

# 2014 Citizenship & Sustainability Report

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**ADDRESSING PEDIATRIC HIV** These children are among those in Sub-Saharan Africa who will benefit from our first-of-its-kind pediatric HIV treatment donation program, announced in 2013. The New Horizons Advancing Pediatric HIV Care Initiative 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. Find out more in this report.

*Johnson & Johnson*

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## 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**

# Letter from Our Chairman and CEO

Our mission at Johnson & Johnson is to help people live longer, healthier and happier lives. Our Credo defines our responsibilities to: the patients and consumers we serve, our employees, the communities in which we live and work, and to our shareholders. Our citizenship and sustainability practices are an important part of those responsibilities, and we take this work very seriously.

Our Citizenship & Sustainability approach is consistent with our [framework of strategic principles and growth drivers](#) for managing the business. Our strategic approach to Citizenship & Sustainability spans three areas—Advancing Human Health and Well-Being, Stewarding a Healthy Environment, and Leading a Dynamic and Growing Business Responsibly. This approach provides a framework for our goals and efforts on topics identified in our materiality assessment as well as those of greatest interest to both Johnson & Johnson and our stakeholders. Specifically, these reflect our significant economic, environmental and social impacts, and those that could substantively influence the assessments and decisions of stakeholders.

## Advancing Global Health and Well-Being

As part of our longstanding commitment to global health, we work with our partners to develop innovative approaches to advance research and development and develop sustainable access for our medicines. Collaboration is the engine of innovation at Johnson & Johnson. In response to the Ebola crisis, we are working with consortia of nongovernmental organizations, national research programs and industry partners to accelerate and significantly expand the Ebola vaccine program in development at our Janssen Pharmaceutical Companies. We also work with Stop TB Partnership's Global Drug Facility and with the U.S. Agency for International Development to expand access to our multi-drug resistant tuberculosis compound, SIRTURO® (bedaquiline). We have expanded our collaboration with the International Partnership for Microbicides for the worldwide development and commercialization of dapivirine, which is designed for the prevention of sexual transmission of HIV in women.

## Stewarding a Healthy Environment

Throughout our Corporation, we work to reduce energy consumption while increasing the proportion of energy we use from renewable sources. Five years ago, we established a goal to significantly increase on-site renewable and clean-technology energy capacity, and we have met that goal. We continue to look for ways to reduce water



Alex Gorsky, Chairman and Chief Executive Officer

consumption and waste across the product development process. Our commitment five years ago to integrate and expand our Earthwards® approach to drive continuous sustainability improvements and innovation across our products is exceeding expectations. Our Healthy Future 2015 goal is to have 60 Earthwards®-recognized products by year-end 2015. We have achieved and exceeded this goal a year early, with a total of 73 products having achieved this recognition as of the end of 2014.

## Leading a Dynamic and Growing Business Responsibly

As a part of our Citizenship & Sustainability efforts, we remain committed to enhanced transparency and increased engagement with stakeholders. In January 2015, we announced an extended agreement with the Yale Open Data Access (YODA) Project to provide access to our portfolio of medical devices products, setting new industry standards by being the first company to do so. This followed an initial agreement with YODA for our pharmaceutical products in 2014.



We're proud of our ongoing efforts to improve the health of women and children, which include the work we do with our partners in support of the UN Millennium Development Goals. In the past year alone, we've reached more than 88 million women and children, on our way to meeting our goal of reaching 120 million women and children with our efforts. In addition, in 2014 we expanded programs using mobile technology to communicate vital health information to new and expectant mothers in South Africa and India. And we announced a global partnership with Save the Children that aims to help improve the survival and healthy development of millions of children under age five over the next three years.

These are just a few of our successes and some of the progress we've made against our Healthy Future 2015 goals.

### **Facing Broader Trends with Strength and Leadership**

Providing sustainable, high-quality health care is one of the world's greatest challenges. The historic aging rate of the world's population brings dramatically greater demand for higher-quality health care, and governments and health systems must manage this with increasingly strained resources.



The world today requires the very best that Johnson & Johnson has to offer, and we are constantly striving to innovate and lead. As the largest and most diversified healthcare company, we have both the privilege and responsibility to help meet global health challenges with boldness, vision and a driving sense of purpose.

We have defined our purpose at Johnson & Johnson as caring for the world, one person at a time. I truly believe this inspires everything we do. I am confident in our continued ability to care as no other company can.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gorsky'.

Alex Gorsky  
Chairman, Board of Directors  
and Chief Executive Officer

For over 20 years, Johnson & Johnson has supported SOS Children's Villages initiatives in Africa and around the world focusing on much-needed medical services and other programs that strengthen families.



Provided below are the material areas where we have achieved our greatest successes in 2014 and those where we continue to experience challenges. A general description of each area is given along with a link to the section of the report where details are available.

## 2014 Successes



### Global Health

We leverage our expertise and capabilities in areas of great public health need: improving maternal and newborn survival and health, preventing the spread of infectious and neglected tropical diseases, and strengthening the healthcare system, including working to train healthcare workers.



### Access

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 they need.



### Supply Chain

By collaborating with our partners to strengthen the social, environmental and economic performance of our supply chain, we are driving sustainability efforts beyond our four walls, and strengthening the Company, as well.



### Innovation

At Johnson & Johnson, innovation is what ultimately makes a meaningful difference for the patients and customers we serve. It is a core component of our business success.



### Climate

We have realized a 9.6 percent reduction in facility CO<sub>2</sub> emissions against our 2010 baseline, and approximately 7 percent of the Company's energy is currently generated by clean/renewable sources.



### Product Stewardship

Improving the sustainability profiles of our products and/or packaging has been an integral part of the Company's goal-setting efforts since the early 1990s.

## 2014 Challenges



### Product Quality

We continue to strengthen our quality culture across the enterprise with the aim to consistently deliver high quality in everything we do. Continuous improvement practices help ensure proactive quality is standard. Our thought leadership is sought to influence and shape external regulations that in turn help raise the standard of care and, thereby, help people live longer, healthier, happier lives.



### 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.



### 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.



### Workplace Health and Safety

While many of the metrics we track show our safety performance to be steady, 2014 was a difficult year; we experienced several serious safety incidents.



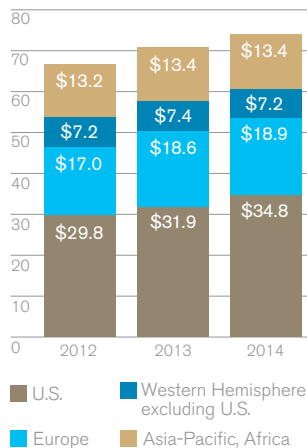
### Water

Substantial progress in reducing our water use to date is being offset by enhanced quality procedures and the movement of manufacturing operations from external manufacturers to in-house production.

# Organizational Profile

**Sales by Geographic Region**  
 (in billions of dollars)

**G4-9**



North America  
 employees  
**33.5%**

South America  
 employees  
**15.1%**

Europe, Middle East  
 Africa (EMEA)  
 employees  
**32.1%**

Asia  
 employees  
**19.3%**

Africa  
 (in EMEA total)

Total Number Employees,  
 Worldwide

**126,500**

Number of Operations,  
 Worldwide

**265**

Total Net Sales,  
 Worldwide

**\$74.3 billion**

Johnson & Johnson is organized into three business segments:

## Pharmaceutical

**G4-8**

The Pharmaceutical segment is focused on five therapeutic areas, including immunology, infectious diseases, neuroscience, oncology, and cardiovascular and metabolic diseases.

**2014 Sales: \$32.3 billion**

## Medical Devices

**G4-8**

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

**2014 Sales: \$27.5 billion**

## Consumer

**G4-8**

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.

**2014 Sales: \$14.5 billion**



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Our Credo

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 265 operating companies employ approximately 126,500 employees in 60 countries 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 78,000 suppliers and approximately 500 external manufacturers to support the development and manufacturing of our products worldwide.

The Company's product portfolio spans pharmaceuticals, consumer and medical devices—389,000 products and product variations 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 (previously referred to as Medical Devices and Diagnostics) and Consumer.

The Company's structure is based upon the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This committee oversees and coordinates 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 50 our 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](http://www.jnj.com) and via social media.

Our website also includes recent [Awards & Recognitions](#).



The Company's product portfolio spans pharmaceuticals, medical devices and consumer—**389,000 products and product variations that touch more than one billion people every day.**

# Report Profile

G4-13, G4-28-33

This report provides the Company's Citizenship & Sustainability activities and progress as of December 2014. It is our 12th annual Citizenship & Sustainability Report and our 18th year reporting environmental progress.

Reporting for 2014 is presented in our 2014 Annual Report and our 2014 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. 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 50 of our [2014 Annual Report](#) available on our website. When a company is divested, the baseline and annual consolidated data are adjusted to reflect the divestiture, starting with the year in which the divestiture occurs. Such adjustments have been made where noted. Numerous sources, including socially responsible investment groups (SRIs), nongovernmental organizations (NGOs), multiple stakeholder engagements, senior company leadership and feedback from our contact mailbox ([responsibility@its.jnj.com](mailto:responsibility@its.jnj.com)) 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 process. In 2014, our report process included the use of data collection templates, facilitating additional validation and assurance capabilities. As indicated in the [Healthy Future 2015 Goals Progress table](#), the 2014 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 page 120.

## Feedback and Further Information

We invite you to comment on our sustainability activities and this report by emailing us at [responsibility@its.jnj.com](mailto:responsibility@its.jnj.com).



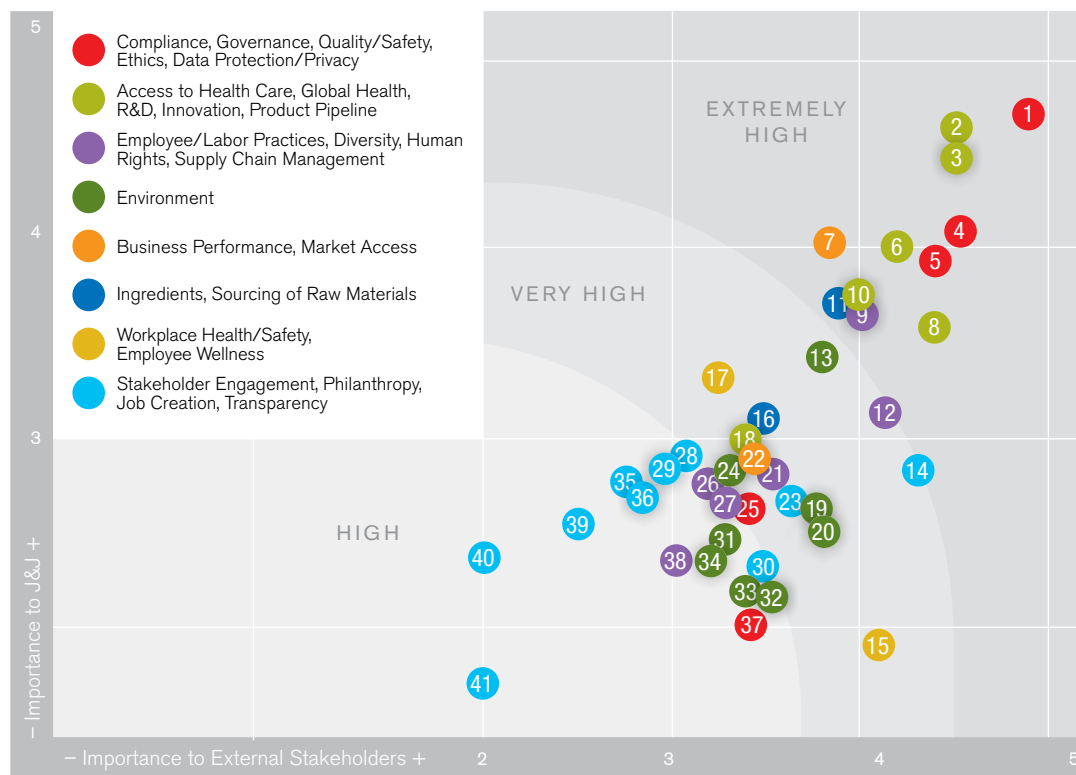
# Our Materiality Assessment Process

G4-18-21, G4-23

In 2013, Johnson & Johnson conducted a Citizenship & Sustainability materiality\* 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. Each topic was further evaluated for boundaries (where its impact occurred). Impacts were determined both inside and outside the organization, and by business unit, region and stakeholder group.

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.

\*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.



## EXTREMELY HIGH

- 1 Product Quality and Safety
- 2 Access to and Affordability of Health Care
- 3 Global Health
- 4 Ethical Performance
- 5 Compliance
- 6 Product Pipeline
- 7 Financial Health/Economic Performance
- 8 Innovation
- 9 Supply Chain Management
- 10 R&D and Clinical Trials
- 11 Product Ingredients/Materials
- 12 Human Rights
- 13 Product Stewardship
- 14 Transparency

## VERY HIGH

- 15 Workplace Health and Safety
- 16 Sourcing of Raw Materials
- 17 Staying Healthy/Wellness
- 18 Intellectual Property
- 19 Water
- 20 Environmental Responsibility
- 21 Employee Recruitment/Development/Retention
- 22 Market Access and Presence
- 23 Stakeholder Engagement
- 24 Greenhouse Gas/Climate
- 25 Corporate Governance
- 26 Diversity
- 27 Labor Practices
- 28 Philanthropy

## HIGH

- 29 Public-Private Partnerships
- 30 Strategic Leadership/Sharing of Expertise
- 31 Biodiversity
- 32 Waste
- 33 Air Emissions
- 34 Energy Use
- 35 Community Engagement and Partnership
- 36 Job Creation
- 37 Data Protection and Privacy
- 38 Compensation/Remuneration
- 39 Product and Financial Donations
- 40 Political Contributions/Lobbying
- 41 Volunteerism

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## **Advancing Human Health and Well-Being**

Global Health  
Access to and Affordability  
of Health Care  
Product Pipeline  
R&D and Clinical Trials  
Innovation  
Preventing Disease  
and Promoting Wellness

## **Leading a Dynamic and Growing Business Responsibly**

## **Stewarding a Healthy Environment**

Healthy Future 2015 Goals  
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Our Credo

Our focus:

**Helping people  
everywhere  
live longer,  
healthier  
and happier  
lives.**





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# Global Health



As a member of the global healthcare community, Johnson & Johnson has a responsibility and long-standing commitment to global health. Our goal is to advance health care in society by delivering transformational solutions to advance the health and well-being of families and communities around the world.

Working with our partners, we have experience tackling major global health challenges including HIV, tuberculosis (TB), Ebola, and neglected tropical diseases, including worm-based infections. We take innovative approaches to advance research and development (R&D) and to develop sustainable access for our medicines. In particular, we:

- Build healthy communities through innovative and impactful healthcare solutions and partnerships;
- Unite scientific capabilities and innovative access models to address unmet health needs;
- And leverage our expertise and capability in areas of great public health need: improving maternal and newborn survival and health, preventing infectious and neglected tropical diseases, and strengthening healthcare systems across the Johnson & Johnson Family of Companies.



Johnson & Johnson supports FHI 360 programs that focus on improving education and employment for girls in Tanzania. This includes providing internships and mentoring for girls in seven secondary schools to help bridge the gap between school and employment, and continuing to support their professional development and vocation training in fields such as nursing, community health development, hotel management and teaching.

#### Global Health

Access to and Affordability of Health Care

Product Pipeline

R&D and Clinical Trials

Innovation

Preventing Disease and Promoting Wellness

In October 2014, in response to the Ebola crisis and in collaboration with the U.S. National Institutes of Health and Bavarian Nordic A/S, we committed to accelerate and significantly expand our Ebola vaccine program in development at our Janssen Pharmaceutical Companies. By mobilizing significant resources and expertise and collaborating with global health stakeholders, Johnson & Johnson companies have been working with partners to help to contain Ebola, save lives and protect the health and lives of those at greatest risk. In line with our long heritage of global crisis and disaster response, Johnson & Johnson engaged in philanthropic efforts to help protect the brave healthcare professionals on the front lines of the crisis today, as well as the families and communities most at risk of infection.

#### Janssen Global Public Health

The Janssen Pharmaceutical Companies of Johnson & Johnson launched Janssen Global Public Health (Janssen GPH) in early 2014 to unify our commitment to research, develop and deliver transformational medicines to address some of the world's most critical health problems including Multi-Drug Resistant Tuberculosis (MDR-TB), Neglected Tropical Diseases (NTDs), and HIV. Throughout the year, the new organization delivered on this mission:

- To help reduce the global burden of TB around the world, Janssen is partnering with [Stop TB Partnership's Global Drug Facility](#) and with the [U.S. Agency for International Development](#) to better facilitate access to our multi-drug resistant TB compound, SIRTURO® (bedaquiline), for patients in more than 130 low- and middle-income countries, and to collaborate for continued evaluation of MDR-TB treatment regimens with SIRTURO®. In addition, Janssen GPH is collaborating with [Harvard Medical School](#) to support research, policy and advocacy to address pediatric and adult drug-resistant TB treatment.

- To help treat and prevent HIV in at-risk individuals, Janssen GPH expanded its collaboration with the [International Partnership for Microbicides](#) to include worldwide development and commercialization of dapivirine to prevent sexual transmission of HIV in women; strengthened country-level capacity, knowledge and action around the needs of HIV treatment-experienced children through the collaborative New Horizons Advancing Pediatric HIV Care initiative, in which four sub-Saharan African countries are participating in the initiative's HIV medicines donation program; and reduced the cost of its HIV medicine PREZISTA® (darunavir), including pediatric formulations, by almost 20 percent for sub-Saharan Africa and least-developed countries.
- To advance innovative medicines to address neglected diseases that disproportionately impact the developing world, Janssen is developing a chewable formulation of VERMOX® (mebendazole), our treatment against intestinal worms in children.

Details about our efforts to advance global health are included in our [2014 Year in Review](#).

#### Millennium Development Goals

We remain at the forefront of efforts to improve the lives of women and children, and continue to make progress toward our five-year pledge to the United Nations Millennium Development Goals (MDGs). 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.

This pledge reflects a shared vision of a world in which women are healthy and children live to reach their full potential. Our commitment focuses on five key areas where we have developed strong, innovative partnerships—and have the potential to foster the greatest improvements in maternal and child health:

- Making childbirth safer;
- Treating and preventing intestinal worms in children;
- Using mobile phones 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, tuberculosis and neglected tropical diseases.

Johnson & Johnson was among the first private-sector companies to answer the UN Secretary General's call to redouble the effort toward achieving the MDGs, specifically those which impact maternal and child health.

Details about our efforts to advance [Millennium Development Goals](#) are included in our 2014 Year in Review and can also be found on [Our Giving website](#).

Meanwhile, we have made good progress toward meeting our Healthy Future 2015 Citizenship & Sustainability goals to advance global health.



**Global Health**

Access to and Affordability of Health Care

Product Pipeline

R&D and Clinical Trials

Innovation

Preventing Disease and Promoting Wellness

We continue to make good progress toward meeting our Healthy Future 2015 Citizenship & Sustainability goals related to advancing global health.

Healthy Future 2015 Goals	Results
<b>GOAL</b> Build research partnerships to develop treatments for neglected diseases of the developing world.	In 2014, Johnson & Johnson committed to accelerate and significantly expand the Ebola vaccine program in development at our Janssen Pharmaceutical Companies. The vaccine regimen was discovered in a collaborative research program with the U.S. National Institutes of Health. <sup>1</sup> Johnson & Johnson also announced that Janssen GPH is collaborating with <a href="#">Harvard Medical School</a> to support research, policy and advocacy to address pediatric and adult drug-resistant TB treatment. Also in 2014, Janssen GPH expanded its collaboration with the <a href="#">International Partnership for Microbicides</a> to include worldwide development and commercialization of dapivirine for HIV prevention in women. We continue to work toward fulfilling our commitments, which include developing a chewable formulation of VERMOX® (mebendazole)—our treatment against intestinal worms in children—made as part of the London Declaration in 2011 to end Neglected Tropical Diseases by 2020.
<b>GOAL</b> Ninety least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing.	In 112 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 goal are part of an HIV Access Territory from which we measure our progress. A detailed chart of Regulatory Filings for Janssen Antiretrovirals in the HIV Access Territory is available on our <a href="#">Citizenship &amp; Sustainability website</a> .
<b>GOAL</b> Achieve WHO prequalification for all our products that address diseases of the developing world.	In 2014, 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. Our medicines PREZISTA® (darunavir), SIRTURO® (bedaquiline) and OLYSIO® (simeprevir) are included on WHO's Essential Medicines List.
<b>GOAL</b> Provide 200 million doses of VERMOX® (mebendazole), our treatment for intestinal worms, to infected children in more than 30 countries.	In 2014, we provided more than 181 million doses of VERMOX®, our treatment for intestinal worms, for distribution to affected children in 15 countries, an increase from 161 million doses in 2013.
<b>GOAL</b> Register a new triple-combination therapy for HIV and finalize a generics licensing agreement.	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 progress achieved the goal.

<sup>1</sup> The Crucell Holland B.V. program has been funded in whole or in part with direct federal funds and preclinical services from the National Institute of Allergy and Infectious Diseases (NIAID), part of National Institutes of Health (NIH), under Contract Numbers HHSN272200800056C, HHSN272201000006I and HHSN272201200003I, respectively.

# Access to and Affordability of Health Care



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 they need. Our access programs include strategic partnerships and collaborations, and licensing agreements, to help register, manufacture and distribute our medicines, as well as donation programs. We also look for ways to take a leadership role in shaping the future of clinical trials to better serve patient populations, especially children.

## Global HIV Access Efforts

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 (SSA), where we currently target 23 countries. These countries make up part of the 90 least-developed or middle-income countries identified in our Healthy Future goal, which in turn are part of an HIV Access Territory of 112 countries where our HIV medicines are made available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration.

In 2014, four countries enrolled in our first-of-its-kind pediatric HIV treatment donation program, announced in 2013. The New Horizons Advancing Pediatric HIV Care Initiative, with our partner New Horizons, first opened the program to countries in SSA and has enrolled Kenya, Swaziland, South

Africa and Zambia as recipient countries. A second Expression of Interest (EOI) opened on February 13, 2015, inviting countries from SSA, as well as least-developed countries beyond SSA, to apply for the product donation. One of our partner organizations, the Elizabeth Glaser Pediatric AIDS Foundation (EGPAF), will continue to oversee the review process for eligibility, convening an independent review committee of top international experts. Details of the EOI, application forms and timeline can be found on [EGPAF's website](#).

The New Horizons Advancing Pediatric HIV Care Initiative 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.

## 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.

Janssen is working with [Stop TB Partnership's Global Drug Facility](#) and with the United States Agency for International Development ([USAID](#)) to expand access to our multi-drug resistant TB (MDR-TB) compound, SIRTURO®, and has announced efforts to collaborate for continued evaluation of MDR-TB treatment regimens with SIRTURO®. In addition, a grant was made to [Harvard Medical School](#) to support work to combat drug-resistant TB.

In April 2014, Janssen Pharmaceutica NV (Janssen) entered into a novel collaboration with the Stichting International Dispensary Association (IDA), a procurement agent for the Stop TB Partnership's Global Drug Facility (GDF), to facilitate access to the Company's anti-TB medicine. This public-private partnership was established by the newly formed Janssen Global Public Health. As a result, it is expected that more than 130 low- and middle-income countries outside of the U.S. will now be able to obtain this new anti-TB medicine through the procurement processes of GDF and its agent, the IDA.

In September 2014, Janssen entered into a novel collaboration with Harvard Medical School to address critical gaps in the global struggle against TB. Janssen is providing a grant to the renowned medical school to support a two-year research, policy and advocacy program to improve access to TB diagnosis and treatment for the world's most

Regulatory filings for Janssen antiretrovirals in the HIV Access Territory:

112 countries

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vulnerable communities, with a particular focus on drug-resistant TB (DR-TB) and TB in children.

According to the latest data from the WHO, an estimated 450,000 people developed DR-TB in 2012, and an estimated 170,000 people died from the disease.<sup>2</sup> In addition, the results of a recent study conducted by Harvard Medical School revealed that one million children suffer from TB each year—twice the number previously thought to have TB and three times the number of children who are diagnosed. Researchers estimated that 32,000 of these children suffer from DR-TB each year.<sup>3</sup>

Complementing its collaboration with Harvard Medical School, Janssen provided a grant to the South African Ministry of Health to support capacity building and systems strengthening in the domain of DR-TB. The grant will work to support the efforts of the South African government to reach the 2015 Millennium Development Goal target of eliminating TB.

In early 2015, Janssen signed a Memorandum of Understanding (MOU) representing the intention of the Company along with USAID to step up the fight against the health threat of antibiotic-resistant bacteria.

Antimicrobial resistance—and specifically that seen in MDR-TB—is one of the world's most serious public health threats. MDR-TB is resistant to at least two of the four most commonly used medicines in today's standard treatment regimen.<sup>4</sup> Treatment is typically lengthy and complex,<sup>5</sup> with an average 48 percent treatment success rate.<sup>6</sup>

Under the MOU, Janssen would contribute an estimated \$30 million worth of its anti-MDR-TB

<sup>2</sup> WHO Global Tuberculosis Report 2013.

<sup>3</sup> The Lancet, Early Online Publication, 24 March 2014.

<sup>4</sup> WHO. Multidrug-Resistant Tuberculosis, Online Q&A. October 2014. Accessed December 2014.

<sup>5</sup> World Health Organization. Introduction and rational use of new drugs and drug regimens for TB treatment. Accessed December 2014.

<sup>6</sup> WHO. Multidrug-resistant tuberculosis (MDR-TB) 2014 Update. Accessed December 2014.



In 2014, the world witnessed the largest and deadliest Ebola outbreak in history. By the end of the year, Ebola had infected nearly 20,000 people and killed close to 8,000—including 375 health workers—across Guinea, Sierra Leone and Liberia, according to the World Health Organization. In response to the fast-growing global public health crisis, Johnson & Johnson announced it would quickly mobilize resources and scientific expertise to significantly expand production of a preventative vaccine program in development at its Janssen Pharmaceutical Companies.



treatment, about 30,000 courses. USAID will work with its implementing partners, national TB programs and with Janssen to ensure responsible access and appropriate use of the treatment. This commitment builds upon and strengthens the Company's agreement with the Stop TB Partnership's Global Drug Facility to facilitate access to quality-assured medicines in more than 100 countries worldwide. Janssen and USAID will engage with the global TB community to solicit support, develop eligibility criteria and engage others to help address this public health crisis.

### VERMOX® Donation Program

In 2014, we provided more than 181 million doses of VERMOX®, our treatment for intestinal worms, for distribution to affected children in 15 countries, an increase from 161 million doses in 2013. We have consistently increased our donations since 2010 (36 million doses that year) and have pledged to scale up the donation of VERMOX® significantly by 2015. We are on track to meet our goal for 200 million by 2015.

### WHO Prequalification

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. The WHO prequalification marks a significant step in our mission to support the Expanded Program on Immunization (EPI). Established in 1974, the EPI launched an ambitious effort to ensure that all children throughout the world receive life-saving vaccines. The EPI adopted use of QUINVAXEM®, the first fully liquid pentavalent vaccine, in 2006. Since then, fully liquid pentavalent vaccines have become the cornerstone of the EPI, offering improved immunization coverage, simple and easy-to-administer fully liquid formulations, as well as encouraging adoption of Haemophilus influenzae type B (Hib) and hepatitis B (Hep B) vaccination

due to the "five-in-one" formulation. Today, global immunization programs reach approximately four out of five children. We have brought forward the development of QUINVAXEM® in cPAD to help address key challenges faced by global vaccination programs, in the hope that it will help reach the fifth child.

Bedaquiline, our TB medicine, was included in WHO interim policy guidance on treatment of MDR-TB issued in June 2013. Five (out of eight) formulations of our HIV antiretroviral medicines have already achieved WHO prequalification: 75, 150 and 600 mg formulations of PREZISTA® (darunavir) and 100 and 25 mg formulations of INTELENCE® (etravirine).

### Pricing and Prescription Assistance

We are deeply committed to providing access to our medicines and making our medicines affordable to those in need. For the period 2004-2014, in the U.S., the weighted average compound annual growth rate of the Company's net price increases for healthcare products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

Over the past 12 months, the Johnson & Johnson Patient Assistance Foundation, Inc. (JJPAPF), 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 120,000 in the U.S. The JJPAPF 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.

Elsewhere, 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 and Prescription Assistance](#) programs is provided on our [Citizenship & Sustainability](#) website.

### Access to Investigational Medicines

While government health authorities have made great advances in shortening the time it takes to make new investigational medicines available, some seriously ill patients are still in urgent need of new treatment options. We understand that urgency, especially for patients with medical needs that are not met by treatments available now.

In 2013, we launched an online resource on the U.S. Janssen R&D website designed to support transparency, understanding and consistency on the process we use to provide access by clearly explaining the options, our approach and the best way to get accurate information. The site provides information about access to an investigational medicine, or a patient's healthcare professional may contact Janssen's Medical Information team at 1-800-JANSSEN.

### Clinical Trials Involving Children

Janssen's Child Health Innovation Leadership Department (CHILD) launched in late 2013 and set out to make 2014 "the year of children." In March 2014, a world-class external advisory committee, Pediatric Advisory Committee (PAC), was established to provide expert advice, opinions and information focused on:



- **Products:** Enabling CHILd to support the delivery of sound and ethical development plans for products and solutions that address the well-being of children globally;
- **Advocacy:** Ensuring CHILd is effective, within and outside Johnson & Johnson, in shaping and advancing the field of designing and conducting clinical trials involving children;
- **Global Pediatric Clinical Trials Network:** Advising CHILd in leading a collaborative effort that will form a Global Pediatric Clinical Trial Network to improve substantially the conduct of clinical trials involving children.

The PAC is comprised of approximately 10–12 external physicians/scientists with expertise in drug development and clinical research involving children, as well as members of CHILd. Meetings are held on a quarterly basis.

In November 2014, CHILd hosted a Universal Children's Day Symposium in New Jersey on the topic of "Making New Products Available to the World's Children."

#### Access to Medicines Index Performance

These diverse strategies for improving access focused on various disease areas and are considered in analysis by the Access to Medicines Foundation. Results of the 2014 Access to Medicines Index (ATMI) saw Johnson & Johnson ranked No. 3 among 20 global companies, falling one place from No. 2 in 2012, but was noted by ATMI as leading in product development. 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. Furthermore, in their analysis, ATMI states: "Of all companies, Johnson & Johnson is adapting the most products for pediatric use that target diseases within the scope of the Index."



Water, sanitation and hygiene education help to break the cycle of re-infection for children affected by parasites. Children Without Worms—which was founded in 2006 by Johnson & Johnson in collaboration with the Task Force for Global Health—collaborates with global health partners and ministries of health on a school-based approach to administer VERMOX® (mebendazole), which kills intestinal worms. Johnson & Johnson donates the medicine to countries with a high prevalence of intestinal worm infections.

Among the items ATMI noted as best practices:

- We have pediatric medicines in development for HIV/AIDS, hepatitis, diabetes, MDR-TB and soil-transmitted helminthiasis;
- Since 2012, we have gained regulatory approval for a lower-dose tablet for HIV/AIDS and for treating adolescents with schizophrenia;
- We continue collaborations to ensure children can be vaccinated against meningitis, pertussis, tetanus and hepatitis B;
- Our efforts to engage local stakeholders to better understand needs, incorporate findings, and devise access-to-medicine strategies and plans.

We have what ATMI terms a "mixed" approach to Intellectual Property (IP). We are committed to not enforce our patent for darunavir in SSA and least-developed countries. Our approach to managing IP is explained on [page 57 of this report](#).

Feedback from ATMI regarding opportunities for improving access to medicines includes extending our engagement in licensing, developing access strategies for relevant investigational products, and including access-oriented terms systematically in product development partnerships. This feedback is being considered in our strategic discussions about access moving forward.

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Our Credo

# Product Pipeline



**R&D**

**\$8.5 billion**  
invested in 2014

Guided by Our Credo, the Johnson & Johnson Family of Companies is committed to delivering new products that offer significant advancements for our customers around the world through our insight-driven approach to innovation, and we are continuously adjusting our product and brand portfolios to meet and exceed their expectations.

## 2014 Product Highlights

### Pharmaceutical



**IMBRUVICA®** (ibrutinib) An oral, once-daily therapy approved for use in treating certain B-cell malignancies, or blood cancers

**INVEGA® SUSTENNA®/XEPLION®** (paliperidone palmitate) A once-monthly, long-acting injectable atypical antipsychotic for treatment of schizophrenia in adults

**INVOKANA®** (canagliflozin) For treatment of adults with type 2 diabetes

**OLYSIO®/SOVRIAD®** (simeprevir) For combination treatment of chronic hepatitis C in adult patients

**SIMPONI®/SIMPONI ARIA®** (golimumab) and **REMICADE®** (infliximab) Biologics approved for treatment of immune-mediated inflammatory diseases

**STELARA®** (ustekinumab) For treatment of moderate to severe plaque psoriasis and psoriatic arthritis

**XARELTO®** (rivaroxaban) An oral anticoagulant

**ZYTIGA®** (abiraterone acetate) An oral, once-daily medication for use in combination with prednisone for the treatment of metastatic, castration-resistant prostate cancer

Our research and development productivity is leading the industry, and our approach is designed to ensure we continue to lead. Last year, we invested an industry-leading \$8.5 billion and also executed more than 100 strategic partnerships, licenses and acquisitions across our Pharmaceutical, Medical Devices and Consumer segments.

- With 14 new medicines launched since 2009, our Pharmaceutical segment is one of the fastest growing of the top 10 pharmaceutical businesses in the U.S., Europe and Japan<sup>7</sup>, and our medicines are making a dramatic impact.
- The Medical Devices segment holds a strong leadership position in the industry. We have launched over 50 major new products since 2012

<sup>7</sup>IMS MIDAS data as of Q3 2014 (growth versus previous year (moving annual total) in local currency dollars)

### Medical Devices



**ANIMAS® VIBE™** insulin pump and continuous glucose monitoring system for the management of insulin-requiring diabetes in adults ages 18 and older in the U.S.

**INCRAFT® AAA Stent Graft System** for treatment of abdominal aortic aneurysms (AAA), in Europe and Canada

**SABER™ PTA Dilatation Catheter** for treatment of patients with Peripheral Arterial Disease, in the U.S. and Europe

**THERMOCOOL® SMARTTOUCH® Catheter** for treatment of patients suffering from drug-resistant paroxysmal atrial fibrillation, in the U.S.

### Consumer



**AVEENO®**

**LISTERINE®**  
new formulations

**MOTRIN®**

**NEUTROGENA®**

Women's  
**ROGAINE®**

**TYLENOL® PM**  
relaunch

**ZYRTEC®**  
dissolve tabs

and have more than 30 major new filings planned by the end of 2016.

- Our insight-driven innovation in our Consumer segment is focused on addressing key consumer-need states, led by our 12 megabrands, with 20 new product launches planned for 2015.

Our strong pipelines are expected to yield: 20 key consumer product launches globally in 2015; 30 new major medical device product filings between 2014 and 2016; and more than 10 major new pharmaceutical filings and more than 40 line extensions by 2019.

See our [2014 Johnson & Johnson Digital Year Business Highlights](#) for specific progress in each business segment, and find a detailed look at our Pharmaceutical segment pipeline on our [website](#).

# R&D and Clinical Trials



Research & Development (R&D) is at the very core of our aspiration to care for the world, one person at a time. R&D is all at once about pipeline productivity; capabilities; attraction, retention and further development of talented R&D teams; and application of innovation to deliver against current health needs and shape and prepare for the future.

Johnson & Johnson has a strong legacy of healthcare breakthroughs due in no small part to a world-class science culture driven by insight-driven innovation. It is great science, together with clinical development, supported by leading commercial capabilities, that ultimately helps people live longer, healthier, happier lives.

We have made very deliberate choices about our portfolio and have focused our energies on capturing the greatest opportunities we have to advance patient care. In each of our business segments, this translates to focused areas for research and development as well as emphasis on convergence opportunities within and among segments.

## Pharmaceutical

In 2009, after losing several significant products to patent expiry, our Pharmaceutical segment underwent a strategic refocusing on five therapeutic areas, which were backed by sustained investment. By capitalizing on a mix of internal and external innovation, our Pharmaceutical segment has launched 14 new products since 2009 and is the industry leader in R&D productivity—with more New Molecular Entities per dollar spent, compared to industry benchmark.

The therapeutic area's end-to-end focused approach incorporates discovery, research, early development, late development, life-cycle management and customer insights into one seamless strategy for all compounds in our pipeline. The five therapeutic areas are: immunology, oncology, cardiovascular and metabolism, neuroscience (including pain), and infectious diseases. The diseases our R&D focuses on are reviewed yearly and will undergo a major, competitive review with input from external experts beginning in 2015 and every three years thereafter.

Across all five therapeutic areas our approach to R&D is driven by transformational innovation and supported with broad and deep research capabilities in biotechnology, medicinal chemistry, vaccine platforms, research operations and diagnostics, and an excellent global development organization with industry-leading success rates to develop, file and launch new medicines across the globe. Our internal research is augmented with external innovation by



Denise Oresko (left) and Yen Yeung from our Sterility Assurance facility in Raritan, New Jersey, work in the laboratory as microbiology analysts.

implementing an external innovation strategy to build collaborations with leading scientists in the world and by continuing to strengthen our pipeline through strategic partnerships and licensing and acquisitions.

Over the coming years our pharmaceutical pipeline is poised to yield a consistent flow of new product filings that will allow us to bring new medicines and technologies to patients.

Further complementing our R&D strategy, in early 2015 Janssen announced the launch of three new research platforms focusing on disease prevention, disease interception and the microbiome. These new focus areas offer the potential for transformational medical innovation and for teams to explore new spaces in science in collaboration with our five therapeutic areas as well as external partners.



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## Medical Devices

Our Medical Devices segment has evolved in the past few years due to acquisitions and divestitures, resulting in strong leadership positions in Orthopaedics, Surgery, Diabetes Care and Vision Care. Having introduced more than 50 major new products since 2012, we are driving innovations to advance the standards of care, growing key platforms in emerging markets, and capitalizing on our scale to develop new go-to-market models. A portfolio strategy likewise directs resources toward the highest patient-value opportunities for R&D.

Global Surgery R&D focuses on four therapeutic areas: cardiovascular disease (including atrial fibrillation, structural heart disease, and heart failure), thoracics (including lung cancer), metabolic (including obesity, diabetes and bariatric surgery), and colorectal oncology. Efforts leverage surgical technologies as well as expertise in sutures, staplers, energy devices, trocars and hemostats to find transformative and innovative solutions.

Global Orthopaedics focus areas include trauma, knees, sports medicine, hips, shoulders, cranio-maxiofacial, spine, power tools and value segment products to meet customer needs in emerging markets. Across these growth platforms researchers are looking at next-generation product ideas, application of anti-infective properties and development of surgical enablers to facilitate faster, better recovery and tissue healing. Cross-platform innovation and cross-segment opportunities will also play a significant role. In addition, new platform innovations will help to address key disease states such as osteoarthritis, osteoporosis, infection and tissue healing. Efforts are aligned with the triple aim of: improving patient outcome, increasing patient satisfaction and reducing costs.

## SIRTURO® Research Team Wins European Inventor Award

### SIRTURO® wins Prix Galien Award

In June 2014, the European Patent Office named Drs. Koen Andries and Jérôme Guillemont and the SIRTURO® research team winners of the prestigious ninth annual European Inventor Award for 2014 for the discovery of SIRTURO® (bedaquiline), a compound now approved in multiple markets to treat pulmonary multi-drug resistant tuberculosis (MDR-TB) as part of combination therapy in adults.

Additionally, in October 2014, at the prestigious U.K. Prix Galien Awards, hosted at the House of

Commons in London, Janssen's SIRTURO® was announced the winner of the Orphan Drug award category. The Prix Galien Awards, held every two years, recognize significant and innovative contributions made by the pharmaceutical industry in clinical research and drug development, and are widely considered to be the Nobel Prize for pharmaceutical research. Professor Sir Michael Rawlins, chair of the judging panel, noted that, "(MDR-TB) is a WHO priority disease... Treatment is complex, requiring

years of medication and extensive medical support—with less than 50 percent of patients having a successful outcome. It is against this background that SIRTURO® emerged as a clear winner." He went on to reaffirm the growing need for new therapy options against this disease and the importance of bedaquiline in the fight against MDR-TB, asserting that the medicine "will have important public health benefits by reducing the spread of MDR-TB and preventing progression to more resistant forms."





## Consumer

In our Consumer segment, R&D is focused on critical-need states in over-the-counter (OTC) medicines, as well as oral care, baby and skin care markets. Psoriasis, skin care, and eczema, in particular, represent truly unmet needs where our R&D efforts can make a significant difference to patients and consumers.

Other projects include market-specific development of oral care products, OTC smoking cessation, co-development of orally dissolving tablets with our Pharmaceutical segment, and scale-up projects also with Pharmaceutical and Johnson & Johnson Supply Chain.

## Ethical Standards in R&D

We strive to maintain an environment of innovative product development, conducting all phases of research and development to the highest ethical standard, while advancing pipelines that serve medical needs.

Our Ethical Code for the Conduct of Research and Development provides standards of conduct and behavior for physicians, clinical research scientists and others who are responsible for medical aspects of research and development.

Our studies are performed in accordance with current International Conference on Harmonization guidelines on Good Clinical Practice (GCP) and applicable regulatory and country-specific requirements.

Good Clinical Practice is an international ethical and scientific quality standard for designing, conducting, recording and reporting studies that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and well-being of study subjects are protected, consistent with the principles that



## Driving Cross-Segment Collaborations

No other company has the depth, breadth, size and scale of Johnson & Johnson, and there is no force more powerful in world health care than when we leverage our insights, technologies and capabilities across our portfolio to focus on an unmet need. Examples of cross-segment innovation collaborations include:

- The establishment of our Lung Cancer Center in China to look at the disease from multiple and integrated perspectives and with multiple solutions—from prevention to diagnosis to cure.
- A Pharmaceutical/Consumer Vision Care collaboration to potentially treat Age-related Macular Degeneration through stem cell therapy, bringing together novel pharmaceutical and vision care technologies.



- The launch of EVARREST™ (above) 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 at 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.

originated in the Declaration of Helsinki, and that the study data are credible. Our pharmaceutical and device products must adhere to these and other relevant statutes as well as our policies for registering and reporting clinical trials.

Clinical trials, parameters of which are defined by regulatory requirements, are conducted to evaluate the efficacy and safety of medicines and medical devices, and are essential to the development of effective new medicines and treatments. Johnson & Johnson companies sponsor and

support clinical trials in more than 40 countries, allowing for wide diversity among people who participate in this important research.

More information about how we conduct clinical trials, participation in a clinical trial, and ethical standards such as bioethics, animal testing, stem cells, nanotechnology, biotechnology and xenotransplantation can be found on our [Citizenship & Sustainability](#) website.

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Our Credo

# Innovation



At Johnson & Johnson, Our Credo compels us to innovate in areas where there are unmet medical needs, overcome barriers and advance health care in all corners of the world. Innovation is what ultimately makes a meaningful difference for the patients and customers we serve. It is a core component of our business success. Given our business progress over the past several years, we are evolving our approach, placing an even greater emphasis on innovation and accelerating growth.

In 2014, 25 percent of our sales were from **new products** launched between 2010 and 2014; we continued to have success with our recent product introductions of **IMBRUVICA®**, the **ATTUNE® Knee System**, the **THERMOCOOL SMARTTOUCH® Catheter** in electrophysiology, and **LISTERINE® Mouthwash with LAE technology**. We had a record number of patents issued in the past years and are among the top-ranked healthcare companies in patents issued.

Beyond products, our commitment to innovation extends to the solutions that we create to foster growth and value for our Company and the world we live in. We seek to nurture the global innovation ecosystem to ensure its continued vibrancy. In 2013, Johnson & Johnson Innovation established four regional hub innovation centers to identify scientific opportunities with the potential to advance the development of new healthcare solutions. Through the Innovation Centers, external innovators have access to a broad range of resources within Johnson & Johnson, including funding, R&D expertise and incubation.

Today, there are fully operational **offices** in Boston, London, California and Asia-Pacific, as well as four

active **Janssen LABS (JLabs)** sites in San Diego, San Francisco and Boston, and satellites.

Through **Johnson & Johnson Innovation—JJDC, Inc.**, the venture capital subsidiary of Johnson & Johnson, we provide seed funding, equity investments and new company creation through investment syndication.

## Collaborations

Collaboration is critical to the long-term success of innovation. Each partnership is built on a shared vision with well-defined and agreed-upon goals and objectives, focusing on the success of the product or the technology with the potential to make a transformational impact on the health and lives of people globally.

A sampling of recent collaborations follows:

- **Promising New Ways to Treat Cancer**

Janssen Biotech, Inc. and Johnson & Johnson Innovation formed a research collaboration with Weill Cornell Medical College aimed at developing compounds for targeting the function of a lymphoma-causing protein.



## ON COLLABORATION:

“The future of health care will be defined by companies, academic institutions and governments that collaborate to leverage existing strengths, while at the same time think outside current paradigms and experiment with new ways of innovating. By being where these new frontiers in science and technology are being forged, our goal is to translate these insights into promising treatments for the future.”

—Paul Stoffels, M.D.,  
Chief Scientific Officer and Worldwide  
Chairman, Pharmaceutical,  
Johnson & Johnson

### • Patient-Specific 3D Printing for Orthopaedic Needs

DePuy Synthes Products, LLC and Johnson & Johnson Innovation formed a strategic collaboration with the medical device company Tissue Regeneration Systems, Inc. (TRS) to help develop patient-specific, resorbable implants for large bone segmental defect treatment in trauma and orthopaedic oncology. The collaboration matches DePuy Synthes's expertise and market leadership with TRS's 3D printing technologies and development expertise. The collaboration also includes potential future development opportunities in a range of additional applications within DePuy Synthes's areas of strategic interest.

### • Advancing Progress on Alzheimer's Disease

Through an agreement facilitated by Johnson & Johnson Innovation, the neuroscience therapeutic area of Janssen Research & Development, LLC will participate in the U.K. Dementias Research Platform. The platform is a major initiative of the Medical Research Council that seeks to accelerate progress in dementias research through a coordinated public-private partnership with six industry and eight leading academic institutions.

### • Sensing Sedation Levels

Ethicon Endo-Surgery Inc. (Ethicon), a member of the Johnson & Johnson Family of Companies, entered into a research collaboration and option agreement with BrainStem Biometrics Inc. through a deal facilitated by Johnson & Johnson Innovation. As part of the collaboration, Ethicon will co-fund studies to confirm the clinical and operational utility of BrainStem Biometrics's Tremor Monitor Unit, a small, noninvasive medical device biosensor that is used to detect minute eye movements in patients undergoing anesthesia. This technology has the potential to distinguish between safe and unsafe levels of sedation for patients around the world.



Gordon France, walking with his wife, had his knee replaced using DePuy Synthes Companies' TRUMATCH® Personalized Solutions for the SIGMA® Knee System, which has been recognized through Earthwards®—the Johnson & Johnson approach to sustainable product innovation.

### • Putting Insomnia to Rest

Janssen Pharmaceutica N.V., Johnson & Johnson Innovation and the Janssen neuroscience therapeutic area established a research collaboration with Minerva Neurosciences. The program will focus on the treatment of patients with primary and secondary insomnia, and potentially other related neuropsychiatric disorders.

### • Seeking Novel Approaches to Treat Diabetes and Cardiovascular Disease

Janssen Pharmaceuticals, Inc. and Johnson & Johnson Innovation have collaborated with the biotechnology company Energesis Pharmaceuticals, which is identifying biological compounds that stimulate the formation of brown fat (BAT) for use in treating metabolic diseases. The company's approach is a novel strategy leveraging recent scientific insights in BAT biology to increase the body's ability to burn stored fat and lower insulin resistance.

### • New Strategies for Skin, Oral and Respiratory Conditions

Johnson & Johnson Consumer Companies, Inc. and Johnson & Johnson Innovation have established a collaboration with scientists from the University of Manchester to explore potential applications of probiotic extracts for prevention and treatment of skin, oral and respiratory conditions. The agreement underscores the approach that Johnson & Johnson Innovation is taking to establish scientific collaborations in areas that span our three business segments.

Learn more about Johnson & Johnson innovation [here](#).



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# Preventing Disease and Promoting Wellness

As a healthcare company, Johnson & Johnson has a responsibility to advance global health by preventing diseases and promoting wellness through educating patients, customers, doctors and communities. Health education is instrumental in improving health outcomes.

We create programs that raise levels of consumer and patient health awareness and understanding, as well as medical expertise, across our businesses, covering a broad area of health care. In addition, we partner with others to foster community wellness through health education opportunities that further empower individuals to take action to live healthier lives.

As part of our Healthy Future 2015 enterprise goal, we are tracking health education programs in targeted communities around that world that focus on increasing individual and public understanding of basic health information to encourage positive behavior change and support healthier lives. In 2014, six new health education programs launched across China, Philippines and India, reaching close to 22 million people.

One example is mMitra, a mobile health partnership with the Mobile Alliance for Maternal Action, USAID, the UN Foundation, BabyCenter, Johnson & Johnson and ARMMAN, a Mumbai-based NGO. The program sends preventive-care voice messages to pregnant women and new mothers twice a week. The messages go directly to their mobile phones in their chosen language and preferred time slot corresponding to the stage of their pregnancy or the developmental stage of their child.

Close to 150 mothers die every day from pregnancy-related complications, and more than 3,500 children under the age of five die each day. The lack of access to basic health education on preventing diseases, preparing for birth and understanding the complications that could occur during pregnancy and infancy periods are major contributors to these statistics. mMitra has enrolled more than 40,000 women since its launch in November 2014, and about 10,000 women are added monthly. mMitra will expand its services to seven other municipalities in the greater Mumbai region. The program plans to reach up to one million new and expectant mothers, promoting positive health behaviors in low-income urban communities across India.

Another example of our engagement in providing health education across a wide range of populations is through our partnership with Nurse.com. Following the outbreak of the Ebola crisis, we engaged immediately with our partners to provide resources to help frontline workers. In 2014, we provided Nurse.com with a grant to sponsor a continuing education campaign on Ebola risks and protocols to help frontline healthcare workers based in the U.S. better navigate the challenges of diagnosing, treating and protecting themselves.

Nurse.com has been a longtime partner of our [Campaign for Nursing's Future](#), and the group's extensive reach ensured the greatest number of nurses would have free access to the latest information about Ebola. Since the partnership launch in November 2014, more than 40,000 nurses have taken the continuing education class, and Johnson & Johnson is currently talking to global health organizations about ways to support and care for the frontline healthcare workers who are on the ground in the affected countries.



Mobile phones are all but ubiquitous in India, growing faster than any other regularly consumed service, and provide an opportunity to deliver vital health information directly to the women who need it most. Through a program called mMitra, mothers are sent voice calls twice a week that provide preventive care information directly to their mobile phones.

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Our Leadership Imperatives:

# Connect, Shape, Lead and Deliver



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# 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.

Quality is the reason people buy the Company's products. Given the expanse of our product portfolio and workforce, our global presence, and the highly regulated environment in which we operate, perfection is aspirational, high quality is attainable. In 2014, worldwide health authorities conducted 519 regulatory inspections of our sites, which was a few less than in 2013. Johnson & Johnson continues to show improvement in regulator findings, resulting in fewer regulatory actions. Product recalls have decreased as the Company continues to ensure delivery of high-quality, safe and effective products.

True to our decentralized business model, each member of the Johnson & Johnson Family of Companies maintains its autonomy to best serve its customers at the local level. However, we have integrated our total approach to Quality so that we can speak as one company to all our stakeholders, including health authorities, customers and healthcare professionals worldwide. Four years ago we formed the Johnson & Johnson Quality & Compliance (J&J Q&C) organization to ensure the standardization and consistent implementation of our Quality Policy and Quality Policy Standards across the Johnson & Johnson Family of

Companies. The Johnson & Johnson Quality Policy governs our operating companies to help ensure they design, make and deliver our products in a consistent way. A three-phased approach to deploy a common set of Quality Policy Standards is two-thirds complete. Phase 1 deployment completed December 2013; phase 2 completed December 2014; phase 3 on track for completion by December 2015.

A closed-loop, independent audit approach is in place to help ensure facilities and external manufacturing sites operate in compliance to our Quality Policy and Quality Policy Standards, as well as health authority requirements. We have a clear and systematic process in place to remediate compliance gaps and minimize their impact on the customer experience. Results, current status and progress are all reported to business leaders and Johnson & Johnson company governing bodies to help them support their sites' efforts to achieve compliance in a timely manner.

<sup>a</sup>Facilities include manufacturing, distribution centers and marketing companies.

In the first three-year cycle, all of our facilities<sup>a</sup> have been audited. As part of the closed-loop audit program, all findings are tracked to successful completion. In 2015 the audit program has been expanded to include external manufacturing sites, using a phased approach.

Our quality and continuous improvement approach also includes a Management Review Process that requires each of our operating company's executive management to continuously improve quality by reviewing its Quality System every six months to ensure its suitability, adequacy and effectiveness. Independent Quality Review Boards (Quality, Medical, Regulatory representation) within each business unit make decisions independent of commercial considerations to ensure they meet the high-quality standards expected of all Johnson & Johnson companies to do what's right for our customers.

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 continue to look at quality and safety throughout all phases of product life cycles. Health and safety impacts are assessed for all of our significant product categories in each business segment throughout the world. 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. **PR1**

Also, we are exploring new ways to continue 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, our Pharmaceutical segment is piloting segment-wide metrics related to new leading indicators that the U.S. Food and Drug Administration (FDA) is considering to make requirements.



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We are also looking for ways to innovate our production processes, including deploying elements of “continuous manufacturing” — where raw materials are fed into a single, continuously running process. Such innovations have the potential to increase quality, provide clear opportunities to identify problems before production is completed, reduce costs associated with lost batches and reduce production time and expense. Pending regulatory approval, we have built a manufacturing line in our Puerto Rico site to manufacture our HIV/AIDS medicine PREZISTA® (darunavir) starting in 2016 using continuous manufacturing techniques, although raw materials will still be processed elsewhere. We aim to manufacture 70 percent of our highest-volume products using continuous manufacturing processes within eight years.

## Five Quality Principles

Johnson & Johnson

- High product quality is critical to serve our customers and patients, doctors and nurses, mother and fathers
- Everyone is responsible for delivering high quality
- Management at all levels is accountable for sustaining high quality
- High quality requires focus on prevention of deficiencies, prompt recognition and correction of those that do occur, and a process for continuous improvement
- Operating in a state of consistent compliance is essential for all sites in Johnson & Johnson

### Examples of Continuous Quality Improvements

#### Raw Materials ✓

While all the ingredients we use are safe and meet or exceed all government standards for safety, we made a commitment to consumers that we would change the formulas of some of our beauty and baby care products to reflect their views and concerns.

#### Process Development ✓

The Sterility Assurance organization partners with our R&D and manufacturing teams around the world to provide sterilization science, engineering and operations expertise during the design and manufacture of our sterile products.

#### Supply Chain and Manufacturing ✓

Products across all three segments are recognized by Earthwards®, the Johnson & Johnson process that improves the sustainability of our products.

#### Commercial ✓

In response to patient feedback, educational support materials were redesigned to help patients with moderate to severe rheumatoid arthritis correctly self-administer SIMPONI® using our SmartJect® autoinjector.

#### Pharmaceutical ✓

We've worked closely with healthcare authorities on INVEGA TRINZA™, our new schizophrenia treatment

that received U.S. FDA approval in May 2015 under priority review. INVEGA TRINZA™, a three-month injection, is the first and only schizophrenia medication to be administered just four times a year, providing the longest dosing interval available. With a dosing interval that can be measured in seasons, not days, people living with schizophrenia and their treatment teams can focus on recovery goals beyond short-term symptom control. This new treatment option allows healthcare providers to give patients greater independence by enabling them to focus less on taking their medication and more on other aspects of their treatment plan.

#### Medical Devices ✓

We worked closely with the Indian government and healthcare regulators to launch a blood glucose-monitoring device adapted to make self-monitoring simple, affordable and effective for the tens of millions of Indians with diabetes.

#### Consumer ✓

We worked with healthcare authorities and our distributors to customize smaller sizes of some of our more popular products, such as LISTERINE® mouthwash, to make them more accessible to consumers in emerging markets.

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## Customer Satisfaction

While patients and consumers are our customers, the majority of our business is predicated 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 continue to be able 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.

Importantly, a customer experience metric was added to the JJSC enterprise-level dashboard in 2012. Enterprise-wide metrics have been established and are monitored to gauge commercial effectiveness. Following an initial pilot in 2012, these metrics are assessed in our Customer Experience Survey Program that reaches 25 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. Findings focus on three key areas:

- Supply Chain Partner Performance (supply chain index score calculated using importance times

## Supply Chain Index

	2013	2014
Johnson & Johnson	65%	62%
Competition	65%	58%

performance against 16 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 ability both on the big, company-wide initiatives and more local or regional specific actions based upon findings in given markets, with certain products, or certain customer channels.

Our Supply Chain Index score was 65 percent in 2013 and 62 percent in 2014, indicating we have room for improvement. Based on feedback, our efforts are focused on two main areas for improvement: product availability and transactional excellence. Specifically, we heard from our customers that their number one priority is complete orders while their second priority is continual communication about order status. As such, we are looking at improved forecasting, anticipating needs and response to market dynamics affecting demand, as well as working to improve communication of order receipt, status, back orders, delays and changes with customers on a continual basis.

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 deliver customer value.

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,

## McNeil Consumer Healthcare Update and Status of Goals Under Consent Decree

### > 80 percent of OTC Products Returned to Store Shelves

All steps of three-year Consent Decree work plan for Lancaster, Pennsylvania, and Las Piedras, Puerto Rico, successfully completed on time and in full (December 30, 2014);

Fort Washington, Pennsylvania, has also completed the steps required for third-party certification;

Our third-party Good Manufacturing Practices (GMP) expert submitted its written certification to the U.S. Food and Drug Administration (FDA) for all three manufacturing sites (February 2015);

As part of ongoing Consent Decree requirements, FDA conducted inspections at McNeil's Lancaster, Pennsylvania, and Las Piedras, Puerto Rico, manufacturing facilities. We are pleased to have received notification from FDA that our manufacturing facilities in Las Piedras and Lancaster are in conformity with applicable laws and regulations. No independent third party is needed for day-to-day oversight, but will reassess the sites at various times during the next five years.

We await similar notification for our Fort Washington, Pennsylvania, facility following a more recent inspection at that location;

We expect commercial production to start at the Fort Washington plant following successful FDA inspection and approval.

focus groups and patient advisory groups. These customer satisfaction measures, as collected by our business units, are not shared externally for competitive reasons.

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# Ethical Performance



At Johnson & Johnson, 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. **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 168 financial control audits at operating companies in 2014. In addition, Internal Audit and HCC&P conducted 59 and

75 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. **S03**

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 2014, Johnson & Johnson operating companies met the training goal (as captured in our metrics management tool), with training completed for more than 108,106 (99 percent) of applicable employees worldwide. **S04**

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. **S05**

## 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. **S07**



# Compliance



Environmental, Safety & Health non-compliances increased, in part due to more rigorous reporting standards.

Our Policy on 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 53 of our 2014 Annual Report](#). For information on compliance efforts related to product quality and safety, and ethical performance, see the [Quality and Safety of Products](#) and [Ethical Performance](#) sections of this report. Visit our [website](#) for more information on our approach to compliance. **PR2, PR4, PR7, PR9, SO8**

## Environmental and Safety Compliance<sup>9</sup>

Johnson & Johnson strives to have zero accidental releases, regulatory non-compliances and fines. However, in 2014, the number of accidental releases, environmental, health and safety non-compliances increased significantly. This increase is due in part to improved reporting rigor resulting from a mandatory training on reporting of Environmental Health & Safety (EHS) non-compliances, attended by all EHS&S staff in early 2014, as well as the inclusion of several new categories not captured in previous reporting (product stewardship, fire code, food service, elevators and health clinics).

In 2014, we experienced 24 accidental releases and 72 environmental non-compliances, and we paid a total of \$416,195 in fines (of which \$411,243 was paid for violations identified in a 2010 hazardous waste inspection at Neutrogena). A total of 192 health and safety non-compliances were also recorded, with over 85 percent of these occurring in the newly added categories. A total of \$7,488 was paid for health and safety violations in 2014. **EN24, EN29**

EHS Non-Compliances, Releases and Fines Paid <sup>10</sup>	2010	2011	2012	2013	2014
Accidental Releases—Number of Events	10	9	8	7	24
Environmental Non-Compliances—Number of Individual Findings	57	30	29	45	72
Environmental Fines Paid—U.S. Dollars	0	5,000	3,500	0	416,195
Health & Safety Non-Compliances—Number of Individual Findings	3	9	6	7	192
Health & Safety Fines Paid—U.S. Dollars	5,500	7,311	648	205,000	7,488

<sup>9</sup>For information on how data from acquisitions and divestitures is managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.

<sup>10</sup> Includes data from all manufacturing, R&D, warehouse, distribution center and office buildings locations.

# Transparency



Johnson & Johnson is committed to transparency and shares information with our customers, partners and other valued stakeholders that serves to improve the health of patients and drive improved clinical outcomes.

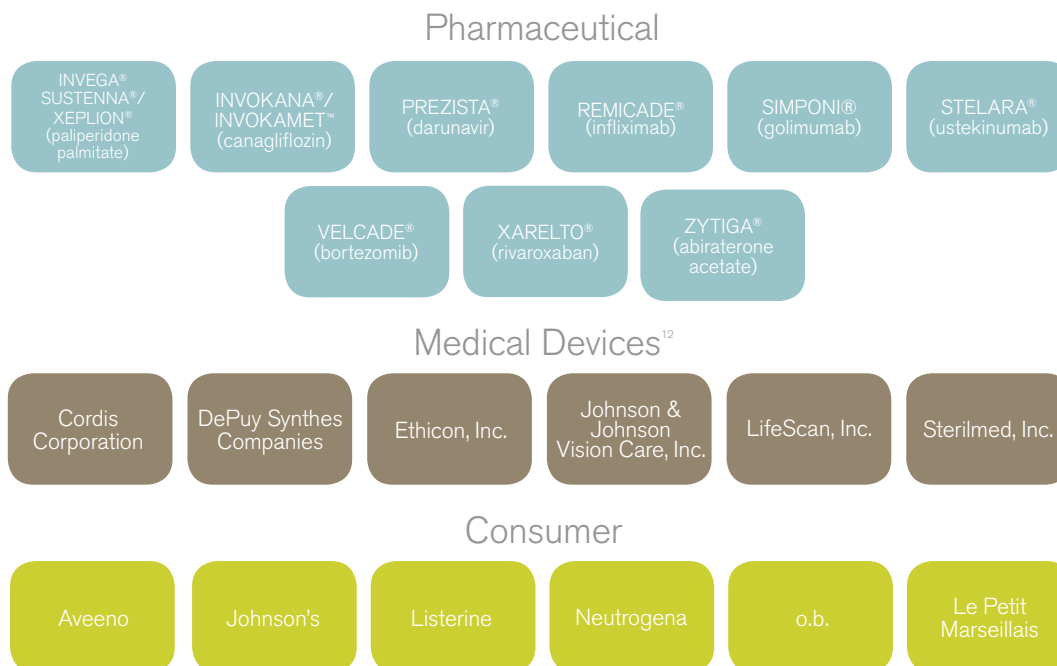
We use our Citizenship & Sustainability reporting, as well as websites, media/social media and stakeholder engagements to provide information—guided by Our Credo and our materiality assessment—that demonstrates our Citizenship & Sustainability commitments and impacts.

In 2014, our Citizenship & Sustainability Working Group recommended and gained support from senior leaders to focus resources even more on our public reporting to further satisfy interests and reduce the need for questions from various groups that might lead to selective disclosures. We also 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. This approach to increased transparency, emphasizing strategic, effective disclosure, is inherent in this report and on our [Citizenship & Sustainability website](#).

## Product Transparency

As our approach to transparency evolves, we continue to track our efforts specified as a Healthy Future 2015 goal to have all major<sup>11</sup> brand websites share product sustainability information.

In 2014, all major brands (100 percent) had some level of external transparency to address their customers'/consumers' most relevant concerns:



<sup>11</sup> "Major" brands determined by each business segment based on a combination of factors, including sales, stakeholder interest in sustainability considerations, etc.

<sup>12</sup> List of major brands for Medical Devices was adjusted in 2013 from eight to six due to reorganizations and divestitures. Note that we have listed Cordis as a major brand through December 31, 2014; however, this brand will be divested in 2015.

We continue looking to expand product sustainability information for those brands already providing it and in working with the remainder to begin sharing this information. The baseline list of “major” brands identified for the goal across Johnson & Johnson numbers 21, shown on the previous page.

## Clinical Trial Transparency

In addition to disclosure of brand sustainability information, our companies also act to ensure the medical community has access to comprehensive information about our products by:

- Publicly announcing or registering clinical trials in accordance with journal and legal requirements;
- Disclosing timelines for conducting and completing these studies;
- Providing information about the potential risks as well as the benefits of participating in the study with those who are considering study participation;
- Appropriately publishing the results of clinical trials.

Clinical trials conducted around the world by our Pharmaceutical and Medical Devices companies are listed on the U.S. National Institutes of Health’s website. We are committed to publishing data that are scientifically or medically important and to abiding by established codes of ethics, presenting truthful, complete and accurate information.

Johnson & Johnson set a new industry standard in 2014 by establishing a collaboration with Yale University School of Medicine’s Open Data Access (YODA) Project that made Johnson & Johnson the first company to share clinical trial data for pharmaceutical products through an independent third party. Under the agreement, the YODA Project serves as an independent authority to decide what clinical trial data from our pharmaceutical companies will be shared with which researchers. In 2015, Johnson & Johnson extended the agreement to cover clinical trials by our medical devices companies.



### ON TRANSPARENCY:

“Our agreements with the YODA Project underscore our commitment to responsibly share clinical trial data with researchers in a way that we believe advances medical science and public health.”

—Joanne Waldstreicher, M.D.,  
Chief Medical Officer,  
Johnson & Johnson



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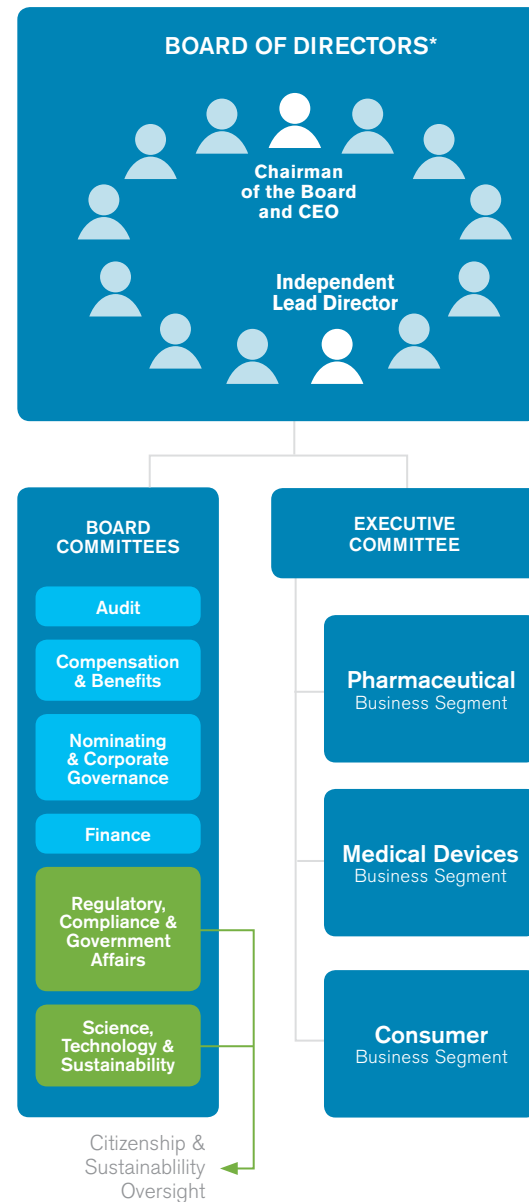
# Governance



Johnson & Johnson has well-established governance structures and accountability measures to ensure these structures perform their duties to responsibly further our purpose and aims with regard to economic, social and environmental 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. **G-34**

Increasingly, leaders at all levels of the organization are engaged Citizenship & Sustainability champions. Each business segment has a Citizenship & Sustainability Committee consisting of a diverse group of employees representing various divisions and disciplines that accomplish the work in support of practices on environment, health, safety, citizenship and sustainability. Representatives from these committees form a Citizenship & Sustainability Working Group that tracks performance and progress against our Healthy Future 2015 goals, assisted in the development and execution of our recent materiality assessment, and assists in other Citizenship & Sustainability strategic efforts such as the development of our next set of five-year goals. An enterprise Citizenship & Sustainability Advisory Committee provides senior leadership support, including global leaders from each business segment; Worldwide Environment, Health, Safety & Sustainability; Government Affairs and Policy; the office of the Chief Medical Officer; Investor Relations; and the office of the Corporate Secretary. **G4-35-36**



\*Details available in [Notice of Annual Meeting and Proxy Statement](#).

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Alex Gorsky, Chairman and Chief Executive Officer of Johnson & Johnson, speaks to the audience at the Company's Annual Meeting of Shareholders, held April 23, 2015 at the State Theatre in New Brunswick, New Jersey.

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](http://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](mailto: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 2014 reporting period include shareholder proposals seeking a common sense policy regarding overextended directors, alignment

between corporate values and political contributions, and an independent Board Chairman. These proposals and the Board's statements in opposition are presented in the [Company's Notice of Annual Meeting and Proxy Statement](#) of March 11, 2015, 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 23, 2015.

# Supply Chain & Supplier Management



“Our suppliers are our partners. By collaborating with our partners to strengthen the social, environmental and economic performance of our supply chain, we are driving sustainability efforts beyond our four walls, and strengthening Johnson & Johnson, as well.”

– Hans Melotte, Chief Procurement Officer, Johnson & Johnson

## Supply Chain Overview

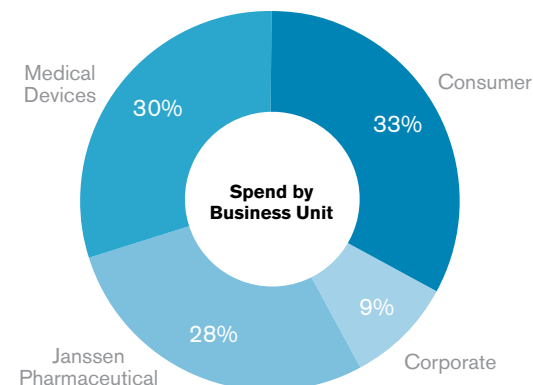
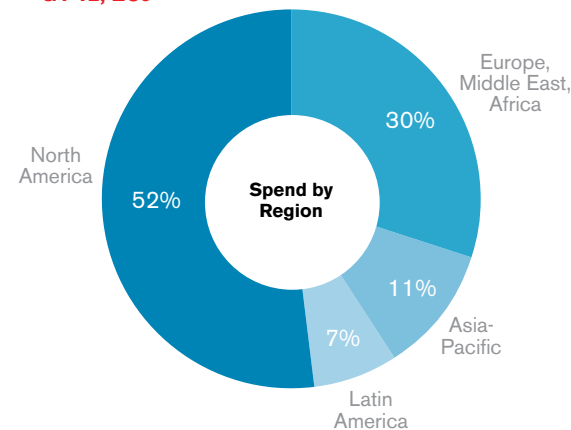
With over 78,000 suppliers and just under \$31 billion in spend, our reach is large. Our goal is to increase the transparency and sustainability performance of our supply chain. We seek to accomplish this by:

- Evaluating several non-financial performance factors when selecting suppliers, seeking to partner with those that are aligned with our sustainability commitments through our Procurement Sustainability Initiative (PSI);
- Establishing Responsibility Standards for Suppliers that are applicable to all suppliers;
- Conducting supplier assessments;
- Increasing expectations through our 2015 Healthy Future goals:
  - All Segment 1 (strategic) suppliers to publicly report on two or more sustainability goals;
  - 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;<sup>13</sup>
  - All critical employees receive human rights training.

## 2014 Progress

- Continued regional rollout of Responsibility Standards for Suppliers with an emphasis on the human rights provisions.
- 81 percent of Segment 1 suppliers publicly report on two or more sustainability goals.
- Of 59 Segment 1 suppliers with sites that were determined to be located in a high-risk country, 98 percent (58) have confirmed awareness of and conformance with the human rights provision of our policies. For all other suppliers in high-risk countries, a regional approach is being taken.
- 173 of the 195 suppliers we invited to participate in the CDP suppliers program have chosen to do so.
- Of the 10 suppliers invited by Johnson & Johnson to participate in the CDP Water suppliers program, all completed the process.

## Supply Chain Management at a Glance G4-12, EC9



<sup>13</sup> 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.



## Managing Our Supply Chain

The Company seeks to build strong, collaborative relationships with our over 78,000 suppliers. Our suppliers provide the materials, goods and services required to conduct research and development, manufacture products, service our customers, and supply our offices and other facilities around the world.

Our PSI provides the foundation to guide our procurement professionals in their purchasing decisions and a framework to provide guidance to influence our suppliers. Through PSI, we have disseminated guidelines to evaluate several non-financial performance factors when contracting with suppliers. We seek to partner with those that are aligned with our sustainability commitments.

Our suppliers are segregated into 14 broad categories by product or service, and are further categorized into Segment 1 (numbering 108), Segment 2 (numbering over 400), or Segment 3 suppliers based on a number of factors such as spend, importance and availability of the supplied materials or services to the Company. Expectations for human rights, business ethics, labor practices, health and safety, and environmental performance are established in our [Responsibility Standards for Suppliers](#) (applicable to all suppliers) and may also be defined in contracts with suppliers. These standards have been implemented with our external manufacturing partners and active pharmaceutical ingredient (API) manufacturers (numbering approximately 950 and spread across all Segments). Implementation with our Segment 1 suppliers is ongoing, and implementation with select Segment 2 suppliers has begun. In 2014, our actions were focused primarily on our Segment 1 suppliers, all goods suppliers in high-risk countries and any services suppliers with greater than \$250,000 in spend that have operations in a high-risk country. For Segment 1 suppliers, 59 suppliers had sites that were determined to be located in a high-risk country. Ninety eight percent (58 out of 59) confirmed awareness of and conformance with

the human rights provision of our policies. For all other suppliers in high-risk countries, a regional approach is being taken, with efforts occurring in our Latin American and Asia-Pacific regions in 2014. In the Asia-Pacific region, more than 1,000 suppliers were identified in high-risk countries. Of these, approximately 800 have been contacted and more than 500 have confirmed awareness of and conformance with the human rights provision of our policies.

Standardized contract terms and conditions have been developed, and they 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 website for more information on [PSI](#) or our [Responsibility Standards for Suppliers](#).

We continue to make progress against our Healthy Future 2015 goal for all Segment 1 suppliers to publicly report on two or more sustainability goals in any of six goal categories. In 2014, 108 suppliers were categorized as Segment 1, down from the total number of suppliers considered Segment 1 in 2013. At the end of 2014, 88 Segment 1 suppliers (or approximately 81 percent) had met this goal. Of the suppliers that have publicly reported goals, the percentage reporting in each of the goal areas is shown on the next page. Our challenge going forward is to continue to work with and support the remaining Segment 1 suppliers as they strive to meet this goal.

As a participant in the Carbon Disclosure Project's (CDP) Supply Chain program, we encourage our suppliers to measure and report their energy use and greenhouse gas emissions. In 2014, 173 of the 195 suppliers we approached chose to participate in the program.

HR4, HR5, HR6

### High-Risk Countries Considered by Independent Organizations<sup>14</sup> to Be at Risk for Human Rights Violations

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

### Supplier Expectations

Publicly report two or more sustainability goals	Strategic suppliers
Conformance to Johnson & Johnson Responsibility Standards for Suppliers	All suppliers
Compliance with laws and regulations	All suppliers

<sup>14</sup> Based largely on assessments of high-risk countries done by external groups, such as Transparency International.

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<b>Supply Chain &amp; Supplier Management</b>	Data Protection & Privacy
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Sustainable Goal Category	Percent of Segment 1 Suppliers Responding
Energy Reduction	67%
Waste Reduction	59%
Community and Human Rights Investment	49%
Workforce Injury/Illness Reduction	44%
Workforce Wellness	44%
Water Use Reduction	38%

### Assessments

Managing the supply chain of an organization like ours is a large and complex undertaking. To facilitate this effort, our Environment, Health, Safety & Sustainability (EHS&S) and procurement teams work together very closely, integrating our processes and approach, and elevating our internal awareness of the importance of managing our supply chain risks.

Ongoing assessments of new or existing suppliers are mostly prioritized based on the supplier category. External manufacturing sites and API supplier sites are high on the priority list and receive the most detailed assessments. Assessments may be conducted on the remaining 12 supplier categories for certain factors, with emphasis on all of our Segment 1 suppliers and certain R&D and chemicals suppliers. Our assessment process is detailed in the chart at right. For more information, see [Supply Chain; Assessment Process](#).

The level of supplier EHS&S risk is a primary driver in defining the type of assessment or audit that is done, the frequency of assessments or audits and the level of expertise needed. An initial review considers supplier location (high-risk country, see page 35), and product(s) or service(s) supplied.

Those rated as high priority by the initial screen are further evaluated using a more formal EHS&S risk assessment (using either an internal process or through our external partner, EcoVadis, that scores each supplier), and rankings of high, medium or low risk are assigned. A total of 232 suppliers were reviewed in 2014 in this manner with one ranked high-risk, 104 ranked medium, and 127 ranked low.

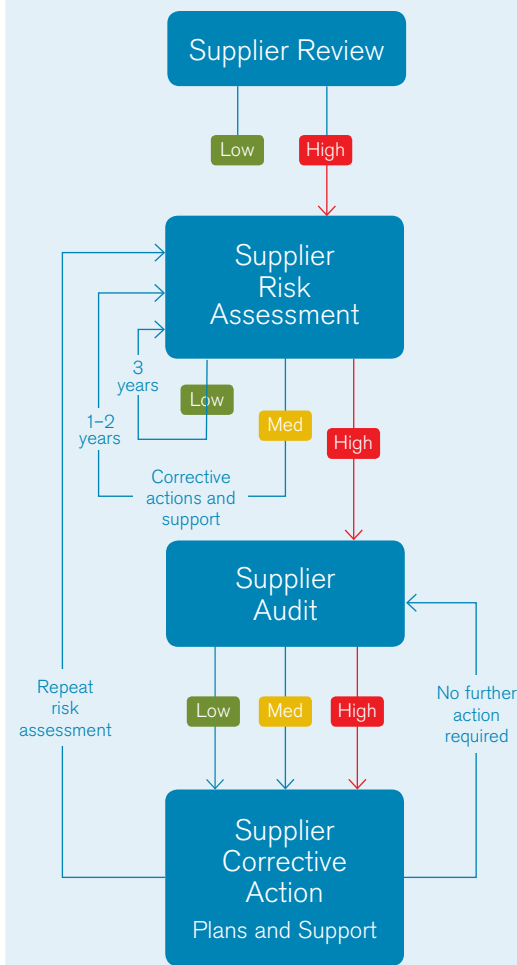
An on-site audit is conducted for those determined to have a high risk by the initial assessment. Suppliers ranked low require no further action but are expected to repeat the assessment every three years. Suppliers ranked medium are expected to take corrective actions and complete a follow-up assessment within one to two years.

We continue to partner with our suppliers, offering technical support to help address EHS&S risk and the issues identified by our process. If significant non-conformances are identified that cannot be resolved, the relationship with the supplier may be in jeopardy.

We are seeing an improving trend in the EHS&S risk level of our suppliers as we collectively work together to reduce the risk.

Our approach, process and tools continue to evolve. In 2014, we expanded supplier training, and going forward we are exploring ways to better manage our assessment process and track and tabulate audit findings. As the number of assessments expands, one challenge is to determine how to make the best use of the information collected during these assessments.

## Responsible External Supply



The approximate number of suppliers assessed is tracked, along with types, level, number of findings and representative corrective actions. 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.

**EN32, HR10, LA14, SO9**

**EN33, LA15, HR11, S010**

#### Type 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 & GHG (CO<sub>2</sub>)
- 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

## Supplier Diversity & Inclusion

We are committed to working with small businesses and diverse suppliers that support our growth objectives by providing innovative solutions to our R&D, Supply Chain, Commercial, and Business Services efforts. Supplier Diversity progress is reported to the the Company's Executive Committee on a regular basis.

Since being established in 1998, our Supplier Diversity Program has realized a cumulative spend of \$13.3 billion with Tier 1 certified minority- and women-owned business suppliers. Our Healthy Future 2015 goal for Supplier Diversity & Inclusion in the U.S. was to reach \$1 billion in annual Tier 1 spend by 2010 with certified minority- and women-owned business suppliers and to

increase that spend by five percent each year thereafter. The Company has more than met this goal, with notable efforts by our R&D, IT, Professional Services and API/Biologics spend categories.

**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

## Additional 2014 Supplier Results

- Billion Dollar Roundtable member for the fourth consecutive year
- Tier 1 and Tier 2 diverse spend with suppliers at over 11 percent of total U.S. spend
- Spend with small businesses increased 14 percent to \$3.2 billion
- Veteran- and disabled-owned Veteran Business supplier spend at approximately \$82 million
- Lesbian, Gay, Bisexual, Transgender supplier spend at over \$2.4 million
- Over 7,500 certified minority- and women-owned and small-business suppliers
- Recognized by the Women's Business Enterprise National Council among America's Top Corporations (ninth time); the National Minority Supplier Development Council National Top Corporation of the Year for Innovation (first time); and the National Veteran-Owned Business Association among the Top 10 Best Corporations for Veteran-Owned Business (fourth consecutive time). The Company continues to support and be recognized by numerous national and regional advocacy groups in Supplier Diversity & Inclusion
- Global supplier diversity and inclusion strategies are underway in the United Kingdom, Switzerland, South Africa and Australia



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# Human Rights<sup>15</sup> 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.

We believe our most significant opportunities to impact human rights and our greatest areas of responsibility are human rights in the workplace, access to health care and clinical research ethics. Our [Statement on Human Rights](#) articulates our commitments and the efforts that support them. In partnership with Business for Social Responsibility (BSR), we developed our first Statement on Human Rights in 2010, prior to the UN Guiding Principles being formally endorsed. Since then, we have continued to monitor the human rights landscape to ensure that our approaches are in line with the Guiding Principles. In 2014, we engaged BSR to take a fresh look at our current statement to ensure alignment and to identify opportunities for improvement, as needed. Also, we are conducting a gap analysis of our current human rights management system against the Guiding Principles and our current statement.

As a member of the UN Global Compact, we are committed to respect human rights as embodied

in the Universal Declaration 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. 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 & Employment Guidelines](#), our [Policy on Employment of Young Persons](#), and our [Standards for Responsible External Manufacturing](#) and our [Policy on Business Conduct](#). **HR4-HR6** For more information on these topics, visit the [Statement on Human Rights](#) section of our website.

Our Vice President of Human Resources reports directly to our Chief Executive Officer and is responsible for overseeing our internal human rights efforts. Responsibility for human rights follows our management structure and resides in our local operating companies, managed by the relevant corporate and business group functions. **HR4-HR6** Compliance is monitored under our global Policy on

Business Conduct through individual business units. Compliance training is required of all employees, and compliance with communication, training and execution of our Policy on Business Conduct is audited. Each business and all senior leaders must certify compliance with our Policy on 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 is not currently tracked at the enterprise level, a global data system to gather enterprise-wide data is under development. **HR2**

Many of the 60 countries in which Johnson & Johnson operates (a list of our operating locations can be found in Exhibit 21 of our 2014 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 [Supply Chain & Supplier Management](#) section of this report for the full list.

As such, our [Global Labor and Employee Guidelines](#) articulate our expectations for labor and employment practices at our sites. **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

<sup>15</sup> For information on how data from acquisitions and divestitures is managed, please see the Report Profile section of this report. Exceptions will be noted in the relevant sections in which they occur.

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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 is considered confidential. **HR9**

Procedures are in place to remedy any non-compliance reported to senior management. All employees, vendors, distributors and customers can anonymously report potential violations through Our Credo Hotline, within each operating company, or to Internal Audit, the Law Department, Global Security or Human Resources. Hotline access is communicated broadly, and visibility of this access and Hotline functionality are in scope for financial audits. In the North America and Latin America regions, regional Labor and Employee Relations staffs independently investigate non-compliance in employee-relations matters, and verified non-compliant situations are addressed at the respective business unit. In the Asia-Pacific and EMEA regions, investigations are the responsibility of local human resources and are overseen by regional employee relations teams. Of the approximately 1,000 employee relations hotline matters received in 2014, all were addressed. Of these, approximately 83 percent were closed by December 31, 2014, along with additional matters pending from 2013. Although additional grievance data is not tracked at the enterprise level, a global system to gather this enterprise data is under development, but implementation is expected to take several years. **G4-58, EN34, HR12, LA16, SO11** In addition, 15 hotline matters relating to environmental health and safety were reported. All of these were addressed and almost half have been closed.

Our Policy on Diversity & Inclusion sets a global standard across the company prohibiting unlawful discrimination and harassment. Appropriate action will be taken to ensure that all employment decisions, including but not limited to those

involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline and discharge, are free from unlawful discrimination. Such actions 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. **HR3**

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 2014, greater than 1,500 procurement professionals (or 97 percent) had completed this training. **HR2**

## 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 all of our suppliers, totaling approximately 78,000.

We have a Healthy Future 2015 goal to have all goods suppliers in high-risk countries and any services suppliers in a high-risk country, with greater than \$250,000 in annual spend, confirm awareness of and conformance with the human rights provisions of our policies<sup>16</sup>. For the purpose of identifying high-risk countries, we have used regulatory requirements within the country pertaining to product safety, application of good manufacturing practices and quality management systems, protection of intellectual property, the enforcement of regulations, and the ranking of the country in the Corruption Perception Index

produced by Transparency International and the Johnson & Johnson Export Compliance Policy.

All external manufacturing, active pharmaceutical ingredient suppliers, re-packer and sterilizer site locations (numbering approximately 950) have been assessed, and slightly over 100 were identified as being located in high-risk countries, including Algeria, Brazil, China, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, Panama, Paraguay, Romania, Russian Federation, Thailand, Ukraine and Vietnam. Of those, 95 percent have been confirmed to conform to the human rights provisions of our policies/standards. In 2014, we continued our efforts to assess our Segment 1 suppliers, numbering 108 and representing approximately \$6 billion of our \$31 billion of annual spend, and began efforts to assess our Segment 2 suppliers. Of these, all have been evaluated to see if they make or sell a service from a high-risk country. Slightly more than half have confirmed that they do, and, of these, 98 percent have been confirmed to conform to the human rights provisions of our policies and standards. For all other suppliers in high-risk countries, a regional approach is being taken. For more information on this effort, see the [Supply Chain & Supplier Management](#) section of this report and [Supplier Standards](#) on our website.

<sup>16</sup> 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 Standards for Suppliers.

# Financial Performance



Johnson & Johnson delivered solid financial results in 2014, with full-year sales of \$74.3 billion and adjusted net earnings of \$17.1 billion<sup>17</sup>, while also continuing to make investments to accelerate growth for the long term. We have built significant momentum in our Pharmaceutical business, are realizing the benefits of innovation, scale and breadth in our Medical Devices business, and are continuing our market leadership with iconic brands in our Consumer business. We've achieved our near-term priorities, exceeding our financial targets with full-year operational<sup>18</sup> sales growth of 6.1 percent. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales increased 8.0 percent.<sup>19</sup>

<b>Economic Value Retained</b> in billions of dollars (U.S.)	2011	2012	2013	2014
<b>Direct Economic Value Generated</b>				
Revenues	65,030	67,224	71,312	74,331
<b>Economic Value Distributed</b>				
Operating, Employee & Other Costs <sup>20</sup>	48,364	48,821	48,898	52,459
Payments to Providers of Capital	6,727	7,146	7,768	8,301
Community Investments	706	966	993	1,080
<b>Economic Value Retained</b>	<b>9,233</b>	<b>10,291</b>	<b>13,653</b>	<b>12,491</b>

<sup>17</sup> Non-GAAP measure. See "Reconciliation of Non-GAAP Financial Measures" on page 70 and 71 of our [2014 Annual Report](#).

<sup>18</sup> Operational measures exclude the impact of currency translation.

<sup>19</sup> Non-GAAP measure. See "Reconciliation of Non-GAAP Financial Measures" on page 70 and 71 of our [2014 Annual Report](#).

<sup>20</sup> This line is the total for operating costs, employee wages and benefits, and payments to governments.

A complete [Analysis of Results of Operations and Financial Condition](#) is provided in our 2014 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.

## **Risks Due to Climate Change EC2**

Johnson & Johnson does not have a formal process for assessing risks and/or opportunities from climate change; however, there is an ongoing discussion on this topic among members of

Worldwide Environment, Health & Safety; Business Continuity Planning; Government Affairs; Investor Relations; Finance; Legal; and Business Unit Operations.

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.cdproject.net](http://www.cdproject.net).

**53** ↑

consecutive years of  
dividend increases

**31** ↑

consecutive years of  
adjusted earnings  
increases\*

**AAA**

1 of 3 industrial  
companies to hold a  
AAA credit rating



**70%**

of sales come from the  
No. 1 and No. 2 global  
market share position

**24**

brands and platforms  
that generate over  
\$1 billion in sales  
apiece

\* Non-GAAP measure, excludes special items

## **Pensions and Other Benefit Plans EC3**

Johnson & Johnson sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide.

In 2014, Johnson & Johnson announced that the U.S. Defined Benefit plan was amended to adopt a new benefit formula, effective for employees hired on or after January 1, 2015.

Plan descriptions and the fair value of plan assets can be found in Note 10 "Pensions and Other Benefit Plans" on page 38 of our [2014 Annual Report](#).



# Health-Conscious, Safe Employees<sup>21</sup>



Wellness, prevention, well-being. These topics are on everyone's mind these days. And it's no wonder, due to the rising costs and burden of many lifestyle-related diseases. Preventing disease is paramount to Johnson & Johnson as well, since caring about health is what we do—and what we've *been* doing for the past 128 years.

Johnson & Johnson also has a rich heritage of employee health programs and services. We continue to apply new and innovative approaches to help us achieve our vision of having the healthiest employees and healthiest company in years to come.

## The Healthiest Employees/ Healthy Future 2015

So what do the "Healthiest Employees" look like? Individuals who actively invest in their health and well-being to achieve their own personal best; they achieve balance in body, mind and spirit, igniting full engagement and purpose at work, at home and in their communities. Additionally, they work in an environment that fosters and supports healthy choices.

Three Healthy Future 2015 Employee Health goals are setting the foundation for reaching this

<sup>21</sup> This information is based on data gathered from Johnson & Johnson locations/operating companies worldwide (358 locations total, with some companies with < 50 employees not included).

## Knowing their numbers

By the end of 2014,

# 64%

of the entire Johnson & Johnson population had completed their biometric and health risk assessment (a 32 percent increase compared to 2010).

In the U.S., participation was at

# 91%

while outside the U.S., participation was 53 percent, with a 39 percent increase since 2010.

Healthy Future 2015 Goals	Results
<b>GOAL 1</b> 90 percent of employees have access to Culture of Health (COH) programs	79 percent of all employees have access to all 12 fully implemented COH Programs. <ul style="list-style-type: none"> <li>• Overall increase of 45 percent since 2010</li> <li>• Outside the U.S.: 71percent access in 2014 (an increase of 64 percent since 2010)</li> </ul>
<b>GOAL 2</b> 80 percent of employees have completed a health risk assessment and "know their numbers"	64 percent of all employees have completed a health risk assessment <ul style="list-style-type: none"> <li>• 34 percent increase since 2010</li> <li>• For the U.S.: 91 percent</li> <li>• Outside the U.S.: 53 percent, with a 39 percent increase since 2010</li> </ul>
<b>GOAL 3</b> 80 percent of assessed population are considered "low" health risk	74 percent of all profiled employees are considered "low" health risk  Individual health risks trend better than national norms (in the U.S.)

Johnson & Johnson is a forerunner in regard to access to Culture of Health programs, for while many companies provide such programs in the U.S. or Europe, they are not widely available on a global basis.

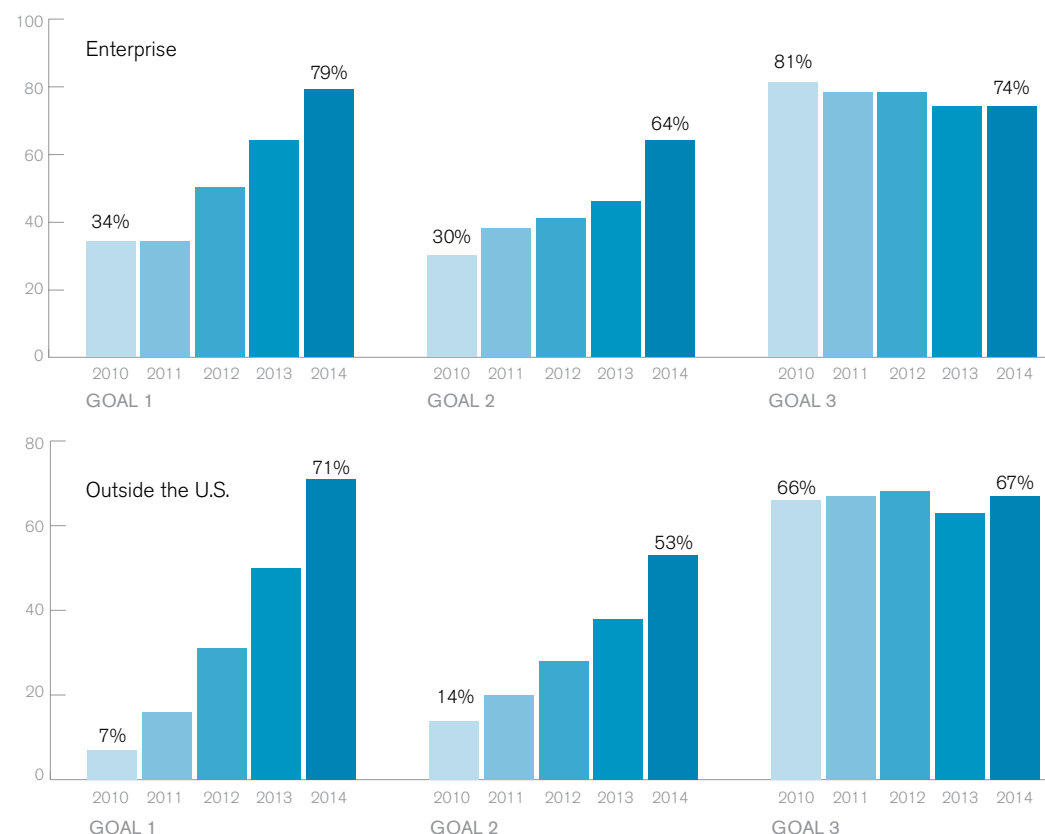
aspiration. First, we seek to ensure that every employee has the ability to voluntarily participate in a personal health risk assessment. By “knowing their numbers” in context of their lifestyle habits and health risk scores, they can face their personal truth and reflect on the changes that need to be made that are unique to their situation. By the end of 2014, 64 percent of the Johnson & Johnson population<sup>22</sup> had taken this step through completion of their biometrics and a health risk assessment (a 34 percent increase compared to 2010). In the U.S., participation was at 91 percent; outside the U.S., participation was 53 percent—with a 39 percent increase since 2010.

Since lifestyle changes are deeply rooted in personal choice and behaviors, however, we want to enable an environment that will further cultivate the right choices. This is why our “Culture of Health” (COH) goal is so important. This goal aims to provide access to employees across the globe to a rich and fully implemented set of health programs and services that are centered on Prevention, Protection and Performance. In 2014 we made great progress toward completing this goal, with 79 percent of all Johnson & Johnson employees being able to access all 12 fully implemented COH programs. This reflects an overall increase of 45 percent since 2010. Outside the U.S., our progress has been even more significant,

<sup>22</sup> Represents unique participation from 2013 and 2014, total population does not include locations with fewer than 50 employees.

## Moving the Bar on a Culture of Health

Healthy Future 2015 Goal Progress



with 71 percent access in 2014—an increase of 64 percent since 2010.

And lastly, as a result of these efforts, our employees are trending healthier. In the U.S., where we have tracked this data for some time, our low health risk population has increased (from 78 percent to 85 percent). At the end of 2014, 74 percent of all profiled employees were considered “low” health risk.

As we look toward achieving the 2015 health objectives, we are confident that through a clear strategy, business leaders’ accountability, and a targeted action plan, we will meet these goals.

Another important effort is related to the Energy for Performance in Life™ Program. This program stemmed from the principles of Energy Management developed by the Human Performance Institute™. The program is unique in that it sees health as multidimensional (spiritual, mental, emotional and physical) and explores how all of these dimensions interact and impact our personal energy levels. By 2015, we project that approximately 50 percent of all Johnson & Johnson employees will have access to the principles of Energy Management. We believe this will significantly improve us as individuals and positively impact the business.

## Old Story/New Story

Understanding the stories one tells oneself and facing the truth in light of these stories is an integral component of Energy for Performance in Life™. We can apply these same principles to how we approach employee health—changing the old story to the new, and in the process taking a fresh look at our programs for the future.

## One Health Organization

# 2014

We have moved from the “Old Story” to the “New Story” where health and well-being programs are no longer considered a “nice to have” but rather an essential benefit that contributes to employees’ perception of Johnson & Johnson as one of the best places to work.

Old Story	New Story	Result and Future Focus
<b>Well-being programs considered “nice to have”</b>	<b>Well-being programs are an essential benefit, bringing:</b> <ul style="list-style-type: none"> <li>• Accessible health screenings and education</li> <li>• Health coaching</li> <li>• Health improvement programs</li> </ul>	Palpable culture of health and vibrancy within the company
<b>Environment doesn’t impact health</b> <ul style="list-style-type: none"> <li>• Poor employee engagement</li> <li>• No environmental support</li> <li>• Smoking on-site</li> <li>• Unhealthy food choices</li> <li>• Poor physical activity</li> <li>• Poor ergonomics</li> </ul>	<b>Environment enables healthy choices</b> <ul style="list-style-type: none"> <li>• Café contract has performance indicators for healthy food offerings</li> <li>• Physical activity is encouraged through walking trails and access to fitness activities</li> <li>• Tobacco-free campus and smoking cessation offerings</li> <li>• Stretching and movement incorporated into production lines</li> </ul>	<ul style="list-style-type: none"> <li>• Employee health and education influences family and community</li> <li>• Increased early detection of lifestyle risk factors and disease</li> <li>• Decrease musculoskeletal injuries on the job</li> </ul>
<b>“Sick” care: focus on health only once ill</b> <ul style="list-style-type: none"> <li>• Development of chronic lifestyle-related diseases (diabetes, lung disease, coronary disease, etc.)</li> <li>• High levels of absenteeism</li> </ul>	<b>Company emphasis is on “health” care and caring for health along the entire continuum</b> <ul style="list-style-type: none"> <li>• Desirable employer</li> <li>• “Prescriptions” are for exercise, stress reduction and healthy eating</li> </ul>	<ul style="list-style-type: none"> <li>• Population health risks decrease</li> <li>• Lower absenteeism, improved employee satisfaction, engagement and performance</li> <li>• Increase in employee retention and recruitment</li> </ul>
<b>Poor leadership focus</b>	<b>Goal setting to include health initiatives</b> <p>Management leads by example and communicates importance of healthy employees</p>	<ul style="list-style-type: none"> <li>• Health-related dashboards demonstrate results</li> <li>• Continued investment in employee well-being strategy</li> </ul>
<b>Poor work/life balance</b>	<ul style="list-style-type: none"> <li>• Employee Assistance Programs</li> <li>• Resiliency/Energy Management training embedded into employee culture</li> <li>• Global access to work life effectiveness programs</li> </ul>	<ul style="list-style-type: none"> <li>• Employees report better management of stress</li> <li>• Higher satisfaction with work-life balance</li> <li>• Employees demonstrate improved engagement and energy management</li> </ul>



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One of the most exciting aspects of how far we've come and where we're going is related to the One Health Organization, which has centralized employee health management. The One Health Organization is able to leverage world-class expertise and management across all regions, allowing for the same level of programs and services that were once only available in the U.S.

In the U.S., where our health programs have been in place the longest, we continue to make great strides and to set the foundation for programs and services that can be applied globally in future years. Some of these programs include on-site travel medicine, physical therapy, nurse practitioner/physician personal healthcare services, and personal health coaching.

A significant inclusion to the One Health Organization was the Work-Life Effectiveness Program, highlighted at the White House Summit for Working Families. The Work-Life Effectiveness Program will greatly complement our work to improve employee well-being as it seeks to assist with issues such as child and elder care. As a first step, at the end of 2014 we kicked off our assessment of global work-life programs as a precursor to creating work-life initiatives on a worldwide basis.

In the meantime, our Employee Assistance Program (EAP) continues to support our employees seeking to improve their mental well-being with 99 percent of our employees having access to EAP services globally.

### Innovative Services

Good program development means building on what works and looking for exciting and innovative ways to engage employees in these programs in the future—all while taking advantage of current trends and technology. An example of this in 2014 includes:



Johnson & Johnson employee, Lisa Romain, had lunch with President Obama during the White House Working Families Summit in Washington, D.C. in 2014. Organizers of the Summit selected Lisa for the honor after learning about how instrumental Johnson & Johnson is in helping her balance work and family life.

- External pilot of the Health & Performance Index (HaPI) in collaboration with the Harvard School of Public Health—providing an organizational metric that ties together employee reports of health and well-being with the culture/support of health in the workplace (to internally pilot in 2015).

### Protecting Our Employees

Protecting employee health and safety on the job remains as important today as it did 100 years ago, and this continues to be a core Global Health service.

We routinely monitor the quality and compliance of our occupational health (OH) operations via the Assurance Process and the OH Index. In conjunction with the EHS&S organization, in 2014 we conducted more than 40 external weeklong assessments of our manufacturing/R&D operations and more than 30 in our office/warehouse locations. Outcomes of these assessments create Management Action Plans with OH-related items owned by the One Health Organization. And we are working to improve our case management process and analyze how we scrutinize work-related injuries and illnesses. In this vein we developed a new injury/illness impact metric (with cross-functional alignment) that will be deployed in 2015.

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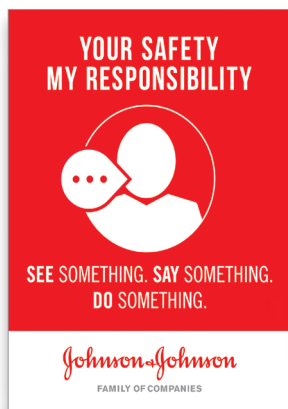
Global Reporting Initiative (GRI) Index

Our Credo

# Workplace Health & Safety<sup>23</sup>



Johnson & Johnson employees work in manufacturing facilities, warehouses, R&D centers, laboratories, offices and vehicles. Our safety programs are designed to ensure a safe and healthy workplace for all employees, no matter where they work.



The foundation of our program is the Johnson & Johnson Environment, Health & Safety (EHS) Policy. It establishes our belief that “employee safety is a core value, inseparable from our mission of improving human health.” Our policy is supported by our [Worldwide](#)

provides a framework for Johnson & Johnson sites to proactively identify and mitigate EHS&S risks. The MAARS program includes annual self-assessments and periodic (typically every three years) independent (third-party) assessments.

We encourage, but do not require, third-party certification to the Occupational Health and Safety Assessment Series management system (OHSAS 18000). Participation in this program is determined on a site-by-site basis. In 2014, 30 percent of our manufacturing and R&D sites were third-party certified to OHSAS.

While many of the metrics we track show our safety performance to be steady, 2014 was a difficult year. We experienced several serious safety incidents, including seven fingertip amputations (by six employees and one contractor) and three fatalities (two employees and one contractor). One employee was killed in an auto accident in Chile, and another in an electrical arc flash incident in Puerto Rico. The contractor was killed after being engulfed in a trench during a soil excavation in Brazil.

Compliance with these Standards is monitored by our Management Awareness and Action Review System (MAARS), an assessment program that



“Keeping our team safe must always be first and foremost—it’s always been and will continue to be my highest priority. As long as every employee returns home safely at the end of their work day, that is what counts.”

— Marlene Bialecki, Site Leader  
Johnson & Johnson Consumer Products

The electrical arc flash incident occurred in February in the main power distribution room of a Johnson & Johnson-owned unoccupied building. Of the six people present in the room at the time of the incident, five sustained injuries and were transported to the hospital. Three of them, one Johnson & Johnson employee and two contractors, suffered severe burns and were admitted for treatment. Our employee died as a result of his injuries on February 20, 2014. The other two people who went to the hospital—one Johnson & Johnson employee and one contractor—were treated for smoke inhalation at the hospital and released the same day.

<sup>23</sup> Includes data from all manufacturing, R&D, warehouse, distribution center and office buildings locations, unless otherwise noted. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. Exceptions will be noted in the relevant sections in which they occur.

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## Stewarding a Healthy Environment

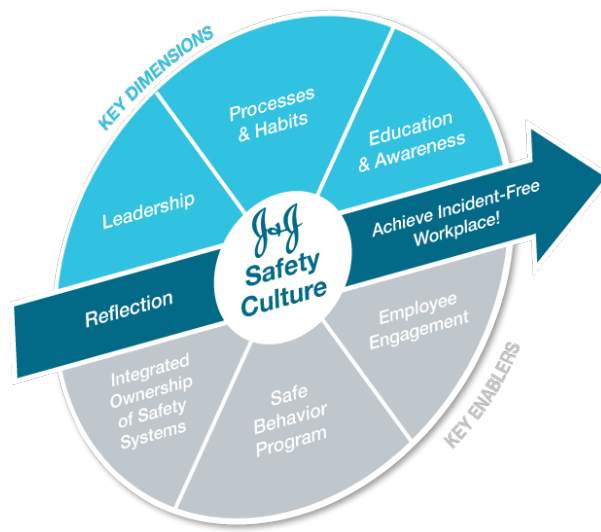
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"At the end of every shift, I want each and every employee, temporary worker and contractor to return home to their families safely, confident they work in a safe environment and inspired to proactively help create safe work conditions."

—Kathy Wengel  
Vice President,  
Johnson & Johnson Supply Chain

### Safety Culture Program

In 2013, we began work on improving our safety culture by developing a standardized approach for all of Johnson & Johnson Supply Chain (JJSC). A team of plant leaders assembled the elements of a safety culture road map based on leadership, processes and habits, and education and awareness. This approach was endorsed by JJSC leadership, and pilots of the program were conducted at 17 facilities throughout 2014. We are now deploying the Safety Culture Program across all of JJSC.

Because several of the serious injuries occurred in our Consumer Supply Chain, that group developed a comprehensive safety action plan with four elements: introduction of the JJSC Safety Culture Program; enhanced efforts to prevent fatalities and serious injuries focusing on explosion prevention, amputation prevention and electrical safety; strengthening our Contractor Safety program; and assuring Consumer-wide reporting of near-misses. In December 2014, the program was launched for all site leaders, EHS&S professionals and all site leadership teams.

In early 2015, we began our global Safety Journey by training over 2,000 executives on our Safety Culture Roadmap, and gathering feedback from 56,500 employees and contractors on our current Safety Culture. The training and feedback have allowed us to establish action plans to reinforce the strong expectations that have been part of our Company history.

### 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 have a 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, with a goal of a LWDC rate below 0.09. In 2014, our rate remained unchanged at 0.11. Going forward, our challenges continue to be ensuring a strong safety culture across our operations, and integrating our safety programs with our new acquisitions, where LWDC rates are typically higher than our own.

We continue to focus on the leading causes of LWDC, ergonomics and Slips, Trips and Falls (STF), which were 25 percent and 24 percent of our LWDC rate, respectively. Attention is also being focused on two additional areas—food-borne illness and vehicle injuries, which vie for the third-most leading cause of LWDC. In ergonomics, the focus continues to be on improving competency and on assuring a thorough identification of the ergonomic risks at key locations. To address STFs, we are extending the StepRight program, a campaign initiated to raise awareness of the causes of STFs, through 2015, 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 must:

- Conduct an annual fall prevention site assessment;
- Conduct an on-site fall prevention keyhole assessment;
- Include fall prevention as a priority chapter in the Management Awareness and Action Review System (MAARS) joint assessments;
- Provide quarterly progress reports to the EHS&S Leadership Council.

Notably, eight out of 10 of the sites identified as having the highest incidence of STF-related LWDCs in 2013 were no longer in the top 10 in 2014. The 2014 listed sites will have to meet the same requirements as their predecessors. The goal of the StepRight program is a 25 percent reduction in STF injuries by the end of 2015.

Our Serious Injury and Illness Case (SIIC) rate trended higher in 2014 after reaching a five-year low in 2013. In 2014, we made the decision to broaden our SIIC definition, expanding what is typically tracked in the rate (death, amputation, fracture and hospitalization) to include cases that put a greater emphasis on the illness side of the metric, such as hearing loss, disability that will last more than 180 days, and surgery that addresses cumulative trauma. By looking more closely at hearing loss and other cumulative trauma disorders, we believe the revised metric is more reflective of employee health. We revised our SIIC targets and goals to reflect our decision to change the SIIC calculation to reflect the inclusion of additional illness measures such as hearing loss. Our performance in 2014 is disappointing, and we are taking the steps we discussed above to improve our safety performance in 2015.

## Lost Workday Case and Total Recordable Injury Rate Frequency LA6

Region	Asia-Pacific	Europe, Middle East and Africa	Latin America	North America	Worldwide
Lost Workday Case Rate*	0.05	0.06	0.05	0.19	0.11
Total Recordable Injury Rate	0.11	0.47	0.46	0.75	0.52

\* Calculated based on calendar days

In 2014, we are reporting a significant increase in the number of health and safety non-compliances, from seven in 2013 to 192 in 2014. This increase is due in part to improved reporting rigor resulting from a mandatory training on reporting of EHS non-compliances attended by all EHS&S staff in early 2014, as well as the inclusion of several new categories not captured in previous reporting (product stewardship, fire code, food service, elevators, and health clinics). In 2014, we paid fines of \$7,488 for four safety violations.

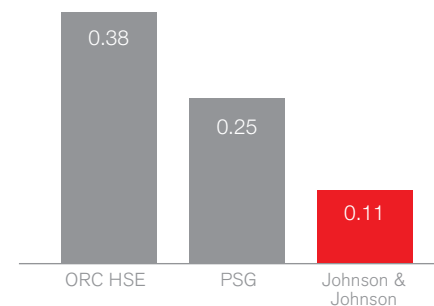
LWDC rates, SIIC rates and Total Recordable Injury Rates (TRIR) are tracked at an enterprise and regional level. Non-injury type statistics that are classified as "illness," such as mental stress cases, are included in our total recordable rate. These statistics are not tracked by gender.

We 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](#) section of this report. **LA7**

Enterprise-wide safety performance is discussed with the Corporate Compliance Committee and the Science, Technology and Sustainability Committee of the Board of Directors; a formal report is provided annually to the full 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 2014 benchmark was 0.38, and the PSG 2014 benchmark was 0.25. The Company's LWDC rate was 0.11 in 2014.

**Lost Workday Case Rate**  
2014 Benchmark Comparison



## Contractors

Johnson & Johnson maintains a comprehensive occupational safety program that includes systems to protect contractors working at Johnson & Johnson facilities. 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 facilities. Our performance in 2014 was poor; our overall contractor LWDC rate trended upward from 0.12 in 2013 to a 2014 rate of 0.16. The Contractor LWDC rates realized across our three manufacturing segments also changed, with the Consumer rate increasing, and the Medical Devices and the Pharmaceutical rates remaining about the same. The Total Recordable Injury Rate (TRIR) for contractors working on-site was 0.50 in 2014, up from our rate of 0.38 in 2013.

In 2014, we experienced one contractor fatality associated with excavation work at a site in Brazil, and one finger amputation.

Our LWDC rate increase was due, in part, to an increase in large capital investment projects managed by Worldwide Engineering and Technical Operations. In 2014, we continued development of our Construction Safety Strategy, piloting some tools in this area. In 2015, we will consolidate the learnings from this program, deploy it globally, and standardize usage of the tools that have proven successful.

To improve overall contractor safety performance, several actions were taken. These include initiating a project to create 11 global standardized Permits-To-Work, one of which was for excavations; hiring additional staff to focus on contractor safety; and implementing an effort to carefully analyze the current processes as they relate to outsourced facilities management activities.

## Fleet Safety<sup>24, 25</sup>

The company vehicle continues to be the main workplace for many of our employees; some spend up to 50 percent of their time driving on company business. Since 1995, our crashes per million miles driven (CPMM) rate has decreased by over 30 percent, a trend we welcome. However, our ultimate mission is zero: zero crashes, zero injuries, zero incidents. Sadly, we did experience one auto-related fatality in 2014 of an employee riding in a taxi in Chile. Under Chilean law, this was reported as a work-related fatality. Our dedication to creating a Mission Zero culture remains as strong as ever.

Our Healthy Future 2015 goal is to achieve a 15 percent improvement to a target rate of 4.7 CPMM in fleet safety performance worldwide. In 2014, our CPMM was 5.95, a three percent decrease from 2013 and a 7.6 percent increase over our 2010 baseline. Our top crash type was “the other driver hitting the rear of our vehicle,” which makes up 22 percent of all crash categories. Our vehicle count decreased by approximately one percent, and our Percent of Vehicles in Crashes increased minimally (from 11.55 in 2013 to 11.62 in 2014.)

Our Injuries Per Million Miles (IPMM) rate increased in 2014 by 11 percent, from 0.09 in 2013 to 0.10, but remains well below our target rate of 0.20. All regions except North America experienced increases in their IPMM rates.

A global full-ban mobile phone (and electronic device) policy went into effect on January 1, 2014. The policy prohibits both hand-held and hands-free mobile phone use while driving a Company-owned, leased or rented vehicle, or while driving a personal car for business per our criteria.

To address high-risk driving behaviors, such as speeding and harsh braking, we have launched in-vehicle-monitoring system pilots in the U.K. and U.S.



**Healthy Future 2015 Goal**  
15% improvement in fleet safety  
(Target: 4.7 CPMM)

About 1,000 such devices were deployed, 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.

In 2014, we celebrated the 20th Anniversary of our SAFE Fleet Program. The event was celebrated with an invitation to employees to create videos sharing what safe driving means to them; over 70 entries from 12 countries were received. The winning entries are being used across the enterprise to share and promote safe driving awareness.

<sup>24</sup> For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. In 2014, data from Synthes were included in these numbers.

<sup>25</sup> Safe Fleet data is collected on employees of J&J 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.

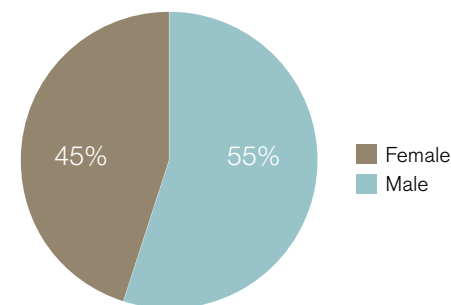
# Labor Practices & Workforce<sup>26, 27</sup>



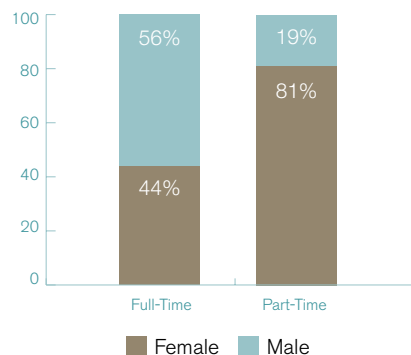
The Company's greatest asset is our 126,500<sup>28</sup> employees, who work in more than 265 operating companies across approximately 60 countries.

Our Credo, Global Labor and Employment Guidelines, Global Diversity and Inclusion Vision Statement, Policy on the Employment of Young Persons, our Responsibility Standards for Suppliers and our signing of the UN Global Compact in 2013 reflect the Company's commitment to fundamental rights at work, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor. For more information on Johnson & Johnson policies and practices related to human rights, see the [Human Rights](#) section of this report and our [website](#).

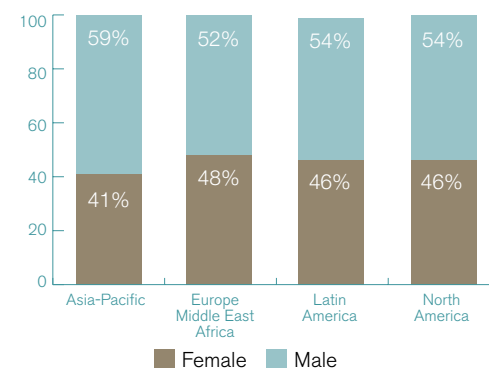
Total Percent Employees by Gender, Worldwide



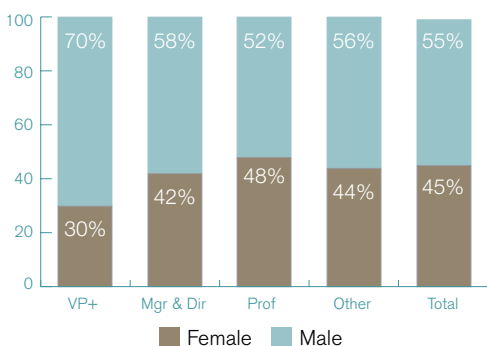
Total Percent Full- and Part-Time Employees by Gender, Worldwide



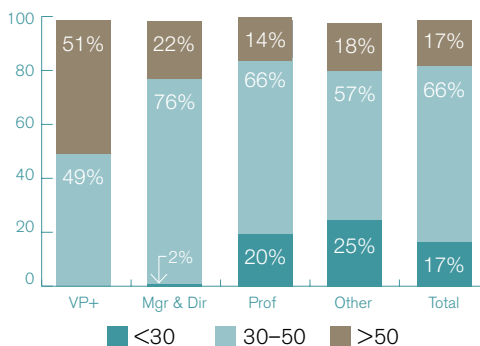
Total Percent Employees by Region and Gender, Worldwide



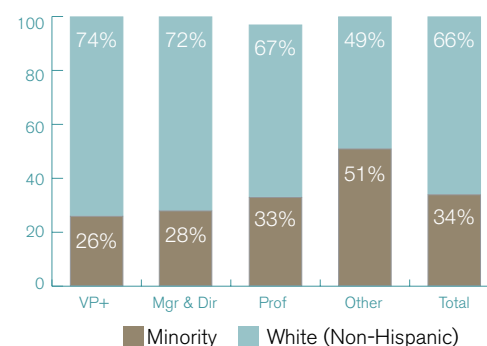
Total Percent Employees by Job Category and Gender, Worldwide



Total Percent Employees by Job Category and Age Group, Worldwide



Total Percent Employees by Job Category and Diversity<sup>29</sup>



<sup>26</sup> For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. Exceptions will be noted in the relevant sections in which they occur.

<sup>27</sup> Data from recent acquisitions included.

<sup>28</sup> Includes full- and part-time employees worldwide.

<sup>29</sup> U.S. only.

Our [Global Labor and Employment Guidelines](#) require that our policies and actions are in full compliance with the laws and regulations of the countries in which we operate. They address communication with our employees, freedom of association and good faith collective bargaining, while prohibiting unlawful retaliation and discrimination, forced labor, child labor and physical punishment. [Responsibility Standards for Suppliers](#) extend these expectations to our suppliers. For more information on these guidelines, see [Employee & Labor Relations Practices](#).

Several global functions support and share responsibility for various aspects of labor practices. These include 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.

The graphs and charts on the preceding page and at right show our workforce by several key metrics.<sup>30</sup>

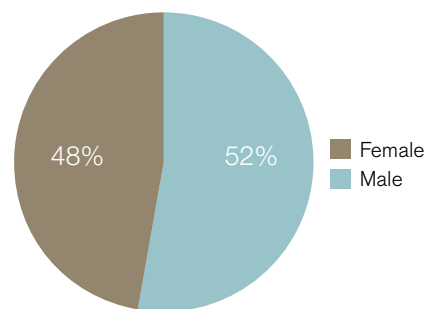
**G4-10, LA1, LA12**

We currently have 13 Board members, 12 of whom are “independent” under the rules of the New York Stock Exchange; three women (23 percent), 10 men; racial minorities equaled three (23 percent).

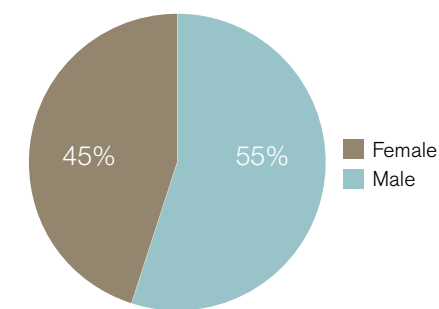
**LA12**

The Johnson & Johnson Family of Companies offers parental leave to our 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. **LA3**

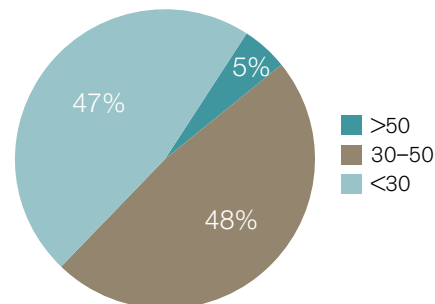
**Total Percent New Employee Hires by Gender, Worldwide**



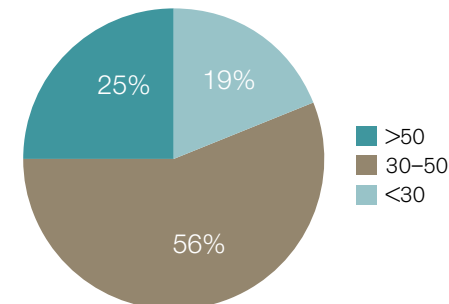
**Total Percent Employee Turnover by Gender, Worldwide<sup>31</sup>**



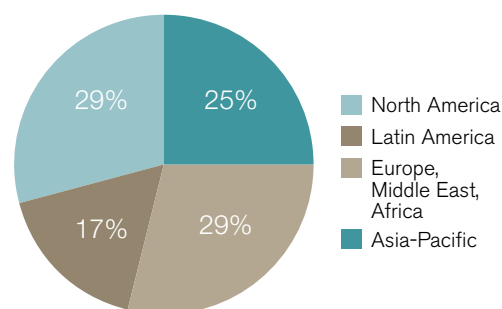
**Total Percent New Employee Hires by Age Group, Worldwide**



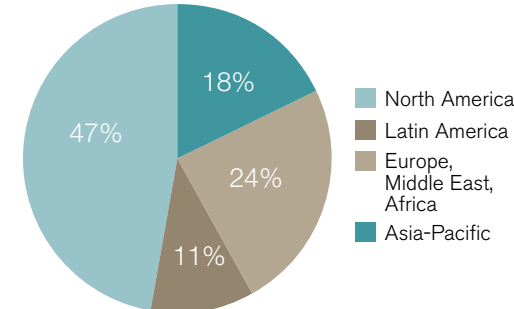
**Total Percent Employee Turnover by Age Group, Worldwide**



**Total Percent New Employee Hires by Region, Worldwide**



**Total Percent Employee Turnover by Region, Worldwide**



<sup>30</sup> Estimated based on existing database platforms.

<sup>31</sup> Turnover data includes retirees.



## Collective Bargaining **G4-11**

Across Johnson & Johnson and our operating companies, employees may choose whether to establish a formal employee organization or representation structure. Employee representation structures vary throughout the world, and Johnson & Johnson is assessing the status of sites with employee representation by region. The regions are North America, Latin America, Asia-Pacific and Europe/Middle East/Africa (EMEA). Worldwide, 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. We are currently in the process of collecting information regarding the extent of these structures, by region. For more information on this topic, please visit [Collective Bargaining](#) on our website. Furthermore, our Global Labor and Employment Guidelines require that policies and actions are in full compliance with the laws and regulations of the respective countries in which Johnson & Johnson operating companies do business. Our Quality and Compliance Core Objective affirms our resolve to operate our businesses, sectors, entities and franchises in compliance with applicable laws, regulations and Company policies and standards, and the evaluation and compensation of our employees considers the adherence to and furtherance of the Objective.

## 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. Where there is no legal minimum notice period, Johnson & Johnson companies attempt to provide notice at the earliest feasible time.

## 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. 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 2014 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.

Additionally, we now offer a full suite of online resources (Digital Health Coaching) through HEALTH MEDIA™ and a unique approach to increasing physical and emotional capacity through the Human Performance Institute™ and our Energy for Performance in Life™ programs. Additional information about our Healthy People programs is provided in the [Health-Conscious, Safe Employees](#) section of this report.

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# Employee Recruitment, Development & Retention



“At Johnson & Johnson, the single most important opportunity to achieve our purpose and drive our long-term growth is developing our talent.”

—Alex Gorsky, Chairman, Board of Directors, and Chief Executive Officer

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 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

The opportunities for development and career advancement are strong components of Global Talent Management. We are focused on effectively acquiring high-quality and diverse talent. Our recruiting organization continues to implement recruiting models in countries around the world to focus on university recruiting, diversity, social media platforms and continuing 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

The goal of talent development is to maximize the potential of the individual. We promote 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.

Development encompasses a vast array of topics and is offered via both on-the-job training and online to all full- and part-time employees globally and includes independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action-planning courses. International assignments are used to develop global leadership talent and to foster a global mindset, diversity and innovation. Johnson & Johnson encourages employees to seek cross-sector, 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

The Performance Management and Development approach (P&D) at Johnson & Johnson has a focus on 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: Results and Leadership. The first dimension, Results, is based on aligning employees' goals and actions with the goals of their company. The second dimension, Leadership, is based on Our Credo and Leadership Imperatives. The Leadership Imperatives and Our Credo represent the key behaviors that are critical to the future success of the Johnson & Johnson enterprise. These two components, Results and Leadership, provide the basis for annual performance evaluation of all employees. The evaluation on each dimension is based on a four-point rating scale, with a strong link between performance and pay. The transition to the new P&D approach is complete. As of 2015, all employees are being assessed using the new approach. For more information on this framework, visit [our website](#). **LA11**

## 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. 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. These offerings meet the needs of our diverse workforces.

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. Our most recent survey had a 94 percent completion rate. The responses are anonymous, but the results are provided to companies, regions and departments to review and address any opportunities for improvement. We have set a Healthy Future goal to achieve a 90th percentile employee engagement rating when

compared to external benchmarks. Engagement levels for Johnson & Johnson in total and for each of the business segments exceeded the Mayflower Global Norm, according to the most recent survey.

## Optimizing Work, Family and Personal Life

Our comprehensive programs and services for employees reflect a holistic view of work, family and personal life to help support individual effectiveness at work and at home. Specific programs, including those for flexible work arrangements, education, adoption, child care and elder care may vary around the world based on local circumstances and business needs. In all cases, however, they reflect our fundamental goal of helping employees live well, work well and be well. An example of a program that may be offered within our companies includes the Corporate Athlete Training provided by the Human Performance Institute, a Johnson & Johnson Company. Additional examples can be found on [our website](#).

# Compensation



We design our compensation programs to achieve our goals of attracting, developing and retaining employees who can drive financial and strategic growth objectives and build long-term shareholder value. We use the following guiding principles to design our compensation programs:

- **Competitiveness:** We compare and benchmark our practices against appropriate peer companies so we can continue to attract, retain and motivate high-performing employees.
- **Pay for Performance:** Base salary increases, annual bonuses and grants of long-term

incentives are tied to performance, including the performance of the individual and his or her specific business unit or function, as well as the overall performance of our company.

- **Accountability for Short- and Long-Term Performance:** We structure performance-based compensation to reward an appropriate balance of short- and long-term financial and strategic business results, with an emphasis on managing the business for long-term results.
- **Alignment to Shareholders' Interests:** We structure performance-based compensation to align the interests of our employees with the long-term interests of our shareholders.

With these guiding principles in mind, our global compensation practices promote fairness across our employee base and business levels commensurate

with professional experience and ongoing individual performance.

For 70 years, the Johnson & Johnson Credo has guided us in fulfilling our responsibilities to our customers, employees, communities and shareholders. In assessing our employees' contributions to Company performance, Johnson & Johnson not only looks to results-oriented measures of performance, but also considers how those results were achieved and whether the decisions and actions leading to the results were consistent with the values embodied in Our Credo.

For more information on executive compensation, please see the [Johnson & Johnson 2014 Proxy Statement](#).

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# Employee Diversity & Inclusion



Employees throughout our family of companies worldwide reflect communities in which we operate and help us stay connected to the needs of our customers. We believe diversity and inclusion are essential drivers of our success.

People are our greatest assets; every invention, product and breakthrough we've brought to human health and well-being has been powered by the people of Johnson & Johnson.

Our commitment to diversity and inclusion is deeply rooted in the values instilled by Our Credo, and our [Global Diversity and Inclusion Vision](#) challenges us to maximize the power of diversity and inclusion to drive innovation, superior business results and sustainable competitive advantage.

We recognize that differences in age, race, gender, nationality, sexual orientation, physical ability, thinking style and background bring richness to our work environments and help us connect better with the health needs of people in communities around the world. We believe that attracting, developing and retaining a base of employees that reflects the diversity of our customers is essential to our success. We also believe success hinges on relationships with diverse professional and patient organizations, civic groups and suppliers. See the [Supply Chain & Supplier Management](#) section of this report for more information on supplier diversity. In 2014, we marked our fourth year of membership in the Billion Dollar Roundtable.

## 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 12 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. These groups engage almost 12,000 employees across 177 U.S. chapters and 17 non-U.S. chapters.

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



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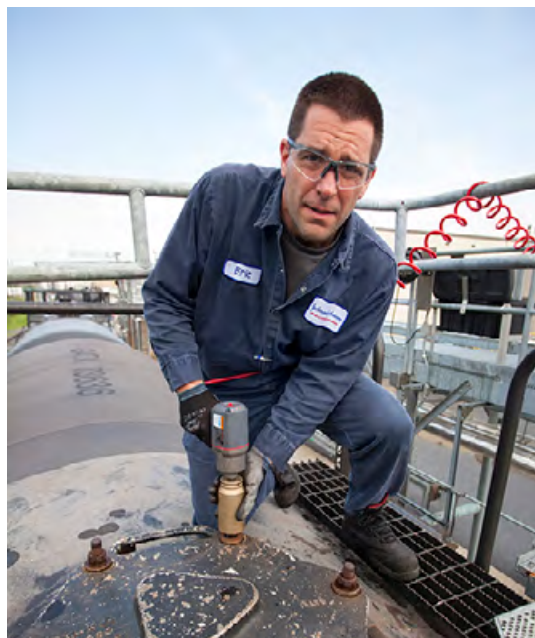
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# Job Creation



Job creation is at the core of economic vitality. Jobs bring opportunity. Higher levels of employment lead to higher consumption levels, which generates greater output of goods and services produced in the local economy, which in turn leads to higher standards of living for community residents. As higher job growth increases economic activity, greater tax revenue is generated for the local government. In 2014, Johnson & Johnson spent \$3.7 billion on additions to property, plant and equipment, a portion of which is related to job creation.

Additionally, a diverse supplier base reflective of our patients and customers that creates jobs in local communities around the world is mutually beneficial and in line with Our Credo. We are committed to working with small businesses and diverse suppliers that support our growth objectives by providing innovative solutions to our commercial, supply chain and R&D efforts. Our strong commitment to supplier diversity has allowed us to enhance our supplier network, support [job creation in our local communities](#) (see page 62), and strengthen ties to the consumers, patients and doctors who benefit from our products and services.



Jobs create economic vitality and opportunity. In 2014, Johnson & Johnson spent \$3.7 billion on additions to property, plant and equipment, a portion of which is related to job creation.

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# Political Contributions, Public Policy & Lobbying



As a large multinational company, Johnson & Johnson works with providers, patient groups, governments and other stakeholders worldwide to ensure that patients have access to affordable, safe, quality health care that recognizes and values medical innovation, and we may support others seeking the same. Stakeholders have an interest in knowing what positions we take, as well as whom we may support.

Johnson & Johnson has established the Johnson & Johnson Political Action Committee (J&J PAC), funded solely through voluntary employee contributions. Our Company also makes selected corporate political contributions that comply fully with all state and local laws and reporting requirements. For more information about J&J PAC and our corporate political contributions, [visit our website](#).

With our J&J PAC and corporate political contributions, we seek to support candidates who recognize: the importance of medical innovation in improving lives; that a fair, free-market system provides the best environment for continued innovation; and the importance of broad access to quality, affordable health care.<sup>32</sup> We evaluate candidates to whom we contribute on the basis of their views on issues that impact the businesses of Johnson & Johnson, as well as our employees and facilities in a candidate's state or district. Outside the U.S., political contributions may be made in

Australia, Canada and Japan. These contributions are tracked at the local level.

Lists of all PAC and corporate political and ballot measure contributions are updated annually and archived on our Investor Relations [website](#). Contributions are aggregated to reflect the totals per election for the specified disclosure period. Federal candidates can receive up to \$5,000 in PAC contributions per election. State contribution limits vary. Our latest filings are also found on the U.S. Senate Lobbying Disclosure Act Reports [website](#). **SO6**

### Public Policy Goals

In all corners of the world and in countries with all types of health and political systems, Johnson & Johnson works with providers, patient groups, governments and other stakeholders to ensure that patients have access to affordable, safe, quality health care that recognizes and values medical innovation. Our global and U.S. policy goals can be found on our [website](#).

### Our Participation with Trade and Policy Development Organizations

Johnson & Johnson is committed to supporting the development of sound public policy in health care. We work with many organizations across the political spectrum on a variety of policy issues related to health and other topics that impact patients, consumers and our Company. This means engaging with stakeholders, policy experts and others to develop well-considered policies that reflect diverse perspectives.

We are a member of trade associations that advocate for our industry and market-based health solutions, and we provide financial support for policy development organizations and think tanks whose purpose is to develop policy position papers or model legislation, among other civic activities. While we express our views to organizations with which we work, we may not align with or support every public position each of these broad-based groups takes.

Johnson & Johnson does not make direct independent expenditures in connection with any federal or state election. A list of the trade associations with which Johnson & Johnson participates can be found on our [website](#). **G4-16**

### Positions on Selected Issues

As part of our Healthy Future 2015 goals, we have also set a goal to expand information on our policy perspectives on major issues. Information on our public policy positions for major issues is detailed on our [website](#).

### Governance and Oversight of Government Affairs Activities

Johnson & Johnson policies and positions are developed in coordination with Corporate and operating company leaders through thorough analysis and discussion. More information on the governance and oversight of Government Affairs activities can be found on our [website](#).

<sup>32</sup> See [Governance](#) on page 32 regarding a shareholder proposal seeking alignment between corporate values and political contributions.

# Intellectual Property



Within the global economy, intellectual property (IP) protection is vital. Intellectual property rights give inventors and authors an economic incentive to originate, develop and share new ideas by promising them the right to exclude others from copying their creations for limited periods of time. Intellectual property rights also protect consumers from illicit or pirated products that may be passed off for the originals.

Johnson & Johnson believes that the protection of IP is essential to rewarding innovation and promoting medical advances. We are committed to raising awareness of innovation in human health care and IP protection; providing economic incentive and safeguard mechanisms; and helping increase local economic growth. We are committed to extending life-saving medical technologies and addressing unmet medical needs in developing countries around the world. As part of our commitment to compassionate health care, Johnson & Johnson believes in helping the world's poorest countries face local public health crises.

We believe that the best way to address the needs of countries facing public health crises is

for companies to work with local governments to develop approaches that benefit all involved parties, while continuing to uphold the value of IP in all parts of the world. In addition, Johnson & Johnson recognizes the importance of international efforts that seek to improve and harmonize IP protection throughout the world. We continue to work with international organizations, national governments and regulators in areas surrounding international trade agreements, national laws and enforcement efforts in order to provide for the integrity of effective and strong IP protection systems globally.

Our approach to intellectual property is outlined on our [Citizenship & Sustainability website](#).

# Data Protection & Privacy



We are strongly committed to protecting the privacy of those who entrust us with their personal information.

Our employees, and all those who do business with us, trust and expect that we will protect personal information in accordance with legal requirements and our policies.

Multiple Johnson & Johnson companies in the U.S. have certified to the Safe Harbor Principles with the U.S. Department of Commerce with respect to personal data processed as part of our human resource activities and other processes, like clinical research and complaint handling.

Privacy complaints are investigated, addressed and monitored by the local operating companies involved with the support of the Privacy organization in collaboration with our IT Security group. The Global Privacy Team oversees privacy incidents and breaches globally, and complaints have to be reported to the Vice President of Corporate Internal Audit in accordance with the Johnson & Johnson Escalation Procedure. **PR-8 partial**



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# Stakeholder Engagement



Stakeholder engagement at Johnson & Johnson is a constant, ongoing activity occurring at all levels of our organization. On any given day, Johnson & Johnson colleagues around the world engage with many different stakeholder groups that share our interests in advancing human health and well-being, stewarding a healthy environment, and leading a dynamic and growing business responsibly.

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. 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.

As a decentralized company, we do not have one main overarching policy for stakeholder engagement or one group who leads it. Our Credo takes precedence in guiding engagements in our businesses throughout the world at all levels and functions.

## Selected Engagements and Collaborations

While there are hundreds of engagements that take place at Johnson & Johnson, listed below are a few from our various sectors:

- **Janssen Pharmaceutical:** With its recent launch of the New Horizons Advancing Pediatric HIV Care Initiative, our Janssen Pharmaceutical business joined the International AIDS Society's Collaborative Initiative for Paediatric HIV Education and Research (CIPHER) program to further advance proper clinical management and delivery of services for children living with HIV.
- **Medical Devices and Janssen Pharmaceutical:** Our Medical Devices and Janssen Pharmaceutical businesses have been working closely with the U.K. National Health Service's Sustainable Development Unit (SDU) to determine ways to make health care more sustainable. Through this engagement, we became founding members of the Coalition for Sustainable Pharmaceuticals and Medical Devices (CSPM). In the past year, Johnson & Johnson has worked with the SDU and the

Association of British Pharmaceutical Industries (ABPI) on determining the carbon footprint of the NHS's most dispensed pharmaceuticals, using methodologies that we developed with the SDU, ABPI and ERM, an environmental consulting firm. Toward the end of the year, we embarked on a new project to help determine the environmental footprint of care pathways. This involves quantifying the environmental impacts of healthcare activities (including a carbon footprint) that result in the process of treating a patient with a certain disease. While the main intent of this project is to develop the methodologies and tools that will allow others to consistently determine the environmental impacts resulting from healthcare activities, a secondary goal of the project is to enable others to compare patients with the same disease but at different stages of the disease (e.g., pre-diabetic vs. end-stage Type 2 diabetes) to determine the difference in environmental impacts resulting from different level of care activity. Eventually, these types of analyses may aid in making the case for focusing more efforts further upstream in a care pathway, leading to increased investment in things like wellness, prevention and disease interception.



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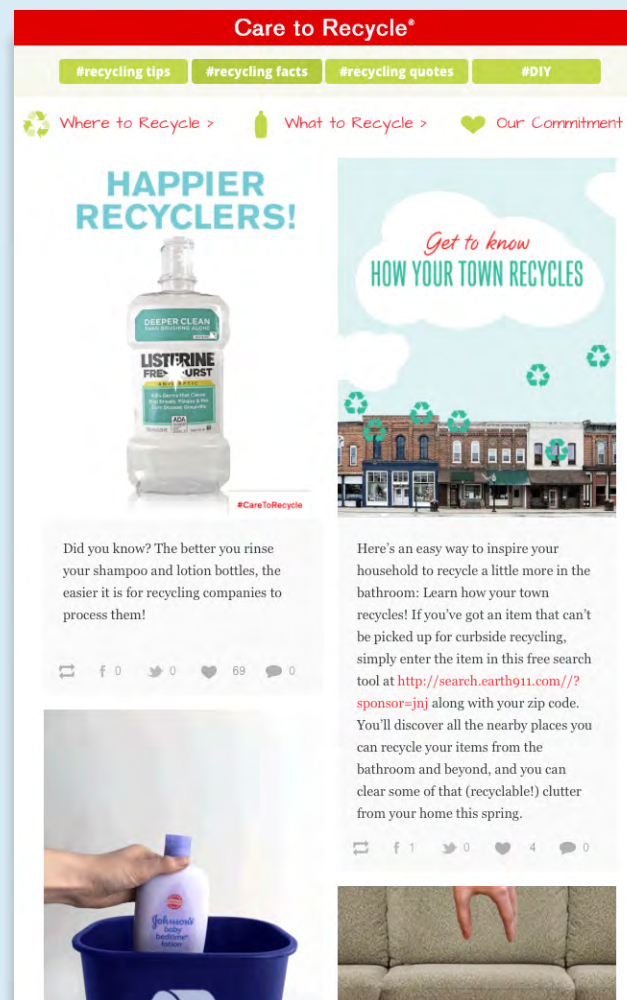
- **Consumer Business:** Our Johnson & Johnson Family of Consumer Companies created the Care to Recycle® awareness campaign to engage consumers to remember to recycle personal care products after research showed that many Americans are not recycling in the bathroom. In fact, 40 percent of Americans report recycling no bathroom items at all. Among the reasons cited, 22 percent reported they had never thought about recycling in the bathroom and 20 percent didn't know that products in the bathroom are recyclable. The [Care to Recycle® website](#) includes fun tips and tools to help our consumers become better recyclers. It also provides links to program partners, including Recyclebank, where people can earn rewards after learning about recycling; Keep America Beautiful and its America Recycles Day program; and Earth 911, which provides a recycling locator where individuals can find out what they can recycle and where.

For more information on our stakeholder groups engaged by the organization, approaches to stakeholder engagement, and key stakeholder topics and concerns and our response, see [Stakeholder Engagement](#) on our website.

**G4-24, G4-26, G4-27**

## Care to Recycle®

Care to Recycle®, a bathroom recycling initiative of the Johnson & Johnson Family of Consumer Companies, is celebrating its one-year anniversary. Our social media campaign was the first recycling awareness campaign of its kind to be hosted exclusively on Tumblr.



Over  
**450,000**  
people  
viewed our videos

We received over  
**95,500**  
pledges  
from consumers to  
commit to recycling  
bathroom products

We had  
**3 million +**  
page views

We introduced the  
 **Care to Recycle®**  
mark on products  
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# Philanthropy



Our Credo continues to inspire our Company's philanthropic work through a simple but powerful idea: "We are responsible to the communities in which we live and work, and to the world community as well."

Our mission is to make life-changing, long-term differences in human health by targeting the world's major health-related issues, primarily in three areas: saving and improving the lives of women and children, preventing disease in vulnerable populations and strengthening the healthcare workforce. Understanding that the needs of communities are specific to local realities and conditions, we fulfill our mission through enduring partnerships that deliver community-based solutions.

In 2010, Johnson & Johnson pledged to support the United Nations' Millennium Development Goals (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. Our commitment focuses on five areas where we have developed strong, innovative partnerships—and have the potential to foster the greatest improvements in maternal and child health:

- 1) making childbirth safer,
- 2) treating and preventing intestinal worms in children,
- 3) using mobile phones to reach new and expectant mothers with vital health information,
- 4) eliminating mother-to-child transmission of HIV, and
- 5) piloting and scaling therapeutic innovations through research and development to treat HIV, TB and neglected tropical diseases.

In 2013 alone, Johnson & Johnson supported programs and partnerships that reached approximately 88 million women and children.

Overall, Johnson & Johnson is among the largest corporate donors, having contributed nearly \$1.1 billion in cash and products in 2014 toward nearly 600 programs in more than 100 countries, impacting tens of millions of lives worldwide.

The Company contributed \$171.7 million in cash to organizations in the United States and around the world for corporate and operating companies' programs and projects. This included \$14.5 million allocated through our U.S. Matching Gifts program; Johnson & Johnson double-matched employee contributions in 2014.

Johnson & Johnson companies made \$908.7 million in noncash contributions (product donations are reported at fair market value, which is consistent with the reporting methods of nonprofit organizations).

Of these noncash contributions, the Company donated \$775 million of selected prescription products to patients without adequate financial resources in the U.S. through the Johnson & Johnson Patient Assistance Foundation (JJPAPF). The balance of noncash contributions went to private voluntary organizations that assist medically underserved people in developing countries and provide emergency disaster relief.

## Measurement and Evaluation

In recent years, the philanthropic sector has increasingly recognized the importance of monitoring, measurement and evaluation of funded programs. The Johnson & Johnson Worldwide Corporate Contributions (WCC) team has a Healthy Future 2015 Goal to advance the field of global health and philanthropy monitoring and evaluation (M&E) by increasing the number of our nonprofit partners we fund that measure their programs' health outcomes. Specifically, a pilot project was launched identifying 10 partners who would benefit from funding to develop the capacity to measure health outcomes within their programs and report the results. This goal supports our broader efforts to continuously engage with all our partners to build M&E capacity through technical assistance and resources.

In addition, in 2014, we continued to advance efforts to strengthen our own internal M&E and reporting systems. We have taken this approach to improve our capacity to measure and evaluate our programs, use data to drive decision making, report on our results, and advance the fields of global health and philanthropy M&E.

- **Staff:** WCC is committed to supporting its global team on collaborations with partners to measure and evaluate programs supported and to use data to drive decision-making. The team has developed standardized reporting guidelines and created resources and tools for staff. Data visualization tools are accessible to staff to facilitate real-time viewing of program data to make strategic decisions.
- **Systems:** As part of ensuring standardized, efficient and robust reporting practices, WCC has strengthened its data systems, beginning with an initiative to streamline and automate key steps in the application and reporting processes.

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Quality & Safety of Products	Employee Recruitment, Development & Retention
Customer Satisfaction	Compensation
Ethical Performance	Employee Diversity & Inclusion
Compliance	Job Creation
Transparency	Political Contributions, Public Policy & Lobbying
Governance	Intellectual Property
Supply Chain & Supplier Management	Data Protection & Privacy
Human Rights	Stakeholder Engagement
Financial Performance	<b>Philanthropy</b>
Health-Conscious, Safe Employees	Community Engagement & Volunteerism
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- **Partners:** WCC collaborates with partners to develop logic models, metrics and training resources for measuring and reporting results for all major grants. The goal is to improve our partners' ability to learn from results and report progress and to strengthen their M&E capacity and infrastructure.

In many cases, WCC directly supports opportunities to measure and evaluate health outcomes of grants funded. One example is the launch of a mobile health initiative in China, which aims to improve maternal and infant health and increase the uptake of health services through free mobile messages intended to improve health knowledge and behavior among low-income women and families. As part of this effort, a study has been funded to compare health service usage and health outcomes data among program participants to that of a comparison group through a rigorous randomized controlled trial study design. The results will help to inform program design and contribute greatly to the field.

Opportunities to advance M&E in emerging and innovative fields such as microfinance are also supported by WCC. Two partners, Freedom from Hunger and the Microcredit Summit Campaign, joined forces to develop and test a framework for measuring health-related Outcomes or "Health Outcome Performance Indicators" (HOPI).

This effort involved cross-sector collaboration and input, including with the Small Enterprise Education and Promotion Network's Health and Market Development Working Group members, health sector experts, investors and practitioners. The HOPI framework has been pilot-tested with four organizations across the globe: two in India, one in the Philippines and one in Peru.

Additionally, WCC brings together partners with similar goals and approaches to share M&E needs and best practices. For example, both Women Deliver and Princeton in Africa support and develop young global health leaders to work



Through education and employment, mothers2mothers (m2m) empowers mothers living with HIV to be mentors and role models to newly diagnosed HIV-positive pregnant women. Mentor mothers help new mothers by enabling their access to the essential services and medical care they need to stay healthy and keep their babies free from HIV. Our support for m2m is one component of our commitment to the HIV/AIDS Global Plan and our goal for a world where no children are born with HIV/AIDS.

in nonprofit settings through their own unique program models. Both partners expressed interest in developing an M&E framework and indicators to assess their programming, including health outcomes. Work is underway to convene these partners and one other to discuss evaluation issues specific to young leader-focused programs and share best practices.

These efforts are part of WCC's ongoing commitment to the success and effectiveness of partners who are investing in the lives of women and children around the world.



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Our Credo

# Community Engagement & Volunteerism



As part of our longstanding commitment to Our Credo, we actively pursue ways to fulfill the responsibility that we have within the communities we operate. We share the obligation to make our communities better places to live.

In each community in which we live and work, and within the world community, we are called to be good citizens, supporting good works and charities, bearing our fair share of taxes, encouraging civic improvements, and better health and education. We maintain in good order the property we are privileged to use, and protect the environment and natural resources.

These efforts are supported by our principle of decentralized business management, which meets corporate needs and allows each facility to become a part of its community. While there is no formal tracking of social impact assessments at the regional levels, the vast majority of our facilities engage within their communities in various capacities based on local needs. **SO1**

We seek to engage communities in sustainable and meaningful ways. One way is by supporting social enterprises. Social enterprises are socially diverse businesses that are creating jobs and making a social impact by trading for a social purpose. Johnson & Johnson Limited in the U.K. established Social Impact through Procurement (SIP), an initiative to help drive sustainable employment for disadvantaged groups. The company committed to support 150 jobs by allocating three percent of

its procurement spend with social enterprises by 2020. SIP enables the company to make a social investment in underserved communities through its supply chain and purchasing decisions.

Another meaningful way we engage our community is through our support of youth and education. One of our key programs is Bridge to Employment (BTE), a global initiative that inspires young people ages 14–18 from disadvantaged communities to stay in school, excel academically and elevate their career aspirations. Through academic enrichment activities, career readiness and exploration opportunities, and higher education preparation, BTE students are exposed to various careers in the health industry and motivated to pursue higher levels of academic progress and take the steps necessary to build a better future and achieve their full potential. Johnson & Johnson employee volunteers are mentors for these students.

In our Johnson & Johnson Vision Care, Inc., business, Sight for Kids™ is one of our longest-running community programs, in partnership with the Lions Clubs International Foundation (LCIF). In its first 10 years, Sight for Kids™ has provided vision screening to more than 16 million children across Asia-Pacific. Vision Care employees have worked

closely with LCIF to orchestrate and conduct school-based screenings that remove a simple barrier to healthy vision.

Furthermore, Johnson & Johnson is attentive to the communities in which we work by maintaining a variety of mechanisms to collect and address issues and concerns. To ensure that the community can raise its concerns, we have established hotlines within local facilities. While they vary, from concerns at a local facility level to questions about the materials or processes used to make our products to the positions we take, we seek to understand and respond efficiently and effectively to our stakeholders within the community.



Employees in Australia participated in the country's Volunteer Working Bee Day at Barnados Centre in Auburn, New South Wales. Volunteers cleaned the preschool/childcare area of this facility, which provides welfare programs to families in need.



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## Community Engagement Through Volunteerism

Community engagement is also reflected in our commitment to volunteerism. Our Volunteer Support Program encourages employees to play an active role in their communities through educational, cultural and faith-based organizations and projects. It also serves as a resource by creating partnerships and relationships with local nonprofit organizations; coordinating volunteer days for Johnson & Johnson companies, groups and individuals; and recognizing excellence in volunteerism.

It's important that our employees are aware of the opportunities within their communities and get the most out of their experiences. Our internal "Click to Care" website provides a platform for employees to search and sign up for these opportunities. Additionally, in 2014, improvements made to our U.S. tracking system increased the number of documented sign-ups by 3,000 and activities by 100, compared to the previous year.

Several volunteer efforts take place within our businesses and across different regions that align with their strategies. In 2014, our Johnson & Johnson Diabetes Solutions companies had 650 employees globally engaged in over 40 volunteerism projects, amounting to more than 2,000 hours of service. Among our Asia-Pacific employees, representing 13 countries, more than 9,000 employees volunteered during our Volunteer Month.

Sustainable partnerships with nonprofits are an integral part of our volunteerism strategy. In alignment with our work in Corporate Contributions, we educated our employees on the issue of food security in local and global communities. In 2014, we partnered with [Stop Hunger Now](#) to address global child hunger. More than 1,500 employees around the world dedicated 2,200 hours of service by assembling more than 40,000 packages through Meal Packaging events. These meals



Employees in Singapore participated in our Asia-Pacific Region Volunteer Month where they visited Lions Befriender Senior Activity Centre to paint and help distribute electronic fans to improve the facility's ventilation. More than 9,000 employees, representing 13 countries, volunteered during our Asia-Pacific Region Volunteer Month.

impacted close to 250,000 children living in church orphanages, rehabilitation centers, and schools in Haiti, Cambodia, Liberia, El Salvador and Malawi.

Each year, the Johnson & Johnson Family of Companies celebrates outstanding volunteer achievements of its employees around the world with the Volunteer Recognition Grant Awards.

The award recognizes employees who are highly engaged in volunteer efforts through various educational, civic, cultural or religious organizations

in their communities, truly making a difference in the lives of the people they serve. By selflessly giving their time and talents, they embody Our Credo and serve as an inspiration and reminder of the tremendous impact just one person can have.

In 2014, we recognized 12 recipients in our North America region, 11 recipients in our Latin America region, and 13 recipients in our Asia-Pacific region. This recognition honors the dedication of these volunteers through grants made in their names to the nonprofit organizations they represent.



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Our Credo

Our Credo states:  
**We must maintain in good  
order the property we are  
privileged to use, protecting  
the environment and  
natural resources.**



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**Product Stewardship**

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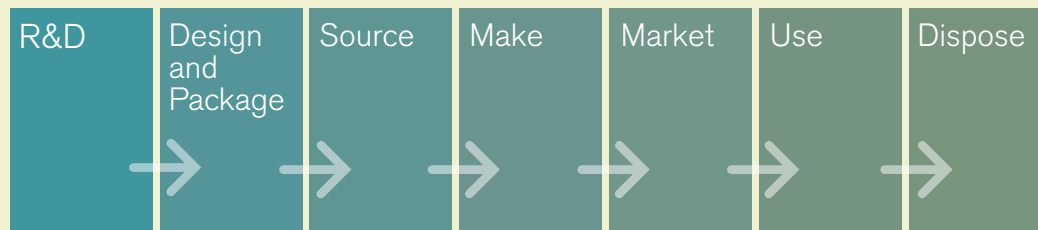
# Product Stewardship



“Improving the sustainability profiles of our products and/or packaging has been an integral part of the Company’s goal-setting efforts since the early 1990s.”

–Al Iannuzzi  
Senior Director, Johnson & Johnson  
Worldwide Environment, Health, Safety & Sustainability

Through life-cycle thinking, we can identify opportunities to minimize our impacts.



## 2014 Highlights

# 73

Earthwards®-recognized products

**earthwards®**  
moving towards a healthy future

## earthwards® Product Stewardship Standard

Requires all of our business segments to integrate our Earthwards® approach into new product development processes.

## Launched Responsibility Standard for Forest Materials





**Product Stewardship**

Ingredients

Sourcing of Raw Materials

Environmental Responsibility

Water

Greenhouse Gas Emissions/Climate Change

Air Emissions

Waste

Biodiversity

## The Earthwards® Approach

The Earthwards® approach defines how we think about and address our environmental and social impacts across product life cycles—from formulation and manufacturing to product use and end of life cycle, and is used to drive innovation for our new products. With Earthwards® we are responding to our customers' and consumers' expectations for more responsible products.

The Earthwards® approach focuses on improving the social and environmental impacts of our products and targets improvements in seven key areas (shown at right). Earthwards® uses life-cycle thinking to identify and implement significant sustainability improvements to our products. In product development, we seek opportunities for green chemistry, removal of materials of concern

and more sustainable packaging solutions. At the end of product life, we're working to encourage recycling and reprocessing of used equipment.

We collaborate with internal teams across all three of our business segments, our suppliers and our customers to identify performance improvement opportunities across our value chain. In 2014, working with external partners, we reviewed and refreshed life-cycle information for all our product categories to better inform our Earthwards® approach.

Products receive Earthwards® recognition when a product receives at least three significant improvements across seven impact areas, and at least one improvement is made to a medium or high life-cycle assessment impact area or hot spot. Learn more [here](#).



Alexander P. Moya, M.D., Board-certified Plastic Surgeon and Director of Weight Loss Body Contouring at Geisinger Medical Center, Pennsylvania, frequently uses Earthwards®-recognized HARMONIC FOCUS® products. Dr. Moya recently evaluated the performance of HARMONIC FOCUS®+ Shears during two body contouring procedures, noting that a slimmer design provides greater torqueing capability, which allows for easier use when dissecting planes, and tips that offer faster cutting speed and "smoother operation."

# earthwards®

The seven key areas



The earthwards® approach

**Required** of all new products and packaging

1

Meet product stewardship requirements

2

Review life-cycle impacts

**Encouraged**

3

Implement and validate improvements

4

Achieve Earthwards® recognition



#### Product Stewardship

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## Selected products receiving Earthwards® recognition in 2014 include:

### Band-Aid® Brand Adhesive Bandages Product Display



- Reduced materials used by 29%<sup>(a)</sup>
- Reduced packaging by 58%<sup>(a)</sup>
- Increased shipping efficiency by 60%<sup>(a)</sup>
- Reduced waste by 59%<sup>(a)</sup>



<sup>(a)</sup> Compared to previous version.

<sup>(b)</sup> Compared to SIGMA® Knee System HP Instruments.

<sup>(c)</sup> Device weight reduction from 0.24 lbs to 0.18 lbs.

<sup>(d)</sup> Weight reduction from 0.29 lbs to 0.23 lbs.

<sup>(e)</sup> Reduction to approximately 6,000 truck miles by doubling the amount of devices that can be shipped in one load.

<sup>(f)</sup> Removed 2.40 ounces of PVC weight compared to ENSEAL® G2 Tissue Sealer.

<sup>(g)</sup> Product weight reduction from 0.67 lbs. to 0.58 lbs.

<sup>(h)</sup> Packaging weight reduction from 0.47 lbs. to 0.32 lbs.

<sup>(i)</sup> Compared to previous version of product.

### DePuy Synthes Joint Reconstruction\* TRUMATCH®

Personalized Solutions for  
 SIGMA® Knee System



- 44% reduction in energy due to reduction in disinfection and sterilization requirements<sup>(b)</sup>
- 43% reduction in water due to reduction in disinfection and sterilization requirements<sup>(b)</sup>
- DePuy Synthes Joint Reconstruction is the only major competitor to supply patient-specific Resection Guides as sterile product. TRUMATCH® Resection Guides reduce intra-operative surgical steps and decrease instrumentation



### HARMONIC FOCUS®



- Reduced product material weight by 25% compared to existing HARMONIC FOCUS®<sup>(c)</sup>
- Reduced packaging weight by 21% compared to existing HARMONIC FOCUS®<sup>(d)</sup>
- Improved transport reduces CO<sub>2</sub> production during shipping by approximately 2,800 lbs. per year<sup>(e)</sup>



### ENSEAL® G2 Articulating Tissue Sealers (U.S.)



- Eliminated PVC from product<sup>(f)</sup>
- Reduced product weight by 13% compared to existing ENSEAL® G2 Tissue Sealer<sup>(g)</sup>
- Reduced packaging weight by 33% compared to existing ENSEAL® G2 Tissue Sealer<sup>(h)</sup>



### NEUTROGENA® Naturals Purifying Makeup Removing Cleansing Towelettes



- Greater than 90% naturally derived ingredients
- Removed Cyclopentasiloxane, a Johnson & Johnson Watch List material<sup>(i)</sup>
- First Johnson & Johnson use of Poly(lactic acid) or polylactide (PLA) biodegradable and renewable plastic to replace polyester petroleum-based material in wipes
- Saves 1 million gallons of water and raise \$50,000 through a partnership with The Nature Conservancy



For a full listing of all Earthwards®-recognized products, see [Our Most Sustainable Products](#) on our website.

**Product Stewardship**

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Environmental Responsibility  
Water  
Greenhouse Gas Emissions/  
Climate Change  
Air Emissions  
Waste  
Biodiversity

## Earthwards® Recognized Products<sup>33</sup> (cumulative count at year-end)



**Healthy Future 2015 Goal:** 60 products recognized by 2015

### Our Earthwards® Target: Recognizing 60 Products

Earthwards® recognition celebrates our most innovative and improved products and is reserved for those brands that achieve at least three significant improvements. A board of internal and external experts makes these determinations. Once a product has earned Earthwards® recognition, it must undergo and pass an annual review in order to retain it. Likewise, the Earthwards® process undergoes an annual third-party assurance audit by UL Environment.

Our Healthy Future 2015 goal is to have 60 Earthwards®-recognized products by year-end 2015. We have achieved and exceeded this goal a year early, with a total of 73 products having achieved this recognition as of the end of 2014.

The improvements, much more than the number of recognitions, reflect the positive impacts that product changes can deliver. Our portfolio of 73 Earthwards®-recognized products currently reflects approximately 57 improvements in material selection, 54 improvements in packaging materials, 38 improvements in energy, 17 improvements in waste and 14 improvements in water usage. The total revenue generation for the Earthwards®

portfolio in 2014 was in excess of \$8 billion.

**EN7, EN27**

### Our Approach Moving Forward: Improving All New Products

While we reached our Healthy Future Goal one year ahead of schedule, we have only just begun to realize the benefits of the Earthwards® approach. In 2014, we held our first Earthwards® Innovation Design Competition. The competition, which asked all employees to brainstorm ways to reduce the environmental impacts of our products, generated ideas and identified areas for potential sustainability improvements. And we leveraged the strong foundation of our Worldwide EHS&S Standards to further institutionalize our Earthwards® approach to reducing our impacts. The inaugural version of our Product Stewardship Standard was drafted and launched, requiring all our business segments to integrate our Earthwards® approach into new product development processes.

### Our Ingredients and Raw Materials

The source of our ingredients and raw materials is just as important as the ingredients and materials themselves, and the Johnson & Johnson Family of Companies is committed to assuring

the sustainability of our sourcing choices. More information on our efforts in this area can be found in [Ingredients](#) and [Sourcing of Raw Materials](#) sections in this report.

We made progress reformulating our iconic baby products in response to the changing expectations of our customers, and we are continuing our commitment to make further enhancements to our products by the end of 2015. Learn more about our Safety and Care Commitment [here](#).

### Packaging

As a global producer of thousands of products, the use of paper and paper-based packaging is relevant to Johnson & Johnson. We think of it in terms of three basic objectives: to optimize the packaging needed to deliver the product; to increase the use of more sustainable packaging materials; and to design for the next life (e.g. recyclability, recovery, reuse). Our Worldwide EHS&S Standards require our business units to evaluate new product packaging for sustainable packaging improvements, such as increased use of sustainably sourced paper; increased post-consumer recycled (PCR) content for paper, plastic and bio-based materials; elimination of polyvinyl chloride (PVC), except in legacy pharmaceutical blister packaging; increased recyclability of packaging materials; and reduced packaging size and weight. And we have established objectives to drive these improvements.

Based on a survey conducted in 2014 with approximately 90 percent of our corrugate, carton and leaflet suppliers, we estimate that a majority of the paper products provided by these suppliers are from either recycled content and/or certified sources.

To continue our efforts in this area, we launched our [Responsibility Standard for Forest Materials](#) in 2014 as a way to further influence responsible forest management with the objective of helping to eliminate and/or prevent deforestation. All new products and all forest-based products that we

<sup>33</sup> Over time, our Earthwards® count has been adjusted due to divestitures. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report.

#### Product Stewardship

purchase, including office paper, paper-based product or marketing literature, paper-based packaging, wood-based furniture and wood materials will be expected to conform to the following:

- The content/country of origin for all forest-based materials purchased is known;
- All suppliers of forest-based products are in compliance with all applicable legal requirements and with our [Responsibility Standards for Suppliers](#);
- All forest-based products' suppliers located in or sourcing from a high-priority country<sup>34</sup> should have an independent third-party verification of legal compliance;
- All new products and building designs seek a preference for PCR content and Forestry Stewardship Council certified materials.

Learn more [here](#).

#### PVC Elimination

Since 2005, Johnson & Johnson has eliminated approximately 3,500 tons of PVC from packaging. PVC in packaging now represents less than one percent of the total plastics used in packaging by Johnson & Johnson Consumer. In 2014, we continued to work on key initiatives to support the achievement of our goal. We incorporated elimination of PVC into our Worldwide EHS&S Standards, and we are committed to continue efforts to remove PVC from all packaging, where technically feasible and except for legacy pharmaceutical blisters, by the end of 2015.

#### Encouraging Recycling of Our Product Packaging

The Johnson & Johnson Family of Consumer Companies is committed to taking care of the natural resources we are privileged to use. With

<sup>34</sup> High-priority countries are defined by the Consumer Goods Forum. See <http://www.theconsumergoodsforum.com>, Pulp, Paper & Packaging Guidelines.

“The Closed Loop Fund was created by companies committed to working with each other and communities to solve systemic recycling issues. By pooling capital from companies, including the Johnson & Johnson Family of Consumer Companies, to invest in recycling infrastructure, the Closed Loop Fund is ensuring that households across the country are able to recycle products throughout the home, including the bathroom where J&J has a particular focus with its Care to Recycle® program.”

—Ron Gonen, CEO of the Closed Loop Fund

9 billion people expected to be living in the world by 2050, and natural resources being stressed faster than ever before, caring for the planet that cares for us has never been more important. One way we take care of the planet is to use recyclable materials in our product packaging.

The Johnson & Johnson Family of Consumer Companies Care to Recycle® campaign in the U.S. is designed to [engage consumers, with program partners](#), to raise awareness about the importance of recycling products from the bathroom. The Care to Recycle® [website](#) provides useful tips and tools to educate people on recycling and, ultimately, to increase recycling rates. Going forward, our packaging will carry this message as well.

In April 2014, leaders from Fortune 100 companies, including Johnson & Johnson, announced their commitment to increasing recycling across America by investing in the Closed Loop Fund. Through the Closed Loop Fund, these consumer-goods companies and retailers are

providing interest-free loans to municipalities and below-market interest loans to private companies to develop local recycling infrastructure, with a goal of the recycling of the consumer products and packaging. For more information, visit the [Closed Loop Fund](#) website.

#### Product End of Life and Disposal

The disposal of products at the end of use is a steadily growing environmental challenge. Many of our products are completely consumed in use, so product disposal is not as much of a problem as packaging disposal. Exceptions to this are unused medicines and some medical devices.

Given the diverse nature of our business, and the variety of products produced, the weight and volume of products sold by Johnson & Johnson is not considered to be a meaningful metric and, therefore, it is not tracked at the enterprise level. As a result, we are unable to report the percentage of recycled raw materials in our products, although application

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#### Product Stewardship

## Product Stewardship by Business Segment

### Pharmaceutical

Managing the end of life for our products and packaging is being given greater focus by our pharmaceutical business. In the U.S., we conduct voluntary take back of home-generated auto-injectors related to our immunology business. We also initiated the use of an eco-cooler for cold chain shipping of pharmaceuticals. This new shipping box is reusable and significantly reduces packaging waste.

#### Green Chemistry and Green Technology

The development and production of our active ingredients is made as efficiently and sustainably as possible by applying the principles of green chemistry and technology. The chemical development department has an important role in this, because applying green chemistry principles begins during the chemical synthesis process. The challenge is developing robust, safe, economical and environmentally friendly production processes.

#### The Principles of Green Chemistry and Technology

Johnson & Johnson participates in the American Chemistry Society—Green Chemistry Initiative Pharmaceutical Roundtable, an international pre-competitive partnership that was established by the ACS Green Chemistry Institute in 2005. The goal is to stimulate innovation and to promote integration of green chemistry and technology principles in the global pharmaceutical industry. The initiative's strategic priorities are: informing and influencing the research agenda, developing tools that promote innovation, acting as a knowledge and training resource, and boosting global cooperation on the theme.

#### Pharmaceuticals in the Environment (PIE)

Another key issue is pharmaceuticals in the environment, or PIE. For information on this topic, see the [Water](#) section of this report.

### Medical Devices

#### Product Recycling & Reprocessing

In our Medical Devices business, we are proud to be a part of keeping health care accessible and affordable for all by delivering deep, sustained savings for our customers interested in reprocessed devices. For example, Sterilmed, Inc. provides a service to reprocess Single Use Devices (SUDs) that have previously been used on a patient and are typically disposed of as medical waste. Sterilmed is an FDA-registered medical device manager, providing an affordable solution for hospitals faced with the challenge of reducing costs without compromising patient care. Customers count on us to help them significantly reduce their environmental footprint by eliminating medical waste that would otherwise end up in landfills or incinerators. Reprocessing helps us divert millions of points of medical waste from landfills and incinerators each year.



### Consumer



#### Palm Oil

One area of focus for the Johnson & Johnson Family of Consumer Companies is supporting the demand for sustainably grown palm oil. See [Ingredients](#) and [Sourcing of Raw Materials](#) sections of this report.

#### GAIA

To better understand how our products interact with water environments, we continue to use a tool we developed called GAIA—Global Aquatic Ingredient Assessment™ protocol. GAIA analyzes the impact an ingredient might have on an aquatic environment and the fish and plant life that live there.

Ingredients we use are evaluated against the GAIA criteria and given a score. By calculating how much of an ingredient is used in a product and the score of that ingredient, a product can be given its own score. For products with lower scores, we work to improve the formulation to reduce any potential impact on aquatic life.

In 2014, we awarded 16 Consumer products with the Earthwards® recognition; each of those products showed an improvement in its GAIA score.



**Product Stewardship**

Ingredients

Sourcing of Raw Materials

Environmental Responsibility

Water

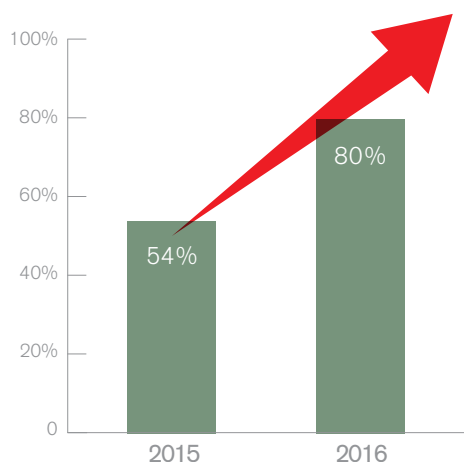
Greenhouse Gas Emissions/Climate Change

Air Emissions

Waste

Biodiversity

According to a recent study by Johnson & Johnson, 54 percent of healthcare professionals across six countries (U.S., U.K., France, Germany, Brazil and Japan) now report that their hospitals already incorporate sustainability into their purchasing decisions. This means that in addition to price, quality and outcomes, a majority of healthcare purchasers are also evaluating products based on environmental criteria.



Hospitals expect the integration of sustainability into product purchasing to increase by more than 45% by 2016.

**Electronic Product Take-Back**

	2013	2014
Pounds Recycled	107,852	145,961

**Sterilmed Waste Reduction**

	2012	2013	2014
Sterilmed Devices Collected (Number of Units)	7,170,998	11,342,149	9,421,194
Sterilmed Devices Reprocessed (Number of Units)	5,350,283	5,625,989	5,506,859

of our Earthwards® approach has resulted in several of our recognized products realizing reductions to both weight and volume. **EN1, EN2**

**Waste Reduction**

Using the Earthwards® approach, our goal is to work with our customers to evaluate opportunities to increase the number and quantity of products recycled and reprocessed, resulting in cost savings for our customers and increased sustainability profiles for our products. Electronic product take-back is part of this goal.

Our Sterilmed business offers an excellent example of waste reduction efforts that have other benefits. By collecting over 9 million devices that were bound for landfills or incineration, Sterilmed is significantly reducing waste disposal while providing an economic alternative for our customers.

**Emerging Issues**

The proactive identification of stakeholder concerns is critical to understanding our impacts and is a core component of strategic and tactical product stewardship planning. Our Emerging Issues Committee identifies, tracks and communicates emerging environment, health, safety and sustainability science and policy-based issues important to our customers and stakeholders. Our position papers on key emerging issues are available on our [website](#).

**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:



# Ingredients



As science advances and ingredient preferences change, we'll continue to listen and meet expectations by talking with consumers, healthcare professionals and NGOs to gain insights and opinions.

In 2011, the Johnson & Johnson Family of Consumer Companies made a global commitment to remove formaldehyde-releasing preservatives and to further reduce traces of 1,4-dioxane from products where present, a decision made based on changing consumer sentiment. The reformulation process was completed in 2013, and those products that were changed began rolling out globally during 2014. In doing so, we became the first major company to set and meet this public commitment. We continue our efforts to phase out or restrict several additional ingredients from our products.

In 2015, parabens are being removed entirely from baby products, and in our adult products, parabens will be limited to methyl, ethyl and propyl parabens. We are well on our way to discontinuing the use of polycyclic musks in all of our product fragrances by 2015. Lastly, we have stopped developing new products containing polyethylene microbeads and aim to remove them from our products by the end of 2017. For more information on our efforts, safety process, ingredient safety policies and programs, visit [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com).

Our Safety & Care Commitment applies to all our products classified as cosmetics. This includes those formulations that are classified as cosmetics in some countries and as treatment products in others. For example, sunscreens are classified as over-the-counter (OTC) medicines in the U.S., but are classified as cosmetics in the E.U. These are included in Our Safety & Care Commitment, as consumers tend to think of them no differently than other skincare products. OTC medicines, prescription medicines and medical devices are regulated differently than cosmetics and are designed to treat medical conditions and diseases that may be serious and, in some cases, life-threatening. Because of these differences, the ingredients in those products are regulated differently and covered under policies separate from Our Safety & Care Commitment.

Every formulation change—and we have thousands of formulas around the world—goes through our [five-level safety assurance process](#) to ensure that it meets or exceeds government standards and the high standards we expect of ourselves. After all, if we decide to eliminate an ingredient, we have to ensure that its replacement is also safe.

## Reformulation by the Numbers

The reformulation work required partnership among our employees, our suppliers and our consumers.

# 2,500

raw materials evaluated

# 180+

Johnson & Johnson Consumer employees involved in this effort

# 74,000

consumer volunteers providing us with feedback

# 12-18

iterations for each formula

# 350+

manufacturers/distributors who were part of the journey

# 8.0MM+

units produced to completed commercialization step

## Johnson & Johnson Safety Assurance Process

- 1 Partner only with suppliers who 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

## Reformulations

Over 100 baby products reformulated worldwide

	Baby Care Products	Adult Care Products
Formaldehyde Releasers	Remove Formaldehyde Releasers by December 2013 <b>Completed</b>	Use for new products is by exception only
1,4-Dioxane	Reduce to four or fewer parts per million by December 2013 <b>Completed</b>	Reduce to 10 parts per million by December 2015
Parabens	Remove all parabens by December 2015	Phase out parabens except for methyl, ethyl and propyl parabens in formulas and raw materials by December 2015
Triclosan	Not permitted	Remove from all products by December 2015
Materials in fragrances	No new uses of the following materials; existing uses must be removed by 2015: phthalates* nitro musk, polycyclic musks, animal-derived ingredients, tagetes, rose crystal and diacetyl * Removal from baby products completed in 2011	



# Sourcing of Raw Materials



Sourcing of raw materials is a complex issue, one that is intricately linked to biodiversity, water resources, human rights, local community involvement and engagement, and the sustainability of our products, to name a few. Much of what we purchase to manufacture our products is manufactured by others, which means that the source of the original raw material can be difficult to determine.

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. For more information on our efforts with our suppliers, see the [Supply Chain & Supplier Management](#) section of this report.

Through our Earthwards® process, we focus on improving the impacts of our products. For more information on Earthwards®, see the [Product Stewardship](#) section of this report.

## Forest Materials and Palm Oil

Johnson & Johnson also has specific responsible sourcing programs for forest products and palm oil.

**Forest Materials.** In 2014, we launched our [Responsibility Standard for Forest Materials](#) as a way to further influence responsible forest management with the objective of promoting sustainable forest management. Specific expectations have been established for all new products and all forest-based products purchased, including office paper, paper-based product or marketing literature, paper-based packaging, wood-based furniture and wood building materials.

**Palm Oil.** Palm oil is a high-yield crop used as a fuel, food and ingredient in many consumer products today. It has remarkable qualities as a softener and moisturizer, but increasing demand for palm oil contributes to deforestation in some regions where palm oil plantations are replacing tracts of tropical forest and threatening wildlife habitats.

## Responsibility Standards for Suppliers

- **Operate responsibly**
- **Improve environmental performance**, including resource consumption and material sourcing
- **Do not use material on Johnson & Johnson watch list** (a compilation of lists of banned and/or restricted ingredients identified by NGOs and, in some cases, by governments, as being potentially harmful to the environment and human health)

## 2014 Highlights

Finalized new  
**Responsibility Standard for Forest Materials**

### Joined Forest Trust

and are assessing our top suppliers against our commitments and mapping a significant portion of our derivatives supply chain with the goal of achieving full traceability to the plantation

### Launched Palm Oil Sourcing Criteria

Effective May 1, 2015

[See Palm Oil Sourcing Criteria](#)



## Progressive palm oil policies and actions since 2006

### 2006

Joined the Roundtable for Sustainable Palm Oil (RSPO)

### 2011

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

### 2012

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

### 2014

Launched our Responsible Palm Oil Sourcing Criteria and became a member of the Forest Trust

We do not buy palm oil directly but instead buy derivatives that represent a tiny fraction of global production—we estimate less than 0.2 percent in 2014—but we still have a role to play. We have led with progressive policies and actions since 2006.

We have a Healthy Future 2015 goal to source all of our ingredients derived from palm oil from certified sustainable sources of palm oil. To ensure our ingredients are derived from palm oil that comes from sustainable sources, we work with the Roundtable on Sustainable Palm Oil (RSPO), our partner NGO, the Forest Trust, and also directly with smallholders in Southeast Asia and Latin America.

We purchase GreenPalm certificates to cover 100 percent of our estimated palm oil usage in ingredients. We purchase these certificates directly from small or family-owned plantations that we have worked with directly or that we know make progress towards true sustainability, above and beyond RSPO standards. We do not purchase certificates on the open market as these could originate from growers that do not meet our Responsible Palm Oil Sourcing Criteria.

While GreenPalm certificates reward positive change in the wider palm oil market, they do not address the risk of unsustainable palm oil entering our ingredient supply chains directly. We have opted to take additional steps to ensure that the sources of palm oil in our supply chains meet our expectations for social and environmental stewardship.

In 2014, we joined the Forest Trust, an international NGO, and together with it developed our Responsible

Palm Oil Sourcing Criteria. Launched in 2014, these criteria are now being used to assess our top suppliers against our commitments and to map a significant portion of our derivatives supply chain with the goal of achieving full transparency on our palm oil's origin. In 2014, we also invested in smallholder improvement projects in Colombia, Southeast Asia and Africa to improve conditions at the plantation in regions where we know our supply originates—these projects will go further in 2015 to target more precise areas in our supply chain. To learn more about the detailed criteria and implementation plan, click [here](#).

Additionally, as a committed member of the RSPO, we submit an annual progress report, which is made public on its website. To learn more about the breadth of the Company's commitment and actions to source palm oil sustainably, see [Raw Material Sourcing](#) on our website.

### Conflict Minerals

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” (currently defined as tin, tungsten, tantalum and gold, or “3TG”) to conduct due diligence on the source and chain of custody of such products and provide disclosure regarding the findings of such diligence. In 2012, Johnson & Johnson formed a cross-functional Conflict Minerals Core Team to understand the usage of 3TG metals in the Johnson & Johnson Supply Chain and to design a due diligence process to attempt to determine which products may contain

Our Consumer business participates with Consumer Goods Forum (CGF) to develop pulp, paper and packaging guidelines to support CGF resolution to achieve zero net deforestation by 2020.

3TG from the Democratic Republic of Congo or adjoining countries, and which may be used to benefit armed groups there. In 2013, Johnson & Johnson published a Statement on Conflict Minerals and, for the last two years, has surveyed likely 3TG suppliers to assess their sourcing practices and filed an annual Conflict Minerals Report with the SEC. Based on the Company's due diligence efforts for the 2014 reporting period, the Company does not have conclusive information regarding the country of origin of, or facilities used to process, the necessary conflict minerals in any of its in-scope products. For more information, see our [Conflict Minerals Report](#) for the calendar year ended December 31, 2014.

# Environmental Responsibility<sup>35</sup>



## Environment, Health & Safety Management Approach

As a large multinational organization operating in a wide variety of ecosystems of variable health around the world, Johnson & Johnson seeks to minimize its impact by implementing global environmental, health, safety and sustainability standards for our operating companies. The standards are derived from our [Environment, Health & Safety \(EHS\) Policy](#), our [Climate Friendly Energy Policy](#), and our statements on the [Human Right to Water](#) and [Respecting Biodiversity](#). Taken together, these documents form the framework for careful consideration of our environmental challenges and opportunities, development and implementation of initiatives that promote greater environmental responsibility and efforts to continually reduce our environmental impacts. **G4-14**

## Organizational Responsibility

The Environment, Health, Safety & Sustainability (EHS&S) organization, headed by the Vice President of EHS&S, is accountable for environmental, health and safety performance and risk. 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 other disciplines, provides

additional guidance and leadership to drive EHS&S strategy performance. For more information, see [Environmental Responsibility/Approach](#) on our website.

## Management Systems and Standards

Johnson & Johnson requires all manufacturing and R&D sites to maintain 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 2014, five sites were not certified; all are acquisitions that are still working to obtain certification.<sup>36</sup>

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 different topics (for a full listing, see [Environmental Standards & Assessment](#)) and are reviewed and, if necessary, revised annually. In 2014, a new standard for Product Stewardship was added.

Our Management Awareness and Action Review System (MAARS) is a global system that provides a framework for all Johnson & Johnson sites to

**95%**  
of Johnson & Johnson  
manufacturing  
and R&D sites are  
ISO 14001 certified.

proactively identify and mitigate EHS risks, as well as to ensure compliance with legal requirements and the Johnson & Johnson Worldwide EHS&S Standards. The process includes annual self-assessment, independent (or third-party) assessment (typically every three years), and corrective action planning and tracking. For more information, see [Environmental Standards & Assessment](#) on our website.

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

<sup>35</sup> Includes data from all manufacturing and R&D locations. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. Exceptions will be noted in the relevant sections in which they occur.

<sup>36</sup> Does not include small R&D sites with limited operations.

# Water<sup>37</sup>



Our [Statement on Human Right to Water](#) recognizes that everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water, and acknowledges that our actions can impact water quality and quantity. We know that we operate in many parts of the world where water quality or water scarcity is of concern, 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 (see diagram). **EN9**

## Water Usage **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 are continuing these efforts in our current five-year goal period.

Our Healthy Future 2015 water usage goal is to achieve a 10 percent absolute reduction in water use by 2015, with our 2010 consumption as a baseline. At the end of 2014, our water use volume was slightly up over 2013, to 10.98 million cubic meters, a reduction of approximately 2.3 percent compared to our 2010 baseline volume. While we realized reductions in our Medical Devices and Pharmaceutical segments, these are being offset by increases in our Consumer segment, where enhanced quality procedures for our manufacturing and production have resulted in increased water

use, and by the movement of manufacturing operations from external manufacturers to internal production. Regionally, water use is lower in the Americas but has increased in our EMEA and Asia-Pacific regions. Where we have made reductions, they are from water conservation measures deployed by our sites or from energy efficiency projects that have related water savings benefits. In addition, we continue to use recycled water where possible. In 2014, we used 0.78 million cubic meters of recycled water, meeting approximately 7.1 percent of our total water demand.

Our water sources remain unchanged and are shown in the chart below. **EN8**

Water Source	Percent of Total Water Used
Municipal	79
Groundwater	19
Rainwater	1
Gray Water	1
Surface Water	0
Other	0

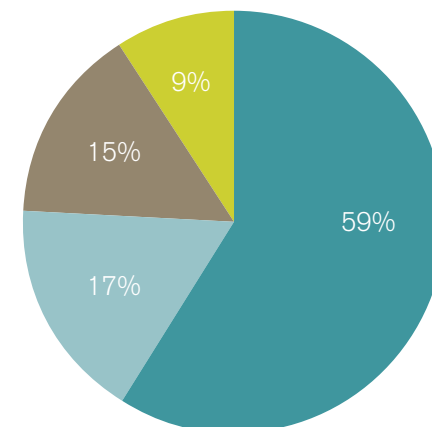
## Participation in CDP Water Programs

Johnson & Johnson has been a participant in Carbon Disclosure Project (CDP) Water since its inception. Additional information on our water use and risks can be found in our CDP Water Submission at [www.cdproject.net](http://www.cdproject.net). In 2014, Johnson & Johnson volunteered to participate in a Water Scoring project with CDP, and our score was below the average for the healthcare sector.

Reduced water use by  
**2.3 percent**  
since 2010

### Healthy Future 2015 Goal

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



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

- Not Water Stressed
- Under Water Stress  
less than 1,700 cubic meters per year per person
- Water Scarcity  
less than 1,000 cubic meters per year per person
- Extreme Water Scarcity  
less than 500 cubic meters per year per person

We believe that this was partially due to our choice to include data at the enterprise and regional, but not site, levels.

Additionally, Johnson & Johnson participated in a pilot of the CDP Supply Chain Water program last year with 10 of our suppliers as a way to begin exploration of water risks and opportunities in our external supply chain.

<sup>37</sup> Includes data from all manufacturing and R&D locations, unless otherwise specified. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. Water use and water discharge data have been adjusted to reflect divestitures.

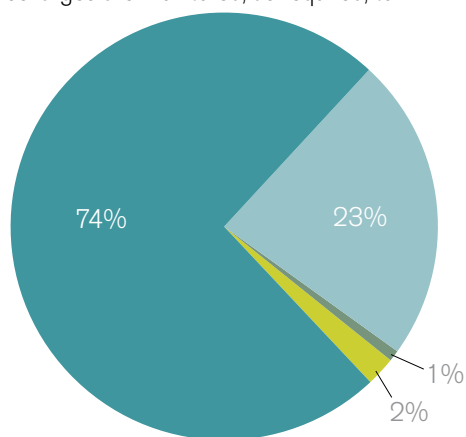
## Water Conservation Efforts

Each of our facilities has a role to play in meeting our water use reduction goals. Tools have been developed to assist our manufacturing operations to identify, assess and prioritize water projects, and to capture water savings, financial savings and water quality improvements. We continue to look for water reduction opportunities across the enterprise, with a particular focus on our facilities in water-stressed areas. Examples of key water reduction projects in water-scarce areas are highlighted in the chart at right.

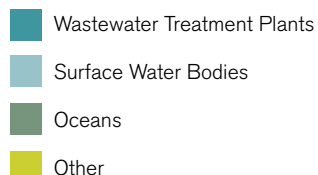
## Water Discharge

In 2014, our water discharge volume was approximately 7.8 million cubic meters, discharged as shown in the chart below.

