkbox"/> Workplace Health & Safety <input checked="" type="checkbox"/> Workplace Health & Safety	Actual percentages are not tracked at the enterprise level.
<h4>Aspect: Training and Education</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Employee Recruitment <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<input type="checkbox"/> Employee Recruitment <input checked="" type="checkbox"/> Employee & Labor Relations Practices	Training records are currently maintained at a local or operational level. However, systems are being implemented that will compile this at an enterprise level within the next several years.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<input type="checkbox"/> Employee Recruitment <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<input type="checkbox"/> Employee Recruitment <input checked="" type="checkbox"/> Employee & Labor Relations Practices	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social			
Labor Practices and Decent Work (cont.)			
Aspect: Diversity and Equal Opportunity			
G4-DMA	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<input type="checkbox"/> Labor Practices & Workforce <input checked="" type="checkbox"/> Employee & Labor Relations Practices	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<input type="checkbox"/> Labor Practices & Workforce <input type="checkbox"/> Employee Diversity & Inclusion	
Aspect: Equal Remuneration for Women and Men			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Compensation	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	<input checked="" type="checkbox"/> Compensation	Confidential
Aspect: Supplier Assessment for Labor Practices			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	We do not track new suppliers differently from existing suppliers, as our system is designed to identify those suppliers with the higher potential risk profile.
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
Aspect: Labor Practices and Grievance Mechanisms			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Grievance data by type is not tracked at the enterprise level at this time. A global system to gather this enterprise data being developed. Implementation is expected to take several years.



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social Human Rights			
Aspect: Investment			
G4-DMA	Generic Disclosures on Management Approach		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Not tracked at the enterprise level
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
Aspect: Non-Discrimination			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Confidential
Aspect: Freedom of Association and Collective Bargaining			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
Aspect: Child Labor			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<h3>Social</h3> <h4>Human Rights (cont.)</h4>			
<h4>Aspect: Forced or Compulsory Labor</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
<h4>Aspect: Security Practices</h4>			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		Not identified as a Material Issue
<h4>Aspect: Indigenous Rights</h4>			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		Not identified as a Material Issue
<h4>Aspect: Assessment</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Assessments against our Global Labor and Employee Guidelines are conducted on an ongoing basis through local Human Resources and our Global Employee & Labor Relations function. Assessment data are considered confidential.
<h4>Aspect: Supplier Human Rights Assessment</h4>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	We do not track new suppliers differently from existing suppliers, as our system is designed to identify those suppliers with the higher potential risk profile.



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social			
Human Rights (cont.)			
Aspect: Supplier Human Rights Assessment (cont.)			
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
Aspect: Human Rights Grievance Mechanisms			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Grievance data by type is not tracked at the enterprise level at this time. A global system to gather this enterprise data is being developed. Implementation is expected to take several years.
Social			
Society			
Aspect: Local Communities			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Stakeholder Engagement	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<input type="checkbox"/> Stakeholder Engagement	Percentages of operations with implemented programs are not tracked at an enterprise level at this time.
G4-SO2	Operations with significant actual and potential negative impacts on local communities		This information is not collected at an enterprise level at this time.
Aspect: Anti-Corruption			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	
G4-SO4	Communication and training on anti-corruption policies and procedures	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	Breakdowns by employee category and region have not been established at this time
G4-SO5	Confirmed incidents of corruption and actions taken	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	Confidential



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social Society (cont.)			
Aspect: Public Policy			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Public Policy	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	<input checked="" type="checkbox"/> Public Policy	
Aspect: Anti-Competitive Behavior			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Governance & Ethical Performance	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<input type="checkbox"/> Governance & Ethical Performance	Confidential
Aspect: Compliance			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
Aspect: Supplier Assessment for Impacts on Society			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	We do not track new suppliers differently from existing suppliers, as our system is designed to identify those suppliers with the higher potential risk profile.
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	<input type="checkbox"/> Procurement & Supplier Management <input checked="" type="checkbox"/> Supply Chain	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social			
Society (cont.)			
Aspect: Grievance Mechanisms for Impacts on Society			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	<input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	Grievance data by type is not tracked at the enterprise level at this time. A global system to gather this enterprise data is being developed. Implementation is expected to take several years.
Social			
Product Responsibility			
Aspect: Customer Health and Safety			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Customer Health & Safety	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<input type="checkbox"/> Quality & Safety of Products	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<input type="checkbox"/> Quality & Safety of Products <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
Aspect: Product and Service Labeling			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Product & Service Labeling	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<input checked="" type="checkbox"/> Product & Service Labeling	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	<input type="checkbox"/> Quality & Safety of Products <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
G4-PR5	Results of surveys measuring customer satisfaction	<input type="checkbox"/> Customer Relationship Management	



Global Reporting Initiative (GRI) Index cont.

In this report Online

GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
Social Product Responsibility (cont.)			
Aspect: Marketing Communications			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Ethical Marketing	
G4-PR6	Sale of banned or disputed products	<input type="checkbox"/> Governance & Ethical Performance <input checked="" type="checkbox"/> Ethical Marketing	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
Aspect: Customer Privacy			
G4-DMA	Generic Disclosures on Management Approach		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		The number of complaints is not available at this time.
Aspect: Compliance			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Compliance with Laws & Regulations	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<input type="checkbox"/> Quality & Safety of Products <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential