

2017 Health for Humanity Report

Progress in Citizenship & Sustainability

Johnson & Johnson





Our JLABS @ TMC in Houston boasts the largest JLABS footprint in the U.S.

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About Johnson & Johnson

Johnson & Johnson At a Glance

Johnson & Johnson is the largest and most diversified healthcare company in the world. We are 134,000 employees in 60 countries, united by a common purpose: to change the trajectory of health for humanity. We have been caring for people for over 130 years. This heritage of delivering trusted products and services drives our three business segments: Consumer, Medical Devices and Pharmaceutical. GRI 102-1; 102-2

The **Johnson & Johnson Family of Consumer Companies** offers the world's largest range of consumer health products. From baby care and oral care to beauty, health and healing, we anticipate needs and create solutions and experiences to help people live healthy, vibrant lives.

2017 Sales

\$13,602 million

The **Johnson & Johnson Medical Devices Companies** have made significant contributions to surgery for more than a century. This group is comprised of our surgical, orthopaedic, cardiovascular disease and medical specialty businesses and eye health fields. Representing the most comprehensive surgical technology and specialty solutions business in the world, the group offers an unparalleled breadth of products, services, programs and R&D capabilities directed at advancing patient care while delivering clinical and economic value to healthcare systems worldwide.

2017 Sales

\$26,592 million

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

2017 Sales

\$36,256 million

~260

operating companies

~134,000

employees

~60

countries of operation

GRI 102-4; 102-6; 102-7

\$76,450 Million
Total Sales

\$1,300 Million
Net Earnings

\$139.72
Market Price Per Share, year-end close

\$10,600 Million
R&D Expense

Our global headquarters are located in New Brunswick, New Jersey, USA. Johnson & Johnson has been listed on the New York Stock Exchange since 1944 under the symbol JNJ. For changes in our business during the reporting period, please visit page 71 of our [2017 Annual Report](#). GRI 102-3; 102-5

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Our Brands

GRI 102-2

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

Consumer

Pharmaceutical

Medical Devices

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GRI 102-14

It was created with the stroke of a pen in 1886.

James Wood Johnson, who co-founded the company with his brother Edward Mead Johnson, handcrafted one of the world's most trusted logos. James wanted the world to know just how personally and emotionally connected the two were to the company's most important reason for being—improving human health. So, he decided to use the family signature.

Johnson & Johnson.

Placing their name on the company's products was the ultimate measure of accountability. It was a way of holding themselves responsible for their—and their company's—every action. In time, it became not just a trademark, but a mark that people learned they could trust. Because, after all, trust and behavior go hand in hand.

Serving generations of people with integrity, caring and compassion remains our greatest privilege and responsibility. Every day, through our words and actions, we work tirelessly to earn our place in hearts, minds, hospitals and households everywhere. Much like the founding brothers—who were later joined by their brother, Robert Wood Johnson—we continue to build on our reputation and the Johnson & Johnson name through accountability and transparency.

And that's exactly what our 2017 Health for Humanity Report is all about.

It's the story of our progress—our environmental, social and governance efforts—as we relentlessly drive for better health and create long-term value for you, our shareholders. It's our way of demonstrating how we work to track and deliver on our commitments.

See, for example, how we're eradicating and preventing disease.

We've achieved great milestones as a company this year in our efforts to make HIV history with the initiation of the first efficacy study for a preventative vaccine. I'm encouraged every time I reflect on how far we've come since the 1980s with HIV, once considered a death sentence. All of us are humbled to be a part of the efforts to treat and protect—even, one day, prevent—HIV.

I'm also proud of how we're reimagining the way that care is delivered and expanding access for the world's most vulnerable populations.



Alex and Pat Gorsky in Valmiki Basti, one of the oldest communities in New Delhi, India, where they visited the homes of mMitra families.

Our mMitra service immediately comes to mind. mMitra is an innovative mobile-messaging program that sends vital health information to expectant and new mothers living in low-income urban communities in India. The impact is irrefutable—mMitra has positively impacted the lives of one million women, and their children. This service has had a transformative effect. And it earned us a top spot on *Fortune's* 2017 Change the World list.

The report also shares our unwavering commitment to healthy minds, bodies and environments.

We're making great progress toward our Health for Humanity 2020 Goals and United Nations Sustainable Development Goals focus areas. Our strong legacy of environmental stewardship, for example, continued in 2017 when our site in Helsingborg, Sweden became the first Johnson & Johnson site receiving carbon-neutral status for all energy sources across manufacturing, R&D and warehouse facilities¹—a historic achievement that improves human health while protecting the environment and natural resources.

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Stories like these inspire and motivate us every day.

While we're pleased to share the progress we've made in this report, we recognize there's more work to be done. And I'm confident that we've got the best people in place to continue our sustainability stewardship and commitment to being responsible global citizens—consistent with the values outlined in Our Credo.

The Health for Humanity Report is the story of us. It showcases our commitment to changing the trajectory of health for humanity. This sense of purpose has helped us build on our company's good name since the Johnson brothers, quite literally, put theirs on the company in 1886.

I believe they'd be proud to put it on this report, too.

**Alex Gorsky**

Chairman, Board of Directors
and Chief Executive Officer

**Watch Video**

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1.2 billion

VERMOX (mebendazole) doses
donated since 2006*

51%

of supplier spend
represented by
suppliers enrolled
in **Sustainable
Procurement
Program***



Recognized

as **leaders** in vaccine R&D by the
Access to Vaccines Index

45%

of Manager and
above talent
movement was
across function,
country or business
segment lines



37,000

patients in **95 countries** provided
access to MDR-TB therapy with
SIRTURO (bedaquiline)*

25%

of Company's
electricity use from
**renewable energy
sources***



JULUCA

(dolutegravir and
rilpivirine), developed
in collaboration with
ViiV Healthcare,
the **first and only
complete, single-
pill**, two-drug
regimen to treat
HIV-1 infection
approved by U.S. FDA



Helsingborg,

Sweden our 1st site achieving **carbon
(CO₂)-neutral status for all energy
sources** across manufacturing, R&D
and warehouse facilities**



8 weeks

Global Parental Leave Standard
launched—employees globally can
take a **minimum of
8 weeks*** paid leave
for birth/adoption



"A"

in **CDP Supplier Engagement**
Rating, recognized for
outstanding performance in
supplier engagement

Actelion

joined our company, adding
pulmonary hypertension as
Janssen's **6th therapeutic area**



*Assured by third-party, ERM Certification and Verification Services Inc.; figures have been rounded.

**Assured by third-party, ERM Certification and Verification Services Inc., for the period of 1 March 2017 to 31 December 2017.

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Sustainability Approach

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

We are driven by [Our Credo](#), a set of values and principles that challenges and inspires us to put the needs and well-being of the people we serve first. To us, these aren't just words: Our Credo serves as the foundation of our mission as a healthcare company, and is reflected in how we operate our business around the world. The long-term thinking of our founders and current leadership allow us to stay true to this vision.

We've been setting five-year goals to improve the sustainability of our business for decades. In setting these goals, we strive to ensure that they are aligned with our Company's purpose, are embedded in our

business strategy, and reflect the areas where our stakeholders expect us to lead. We believe that achieving our goals is integral to Johnson & Johnson's long-term success, and we consider them to be the Key Performance Indicators of our citizenship and sustainability approach. We report out on our progress annually, including independent review and assurance of our progress and associated data. This data-driven approach allows us to dedicate our resources efficiently and effectively to the issues that are most impactful and important to all stakeholders. In 2017, we continued making progress against our [Health for Humanity 2020 Goals](#). Please see [Health for Humanity 2020 Goals Progress Scorecard](#) for more information.

Our citizenship and sustainability approach also includes our commitment to support the global agenda on sustainable development. We are working to help advance implementation of the United Nations Sustainable Development Goals (UN SDGs) across five key issue areas where we are uniquely positioned to create sustainable and scalable impact. The summary of our progress against UN SDG commitments can be found in our UN SDGs Progress Scorecard, reflecting cumulative progress from 2016 and 2017. For more information, please visit our [Sustainable Development Goals webpage](#).

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Sustainability Governance

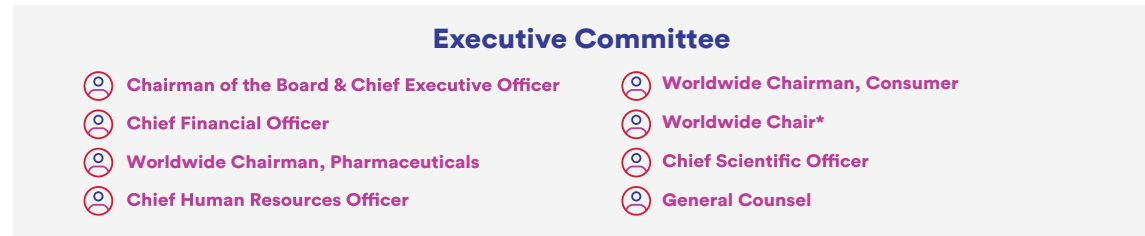
GRI 102-18; 102-19; 102-20

Starting at the Board of Directors level, the governance of citizenship and sustainability at Johnson & Johnson encompasses our three business segments (Consumer, Medical Devices and Pharmaceutical) as well as global enterprise functions. The **Science, Technology & Sustainability Committee (STSC)** has general oversight of our sustainability activities. Along with our Johnson & Johnson Executive Committee, the STSC reviews annual progress against our Health for Humanity 2020 Goals and our overall citizenship and sustainability efforts. Select members of the Executive and Management Committees review the Health for Humanity Report. GRI 102-31; 102-32

Our office of Worldwide Corporate Governance is responsible for raising visibility to citizenship and sustainability issues and activities that span multiple groups across the enterprise, and for facilitating connections between teams and departments. The Corporate Governance team also oversees key governance processes across the enterprise, including the Office of the Corporate Secretary, enterprise policies and statements, and engagement on key environment, social and governance (ESG) topics. In partnership with our Environmental Health, Safety & Sustainability, Global Public Health and Global Community Impact teams, Corporate Governance connects and aligns various activities that contribute to advancing our citizenship and sustainability agenda.

To enhance our corporate governance structure, in early 2016 we established the Johnson & Johnson Enterprise Governance Council (EGC). The EGC is comprised of senior leaders who represent our three business segments and our global enterprise functions with line of sight to ESG issues. During 2017, the EGC formalized the process and protocols for this governing body, including the quarterly assessment of an ESG priority topics scorecard, proprietary reputational research on our identified

Sustainability Governance at Johnson & Johnson



Johnson & Johnson Operations Worldwide

*Responsibilities include oversight of our Consumer, Consumer Medical Devices, and Hospital Medical Devices businesses, as well as our operating infrastructure – Supply Chain, Information Technology, Global Services, Health & Wellness, Global Design and Health Technology.

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ESG priority topics, and ongoing elevation of topics for further review and assessment. The EGC continues to drive increased preparedness for ESG issues management, and fosters alignment and coordination of internal and external engagement efforts on these issues. Another important function of the EGC is to review and support progress against our Health for Humanity 2020 Goals and United Nations Sustainable Development Goals (UN SDG) commitments. GRI 102-29; 102-31

The Enterprise Governance Council Working Group (EGCWG) is the cross-functional “activation arm” of the EGC. The EGCWG is comprised of key enterprise functions and draws on the expertise of various subject matter experts across the Company, consulting with external advisors for additional specialized insight, as needed, to drive actions identified by the EGC. The EGCWG was re-chartered in 2016 to more effectively execute strategic plans for our priority topics. This diverse working group met six times in 2017 to review the status of key projects and emerging ESG topics and issues identified through our proprietary global intelligence system that analyzes which stakeholders, platforms and programs have the most impact on reputation. In addition, the EGCWG has accountability for tracking and managing the Health for Humanity 2020 Goals, UN SDG commitments, and our Health for Humanity Report, and works proactively across the enterprise to foster engagement around goal progress and commitments. GRI 102-27

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

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Setting Priorities

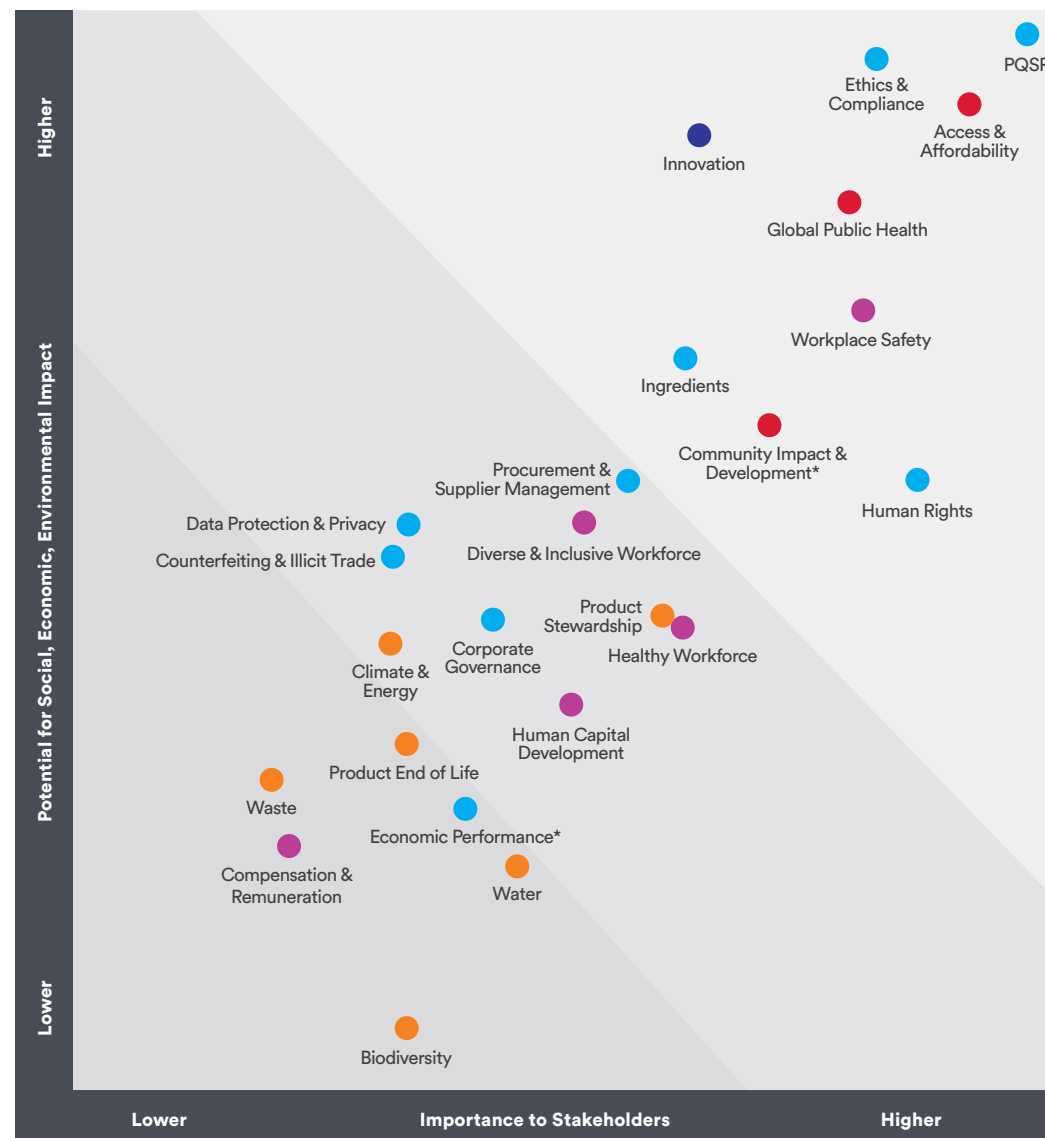
Stakeholder expectations and the business environment in which we operate constantly evolve. Our Priority Topics Assessment (PTA) process helps us identify and prioritize the environmental, social and governance (ESG) issues that matter most to our stakeholders and our Company. We use the results of this process to ensure that our citizenship and sustainability activities and reporting are aligned with the needs of various stakeholder groups and our own business interests. We have been conducting PTAs since 2008, with our most recent assessment conducted in 2016. The stakeholder feedback from that 2016 assessment continues to inform our reporting in 2017. For a detailed description of the 2016 PTA process, methodology, and definitions of topics [click here](#). GRI 102-44; 102-46; 102-47; 103-1

While the priority topics that we focus on remain the same, we have re-organized the structure of our Health for Humanity Report by grouping our reporting on various topics into five main sections:

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

We believe this structure demonstrates a more holistic picture of our Company's performance on ESG issues, and reflects the core focus areas of our citizenship and sustainability approach. In many cases, priority topics are reflected in multiple sections because of their cross-cutting nature. Our new products and solutions not only advance Better Health for All, but are also examples of our Innovation culture.

Global Ranking of Priority Topics



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

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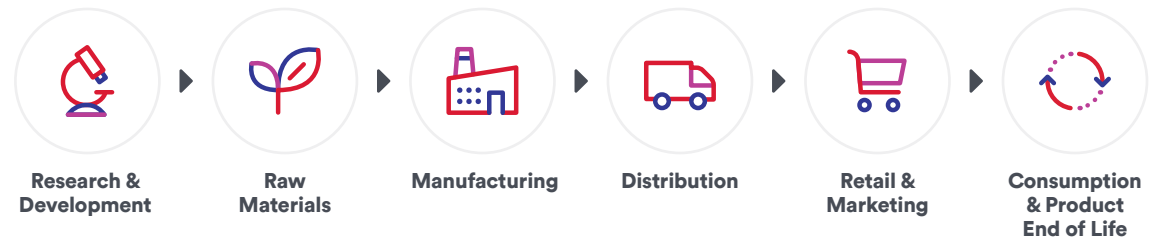
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Our Value Chain

We recognize that our impacts and the value we create as a company extend well beyond our own operations. There are many opportunities to maximize the positive impacts and minimize the risks along each stage of Johnson & Johnson's value chain. We utilized the results from our [2016 Priority Topics Assessment](#) to analyze our priority topics in the context of our value chain. The resulting value chain map frames the boundaries of our impacts, and helps us better understand and leverage opportunities together with our stakeholders. GRI 102-46



Priority Topics	Value Chain Stage						Priority Topics	Value Chain Stage					
Product Quality, Safety & Reliability							Product Stewardship						
Ethics & Compliance							Corporate Governance						
Access & Affordability							Data Protection & Privacy						
Global Public Health							Human Capital Development						
Innovation							Counterfeiting & Illicit Trade						
Workplace Safety							Climate & Energy						
Human Rights							Product End of Life						
Ingredients							Water						
Community Impact & Development							Economic Performance						
Procurement & Supplier Management							Compensation & Remuneration						
Diverse & Inclusive Workforce							Waste						
Healthy Workforce							Biodiversity						

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Stakeholder Engagement

As a global healthcare company, we interact with numerous stakeholder groups at the global, national and local levels. Our Credo, written more than 70 years ago, acknowledges the diversity of stakeholders to whom we are responsible, and is our guide to stakeholder engagement. We foster and maintain relationships with our suppliers and external manufacturers who help us make our products; the customers who purchase our products; the doctors, nurses, patients and consumers who use them; and our own employees and shareholders. Additionally, we routinely engage with government, civil society organizations and local communities to advance our vision of health for humanity. Such engagement is essential to building successful business strategies and to delivering the best products and services. GRI 102-43

The long-term relationships we cultivate with our stakeholders are a vital part of our citizenship and sustainability approach. Each engagement presents an opportunity for us to learn about the issues of top concern and priority for the many individuals, communities and organizations we serve, and those with which we interact in the course of conducting our business.

Stakeholder engagement occurs at all levels of the Company, from employees at our manufacturing sites to senior management in our business segments and functional departments, to our Johnson & Johnson Executive Committee and Board of Directors. Information gained through these interactions throughout the organization is communicated through line management and, as appropriate, to senior management. In addition, for certain stakeholder engagements related to key business segments and functions, we leverage a customer relationship management system to ensure follow-up as appropriate. GRI 102-21

In determining with whom to engage, we take into consideration a variety of factors, including GRI 102-42:

- The possible alignment of our goals and values with those of the stakeholder group;
- Our ability to improve human health, social, environmental and other outcomes because of this engagement;
- The opportunity for mutual learning.

Our engagement with stakeholders takes various forms, including surveys, patient engagement, focus groups, philanthropic initiatives, industry collaboration, public-private partnerships, sponsorships, and engagement with local communities, among others.

Stakeholder Engagement on This Report

Various internal stakeholders across Johnson & Johnson's global teams provided their input into this report. The final content has been reviewed by the members of the Executive and Management Committees. Additionally, we engaged with a third-party organization, BSR (Business for Social Responsibility) to solicit independent feedback on the draft report. The BSR reporting commentary can be found in [About This Report](#).

Our Stakeholders

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

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Memberships

We participate in a number of non-governmental and advocacy organizations and industry associations on topics of interest and priority to the Company. Select memberships and associations include: GRI 102-13; 102-40

- Advanced Medical Technology Association
- Asia Pacific Medical Technology Association
- Association for the Advancement of Medical Instrumentation
- Bill & Melinda Gates Foundation
- Biotechnology Industry Organization
- BIO Ventures for Global Health
- California Healthcare Institute
- CDP (formerly titled Carbon Disclosure Project)
- Children Without Worms
- Climate Leadership Council
- Closed Loop Fund
- Consumer Goods Forum
- Consumer Healthcare Products Association
- Corporate Eco Forum
- Council of Supply Chain Manufacturing Professionals
- Harvard Medical School
- Healthcare Businesswomen's Association
- HealthCare Institute of New Jersey
- Healthcare Leadership Council
- National Health Council
- New Horizons Collaborative
- New York University School of Medicine
- Personal Care Products Council
- Pharmaceutical Research and Manufacturers of America
- Pharmaceutical Supply Chain Initiative
- The Business Roundtable
- The Conference Board
- The Sustainability Consortium
- United Nations
- United Nations Global Compact
- United Way – local chapters
- United States Agency for International Development
- U.S. Chamber of Commerce
- World Health Organization

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Progress on Commitments

Health for Humanity 2020 Goals²

At Johnson & Johnson, we aspire to profoundly change the trajectory of health for humanity. Our **Health for Humanity 2020 Goals**, underpinned by 16 targets, focus our citizenship and sustainability efforts where we believe Johnson & Johnson can achieve the greatest impact. The goals underscore and reflect our long-term commitment to delivering sustainable social, environmental and economic change across our Company and extended value chain by leveraging the power of our people, expertise, and global partnerships.

Achieving our 2020 Goals is integral to Johnson & Johnson's long-term success. We consider them to be the Key Performance Indicators of our citizenship and sustainability approach and have processes in place to measure and track progress. We report out on our progress annually, including independent review and assurance of our progress and associated data.

Following is our Scorecard that provides an update on progress we have made to-date against our 2020 Goals.

Goal			
Develop and deliver innovative, lifechanging solutions to address the world's major health challenges.			
Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Expand the database documenting the effectiveness, efficacy and safety profile of bedaquiline (SIRTURO) through collaborative efforts to further increase access.	<ul style="list-style-type: none"> Continued enrolling patients from South Korea in Johnson & Johnson multi-country registry. Submitted Data Sharing Agreement to the Institutional Review Board of the Government of South Africa for approval to integrate patient data from the South African national database to Johnson & Johnson multi-country registry. 		On Track
Collaborate on Phase 3 trials and make regulatory submissions for rilpivirine LA, the first all-injectable depot regimen for HIV.	In collaboration with ViiV Healthcare, completed recruitment into Phase 3 clinical trials of the all-injectable regimen (cabotegavir LA from ViiV Healthcare and EDURANT [rilpivirine] LA from Janssen).		On Track

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Goal

Deliver innovative healthcare access and training programs that impact a billion lives in underserved areas.*

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Produce and donate 1 billion doses of VERMOX (mebendazole) to treat >100 million children per year at risk for intestinal worms.**	392 million doses of VERMOX donated in 30 countries with 218 million children having been targeted for treatment.	Since 2006, we cumulatively donated 1.2 billion doses of VERMOX.	On Track
Deliver HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children.	38,500 adult patients and 630 pediatric patients received access to HIV/AIDS therapy with the branded and generic versions of PREZISTA, INTELENCE and EDURANT.	<ul style="list-style-type: none"> The estimates of the number of patients receiving access are based on the best available therapy access models developed by our Global Public Health Operations team in collaboration with an external partner. We expect our pediatric numbers to increase over the next few years based on our access activities and addition of more countries. 	On Track
Deliver access to MDR-TB therapy to a cumulative 200,000 patients, potentially curing*** 157,000 people with MDR-TB of the disease.	37,000 patients in 95 countries received access to MDR-TB therapy with SIRTURO (bedaquiline).	<ul style="list-style-type: none"> The territory covered by SIRTURO regulatory activities is home to over 80% of the global MDR-TB treated patient burden worldwide. Based on our global bedaquiline uptake forecast models, built upon publicly available WHO individual treatment numbers, we predict a non-linear rate of growth in bedaquiline use in the next years. As communicated through the product label, SIRTURO requires up to two years of full-course treatment therapy in combination with other TB drugs to observe treatment effectiveness. When we report cure results next year, we will estimate the number of patients cured based on the cure success rate observed in the clinical studies. 	On Track
Together with partners, train 30,000 skilled birth attendants to assist 6 million births.	Together with partners, trained 20,000 birth attendants, who assisted in 400,000 births.		On Track
Support the delivery of 6 million eye care screenings to underserved children and corrective treatments (spectacles) as needed to 100,000 underserved children.	In partnership with Lions Club International, supported delivery of 4.2 million eye care screenings and 53,000 corrective treatments (spectacles) to underserved children.	Progress in 2017 is estimated based on delivery of eye screenings and corrective treatments (spectacles provided) in 2016. Actual 2017 data becomes available after our report data collection cut-off date.	On Track

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

**After re-evaluating the progress measurement methodology for this target, we concluded that accurately predicting and measuring the reduction in infection rate is not feasible. Therefore, the target was adjusted to remove reporting on the infection reduction rate.

***The *Lancet Respiratory Medicine*, Volume 3, Issue 3, March 2015, Pages 201-209 establishes the correlation between sputum culture conversion and treatment success. From the randomized clinical study (C208) SIRTURO provided a 78.8% culture conversion rate at 24 weeks versus 57.6% for placebo.

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Goal

Collaborate with government, nonprofit and private sector to foster new models of health that improve economic well-being and healthcare in key emerging markets.

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Activate signature partnerships/initiatives for five of our largest Consumer brands to promote the health and well-being of people in need around the world.	JOHNSON'S and LISTERINE brands each activated partnerships, including digital marketing, social media, public relations, retail/shopper marketing and packaging activities.	<ul style="list-style-type: none"> Partnerships were activated with Save the Children (JOHNSON'S) and Operation Smile (LISTERINE). These brand-specific initiatives build upon existing longstanding relationships with Save the Children and Operation Smile at the corporate level. 	On Track
Drive policy thought leadership and strategic engagements to expand healthcare access and coverage in at least three emerging markets (including Brazil, China and India), and lead three to five pilots to demonstrate the results of these efforts.	<ul style="list-style-type: none"> More than 700 engagements conducted with government officials and other partners in Brazil, China and Mexico. Ongoing and new pilot projects being implemented in China, Mexico, Philippines, Russia and Thailand. 	<ul style="list-style-type: none"> Projects in Mexico and Russia aim to expand universal health coverage. Projects in China, Philippines and Thailand focus on sustainable healthcare coverage models and financing models through private health insurance. The project we piloted in India in 2016 with the State of Telangana on state diabetes care strategy has not been successful and has been halted. 	On Track

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Goal

Fully integrate sustainable design solutions into our product innovation processes.

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
New and existing products representing 20% of Johnson & Johnson revenue achieved EARTHWARDS recognition for sustainable innovation improvements.	New and existing products representing 14.6% of Johnson & Johnson revenue achieved EARTHWARDS recognition.*	While total revenue from sales of EARTHWARDS-recognized products remained stable, the overall enterprise revenue increased in 2017. As such, the percentage of sales representing EARTHWARDS-recognized products decreased slightly compared with the previous year.	On Track
Increase the recyclability of our Consumer product packaging to 90+% (on a weight basis) via design and partnerships in five key markets where mature recycling infrastructure exists (Canada, France, Germany, UK and U.S.). In three other markets where recycling infrastructure is less mature engage in partnerships to advance material recovery and recycling efforts.	<ul style="list-style-type: none"> Established the baseline of 79% for recyclability in North America. Established the baseline of 76% for European markets (France, Germany and UK). Because of measurement challenges, the baseline is an estimate based on several assumptions. Engaged in recycling-related partnerships to advance development of recycling infrastructure in less mature markets: an ongoing partnership in Brazil with two cooperatives; two new partnerships--one India and one South East Asia region. 	This target is currently off-track because we are facing delays in our tube and pump recyclability efforts. We are taking corrective action to improve progress on this target.	Off Track

*Percentage not inclusive of products newly recognized in 2017.

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Goal

Reduce our impacts on climate and water resources.

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Reduce absolute carbon emissions 20% by 2020, and 80% by 2050.	CO ₂ emissions decreased by 21% globally since 2010 (Scope 1 and Scope 2).		On Track
Produce/procure 35% of electricity from renewable sources by 2020; aspire to power all facilities with renewable energy by 2050.	25% of total electricity consumption generated from renewable sources.		On Track
Conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations, and implement resource protection plans at the high-risk sites.	38% of all high-risk sites identified in water risk assessment process developed mitigation plans and have budget allocated to start implementation in 2018.	100% of the manufacturing/R&D locations completed the comprehensive water risk assessment in 2016.	On Track

Goal

Collaborate with our suppliers to accelerate environmental and social improvements across the value chain.

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Enroll suppliers covering 80% of our spend in our Sustainable Procurement Program.	Enrolled suppliers covering approximately 51% of spend in our Sustainable Procurement Program.		On Track
Consistently achieve benchmark spending with U.S. diverse suppliers and small suppliers, and double the number of countries with established supplier diversity and inclusion programs.*	<ul style="list-style-type: none"> Exceeded benchmark diverse supplier spending at 10.3% and benchmark small supplier spending at 19.4% of total U.S. spend. Expanded our supplier diversity and inclusion programs to two additional countries (China and Germany) for a total of 12 countries against the baseline of six. 	The 12 countries outside the U.S. where we have started diverse supplier tracking are: Australia, Belgium, Brazil, Canada, China, Colombia, Germany, Mexico, South Africa, Spain, Switzerland and UK.	On Track

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

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Goal

Empower and engage the Johnson & Johnson family of employees to become the healthiest workforce.

Target	Progress against 2020 Targets (Cumulative)	Notable	Status
Empower and engage employees toward a “personal best” in health and well-being via: training of at least 100,000 employees in the principles of ENERGY FOR PERFORMANCE;* connecting at least 100,000 employees to their health via innovative digital health tools; and providing access to at least 100,000 employees to both fully implemented** healthy eating and fully implemented healthy movement cultures.	<ul style="list-style-type: none"> More than 33,000 employees completed ENERGY FOR PERFORMANCE training. 84,000 employees engaged in health and well-being via the use of digital health tools since 2016. 107,000 and 117,000 employees provided access to 50% implemented healthy eating and healthy movement cultures, respectively. 	<ul style="list-style-type: none"> 61,000 employees have completed the principles of ENERGY FOR PERFORMANCE training since the start of the program, representing 61% progress against our 2020 target of training 100,000 employees. Only two years into the Goal period, we have already achieved 84% progress against our 2020 target of connecting 100,000 employees to their health via digital health tools. 	On Track

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

**Defined as 100% implementation of policies, programs and practices for both.

On Track: expected to meet the Goal by 2020

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

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

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UN Sustainable Development Goals Commitments

UN SDG Progress Scorecard 2017

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

We aim to mobilize and inspire employees, consumers, communities, and our global network to improve health globally. While we aim to achieve outcomes in all of the Company's work, the identified targets for the SDG commitment are reflective of the Company's reach – individuals whose lives may benefit from our combined efforts with our partners. To that end, we developed a measurement reporting framework that involves the annual tracking of progress towards focus area targets, ensuring accountability of our work. The Company's SDG commitment focuses on SDGs 3, 5 and 17. [Learn more here.](#)

Aspiration

Health Workforce:

A world where the current and future healthcare workforce has the necessary competencies to deliver high-quality healthcare.

5-Year Target (2016 – 2020)	Progress (first year of reporting includes 2016 & 2017 numbers)	Notable	Status
650,000 health workers will have received training to better deliver quality healthcare.	165,000 healthcare providers (25% of overall goal achieved)	Recipients of leadership training, skills training, and education programs focused on health workforce development – including: China Neonatal Resuscitation Program , NurseConnect , mothers2mothers , North Star Alliance , Bridge to Employment , and Management Development Institute . Learn more	In Progress

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Aspiration

Women's & Children's Health:

A world where every woman and child survives and has the opportunity for a healthy future.

5-Year Target (2016 – 2020)

60 million women and children will have received support and tools to enable a healthy future.

Progress (first year of reporting includes 2016 & 2017 numbers)

15.5 million women and children (26% of overall goal achieved)

Notable

Programs including [MomConnect](#), [mMitra](#), [Grameen Foundation](#), [War on Worms](#), [Born On Time](#) provide access to quality care, optimal development, and gender equality and empowerment.

[Learn more](#)

Status

In Progress

Aspiration

Essential Surgery:

A world where safe, essential and timely surgical care can be accessed by all to save lives, prevent disability, promote economic growth, and reduce social marginalization.

5-Year Target (2016 – 2020)

50 million people will have had access to safe, essential, and timely surgical care.

Progress (first year of reporting includes 2016 & 2017 numbers)

21.4 million beneficiaries (43% of overall goal achieved)

Notable

The [Medical and Surgical Skills Institute](#) trained more than 10,500 healthcare professionals from 9 countries in West Africa. It is estimated that these trained individuals will serve over 21 million patients.

[Learn more](#)

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Aspiration

Global Disease Challenges:

A world where innovations and holistic health solutions prevent, control and eliminate global disease challenges and epidemics.

5-Year Target (2016 – 2020)	Progress (first year of reporting includes 2016 & 2017 numbers)	Notable	Status
175 million individuals will have benefited from Johnson & Johnson solutions that prevent, control and eliminate global diseases.	218 million beneficiaries (125% of overall goal achieved)	<ul style="list-style-type: none"> 218 million school-aged children in 30 countries received VERMOX (mebendazole) treatments. An estimated 38,500 adult patients and 630 child patients received access to HIV/AIDS therapy. 37,000 patients were provided access to MDR-TB therapy with SIRTURO (bedaquiline). 	On Track
Learn more			

Aspiration

Environmental Health:

A world where all people have healthy places to live, work and play.

5-Year Target (2016 – 2020)	Progress (first year of reporting includes 2016 & 2017 numbers)	Notable	Status
100 million* citizens living across 30 cities will have benefited from climate and air quality actions that have the potential to positively impact public health.	<ul style="list-style-type: none"> 14 cities in program are implementing at least one climate action relating to air pollution improvements and health co-benefits. 1 “demonstrator” city (Los Angeles) undertaking multiple climate actions. Expert hired with Johnson & Johnson funding to plan/implement actions. 	Cities: Barcelona, Spain; Bogota, Columbia; Hanoi, Vietnam; Istanbul, Turkey; Johannesburg, South Africa; Medellin, Colombia; Mexico City, Mexico; Nairobi, Kenya; Paris, France; Quezon, Philippines; Quito, Ecuador; San Salvador, El Salvador; Santiago, Chile.	In Progress
Learn more			

*Potential figure to be revised once cities and actions are confirmed.

On Track: expected to meet the Goal by 2020

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

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

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Challenges of reporting and assuring progress against the SDG goals

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

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

Additionally, a few of our Health for Humanity 2020 Goals include programs (e.g., skilled birth attendants training and VERMOX treatments) are also a subset of our SDG Commitment.

Health Workforce, Women’s and Children’s Health

Many of our programs are co-funded, and while we make every effort to report only beneficiaries/ healthcare professionals reached by our portion of the program, sometimes that is not possible. We do not have a direct line of sight to the data collection processes, as the data are gathered by our partners on the ground. Some of our partners have data quality assurance protocols, but some do not. For the purposes of our reporting, we assume each pregnant woman bears one infant – we do not use an estimation factor to discount for stillbirths or add for multiple births. We also do not have 100% reporting, which means we may have some undercounting. We are working to improve the data collection systems used to communicate with our partners (where possible) to obtain more accurate data.