Discharges are monitored, as required, to



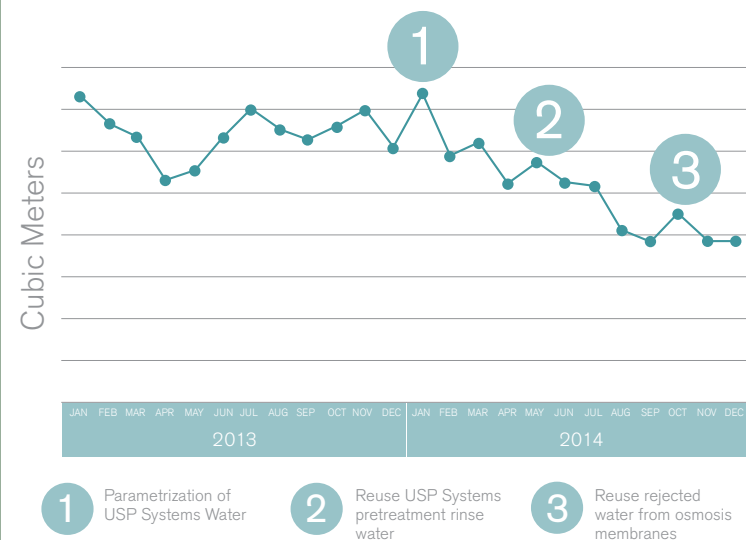
**Global Water Discharge, 2014**  
 (approx. 7.8 million cubic meters)



## Water Consumption Reduction

At our Consumer Products Site in Cali, Colombia, a three-phase water reduction project was completed in 2014.

Over a two-year period, the site evaluated and implemented three water reduction projects, resulting in a significant average monthly water use reduction as shown in the accompanying diagram.



- 1 Parametrization of USP Systems Water
- 2 Reuse USP Systems pretreatment rinse water
- 3 Reuse rejected water from osmosis membranes

## Water Reduction Projects in Water-Scarce Areas

Facility	Project
<b>Janssen</b> Brazil	This project recovers the water that is produced in the treatment process of air in our HVAC system. Implemented central water recovery, allowing for collection and storage of condensate water, which is then reused in the cooling towers and for garden watering. Savings: 5.2 million liters of water annually.
<b>Consumer</b> Dabao, China	Collection and reuse of reverse-osmosis rejected water in the cooling towers, wash room and for pallet cleaning, etc. Water consumption at the site has been reduced by over eight percent since 2010.
<b>Janssen</b> Higi, India	Installed flow meters, set reduction targets, and new faucets and a membrane bioreactor (MBR) for secondary treatment in wastewater treatment plant. With MBR technology, water is suitable for the makeup water to cooling tower, resulting in significant reduction in water consumption at site. These initiatives led to over a 13 percent reduction in freshwater consumption in 2014.
<b>Ethicon</b> Aurangabad, India	Reduced water use by over 50 percent since 2010 by recycling and reusing water, reducing underground water line leakages, reducing water consumption, changing to water-saving plumbing and increasing employee awareness about water conservation.



demonstrate compliance with the applicable water quality standards. In 2014, we discharged a total of 11.1 metric tons of biological oxygen demand (BOD-5) and 70.2 metric tons of chemical oxygen demand (COD). **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. Annually, production and research facilities conduct water inventories and review wastewater sources to identify opportunities to decrease wastewater generation and/or contaminants.

Our EHS&S standards also set forth clear responsibilities for addressing water conservation, drinking water supply management and storm water management.

## Pharmaceuticals in the Environment

Pharmaceutical residues in the environment (PIE) are found in water bodies and some soils and sediments, where they are 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 both the U.S. and Europe. In 2014, the European Commission and the pharmaceutical industry's Innovative Medicines Initiative launched a collaborative project involving Johnson & Johnson together with other pharmaceutical companies, government and academics to examine the environmental risk from PIE.

The Janssen Pharmaceutical Companies of Johnson & Johnson closely monitor regulatory measures and scientific developments in this area and actively contribute to a better understanding of PIE. To minimize the environmental risks of PIE, we:

## Pharmaceuticals in the Environment What we do

### ENVIRONMENTAL RISK ASSESSMENTS



### UNDERSTAND AND MINIMIZE THE POTENTIAL IMPACT OF PHARMACEUTICALS



### SCIENTIFIC RESEARCH



### MINIMIZE THE SMALL AMOUNTS OF ACTIVE PHARMACEUTICAL INGREDIENTS DISCHARGED IN THE WASTEWATER



- Conduct Environmental Risk Assessments for all new drug compounds;
- Collect Environmental Risk Assessment data for all major pharmaceutical products, including a prioritized list of legacy products;
- Work with others in industry, academia and other nongovernmental organizations to further scientific research to achieve a better understanding of this issue;
- Work closely with regulatory and environmental agencies to ensure that the potential impacts of pharmaceuticals on human health and on the aquatic environment are understood and minimized;
- Partner with a wide range of stakeholder groups that share our commitment to sound science and effective actions;
- Support voluntary take-back programs and comply with mandatory take-back programs.

In 2014, we completed development of a 2015–2018 PIE strategy plan that will guide our efforts over the next several years. As part of this plan, we will continue our work to develop “no effect” levels for pharmaceuticals and to adjust 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 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 monitor 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. [Learn more here.](#)

# Greenhouse Gas Emissions/Climate Change<sup>38</sup>



Our [Climate Friendly Energy Policy](#) acknowledges that in the field of climate science, there is consensus that human activity is causing climate change and that a warming climate has the significant potential to impair human health. We take this risk seriously and are active in shaping responsible climate and energy policy around the world. See [Climate Strategy](#) for more information.

## Energy Use

Our energy use has decreased nearly five percent, from 12,565 billion British Thermal Units (BTUs) in 2010 to 11,948 billion BTUs in 2014, including a

“As a healthcare company, we understand that climate change can negatively affect human health. We are taking sustained, long-term action to address our greenhouse gas emissions and we are encouraging our supply chain to do the same.”

—Jed Richardson, Global Energy Director, Johnson & Johnson

## 2014 Highlights

### Continue to participate with CDP's Supply Chain Program:

89 percent of suppliers we invited to participate in CDP have chosen to do so

**Two 3-megawatt wind turbines** were installed in Cork, Ireland

### Goals

20% absolute reduction in facility CO<sub>2</sub> emissions by 2020

20% decrease in fleet CO<sub>2</sub> emissions per mile

Increase on-site clean-technology energy capacity to 50 MW

### Progress

Realized a 9.6 percent absolute reduction in facility CO<sub>2</sub> emissions against 2010 baseline

Realized a 19 percent reduction, to 142.8 g/km

Increased amount of on-site clean or renewable energy to 50.1 megawatts

A Healthy Future 2015 Goal

A Healthy Future 2015 Goal

A Healthy Future 2015 Goal

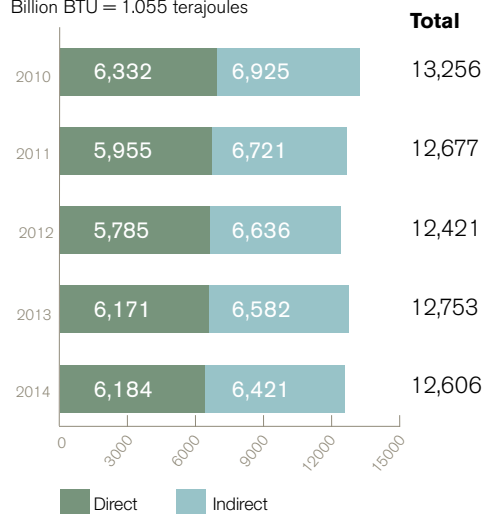
<sup>38</sup> Includes site-specific data from all Johnson & Johnson owned and leased sites over 50,000 square feet, as well as manufacturing and R&D sites under 50,000 square feet, unless otherwise noted. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report. Energy use, carbon emissions and clean energy capacity data have been adjusted to reflect divestitures.

decrease of approximately 140 billion BTUs from 2013 to 2014. Our energy intensity, expressed as a ratio of BTUs/revenue in U.S. dollars was 161 in 2014, compared to 170 in 2013 and 175 in 2012. The decrease in energy use from 2013 to 2014 is due to square-footage reductions within our internal supply chain and improvements in the efficiency of our utility systems at our largest production facilities. **EN5, EN6**

Our energy consumption, by direct and indirect sources and by fuel type, is shown in the chart below. **EN3**

### 2014 Energy Consumption in Terajoules

Billion BTU = 1.055 terajoules



This year, we are happy to report that we have achieved, and exceeded, our Healthy Future 2015 goal to increase our on-site clean or renewable energy technology capacity to 50 megawatts (MWs) one year ahead of schedule. We have 55.7 MWs of on-site clean or renewable energy capacity, of which 50.1 MWs are currently installed and 5.6 MWs are approved or under construction. New additions in 2014 include two 3 MW wind turbines in Cork, Ireland, and two solar arrays totaling 3.3 MWs that came online in Puerto Rico. Currently, approximately seven percent of the Company's energy is generated by clean/renewable sources.

## One cost-effective way to reduce energy use is to improve the efficiency of our operations.

As part of our enterprise-wide energy management system, 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 not only reduced our energy consumption, they have also resulted in significant water reductions at the properties where they have been implemented.

### 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 cAIR

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.



Implementation of these energy efficiency programs has resulted in dramatic energy, water and emissions improvements at our properties, including this research facility in La Jolla, California.

In 2014, this facility completed Project COLD, HOT, and n-Air-g, resulting in the following reductions over 2010 levels:

- CO<sub>2</sub> emissions reduction of 2,050 metric tons, a 27% reduction over 2010 levels;
- Natural gas consumption reduction of 134,000 therms, a 19% site reduction over 2010 levels;
- Electricity reduction of 4,400,000 kWh, a 28% decrease over 2010 consumption;
- Water reduction of 1,300,000 gallons, a 12% decrease over 2010 consumption.

## Current On-Site Renewable/Clean Energy Capacity

55.7 Megawatts (installed or in progress)

Clean Energy	Percent of Total
Fuel Cell	2%
Biomass	2%
Geothermal	3%
Wind	16%
Cogeneration	38%
Solar PV	39%

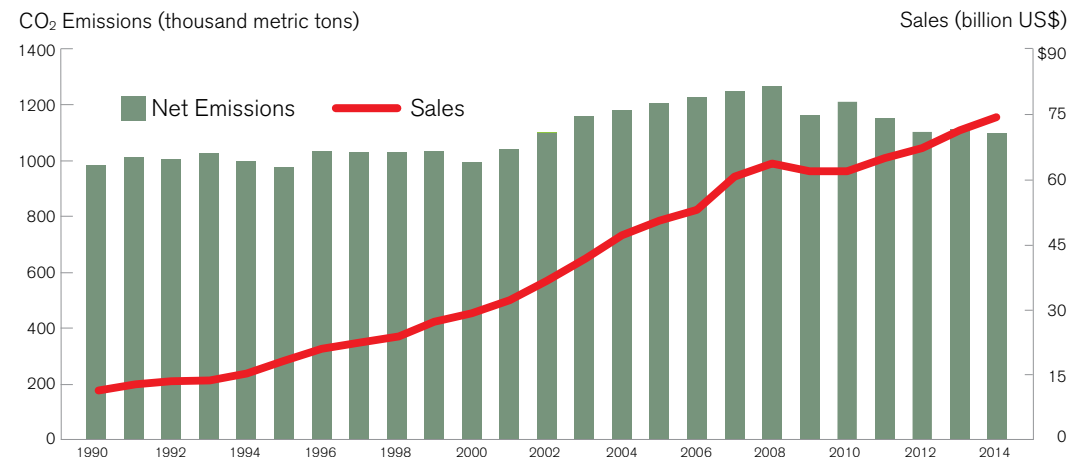
## Facility CO<sub>2</sub> Emissions<sup>39</sup>

We have set a Healthy Future goal to achieve a 20 percent absolute reduction of our facility CO<sub>2</sub> emissions by 2020 compared to our 2010 baseline. In 2014, we realized a 1.3 percent decrease in CO<sub>2</sub> emissions, from 1,111,044 metric tons in 2013 to 1,096,563 metric tons in 2014, while realizing a 4.2 percent increase in global revenue. Against our baseline emissions of 1,212,801 metric tons in 2010, this is a 9.6 percent reduction in CO<sub>2</sub> emissions, which is a direct result of Company initiatives to reduce emissions, reductions due to the electricity grid becoming cleaner across the globe, and portfolio optimization. Our emissions intensity per revenue since 2010 has decreased by over 20 percent, from 19.7 MT CO<sub>2</sub>/million USD in 2010 to 14.8 MT CO<sub>2</sub>/million USD in 2014. **EN19**

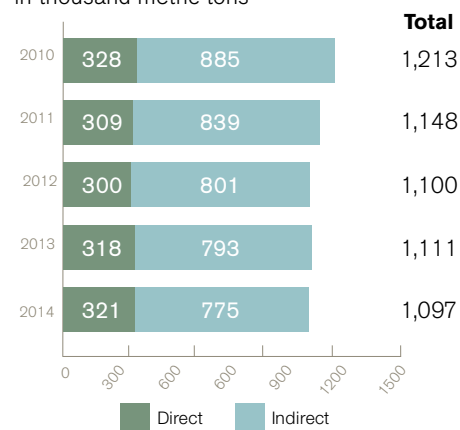
We follow the Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development and the World Resources Institute, and three of our sites are subject to the European Union Emissions Trading System program. We track

## Worldwide CO<sub>2</sub> Emissions vs. Sales

Facility-related Scope 1 & 2 emissions, 1990–2014



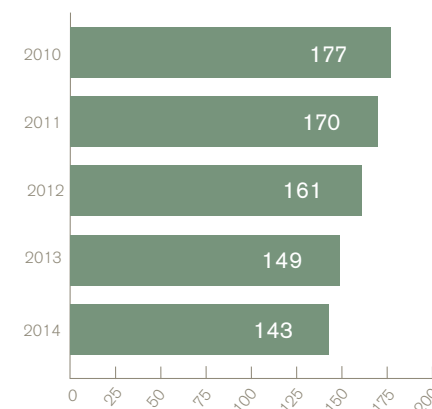
## Worldwide CO<sub>2</sub> Emissions (Scope 1 and Scope 2) **EN15, EN16**<sup>40</sup> in thousand metric tons<sup>41</sup>



Sales fleet emissions are not included in our Scope 1 data because they have not been third-party assured, but estimates are shown below.

## Sales Fleet CO<sub>2</sub> Emissions

grams CO<sub>2</sub> per kilometer



<sup>39</sup> Recalculation for Emission Factors: It is common 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.

<sup>40</sup> Facility CO<sub>2</sub> emissions numbers were third party-assured in 2010–2013, but the 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. Third party assurance of 2014 data is ongoing.

<sup>41</sup> Emissions data is 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 2013 Report or those submitted to CDP in the respective years. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report.



## Scope 3 Emissions (metric tons CO<sub>2</sub>) EN17,<sup>42</sup> EN30

Year	Business Travel	Waste	Downstream Product Transportation	Fuel- and Energy-Related Activities
2010	219,290	30,774		
2011	232,944	24,568		
2012	224,220	26,051	63,058	
2013	229,317	25,432	55,722	87,313
2014	235,157	25,509	Data expected July 2015	84,957

**Business Travel** includes global flights via American Express reporting and personal vehicles miles via gXRS reporting.

**Waste** Includes global non-hazardous waste generated in operations as collected annually by EHS&S.

**Downstream Product Transportation** includes downstream shipping-related emissions for U.S. operations as compiled by EPA's 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.



A wind turbine turns overlooking Cork, Ireland. Currently, approximately seven percent of the energy used by Johnson & Johnson is generated by clean/renewable sources.

<sup>42</sup>Facility CO<sub>2</sub> emissions numbers were third party-assured in 2010–2013, but the 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. Third party-assurance of 2014 data is ongoing.

## Energy Reduction Projects, Since 2005

Approved Projects 2005–2014	Number of Projects
Energy Efficiency	132
Solar PV	30
Cogeneration	14
Geothermal/Biomass	6
Wind	3
Fuel Cell	2

and report most of our Scope 1 & 2 emissions sources, but we continue to face challenges in collecting meaningful Scope 3 emissions data.

Currently, the Scope 3 emissions 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. Moving forward, we are continuing an initiative to collect data associated with our Scope 3 value chain emissions. The data collection process is extremely

EN19

Projects Complete

151

Total Completed Project Spending

\$317.3 million

Total Completed Annual Energy Savings

375,154 megawatt-hours

Total Completed Annual Cost Saving

\$59.5 million

Total Completed Annual CO<sub>2</sub> Reduction

213,931 metric tons

Total Completed Annual Water Reduction (Since 2012)

25,380,460 gallons

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complex, so we have performed an input/output analysis to identify emissions hot spots within our value chain. We also participate in the CDP supply chain program where we ask our largest suppliers to report energy and emissions data on our behalf. We will continue to evaluate opportunities for engagement and improvement within our Scope 3 footprint. **EN4**

Our CO<sub>2</sub> reduction capital funding process provides a \$40 million annual budget for energy and greenhouse gas reduction projects across the Company. Over the last ten years, 187 energy reduction projects have been approved, and 151 have been completed. These completed projects will collectively reduce CO<sub>2</sub> emissions by approximately 213,931 metric tons per year. In 2014, 26 new projects were approved and 20 projects were completed, with year-end total spend of \$34.4 million. To date, the energy reduction projects completed since 2005 have reduced our annual energy costs by approximately \$60 million. **EN18**

### Ozone Depleting Substances (ODS)

We have eliminated chlorofluorocarbons (CFCs) from use in our facilities and plan to eliminate the use of HCFCs by the end of 2025 or earlier where required by government regulations. As part of our plans to discontinue HCFC use, all Johnson & Johnson manufacturing sites were required to prepare an HCFC phase-out plan by the end of 2014. For more information, see [Air Emissions](#). In 2014, emissions of ODS were 2.08 tons. We do not produce, import or export ODS. **EN20**

### Fleet-Related CO<sub>2</sub> Emissions

Our Healthy Future 2015 goal is to realize a 20 percent improvement in fleet emissions<sup>43</sup> efficiency for our global inventory of over 28,500

owned or leased vehicles. At the end of 2014, average global CO<sub>2</sub> emissions per vehicle were 142.8 g/km, representing a 19 percent reduction in CO<sub>2</sub> from the 2010 baseline of 177g/km. **EN30** Our five-year goal is to reduce our CO<sub>2</sub> emissions to 142 g/km. Assuming a constant rate of CO<sub>2</sub> emissions reductions going forward, we are on track to exceed this goal.

These results were driven by an increase in the use of hybrid vehicles globally in 2014; hybrids produce fewer CO<sub>2</sub> emissions than standard combustion vehicles. Regionally, the United States, Japan and New Zealand led in reducing CO<sub>2</sub> emissions, showing significant year-over-year improvements.

### Shipping-Related CO<sub>2</sub> 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. The Johnson & Johnson Global Transportation Organization manages 100 percent of goods transport for North America, as well as imports/exports into and out of the U.S. Regional transportation teams are used to manage our international transportation activities in the EMEA, Asia-Pacific and Latin America regions.

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 2014, our efforts to increase intermodal shipments continued, helping to decrease carbon output. We have reduced annual carbon emissions by 13,783 tons in 2014 as a result of these

## Improving Through Partnerships

Johnson & Johnson participates in all of the CDP's reporting programs, including Climate Change, Water, Supply Chain Climate, Forest and, new in 2014, the Supply Chain Water pilot. See our reports at [www.cdproject.net](http://www.cdproject.net).

In 2014, CDP named us as one of two S&P 500 healthcare sector leaders for our energy and carbon reduction programs, and we maintained our membership in the CDP Disclosure Leadership Index for the fifth consecutive year. Our performance was ranked 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 2014](#).

Through the CDP's Supply Chain program, we encourage our suppliers to measure their energy use and greenhouse gas emissions and report them publicly on our behalf. In 2014, 173 of the 195 suppliers that we requested to participate did so.

expansion efforts. 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 98 percent<sup>44</sup> 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.

<sup>43</sup> 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. In 2014, data from Synthes were included in these numbers. For information on how data from acquisitions and divestitures is managed, please see the [Report Profile](#) section of this report.

<sup>44</sup> 2013 value.

## Green Buildings

Green building design and construction at Johnson & Johnson is driven by our [Policy on Sustainable Design and Construction](#), which 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 2014, Johnson & Johnson had 25 LEED-certified buildings, with five new facilities in Dubai, UAE; Aguadilla, Puerto Rico; La Louviere, Belgium; Burnaby, British Columbia; and Mumbai, India joining the list. Our complete portfolio of green buildings appears in the chart to the right.

## Green Building Portfolio

Affiliate	Location	Level	Date	Building Area (Sq. Ft.)
Janssen	Titusville, NJ	Gold	8/04	472,553
J&J PRD	La Jolla, CA	Certified	4/05	150,000
McNeil	Ft. Washington, PA	Silver	12/06	50,000
McNeil	Las Piedras, Puerto Rico	Certified	9/09	482,642
J&J PRD	Springhouse, PA	Gold	11/09	150,000
Corporate	New Brunswick, NJ	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, IN	Gold	1/12	1,050,000
J&J India	Chennai, India	Gold	3/12	20,600
Centocor US	Horsham, PA	Silver	12/12	27,494
J&J Family of Companies	Zug, Switzerland	Platinum	3/13	271,000
McNeil	Ft. Washington, PA	Gold	6/13	345,700
Centocor U.S.	Horsham, PA (200)	Gold	12/13	92,734
Centocor U.S.	Horsham, PA (850)	Gold	12/13	89,718
Centocor U.S.	Horsham, PA (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
<b>Total</b>				<b>4,766,207</b>
<b>Johnson &amp; Johnson Building Area</b>				<b>49,896,294</b>
<b>Sustainable Workplace Percentage</b>				<b>9.5%</b>

## Air Emissions<sup>45</sup>



Concerning air emissions, our primary focus is on [greenhouse gas emission sources](#). Additional sources of air emissions are monitored, including nitrous oxides (NOX), sulfur oxides (SOX), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM) and refrigerants (see chart below). **EN21**

### Air Emissions, 2014

in tons

Emission Type	2010	2011	2012	2013	2014
Sulfur Dioxide*	140	125	107	109	134
Nitrous Oxide*	261	243	235	251	252
Hazardous Air Pollutants**	45	44	36	53	55
Volatile Organic Compounds**	1,004	1,386	1,244	1,069	1,367
Particulate Matter**	163	131	125	211	150
Refrigerants	10.38	9.6	8.96	7.47	8.43
Ozone-Depleting Substances	4.38	2.63	3.52	3.49	2.08

\* Estimated

\*\* Based primarily on engineering judgment, including batch process and mass balance

<sup>45, 46</sup> Includes data from all manufacturing and R&D locations. For information on how data from acquisitions and divestitures is 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.

## Waste<sup>46</sup>



### Waste Management

Our Healthy Future 2015 goal is to achieve a 10 percent absolute reduction in total waste (hazardous and non-hazardous) disposed off-site (excluding on-site disposal—by incineration, for example) from manufacturing and R&D locations (excluding waste recycled or reused) using 2010 total off-site waste disposal as a baseline. 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 2014 was 81.8 million kilograms, an increase of 1.3 percent compared to our 2010 baseline of 80.7 million kilograms and of 6.7 percent compared to 2013. The yearly increase can be attributed to production increases associated both with an overall increase in production and the movement of manufacturing operations from external manufacturers to in-house production.

In 2014, our hazardous waste generation increased by 13.5 percent from 2013 (from 50.6 million kg to 57.5 million kg), and our non-hazardous waste generation increased by 0.3 percent versus 2013 (from 115.2 million kgs to 115.6 million kgs.). Total waste generation increased 4.3 percent from 2013 (165.9 million kgs to 173.1 million kgs.). While we do ship wastes between countries, we currently have no mechanism to track the volumes of these shipments at the enterprise level. **EN25**

In 2014, we launched several new projects to continue our waste reduction efforts.

At our São José dos Campos Campus in Brazil, a mechanical pulping machine is being employed to grind and separate site wastes, allowing for recovery of raw materials and reducing the volume of wastes sent to landfill.

At our Consumer facility in the state of Selangor, Malaysia, we began a partnership with the local government and a waste contractor to process our off-specification wastes into fuel bricks, which are used as an energy source.

### Environmental Remediation

Johnson & Johnson is remediating contamination at 17 current or former facilities. In 2014, we spent \$4.7 million remediating these facilities.

#### Total Waste Generated, 2010–2014

in million kilograms

2010	2011	2012	2013	2014
166.4	154.9	157.3	165.9	173.1

**EN23**

#### Hazardous Waste Disposed, 2014

in thousands of kilograms

	On-Site	Off-Site
Recycled	3,178	15,732
Reused	189	408
Landfilled	0	9,675
Incinerated	0	5,313
Energy Recovery	0	20,600
Biologic Autoclave	See note*	See note*
Biological/Chemical Treatment	6	1,186
Other	2	4

#### Non-Hazardous Waste Disposed, 2014

in thousands of kilograms

	On-Site	Off-Site
Recycled	8	57,996
Reused	1,150	12,607
Landfilled	0	14,958
Incinerated	0	3,840
Energy Recovery	0	18,603
Biological/Chemical Treatment	5	6,206
Other	0	235

\* Note: In the past we reported a number for autoclaved waste. This material is now included in the hazardous waste landfilled category.



# Biodiversity



## Biodiversity Conservation

Biodiversity refers to the variety of life on earth. Serious threats to biodiversity are increasing, and concern about global biodiversity loss has emerged as an issue with potentially negative health, societal and economic consequences. Johnson & Johnson respects the importance of conserving biodiversity and has a [Respecting Biodiversity statement](#) that outlines our position.

Opportunities to reduce our impact on the environment exist all along our value chain, from minimizing our own environmental impacts to supporting our external partners in their efforts to do the same. Johnson & Johnson has manufacturing, R&D, warehousing and office locations around the world, and, like most large manufacturing companies, we have air emissions, water use, wastewater discharges, waste generation, and construction and transportation activities associated with these locations. Environmental, health and safety risks are identified, assessed and managed locally. **EN12, EN13**

We have determined that some of our sites may be located in broad regions identified by external stakeholders as biodiversity hot spots, including in Brazil, Colombia, Dominican Republic, Greece, India, Israel, Italy, Japan, Malaysia, Mauritius, Mexico, Puerto Rico, South Africa, Spain, Thailand, the U.S. and Venezuela; however, we have not specifically assessed biodiversity at these sites. We maintain a Global Information System (GIS) database that enables us to locate our sites relative to sites identified under the Ramsar Convention, an intergovernmental treaty that seeks to maintain the ecological character of member country Wetlands of International Importance and to plan for the sustainable use of all the wetlands in their territories. **EN11, EN13**

Many of our sites continue to be engaged in biodiversity projects in their local areas. While biodiversity is a global concern, most impacts occur on a local or regional level. See our [website](#) for more information.

# Healthy Future 2015

## Citizenship & Sustainability Goals Progress

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

### Advancing Global Health

<b>GOAL</b>	One research partnership and three licensing agreements finalized to address diseases of the developing world
<b>PROGRESS</b>	Committed to accelerate and significantly expand Ebola vaccine development at Janssen Pharmaceutical Companies. Previously executed a data-sharing agreement with Drugs for Neglected Diseases initiative 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.
<b>GOAL</b>	90 least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing
<b>PROGRESS</b>	112 countries have our HIV medicines available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration. <sup>47</sup>
<b>GOAL</b>	All our products that address diseases of the developing world achieve WHO prequalification
<b>PROGRESS</b>	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; our TB medicine is included in World Health Organization (WHO) interim policy guidance on the treatment of MDR-TB issued in June 2013. Five (out of eight) formulations of our HIV antiretroviral medicines have already achieved WHO prequalification.
<b>GOAL</b>	Provide 200 million doses of VERMOX® (mebendazole) per year to children infected with intestinal worms
<b>PROGRESS</b>	Provided more than 181 million doses for distribution to affected children in 15 countries in 2014, an increase from 161 doses in 2013
<b>GOAL</b>	Register a new triple-combination therapy for HIV and finalize a generics licensing agreement
<b>PROGRESS</b>	New triple-combination therapy registered in U.S. and EMEA in 2011; five generics licensing agreements signed for our HIV medicine, rilpivirine, also in 2011

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.

<sup>47</sup> Progress as stated is correct but cannot be measured against the original goal. The 90 least-developed or middle-income countries identified in our Healthy Future goal are part of an HIV Access Territory from which we measure our progress. For more information, see Global HIV Access Efforts in the [Access to and Affordability of Health Care](#) section of this report.

## Healthy Future 2015

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

## Citizenship & Sustainability Goals Progress (cont.)

### Stewarding a Healthy Environment

<b>GOAL</b>	<b>Facility CO<sub>2</sub></b> 20 percent absolute reduction in facility carbon dioxide emissions (by 2020)	
<b>PROGRESS</b>	Approximately 9.6 percent absolute reduction	<b>A</b>
<b>GOAL</b>	<b>Water Consumption</b> 10 percent absolute reduction in water consumption at manufacturing and R&D locations	
<b>PROGRESS</b>	2.3 percent absolute reduction	
<b>GOAL</b>	<b>Waste Disposal</b> 10 percent absolute reduction in total waste disposed at manufacturing and R&D locations	
<b>PROGRESS</b>	1.3 percent absolute increase	<b>A</b>
<b>GOAL</b>	<b>Clean Energy</b> Increase on-site renewable and clean-technology energy capacity to 50 megawatts	
<b>PROGRESS</b>	55.7 megawatts installed or in progress	
<b>GOAL</b>	<b>Fleet CO<sub>2</sub></b> 20 percent improvement in vehicle fleet emissions efficiency	
<b>PROGRESS</b>	19 percent reduction	<b>A</b>
<b>GOAL</b>	Products and packaging evaluated for sustainability improvements, with 60 achieving Earthwards® recognition	
<b>PROGRESS</b>	73 products have received Earthwards® recognition	

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.

## Healthy Future 2015

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

## Citizenship & Sustainability Goals Progress (cont.)

### Engaged, Health-Conscious Employees

<b>GOAL</b>	90th percentile employee engagement when compared to external benchmarks	
<b>PROGRESS</b>	Engagement levels for Johnson & Johnson in total and for each of the business segments exceed Mayflower Global Norm	
<b>GOAL</b>	90 percent of employees have access to "Culture of Health" programs	
<b>PROGRESS</b>	79 percent have access to "Culture of Health" programs	A
<b>GOAL</b>	80 percent of employees have completed a health risk assessment and know their key health indicators	
<b>PROGRESS</b>	64 percent have completed a health risk assessment and know their key health indicators	A
<b>GOAL</b>	80 percent of measured employee population health risks are characterized as "low risk"	
<b>PROGRESS</b>	74 percent of employees characterized as "low risk"	A
<b>GOAL</b>	15 percent improvement in employee safety vs. 2010 (Lost workday case rate target of 0.09)	
<b>PROGRESS</b>	0 percent improvement in lost workday case rate	A
<b>GOAL</b>	15 percent improvement in contractor safety vs. 2010 (Lost workday case rate target of 0.12)	
<b>PROGRESS</b>	12 percent increase in lost workday case rate for contractors	
<b>GOAL</b>	15 percent improvement in fleet safety vs. 2010 (Auto crashes per million miles target of 4.7)	
<b>PROGRESS</b>	5.95 crashes per million miles (an increase of 7.6 percent)	

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.