Essential Surgery

A large part of the data and progress for this goal comes from the work we undertake with The Medical and Surgical Skills Institute (MSSI) in Ghana. The MSSI reports the numbers, nationalities and disciplines of medical professionals that complete each MSSI course. However, estimating the number of patients benefiting from the skills and knowledge obtained in a course requires the use of estimates and extrapolations to account for the number of patients treated per week, potential duplicate visits (e.g., same patient being seen by a doctor and a nurse trained by MSSI), and the retention time for the knowledge gained. We have used conservative estimates for knowledge retention (one year) and have not included the potential for the multiplier effect of the “train-the-trainer,” where trained medical professionals go on to train others. We will be seeking ways to improve the data quality in future years.

Global Disease Challenges

When it comes to quantifying the progress against this goal, a large part of the data comes from the number of VERMOX doses donated, measured through the number of doses shipped. The underlying assumption is that countries receiving VERMOX donations administer two doses to their school-aged children each year.

Environmental Health

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

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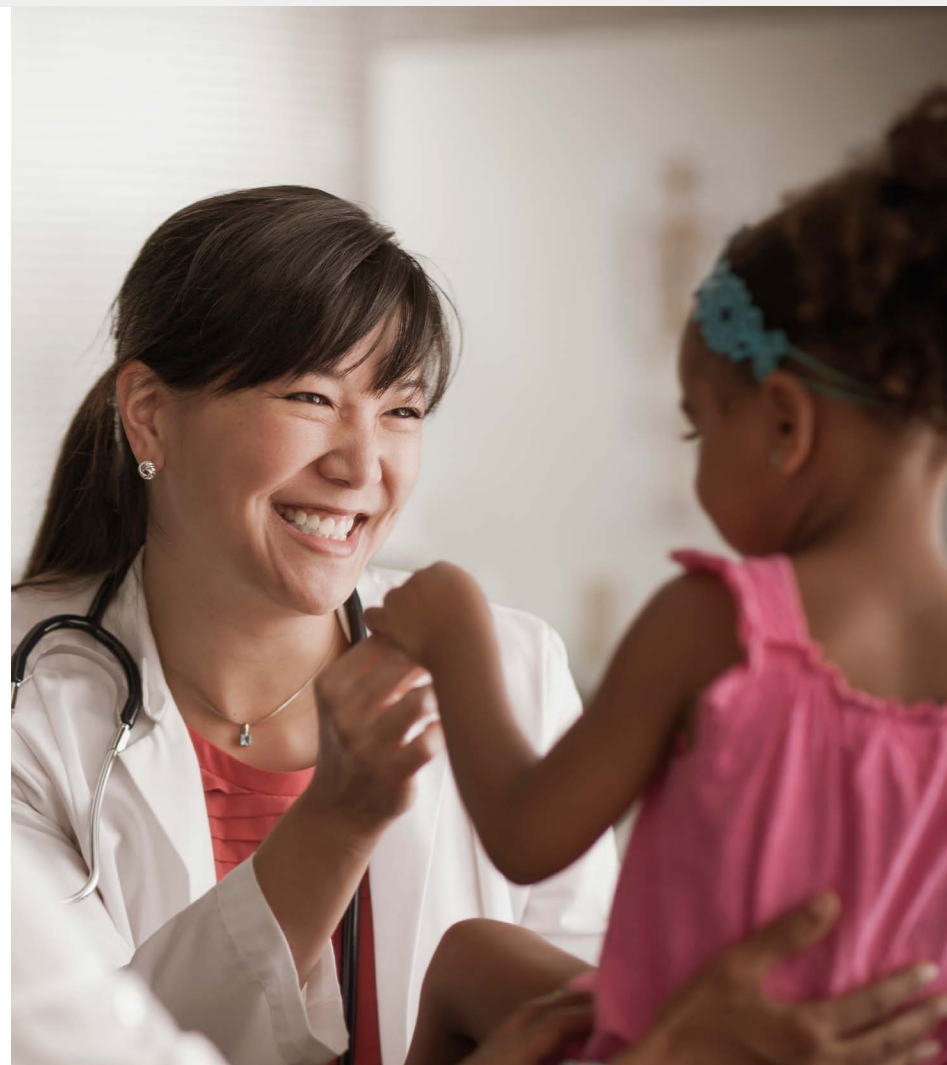
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Better Health for All

GRI 103-2; 103-3

At Johnson & Johnson, health is our business. For more than 130 years, we have been committed to improving the health of individuals, families and communities around the world, including the most vulnerable and underserved populations. Today, we are undertaking even greater steps to unlock the potential of innovation for everyone, everywhere, and, through a spirit of collaboration, help to solve some of the most complex global health problems—reinforcing our commitment to lead the next frontier of health. By harnessing our Company’s collective breadth, scale and legacy of scientific innovation, we strive to live up to Our Credo responsibilities and change the trajectory of health for humanity.

Critical public health challenges require bold leadership and novel ways of delivering impact. To address these challenges, we created [Johnson & Johnson Global Public Health \(GPH\)](#). Charting a bold new, self-sustainable approach, GPH is the first fully-dedicated organization within a healthcare company focused on combining innovative R&D, novel access programs and approaches, in-country operations, advocacy, and the power of multi-sectoral partnerships. GPH seeks to ensure that treatments and technologies are available, affordable and accessible for the world’s most underserved populations.



Fortune's 2017 Change the World List Leader

For the second year in a row, we were nominated to the annual *Fortune* Magazine Change the World List, spotlighting 50 top global companies that have had a “positive social impact through activities that are part of their core business strategy.” We were recognized for mMitra (short for “mobile friend” in Hindi), our groundbreaking mobile-messaging program in India that sends vital health information to expectant and new moms living in low-income urban communities. We ranked #9 on the list in 2017 – up over 20 spots from our #31 ranking on the 2016 list for our work on TB.

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Our global public health strategy is focused on tackling some of the world's most pressing health challenges, including HIV, tuberculosis, neglected tropical diseases, and the growing burden of non-communicable diseases. GPH is committed to achieving transformational health outcomes for communities, placing an end-to-end focus on accelerating the pace of innovation needed – from discovery to delivery – to make TB and HIV history, eliminate intestinal worms, address mental health, and drive progress against other public health challenges, with our deep expertise in health spanning three distinct but interconnected business segments.

We recognize that these efforts are a massive undertaking; we have set big goals. Despite tremendous progress in medical science and technology during the last decades, significant gaps remain in health outcomes for many people around the globe. Emerging new global challenges, such as antimicrobial resistance, will require collective effort and close partnership between societal actors to bring forward solutions. As a global citizen and a healthcare innovator, we are committed to making a positive impact on these challenges, and we are optimistic about what the future holds for human health. When people are healthy, they can go to school, take care of their families, and contribute productively to their economies; in short, entire communities and nations thrive.

**Johnson & Johnson Recognized
for Investment in Vaccine R&D**

We are proud to be recognized for making the largest investment in vaccine R&D among all companies evaluated in the first-ever publication of the Access to Vaccines Index (ATVI), which maps pharmaceutical companies' efforts in developing, manufacturing and supplying vaccines, including providing access primarily in developing countries.

Our Company was ranked above all other pharmaceutical companies in investing in R&D, both in absolute terms and as a proportion of our vaccine revenue for diseases that affect vulnerable populations. Our pipeline was recognized for 14 vaccine projects targeting at least 13 diseases in scope.

The ATVI is an initiative of the Access to Medicine Foundation, which also publishes the biennial Access to Medicine Index, where Johnson & Johnson is currently ranked #2.

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World Without Disease

GRI 103-2; 103-3

Over the past century, humanity has made considerable progress in reducing the global burden of disease. However, significant gaps remain, and newer challenges, such as antimicrobial resistance and prevalence of chronic diseases, have surfaced with increasing intensity. As a global healthcare leader, Johnson & Johnson is at the forefront of addressing the world's most intractable diseases. Over the years, our deep, passionate commitment has enabled enormous strides in tackling some of the most complex and pervasive diseases, particularly those that are leading causes of death globally, among them HIV and tuberculosis.

Our R&D efforts are strategically focused on finding transformational solutions that can change the lives of patients in both developed and developing countries. We increasingly take a holistic approach that does not rely solely on treating diseases. We believe it is imperative to address disease along the entire continuum of health, including prevention, disease interceptions and cures. We do so by pooling insights and expertise from across our three business segments to determine the most promising integrated solutions. We also leverage the power of partnerships with leading experts, organizations and patients themselves across the healthcare spectrum, as well as public and private sectors around the world. In fact, we seek to create a world without disease. That is our goal.

HIV

HIV is one of the most complex global health challenges we face. It affects more than 37 million people globally. While the world is making tremendous progress to curb the course of the global HIV epidemic, many challenges remain in the areas of prevention, treatment, access and public education.

“The approval of JULUCA marks a significant milestone in the treatment of HIV. As the first single-pill, complete two-drug regimen, JULUCA maintains the safety and efficacy of a traditional three-drug regimen without an N(t)RTI. This is exciting because it offers those living with HIV who are compliant and stably suppressed a new, simplified treatment option to consider”

Brian Woodfall, MD,
Global Head of Late Development, Infectious
Diseases and Vaccines, Janssen

Johnson & Johnson has been on the front lines of fighting HIV for decades. Our commitment to make HIV history includes the discovery and development of transformational HIV medicines, including simplified treatment regimens, a preventive HIV vaccine and early science for a functional cure. Further, we engage in initiatives around the globe to improve access to our medicines, undertake valued partnerships to advance the fight, and support dedicated work to help reduce the impacts of HIV among vulnerable populations, particularly women, adolescents and children.

New Products and Solutions

Over the last 10 years, Janssen Pharmaceutical Companies of Johnson & Johnson has established itself as a committed partner in the fight against HIV, introducing eight medicines for the treatment of this devastating disease. We continue our extensive efforts to bring effective treatments to people living with HIV, helping to combat resistance, simplify treatment, and discover new solutions toward

2020 Update

Target

Collaborate on Phase 3 trials and make regulatory submissions for rilpivirine LA, the first all-injectable depot regimen for HIV.

Progress

In collaboration with ViiV Healthcare, completed recruitment into Phase 3 clinical trials of the all-injectable regimen (cabotegavir LA from ViiV Healthcare and EDURANT [rilpivirine] LA from Janssen).

Status

On Track

fulfilling the dream of a preventive HIV vaccine and a potential strategy for HIV functional cure.

In 2017, a pilot project in Africa with the World Health Organization (WHO) to speed approval of Janssen's HIV drug, INTELENCE (etravirine), has made steady progress, with 11 regulatory authorities in 11 sub-Saharan African countries now having approved use of the medicine for treatment of children with HIV. The pilot has effectively reduced the approval process from what is normally a two-year wait to between three and eight months.

Similarly, in 2017 we brought two new treatment options to people living with HIV. In the European Union (EU), Janssen-Cilag International NV announced the European Commission approval of SYMTUZA (darunavir/cobicistat/emtricitabine/tenofovir alafenamide [D/C/F/TAF]) – the only darunavir-based single-tablet regimen approved for treatment of HIV-1. With the EU being the only region

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of the world where new HIV infection cases are still on the rise,³ approval and availability of SYMTUZA helps to fulfill patient needs and simplifies treatment, with the added benefit of helping people with improved treatment adherence and viral suppression. A new drug application to the U.S. Food and Drug Administration (FDA) for SYMTUZA was also made for the treatment of HIV-1 infection in adults and adolescent patients aged 12 years and older. The FDA filing was based on results from two pivotal Phase 3 studies presented in October 2017 at the annual global forum on infectious disease (Infectious Disease Week in San Diego) and the European AIDS Conference in Milan, Italy.

In 2017, we announced the FDA approval for JULUCA (dolutegravir and rilpivirine), developed in collaboration with ViiV Healthcare, the first single-pill, complete two-drug regimen for treatment of HIV type 1 (HIV-1) infection in certain adults living with the disease who are virologically suppressed. JULUCA was also filed in Europe.

HIV remains a leading global threat to women's health and is the primary cause of death among women of reproductive age in Sub-Saharan Africa. Taking an important step forward to help stem the rise of HIV infection rates in Sub-Saharan Africa, the nonprofit International Partnership for Microbicides (IPM) announced submission of an application for the monthly dapivirine vaginal ring to the European Medicines Agency, a successful outcome of our multi-year public-private partnership with IPM. Dapivirine, developed by the Janssen Pharmaceutical Companies of Johnson & Johnson, blocks HIV's ability to replicate itself inside a cell. In combination with safe sex practices, this vaginal ring is designed to reduce the risk of HIV-1 infection in HIV-negative adolescents and young women, offering a discrete prevention tool for women to stay HIV-free. European approval and WHO prequalification could pave the way to approvals in regions where women face the highest HIV risk.

Access to HIV Treatment

We are committed to making our HIV treatments

accessible to those in need. Our HIV access and partnership efforts provide affordable and sustainable access to our HIV medicines in resource-limited settings through a variety of licensing agreements and collaborations. In the United States, through Janssen, we provide funding to encourage comprehensive community-based care models for underserved communities of people living with HIV. One of our flagship programs, New Horizons Advancing Therapeutics HIV Treatment, a collaboration with Elizabeth Glaser Pediatrics AIDS Foundation, is a donation program that seeks to build awareness, strengthen capacity, and mobilize action around the unmet needs of HIV treatment-experienced children and adolescents in Sub-Saharan Africa. Through our Health for Humanity 2020 Goals framework, we are expanding access to branded and generic versions of our HIV medicines (PREZISTA, INTELENCE and EDURANT) to more adult and pediatric patients around the world.

We also collaborate with researchers to study how our medicines can be used best to help patients in developing countries, and to provide medical education to ensure our medicines are used appropriately in those settings.

We join forces with patient advocacy groups to understand the needs of people living with HIV, strengthen health systems to support them, and provide information on our medicines and access options for patients.

HIV Prevention

Even with great advances in HIV treatment and prevention in recent years, nearly 1.8 million people still become infected with HIV annually.⁴ According to the Joint United Nations Programme on HIV/AIDS (UNAIDS), women and girls account for nearly 60% of people living with HIV in eastern and southern Africa.⁵ The development of a safe and effective vaccine is the "holy grail" and would represent a historic scientific achievement as a turning point in the global fight against HIV epidemic. However, HIV attacks the immune system itself, so stimulating the immune system with a vaccine to mount a protective response is very challenging. At Johnson

2020 Update**Target**

Deliver HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children.

Progress

38,500 adult patients and 630 pediatric patients received access to HIV/AIDS therapy with the branded and generic versions of PREZISTA, INTELENCE and EDURANT.

Status**On Track****Driving Continuous Innovation**

Highlighting the latest developments in our HIV prevention efforts, we announced the first in-human clinical trial results for our investigational HIV-1 preventive vaccine regimen in development at Janssen, as well as trial results for a single-tablet treatment regimen, presented at the ninth International AIDS Society (IAS) Conference on HIV Science. Results from Janssen's Phase 1/2a APPROACH study offered the first look at in-human data for mosaic-based, prime-boost preventive vaccine regimens targeting several HIV subtypes worldwide. We also shared findings from a trial studying the first darunavir-based single-tablet regimens for treatment of HIV, data from a study of the two-drug, single-tablet regimen of dolutegravir and rilpivirine by Janssen, and long-term data results on a promising antiviral therapy.

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“Developing a vaccine against HIV is a top priority and our best hope for a world without AIDS. Finding an effective HIV vaccine to protect people at risk has been a major scientific challenge, but today there is new optimism that we can get there. That’s why we’re joining forces with the world’s leading HIV researchers and global health advocates to help advance our experimental vaccine. Working together, our ultimate goal is to support efforts to make HIV history.”

Paul Stoffels, Chief Scientific Officer,
Johnson & Johnson

& Johnson, we believe this challenge can be met with approaches that are both scientifically creative, clinically safe and highly collaborative.

On the eve of World AIDS Day, we announced that Janssen, together with a consortium of global partners, initiated the first efficacy study for an investigational mosaic HIV-1 preventive vaccine. Primary partners, the Bill & Melinda Gates Foundation and NIH’s National Institute of Allergy and Infectious Diseases, joined forces with our Company and several other partners to advance the potential prevention option, which is designed to be a “global vaccine” that could prevent a wide range of viral strains responsible for the HIV pandemic. **The large-scale study**, called “Imbokodo,” will evaluate whether the investigational Janssen vaccine regimen is safe, and may be able to reduce incidence of HIV infection among 2,600 study participants in Sub-Saharan Africa.

Adolescent girls and young women in 10 Sub-Saharan African countries are also the target of the DREAMS Partnership & Innovation Challenge, a partnership of the U.S. President’s Emergency Plan for AIDS, the Bill & Melinda Gates Foundation, Girl Effect, Johnson &

Johnson, and others. An acronym for Determined, Resilient, Empowered, AIDS-free, Mentored and Safe women, DREAMS has a goal to contribute to the reduction of HIV infection in this population by 40%. It is delivering a core package that combines evidence-based approaches that go beyond the health sector, addressing the structural drivers that directly and indirectly increase girls’ HIV risk, including poverty, gender inequality, sexual violence, and a lack of education.

Additionally, the DREAMS program sponsored an Innovation Challenge, committing to invest in innovative solutions that would help reduce HIV among those most vulnerable to infection. Most winners were from small, community-based organizations with ideas focused on strengthening the capacity of communities to deliver services, keeping girls in secondary school, linking men to necessary services, supporting pre-exposure prophylaxis, providing a bridge to employment, and leveraging data-driven tools to increase impact.



Dr. Paul Stoffels Reports on Progress in Fighting AIDS

Tuberculosis

Tuberculosis (TB) is one of the world’s leading causes of death from a single infectious agent.⁶ It is a curable disease and, with timely diagnosis and appropriate treatment, most deaths can be prevented. While the number of people diagnosed and successfully treated for TB is increasing, large gaps remain in detection and treatment. Existing treatments are long in duration and complex to administer, which leads to failed treatment in many cases. Broader socio-economic and political factors exacerbate this challenge. Moreover, multidrug-resistant TB (MDR-TB) is a persistent and growing threat. The World Health Organization (WHO) estimates that up to half a million new cases of MDR-TB occur worldwide each year.⁷

The world has a bold vision to end TB by 2030, as outlined in the United Nations Sustainable Development Goals. Johnson & Johnson has a remarkable track record in our dedicated effort to make TB history. We are fully committed to partnering with governments and multilateral institutions to combat drug-resistant TB at all levels, from ensuring the appropriate and responsible scale-up of treatment to fueling the R&D of new TB medicines – all together bringing the world one step closer to achieving its goal of ending TB. Our bold 2020 Goal to increase access to TB therapy around the world reflects our deep commitment.