## Healthy Future 2015

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

## Citizenship & Sustainability Goals Progress (cont.)

### Supplier Sustainability

<b>GOAL</b>	All strategic suppliers have two or more publicly reported sustainability goals	
<b>PROGRESS</b>	Approximately 81 percent of strategic suppliers have two or more publicly reported sustainability goals	A
<b>GOAL</b>	\$1 billion in spend with diverse suppliers by 2011; five percent increase (over prior year) and each year thereafter	
<b>PROGRESS</b>	Achieved \$1.52 billion in spend in 2014, a 43 percent increase compared to 2010	
<b>GOAL</b>	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 <sup>48</sup>	
<b>PROGRESS</b>	95 percent of the external manufacturing, active pharmaceutical ingredient suppliers, re-packer and sterilizer site locations in high-risk countries confirmed conformance. 98 percent of Segment 1 suppliers in high-risk countries confirmed conformance. Confirmation with select Segment 2 suppliers has begun.	A
<b>GOAL</b>	All critical employees receive human rights training	
<b>PROGRESS</b>	Greater than 1,500 procurement professionals, or 97 percent, have received training	A
<b>GOAL</b>	All palm oil and palm oil derivatives are sourced from certified sustainable sources	
<b>PROGRESS</b>	Working to find/and or develop new Certified Sustainable Palm Oil derivative sources, but until then we will continue to purchase GreenPalm certificates and fund projects to grow capacity at farm level. In 2014, purchased sustainable GreenPalm certificates equivalent to 100 percent of our palm oil usage.	

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.

<sup>48</sup> 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 Standards for Suppliers.

## Healthy Future 2015

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

## Citizenship & Sustainability Goals Progress (cont.)

### Advancing Community Wellness

<b>GOAL</b>	Advancing community wellness through health education—number of programs by geography and disease/health education area where the needs are greatest
<b>PROGRESS</b>	Six new health education programs launched across China, Philippines and India
<b>GOAL</b>	Report the number of people reached by these initiatives
<b>PROGRESS</b>	Approximately 22 million lives reached

### Philanthropy Measurement<sup>49</sup>

<b>GOAL</b>	Increase number of major philanthropic programs measuring health-related outcomes	
<b>PROGRESS</b>	139 programs reported measuring long-term outputs and/or outcomes; 10 programs were identified for projects to build measurement capacity <sup>50</sup>	A
<b>GOAL</b>	Increase percentage of major philanthropic programs measuring and reporting health-related outcomes	
<b>PROGRESS</b>	84 percent (139 of 165 programs in this category) reported measuring long-term outputs and/or outcomes <sup>50</sup>	A
<b>GOAL</b>	Increase percentage of mid-tier/intermediate programs measuring and reporting health-related outcomes	
<b>PROGRESS</b>	86 percent (160 of 185 programs in this category) reported measuring long-term outputs and/or outcomes	

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.

<sup>49</sup> 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". Johnson & Johnson 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.

<sup>50</sup> Progress as stated is correct but cannot be measured against the original goal on the basis of year-over-year increase, as the overall pool of programs varies over time.

## Healthy Future 2015

Cumulative, unless otherwise noted. Baseline, where relevant, 2010.

## Citizenship & Sustainability Goals Progress (cont.)

### Transparency and Collaborations

<b>GOAL</b>	All major brand websites share product sustainability information
<b>PROGRESS</b>	100 percent of major brands share product sustainability information on their websites
<b>GOAL</b>	Major stakeholder engagements and new collaborations reported publicly
<b>PROGRESS</b>	As a global healthcare company, we engage in hundreds of collaborations in any given year
<b>GOAL</b>	Johnson & Johnson website shares Company policy perspectives on major issues
<b>PROGRESS</b>	The Company shares policy perspectives on major issues routinely on the website
<b>GOAL</b>	Economic and sustainability reporting enhanced online and provided for key markets
<b>PROGRESS</b>	Work in progress

**A** Included in the scope of ERM CVS assurance engagement. Please see [page 120](#) for their findings and conclusions.

# 2014 Data Summary Table

## Employee Health and Safety

	UNIT	2010	2011	2012	2013	2014
<b>Tobacco use</b> <sup>1,3</sup>	Percentage of profiled employees	3.8	3.6	3.5	3.2	3.8
<b>High blood pressure</b> (above 140/90) <sup>1,3</sup>	Percentage of profiled employees	6.1	6.4	6.3	6.9	8.9
<b>High cholesterol</b> (above 240 mg/l) <sup>1,3</sup>	Percentage of profiled employees	5.7	6.2	5.8	5.8	6.4
<b>Inactivity</b> <sup>1,2,3</sup>	Percentage of profiled employees	20.8	20.9	21.2	21.2	37.6 <sup>2</sup>
<b>Serious injury/illness rate</b> <sup>3, 4, 5</sup>	Incidents per 100 employees	0.037	0.028	0.027	0.020	0.059
<b>Lost workday case rate</b> <sup>3, 4</sup>	Incidents per 100 employees	0.11	0.11	0.09	0.11	0.11
<b>Fleet car accidents</b> <sup>6</sup>	Crashes per million miles driven	5.53	5.94	5.82	6.14	5.95 <sup>7</sup>
<b>Ergonomic injuries</b> <sup>3, 4</sup>	Percentage of lost workday cases	29	30	33	34	25
<b>Contractor lost workday case rate</b> <sup>3</sup>	Incidents per 100 contractors	—	0.14	0.17	0.12	0.16
<b>Safety non-compliances</b> <sup>3, 4</sup>	Number of findings	3	9	6	7	192
<b>Safety fines paid</b> <sup>3, 4</sup>	U.S. dollars	5,500	7,311	648	205,000	7,488

<sup>1</sup> U.S. data. Participation rate was 78.4 percent for 2013; 67 percent for 2014.

<sup>2</sup> Definition of inactivity changed in 2014 – Now is: MET Minutes = Round (ModDays • ModMinutes • 3.3) (Vigorous Days • VigorousMinutes • 8.0) Divide MET Minutes by 3 to get MME

<sup>3</sup> Does not include acquisitions that have been part of the company for less than three years.

<sup>4</sup> Includes data from all manufacturing, R&D, warehouse, distribution centers and office buildings.

<sup>5</sup> New expanded definition that includes continuous impairment and surgical intervention.

<sup>6</sup> Data is 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.

<sup>7</sup> Includes Synthes's sites that have transitioned into SafeFleet program.



# 2014 Data Summary Table

## Environment

	UNIT	2010	2011	2012	2013	2014
<b>Environmental non-compliances</b> <sup>3,4</sup>	Number of findings	57	30	29	45	72
<b>Environmental fines paid</b> <sup>3,4</sup>	U.S. dollars	0	5,000	3,500	0	416,195
<b>Accidental releases</b> <sup>3,4</sup>	Number of events	10	9	8	7	24
<b>OHSAS certifications</b> <sup>3,8</sup>	Percent of manufacturing/R&D facilities with certification	31	30	25	28	30
<b>ISO 14001 certifications</b> <sup>3,8</sup>	Percent of manufacturing/R&D facilities with certification	99	99	93	95	95
<b>Energy use</b> <sup>3,9</sup>	Billion BTUs <sup>10</sup>	13,256	12,677	12,421	12,753	12,606
<b>Facility CO<sub>2</sub> emissions</b> <sup>3,9,11</sup>	Thousand metric tons	1,213	1,148	1,100	1,111	1,097
<b>On-site clean or renewable energy capacity</b> <sup>9</sup>	Megawatts	27.4	38.7	45.58	47.68	55.7 <sup>12</sup>
<b>On-site solar capacity</b> <sup>9</sup>	Megawatts	12	18	19	20	22
<b>CO<sub>2</sub> fleet emissions</b> <sup>3,9,13</sup>	Average emissions per vehicle (g/km)	177	170	161	149	143
<b>CO<sub>2</sub> project capital spent</b>	Energy/CO <sub>2</sub> project spend, \$MM	56.4	48.2	22.2	37.6	34.4
<b>CO<sub>2</sub> project results</b>	Cumulative CO <sub>2</sub> emissions avoided annually, thousand metric tons	119.1	138.4	145.9	181.5	213.9
<b>Water use</b> <sup>3,8,9</sup>	Million m <sup>3</sup>	11.24	10.7	11.04	10.95	10.98
<b>Recycled water use</b> <sup>3,8,9</sup>	Million m <sup>3</sup>	0.77	0.69	0.59	0.73	0.78

<sup>3</sup> Does not include acquisitions that have been part of the company for less than three years.

<sup>4</sup> Includes data from all manufacturing, R&D, warehouse, distribution centers and office buildings.

<sup>8</sup> Includes data from all manufacturing and R&D locations.

<sup>9</sup> Data have been adjusted to reflect divestitures.

<sup>10</sup> 3.412 BTU/Kwhr.

<sup>11</sup> Emissions data is 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 2013 Report or those submitted to CDP in the respective years.

<sup>12</sup> Online or in progress.

<sup>13</sup> 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.

# 2014 Data Summary Table

## Environment (cont.)

	UNIT	2010	2011	2012	2013	2014
<b>Wastewater discharged</b> <sup>3,8,9</sup>	Million m <sup>3</sup>	---	7.74	8.04	7.63	7.84
<b>Non-hazardous waste disposed</b> <sup>3,8,9</sup>	Million kg	52.9	42.2	44.8	43.7	43.8
<b>Hazardous waste disposed</b> <sup>3,8,9</sup>	Million kg	27.8	29.7	29.4	33.0	37.9
<b>Waste site remediation</b> <sup>3</sup>	Number of active remediation sites	17	18	17	18	17
<b>Total Waste Generated</b> <sup>3,9</sup>	Million kg	166.4	154.9	157.3	165.9	166.4
<b>Sulfur dioxide emissions</b> <sup>3,8,9</sup>	Tons	140	125	107	109	134
<b>Mono-nitrogen oxides (NOx) emissions</b> <sup>3,9,14</sup>	Tons	261	243	235	251	252
<b>Hazardous air pollutant emissions</b> <sup>3,9,15</sup>	Tons	45	44	36	53	55
<b>Volatile organic compound emissions</b> <sup>3,9,15</sup>	Tons	1,004	1,386	1,244	1,069	1,367
<b>Particulate matter emissions</b> <sup>3,9,14</sup>	Tons	163	131	125	211	150
<b>Refrigerant emissions</b> <sup>3,9</sup>	Tons	10.38	9.60	8.96	7.47	8.43
<b>Greener products</b> <sup>9</sup>	Cumulative number of Earthwards® products	9	24	35	55	73
<b>LEED buildings</b> <sup>9</sup>	Number certified	9	12	15	20	25
<b>Suppliers participating in CDP, at Johnson &amp; Johnson request</b>	Number	66	96	139	129	173

<sup>3</sup> Does not include acquisitions that have been part of the company for less than three years.

<sup>8</sup> Includes data from all manufacturing and R&D locations.

<sup>9</sup> Data have been adjusted to reflect divestitures.

<sup>14</sup> Estimated.

<sup>15</sup> Based primarily on engineering judgment, including batch process and mass balance.

# 2014 Data Summary Table

## Suppliers and Diversity

UNIT		2010	2011	2012	2013	2014
<b>Women on the Board of Directors</b>	Number and percent of board	3 / 27%	3 / 25%	3 / 23%	3 / 25%	3 / 23%
<b>Women in work force</b>	Percent of employees	Not reported	44.9 <sup>16</sup>	47.5 <sup>17</sup>	46.5 <sup>17</sup>	45.4 <sup>18</sup>
<b>Women in management</b>	Percent of employees	Not reported	38.8 <sup>16</sup>	40.3 <sup>17</sup>	41.8 <sup>17</sup>	41.7
<b>M/WBE spend</b>	U.S. dollars, millions	1,065	1,305	1,234	1,357	1,522
<b>Small Business spend</b>	U.S. dollars, millions	3,106	3,149	2,731	2,700	3,200
<b>Number of M/WBE suppliers</b>	Total number	2,500	2,200	1,700	1,600	1,500
<b>Veteran-owned business spend</b>	U.S. dollars, millions	112	103	101	85	82
<b>LGBT spend</b>	U.S. dollars, millions	1.4	1.7	1.6	1.5	2.4
<b>M/WBE supplier spend</b>	Percent total spend	8.6	8.2	8.4	8.3	11.8

<sup>16</sup> Data available for U.S. only.

<sup>17</sup> Data are from our North American region.

<sup>18</sup> Global data.

# 2014 Data Summary Table

## Operations and Statistical Data<sup>19</sup>

	UNIT	2010	2011	2012	2013	2014
<b>Sales</b>	U.S. dollars, millions	61,587	65,030	67,224	71,312	74,331
	Percent change over previous year	(0.5)	5.6	3.4	6.1	4.2
<b>Net earnings</b> <sup>20</sup>	U.S. dollars, millions	13,334	9,672	10,853	13,831	16,323
	Percent change over previous year	8.7	(27.5)	12.2	27.4	18.0
<b>Market price per share (year-end close)</b>	U.S. dollars	61.85	65.58	69.48	92.35	105.06
<b>R&amp;D</b>	U.S. dollars, millions	6,884	7,548	7,665	8,183	8,494
	As percent of sales	11.1	11.6	11.4	11.5	11.4
<b>Operating companies</b>	Number (approximate)	250	250	275	275	265
<b>Employees</b>	Number (approximate)	114,000	117,900	127,600	128,100	126,500
<b>Effective income tax rate</b>	Percent of income	21.3	21.8	23.7	10.6	20.6
<b>Advertising costs</b>	U.S. dollars, billions	2.5	2.6	2.3	2.5	2.6
	As percentage of sales	4.1	4.0	3.4	3.5	3.5
<b>Charitable contributions</b>	Total U.S. dollars, millions	603.3	706.1	966.3	993.0	1,080.4
	As percentage of pretax income	3.6	5.7	7.0	6.4	5.3
	Non-cash	495.3	587.1	835.0	835.5	908.7

<sup>19</sup> Additional information available in the 2014 Johnson & Johnson 10-K report.

<sup>20</sup> Net earnings attributable to Johnson & Johnson.



# United Nations Global Compact

## Human Rights

UNGC PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS REFERENCE TO GRI INDICATORS
1. Support and respect the protection of internationally proclaimed human rights.	Our commitment to respect human rights is embodied in several of our policies and statements, including: <ul style="list-style-type: none"> <li>• <a href="#">Policy on Business Conduct</a></li> <li>• <a href="#">Statement on Human Rights</a></li> <li>• <a href="#">Global Labor &amp; Employment Guidelines</a></li> <li>• <a href="#">Policy on Employment of Young Persons</a></li> <li>• <a href="#">Standards for Responsible External Manufacturing</a></li> </ul>	Human Rights <a href="#">Pages 38–39</a>	<b>HR4–6</b> <b>LA14–15</b>
2. Make sure that business is not complicit in human rights abuses.		Labor Practices <a href="#">Pages 49–51</a>	<b>LA2, LA4, LA12</b>
		Supply Chain & Supplier Management <a href="#">Pages 34–37</a>	<b>HR10, HR11</b> <b>LA14–15</b> <b>SO9, SO10</b>

## Labor Standards

UNGC PRINCIPLES	JOHNSON & JOHNSON APPROACH	LEARN MORE	CROSS REFERENCE TO GRI INDICATORS
3. Uphold freedom of association and the effective recognition of the right to collective bargaining.	Our <a href="#">Statement on Human Rights</a> incorporates references to the key labor issues identified in the UNGC, including prohibition of child labor, forced labor, human trafficking and discrimination. Our <a href="#">Global Labor &amp; Employee Guidelines</a> 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.	Human Rights <a href="#">Pages 38–39</a>	<b>HR4</b>
4. Support elimination of all forms of forced and compulsory labor.		Labor Practices <a href="#">Pages 49–51</a>	<b>HR6</b>
5. Support effective abolition of child labor.		Supply Chain & Supplier Management <a href="#">Pages 34–37</a>	<b>HR5</b>
6. Elimination of discrimination in respect of employment and occupation.			

# 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 129 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 <a href="#">Our Credo</a> , 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 <a href="#">Pages 65–71</a>	<b>EN7, EN27, EN28</b>
8. Undertake initiatives to promote greater environmental responsibility.		Ingredients <a href="#">Pages 72–73</a>	
9. Encourage the development and diffusion of environmentally friendly technologies.	Our commitment to the environment is embodied in several of our policies and statements, including: <a href="#">Environment, Health &amp; Safety (EHS) Policy</a> , <a href="#">Climate Friendly Energy Policy</a> , <a href="#">Statement on the Human Right to Water</a> and <a href="#">Respecting Biodiversity</a> .	Sourcing of Raw Materials <a href="#">Pages 74–75</a>	
	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.	Environmental Responsibility <a href="#">Page 76</a>	<b>G4-14</b>
	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.	Water <a href="#">Pages 77–79</a>	<b>EN8–10, EN22</b>
		Greenhouse Gas Emissions / Climate Change <a href="#">Pages 80–85</a>	<b>EN3–6, EN15–20, EN 30</b>
		Air Emissions <a href="#">Page 86</a>	<b>EN21</b>
		Waste <a href="#">Page 86</a>	<b>EN23</b>
		Biodiversity <a href="#">Page 87</a>	<b>EN11–13</b>
		Supply Chain Management <a href="#">Pages 34–39</a>	<b>EN32, EN33</b>

# United Nations Global Compact

## Anti-Corruption

### UNGC PRINCIPLES

10. Businesses should work against corruption in all its forms, including extortion and bribery.

### JOHNSON & JOHNSON APPROACH

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](#).

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.

In 2014, more than 108,106 employees completed this training worldwide.

### LEARN MORE

Ethical Performance  
[Page 28](#)

Human Rights  
[Pages 38–39](#)

### CROSS REFERENCE TO GRI INDICATORS

**S03–S05, HR2, HR9, LA16**

# 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"/> <a href="#">Chairman's Letter</a>	
G4-2	Description of key impacts, risks, and opportunities	<input type="checkbox"/> <a href="#">Chairman's Letter</a> <input type="checkbox"/> <a href="#">Successes and Challenges</a>	
Organizational Profile			
G4-3	Name of the organization	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
G4-4	Primary brands, products, and/or services section	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
G4-5	Location of organization's headquarters	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
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"/> <a href="#">Organizational Profile</a>	
G4-7	Nature of ownership and legal form	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
G4-9	Scale of the reporting organization including quantity of products or services provided	<input type="checkbox"/> <a href="#">Organizational Profile</a>	
G4-10	Total workforce by employment type, gender, employment contract and region	<input type="checkbox"/> <a href="#">Labor Practices and Workforce</a>	
G4-11	Percentage of employees covered by collective bargaining agreements	<input type="checkbox"/> <a href="#">Labor Practices and Workforce</a>	
G4-12	Describe the organization's supply chain	<input type="checkbox"/> <a href="#">Organizational Profile</a> <input type="checkbox"/> <a href="#">Supply Chain &amp; Supplier Management</a> <input checked="" type="checkbox"/> <a href="#">Supply Chain</a>	
G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	<input type="checkbox"/> <a href="#">Organizational Profile</a> <input type="checkbox"/> <a href="#">Report Profile</a>	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<input type="checkbox"/> <a href="#">Environmental Responsibility</a>	
G4-15	Externally developed economic, environmental, and social charters	<input checked="" type="checkbox"/> <a href="#">Our Governance; External Commitments</a>	
G4-16	Memberships in associations	<input type="checkbox"/> <a href="#">Political Contributions, Public Policy and Lobbying</a> <input checked="" type="checkbox"/> <a href="#">Public Policy</a>	



## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
Identified Material Aspects and Boundaries			
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 Process	
G4-19	List Material Aspects Identified	<input type="checkbox"/> Our Materiality Assessment Process	
G4-20	Aspect Boundary within the organization	<input type="checkbox"/> Our Materiality Assessment Process	
G4-21	Aspect Boundary Outside the organization	<input type="checkbox"/> Our Materiality Assessment Process	
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 Process	
Stakeholder Engagement			
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	
Report Profile			
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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Governance</b>			
G4-34	Governance structure of the organization	<input type="checkbox"/> Governance	Reporting beyond "core" requirements
G4-35	Process for delegating authority for economic, environmental and social topics	<input type="checkbox"/> Governance	Reporting beyond "core" requirements
G4-36	Responsibility for economic, environmental and social topics	<input type="checkbox"/> Governance	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	Reporting beyond "core" requirements
G4-38	Composition of the highest governance body and its committees	<input type="checkbox"/> Governance <input checked="" type="checkbox"/> 2015 Proxy Statement, pages 8–15	Reporting beyond "core" requirements
G4-39	Indicate if Chair of highest governance body is also an executive officer	<input type="checkbox"/> Governance <input checked="" type="checkbox"/> 2015 Proxy Statement, pages 8–15	Reporting beyond "core" requirements
G4-40	Process for nomination and selection of highest governance body	<input checked="" type="checkbox"/> 2015 Proxy Statement, pages 8–15	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 checked="" type="checkbox"/> Corporate Governance Materials	Reporting beyond "core" requirements

## Global Reporting Initiative (GRI) Index cont.

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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	■ 2015 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	■ 2015 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, pages 30 to 53	Reporting beyond "core" requirements
G4-52	Process for determining remuneration	■ 2015 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, pages 30 to 53	Reporting beyond "core" requirements
G4-53	Stakeholders' views regarding remuneration	■ 2015 Johnson & Johnson Notice of Annual Meeting and Proxy Statement, page 35	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"/> Ethical Performance ■ 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"/> Ethical Performance ■ 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"/> Ethical Performance ■ Ethical Business Practices <input type="checkbox"/> Human Rights ■ 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	

## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Economic Performance (cont.)</b>			
G4-EC3	Coverage of the organization's defined benefit plan obligations	<input type="checkbox"/> Financial Performance	
G4-EC4	Financial assistance received from government	<input checked="" type="checkbox"/> Johnson & Johnson Annual Report 2014 (See Note 8 to the Consolidated Financial Statements for further information regarding income taxes)	
<b>Aspect: Market Presence</b>			
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  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.
<b>Aspect: Indirect Economic Impacts</b>			
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
<b>Aspect: Procurement Practices</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	<input type="checkbox"/> Supply Chain & Supplier Management	



## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Environmental</b>			
<b>Aspect: Materials</b>			
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.
<b>Aspect: Energy</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <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"/> Environmental Responsibility <input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN4	Energy consumption outside of the organization	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN5	Energy intensity	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN6	Reduction of energy consumption	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Environmental (cont.)</b>			
<b>Aspect: Water</b>			
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	
<b>Aspect: Biodiversity</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Environmental Responsibility <input type="checkbox"/> Biodiversity <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 type="checkbox"/> Biodiversity <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 type="checkbox"/> Biodiversity <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 type="checkbox"/> Biodiversity <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.

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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"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN18	Greenhouse gas emissions intensity	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN19	Reduction of greenhouse gas emissions	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN20	Emissions of ozone-depleting substances (ODS)	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
G4-EN21	NOX, SOX, and other significant air emissions	<input type="checkbox"/> 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"/> Safeguarding the Planet	
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
<b>Environmental (cont.)</b>			
<b>Aspect: Products and Services</b>			
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.
<b>Aspect: Compliance</b>			
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	
<b>Aspect: Transport</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Greenhouse Gas Emissions/Climate Change <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"/> Greenhouse Gas Emissions/Climate Change <input checked="" type="checkbox"/> Climate	
<b>Aspect: Overall</b>			
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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Environmental (cont.)</b>			
<b>Aspect: Supplier Environmental Assessment</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<input type="checkbox"/> Supply Chain & 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"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	Information on the number and types of findings and corrective actions taken was not compiled at the enterprise level in 2014, but new systems implemented in 2014-2015 should allow the collection of this information in 2015.
<b>Aspect: Environmental Grievance Mechanisms</b>			
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	
<b>Social</b>			
<b>Labor Practices and Decent Work</b>			
<b>Aspect: Employment</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Labor Practices and Workforce <input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Employee and 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 and 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 and Workforce <input checked="" type="checkbox"/> Employee and Labor Relations Practices	
G4-LA3	Return to work and retention rates after parental leave, by gender	<input type="checkbox"/> Labor Practices and Workforce <input checked="" type="checkbox"/> Employee and Labor Relations Practices	Rates are not tracked at the enterprise level at this time

## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Social</b>			
<b>Labor Practices and Decent Work (cont.)</b>			
<b>Aspect: Labor/Management Relations</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Labor Practices and Workforce <input checked="" type="checkbox"/> Employee and Labor Relations Practices	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<input type="checkbox"/> Labor Practices and Workforce <input checked="" type="checkbox"/> Employee and Labor Relations Practices	
<b>Aspect: Occupational Health and Safety</b>			
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
<b>Aspect: Training and Education</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Employee Recruitment, Development & Retention <input checked="" type="checkbox"/> Employee and Labor Relations Practices	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<input type="checkbox"/> Employee Recruitment, Development & Retention <input checked="" type="checkbox"/> Employee and 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, Development & Retention <input checked="" type="checkbox"/> Employee and 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, Development & Retention <input checked="" type="checkbox"/> Employee and Labor Relations Practices	

## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Social</b>			
<b>Labor Practices and Decent Work (cont.)</b>			
<b>Aspect: Diversity and Equal Opportunity</b>			
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 and Workforce <input checked="" type="checkbox"/> Employee and Labor Relations Practices	
G4-LA12	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<input type="checkbox"/> Labor Practices and Workforce <input type="checkbox"/> Diversity & Inclusion	
<b>Aspect: Equal Remuneration for Women and Men</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Compensation	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	<input type="checkbox"/> Compensation	Confidential
<b>Aspect: Supplier Assessment for Labor Practices</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<input type="checkbox"/> Supply Chain & 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"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	Information on the number and types of findings and corrective actions taken was not compiled at the enterprise level in 2014, but new systems implemented in 2014-2015 should allow the collection of this information in 2015
<b>Aspect: Labor Practices and Grievance Mechanisms</b>			
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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Social</b>			
<b>Human Rights</b>			
<b>Aspect: Investment</b>			
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	
<b>Aspect: Non-Discrimination</b>			
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
<b>Aspect: Freedom of Association and Collective Bargaining</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & 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"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
<b>Aspect: Child Labor</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & 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"/> Supply Chain & 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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Social</b>			
<b>Human Rights (cont.)</b>			
<b>Aspect: Forced or Compulsory Labor</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & 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"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain <input type="checkbox"/> Human Rights <input checked="" type="checkbox"/> Human Rights	
<b>Aspect: Security Practices</b>			
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
<b>Aspect: Indigenous Rights</b>			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		Not identified as a Material Issue
<b>Aspect: Assessment</b>			
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.
<b>Aspect: Supplier Human Rights Assessment</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<input checked="" type="checkbox"/> Supply Chain & 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.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/ Explanations
<b>Social</b>			
<b>Human Rights (cont.)</b>			
<b>Aspect: Supplier Human Rights Assessment (cont.)</b>			
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	Information on the number and types of findings and corrective actions taken was not compiled at the enterprise level in 2014, but new systems implemented in 2014-2015 should allow the collection of this information in 2015
<b>Aspect: Human Rights Grievance Mechanisms</b>			
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.
<b>Social</b>			
<b>Society</b>			
<b>Aspect: Local Communities</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Community Engagement and Volunteerism	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<input type="checkbox"/> Community Engagement and Volunteerism	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
<b>Aspect: Anti-Corruption</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> 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"/> Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	
G4-SO4	Communication and training on anti-corruption policies and procedures	<input type="checkbox"/> 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"/> Ethical Performance <input checked="" type="checkbox"/> Ethical Business Practices	Confidential

## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Social Society (cont.)</b>			
<b>Aspect: Public Policy</b>			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Public Policy	
G4-S06	Total value of political contributions by country and recipient/beneficiary	<input type="checkbox"/> Political Contributions, Public Policy and Lobbying <input checked="" type="checkbox"/> Public Policy	
<b>Aspect: Anti-Competitive Behavior</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Ethical Performance	
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<input type="checkbox"/> Ethical Performance	Confidential
<b>Aspect: Compliance</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	
G4-S08	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
<b>Aspect: Supplier Assessment for Impacts on Society</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
<b>Aspect: Supplier Assessment for Impacts on Society (cont.)</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	<input type="checkbox"/> Supply Chain & 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-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	<input type="checkbox"/> Supply Chain & Supplier Management <input checked="" type="checkbox"/> Supply Chain	Information on the number and types of findings and corrective actions taken was not compiled at the enterprise level in 2014, but new systems implemented in 2014-2015 should allow the collection of this information in 2015

## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Social</b>			
<b>Society (cont.)</b>			
<b>Aspect: Grievance Mechanisms for Impacts on Society</b>			
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.
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<b>Social</b>			
<b>Product Responsibility</b>			
<b>Aspect: Customer Health and Safety</b>			
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 and 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"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
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<b>Aspect: Product and Service Labeling</b>			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Product and 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 and 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"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential
G4-PR5	Results of surveys measuring customer satisfaction	<input type="checkbox"/> Customer Satisfaction	



## Global Reporting Initiative (GRI) Index cont.

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GRI Profile Disclosure	Description	Cross Reference/Page	GRI Disclosure Level Reason For Omissions/Explanations
<b>Social</b>			
<b>Product Responsibility (cont.)</b>			
<b>Aspect: Marketing Communications</b>			
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/> Ethical Marketing	
G4-PR6	Sale of banned or disputed products	<input type="checkbox"/> 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
<b>Aspect: Customer Privacy</b>			
G4-DMA	Generic Disclosures on Management Approach	<input type="checkbox"/> Data Protection and Privacy	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<input type="checkbox"/> Data Protection and Privacy	The number of complaints is not available at this time.
<b>Aspect: Compliance</b>			
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"/> Compliance <input checked="" type="checkbox"/> Compliance with Laws & Regulations	Confidential

# Independent Assurance Statement to Johnson & Johnson

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson to provide limited assurance on the reported progress for selected Healthy Future 2015 Goals in the Johnson & Johnson 2014 Citizenship & Sustainability Annual Report (the Report) as set out below.

## Engagement Summary

### Scope of Our Assurance Engagement

Whether the reported progress against 14 of the Healthy Future 2015 Goals, as indicated with **A** in the table on pages 88–93 of the Report, is fairly presented in all material respects.

### Reporting Criteria

Healthy Future (HF) 2015 Sustainability Goals and related definitions as described in the Report.

### Assurance Standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).

### Assurance Level

Limited assurance.

### Respective Responsibilities

Johnson & Johnson is responsible for preparing the Report and for the collection and presentation of the information within it.

ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

## Our Conclusion

Based on our activities, nothing has come to our attention to indicate that the reported progress against the 14 selected Healthy Future 2015 Goals, as indicated with **A** in the table on pages 88–93 of the Report, 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 Johnson & Johnson Corporate Offices in New Brunswick, N.J. and three 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 managing the selected HF goals;
  - staff responsible for the internal verification of the reported performance information for each 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 data to confirm the 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 7 and the explanatory footnotes throughout the Report.

Regarding the reporting criteria, while not affecting our conclusions regarding the reported progress, we draw attention to Johnson & Johnson's footnotes to the Healthy Future 2015 Goals table regarding limitations in alignment between the reported progress and the original 2015 goal description for three of the HF goals.

## Our Observations

We have provided Johnson & Johnson with a separate management report with our detailed findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- For this first assurance engagement, a broad range of goals were selected across 5 of the 7 Healthy Future 2015 programs. In 2014 Johnson & Johnson extended and elaborated its stakeholder engagement and materiality process and is currently developing a new set of goals for 2020. In determining future assurance scope we recommend Johnson & Johnson consider the results of the materiality assessment as well as the new 2020 goals, taking reporting risks into account, in order to maximise the internal and external stakeholder value of the assurance process.
- Johnson & Johnson has developed a sound basis for its reporting with internal reporting templates and verification for progress against each of the goals. We recommend that Johnson & Johnson further improve this system by documenting audit trails and data sources as well as providing training for the internal verifiers to ensure consistency in approach.



Jennifer Iansen-Rogers  
Head of Report Assurance  
17 June 2015

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ERM Certification and Verification Services, London  
www.ermcvs.com email: post@ermcvs.com

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# 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 pay 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.