A milestone in our work in TB is the development of SIRTURO (bedaquiline) to address a significant unmet need for patients with MDR-TB. As bedaquiline has been introduced around the world, the first new TB treatment in many years, we have partnered extensively in high-burden countries—particularly in China, India, Russia, South Africa, and other South East Asia countries—to increase awareness of TB, improve access to diagnosis, and develop linkage to care and effective treatment. The key components of our SIRTURO access strategy are: responsible distribution, ensuring affordability, enabling appropriate use, and supporting evidence-based adoption.

In South Africa, in conjunction with the South Africa National Department of Health, in 2017 we presented treatment outcomes for SIRTURO. The main challenge in this region has been trying to match the capacity of health systems with the number of patients in need of new drugs, including bedaquiline. MDR-TB experts from South Africa shared their experiences, successes and challenges in the rolling out of bedaquiline.

Johnson & Johnson is one of a very few pharmaceutical companies investing in tuberculosis R&D and delivery. In 2017, we announced a collaboration with India’s Institute of Microbial Technology (IMTECH) to discover new treatments for TB. Scientists from Johnson & Johnson’s Global Public Health team are working closely with peers from IMTECH to explore safer, more effective oral

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treatments for MDR-TB. We are hopeful that this powerful combination—IMTECH's world-class expertise in microbial technology and our Company's development capabilities—will put us on a path to ultimately end TB around the world.

Further, MDR-TB accounts for one third of the antimicrobial resistance (AMR) burden.⁸ Johnson & Johnson is taking a holistic approach to eliminating MDR-TB, creating a pathway for the fight against AMR. Antibiotics have been one of the most effective health innovations in the history of modern medicine. However, bacteria have evolved, and society has not kept pace: the rate of discovery for new antibiotics has been nearly non-existent. Almost all current antibiotics were discovered in the early 1900s. To address this gap, we are building an ecosystem around financing, incentives, stewardship and transparency, based on the outcomes delivery we have seen in South Africa. For more information on how we address AMR, visit [Pandemic Preparedness](#).

Neglected Tropical Diseases

Neglected tropical diseases (NTDs), a diverse group of communicable diseases common primarily in developing countries, cause substantial illness in more than one billion people worldwide.⁹ These diseases, including dengue, roundworm and whipworm, impact the poorest, most vulnerable people on the planet and perpetuate cycles of poverty. Targeted commitments and investments from a range of partners over the years have reduced the burden of many NTDs, but significant gaps remain. Johnson & Johnson is committed to combating NTDs through R&D, product donations and partnerships.

We marked the fifth anniversary of the London Declaration on Neglected Tropical Diseases in 2017, the landmark agreement among the world's leading pharmaceutical companies and other organizations, to donate NTD treatments and develop new disease-fighting tools. As an original signatory, we have met our London Declaration commitments, including

2020 Update

Target

Expand the database documenting the effectiveness, efficacy and safety profile of bedaquiline (SIRTURO) through collaborative efforts to further increase access.

Progress

- Continued enrolling patients from South Korea in Johnson & Johnson multi-country registry.
- Submitted Data Sharing Agreement to the Institutional Review Board of the Government of South Africa for approval to integrate patient data from the South African national database to Johnson & Johnson multi-country registry.

Status

On Track

development of a new chewable, child-friendly formulation of mebendazole to treat soil-transmitted helminthiasis (STH) or intestinal worms.

STH is among the most common infections worldwide, affecting the most deprived communities. Approximately two billion people are infested, with children more at risk. According to the World Health Organization (WHO), more than 800 million children live in endemic areas in need of treatment and preventive interventions.¹⁰ We have been focusing on the science of STH for many years. With FDA approval of VERMOX CHEWABLE (mebendazole chewable 500mg tablets) in 2016, we are now working with the WHO and other health authorities to make the product available globally.

In addition to new treatments, we focus on expanding effective distribution channels to ensure medicines reach children in need. For more than a decade, Johnson & Johnson has been a lead partner for Children Without Worms (CWW), an

2020 Update

Target

Deliver access to MDR-TB therapy to a cumulative 200,000 patients, potentially curing* 157,000 people with MDR-TB of the disease.

Progress

37,000 patients in 95 countries received access to MDR-TB therapy with SIRTURO (bedaquiline).

Status

On Track

*The *Lancet Respiratory Medicine*, Volume 3, Issue 3, March 2015, Pages 201-209 establishes the correlation between sputum culture conversion and treatment success. From the randomized clinical study (C208) SIRTURO provided a 78.8% culture conversion rate at 24 weeks versus 57.6% for placebo.

organization that supports the implementation of national STH programs and distribution of our donated medicines. As part of our longstanding product donation program through CWW, to date we have donated more than 1.2 billion doses of VERMOX (mebendazole), and plan to donate an additional 200 million doses each year through 2020. In 2017, in partnership with CWW, we collaborated with the Government of Bangladesh to launch the country's largest-ever deworming campaign targeting children and adolescents aged 5 to 16, which will ultimately treat more than 34 million people.¹¹ We have donated VERMOX to the national program since 2007, with our donations to the country totaling more than 341 million treatments.

Additionally, we committed to combating dengue, also known as breakbone fever, a viral infection transmitted primarily by the *Aedes aegypti* mosquito. Dengue is one of the leading causes of hospitalization and death among children in Asia and Latin America, and worldwide prevalence is rapidly growing. Before 1970, only nine countries had

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experienced severe dengue epidemics, but today more than 125 countries across Africa, the Americas, the Eastern Mediterranean, South East Asia and the Western Pacific, live in fear of the next epidemic.¹²

The disease causes flu-like symptoms, which in some cases can become life-threatening. The aim of our dengue program is to develop potent, first-in-class antivirals for the prevention and treatment of dengue, both for travelers to—and vulnerable populations living in—dengue-endemic areas. In 2017, we made significant progress and were granted Orphan Drug Designation for treatment of dengue virus infection by the FDA in December. We could not advance novel compounds for addressing dengue without collaboration, and at the start of this effort Janssen joined with the Wellcome Trust, a global charitable foundation, and the University of Leuven in Belgium for the development of antiviral medicines to fight dengue.

Thailand reported more than 22,000 dengue cases and 31 fatalities in 2017 alone. Consequently, dengue was the focus of Johnson & Johnson Thailand's 2017 campaign, "Protect your family, Prevent dengue." The campaign shared information about the disease, its symptoms, first aid remedies and preventive tips for families, work places and local communities.

Flubendazole development, a program aimed at treatment of another NTD, river blindness, or onchocerciasis, common to Central and West Africa, was among commitments we made under the London Declaration. In 2017, we announced the discontinuation of this program because data from our pre-clinical research studies raised safety concerns at high doses or with prolonged exposure to the oral formulation. We continue to support ongoing efforts to find improved treatment and diagnostic solutions for this NTD, leveraging lessons learned from our research.

To facilitate additional research and breakthrough innovation in NTDs, Janssen opened approximately 80,000 chemical compounds of its molecular library to the global research community. Sharing these molecular compounds can help collaborators

identify and advance promising drug candidates to accelerate treatment and prevention of TB, malaria, NTDs, and other diseases common in the developing world. Many organizations will benefit from access to Janssen's library, including the U.S. Institute of Allergy and Infectious Diseases, the Center for Discovery and Innovation in Parasitic Diseases at University of California San Diego, and Australia's Walter and Eliza Hall Institute of Medical Research.

Pandemic Preparedness

As evidenced by the damage caused by recent Ebola and Zika outbreaks, the world community is extremely vulnerable to pandemic infectious diseases. In today's hyper-connected world, these diseases can have staggering public health and economic consequences. Globally, such outbreaks are occurring with increasing frequency, exacerbated by globalization, urbanization and growing resistance of pathogens to available drugs.¹³

We believe that global health security is everyone's responsibility. The fight against the growing threat of pandemics requires coordinated effort from governments, civil society and healthcare companies. Johnson & Johnson is committed to doing our part to prevent and prepare for the next pandemic, so that the international community and health systems are better prepared. Our Infectious Diseases & Vaccines Therapeutic Area work plays a critical role in that effort.

As part of this commitment, we have become an active participant in many recently formed coalitions focused on pandemic preparedness. For example, with a goal of stopping epidemics before they strike, in 2017 we joined forces as a founding member with the World Economic Forum, the Bill & Melinda Gates Foundation, the Wellcome Trust, the governments of Norway and Germany and other organizations to form a unique public-private partnership, the Coalition for Epidemic Preparedness (CEPI). CEPI's mandate is to fast-track development of life-saving vaccines targeting priority pathogens and support epidemic preparedness

2020 Update

Target

Produce and donate 1 billion doses of VERMOX (mebendazole) to treat >100 million children per year at risk for intestinal worms.*

Progress

392 million doses of VERMOX donated in 30 countries with 218 million children having been targeted for treatment.

Status

On Track

*After re-evaluating the progress measurement methodology for this target, we concluded that accurately predicting and measuring the reduction in infection rate is not feasible. Therefore, the target was adjusted to remove reporting on the infection reduction rate.

One for the Record Books

The world's largest mobilization of donated medicines earned Johnson & Johnson and a coalition of NGOs, pharmaceutical companies, governments and philanthropists a GUINNESS WORLD RECORD™ for the greatest amount of medicines donated in a 24-hour period – a staggering 200+ million doses in total. This historic donation effort marked and celebrated the fifth anniversary of the London Declaration.

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within high-risk countries. CEPI achieves this by providing better financial incentives to encourage or offset the cost of development for vaccines so we are better prepared for future potential outbreaks.

In 2017, the Company also supported a digital series called "From Healthy to Secure" that was launched in partnership with Devex and PATH, and which explores what the term "global health security" really means; asks how disease can impact security; and looks at how stakeholders across sectors of society are striving to keep the world safe. In light of our support of pandemic preparedness, as seen in Unseen Enemy and championed around the G20 meeting, our goal was to explore the intersection of global health and security. The series focuses on the importance of supporting strong, resilient health systems; funding R&D; establishing surveillance; ensuring access to care; and highlighting the critical role of the private sector in those efforts.

Antimicrobial Resistance

Antimicrobials, including antibiotics, are one of the greatest discoveries in modern medicine and have been key to increasing life expectancy. The recent spread of pathogens resistant to antimicrobial drugs, known as antimicrobial resistance (AMR), is a growing public health concern globally. Overuse of antibiotics, or not using as prescribed, contributes to growth of resistant bacteria, which renders drugs to treat many infections less effective. It is estimated that by 2050 AMR infections could cause 10 million deaths annually, a greater number than those caused by cancer or diabetes today. Cumulatively, AMR could also cost the global economy a staggering \$100 million between 2014 and 2050.¹⁴

AMR is a complex issue driven by unique public health, environmental, and economic factors and requiring a multi-faceted and coordinated response from stakeholders, including healthcare authorities, pharmaceutical companies and the public. Solving for any one issue in isolation will not address the breadth of this challenge. Rather, a comprehensive approach is needed, with shared responsibility

and accountability across partners. At Johnson & Johnson, we recognize our responsibility to help address AMR, and we welcome and support the ongoing regional and international dialogue on AMR. As one of the original signatories of the Davos Declaration, in 2016 we joined the industry-wide call to curb development of AMR, also endorsing the Roadmap on Progress for Combating AMR in the same year.

We are working on multiple fronts to fulfill our AMR Roadmap commitments. We currently provide 22 antimicrobial medicines (including antiviral medicines) in 108 countries, of which seven are listed on the World Health Organization's (WHO's) Model List of Essential Medicines.¹⁵ Much of our work is focused on multidrug-resistant tuberculosis (MDR-TB), given our long legacy on fighting TB and as MDR-TB alone accounts for a third of AMR-related deaths.¹⁶ Following are the actions we are taking:

1) Supporting work on ensuring antibiotics are being used only in patients who need them: We have several programs that help advance antimicrobial stewardship. Our education efforts for healthcare professionals cover a range of topics, including appropriate use, diagnosis, pharmacovigilance, and adverse event reporting/monitoring of regimen side effects. For example, through unrestricted educational grants, we have engaged the International Union against TB and Lung Disease since 2014 to impart medical education programs on MDR-TB in Peru and South Africa (with attendees from neighboring countries). We also worked with USAID to support training on the implementation of a Pharmacovigilance Program for TB Drugs for staff from National TB Programs, and for national health authorities in China, India, Indonesia, Myanmar, Pakistan, Papua New Guinea, Philippines, Thailand and Vietnam.

2) Improving access to existing and future antibiotics and other tools: To expand access to our antimicrobial medicines and other related products, we use a wide variety of approaches, appropriate to the specific reimbursement systems and legal

Unseen Enemy

In honor of World Health Day, Johnson & Johnson collaborated with CNN on Unseen Enemy – an original feature film directed by award-winning director Janet Tobias and featuring the world's top experts who explore the viruses and bacteria behind global pandemics. The film premiered in Washington, D.C., Brussels and New York, and ranks as one of CNN's highest-rated documentary films to date.

In addition to sponsoring the film, we supported several screenings to reach key influencer audiences around the world. This included an event with policymakers in Washington, D.C., co-sponsored with the Bipartisan Policy Center and the Blue Ribbon Panel on Biodefense. The panel was made up of key members of the Johnson & Johnson Executive Committee, current and former members of the U.S. Congress, academic leaders and more. Separate screenings took place on the sidelines of the G20 meeting in Germany and in Belgium, Brazil, China, India, UK, and other countries in 2017.

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guidelines of different countries. Using mechanisms such as tiered pricing, partnerships with public health organizations, and donation programs, we strive to engage stakeholders to help achieve broad and timely access to our medicines in a way that is affordable locally. Examples of our initiatives are the program to broaden access to MDR-TB therapy with SIRTURO (bedaquiline) and the HIV therapy access program. One of the major drivers of AMR-related infections in the United States and Europe is hospital-acquired infections. Across our Medical Devices segment, we seek to prevent these infections through a variety of antimicrobial and sterilization technologies, including antibiotic-containing bone cements, antimicrobial sutures, chlorhexidine protective disks and more. For more on our approach to access and pricing broadly, please see the [Affordability](#) and [Access Initiatives](#) sections.

3) Reducing the environmental impact from the production of antibiotics: in 2017, we conducted a comprehensive review of the manufacturing practices in our own sites and those of key external manufacturers to identify best practices in controlling releases of antibiotics into the environment; we worked also with experts to establish science-driven, risk-based targets for discharge concentrations. For more information, see [Pharmaceuticals and Personal Care Products in the Environment](#).

4) Supporting new ways for open collaboration between industry and the public sector: We collaborate with a range of stakeholders and institutions to advance AMR research. In 2017, we announced partnership with the Institute of Microbial Technology (IMTECH) in India to unlock the potential of Indian science and help accelerate the discovery of innovative new treatments for TB. We also signed a Memorandum of Understanding with the Indian Council for Medical Research to bolster clinical trial capacity (in particular for Phase 1 studies) in India. This capacity building is designed to support faster development and approval of TB medicines for India, in India. For more information, see [Tuberculosis](#). From a policy perspective, we recognize that there

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

For more information on our commitments to and positions on AMR, see [Antimicrobial Resistance Policy Statement](#).

Pandemic Influenza

Because of ease of transmission and rapid mutations, influenza viruses continue to pose a significant threat to global public health. Every year, more than one billion flu cases are reported worldwide, resulting in five million cases of severe illness and between 291,000 and 646,000 deaths globally.¹⁷ Addressing this threat is one of the focus areas for Janssen.

Our ongoing collaboration with the U.S. Health and Human Services' Office of the Assistant Secretary for Preparedness and Response has led to a Janssen/ Biomedical Advanced Research & Development Authority (BARDA) partnership focused on developing a portfolio of therapeutics and vaccines to protect communities from influenza outbreaks. A research team led by the U.S. Centers for Disease Control and Prevention (CDC) has estimated the global death toll from the 2009 H1N1 influenza pandemic at more than 284,000 – about 15 times the number of laboratory-confirmed cases.¹⁸ This presents a worldwide challenge requiring a unified response from both the private and public sectors. This new collaboration brings together the scientific capabilities of Janssen with BARDA's world-class expertise to accelerate development of effective countermeasures.

Influenza therapeutics with new targets and mechanisms of action are urgently needed to combat potential new pandemics, emerging viruses, and antiviral drug resistance. Further, the flu can mutate—known as “antigenic drift”—from season to season, making it hard to predict which strains will

strike. Janssen R&D and a team of researchers from The Scripps Research Institute published research in September 2017 about devised artificial peptide molecules that neutralize a broad range of influenza virus strains. Peptides are short chains of amino acids – like proteins but with smaller, simpler structures. This research reflects Janssen's commitment to develop new approaches. The Company is also exploring new ways to address antigenic drift while collaborating with partners on the development of an investigational single universal vaccine to help protect against influenza.

In another step forward in our work on influenza preparedness and treatment strategies, Janssen announced the U.S. FDA 510(k) clearance for the IDYLLA Respiratory Panel (IFVRSV), a diagnostic test that can help doctors accurately identify viral infection types in their patients, and thereby develop more precise and personalized treatment options. IFVRSV can detect two of the most common human respiratory viral infections—influenza and Respiratory Syncytial Virus (RSV)—as well as other types. Severe influenza impacts five million people worldwide each year, with children and the elderly the most vulnerable.¹⁹ We are hopeful that better detection tools, such as IFVRSV, can make an immediate and dramatic difference in the detection and treatment of influenza worldwide.

Ebola

The 2014 – 2016 Ebola outbreak in West Africa, the largest since the virus was discovered, struck thousands of people, with reported cases stretching from West Africa to Europe and the United States. The speed and severity of this outbreak was unprecedented. In response, the world's scientific, pharmaceutical, regulatory and public health communities united to stop the pandemic.

Johnson & Johnson was at the front lines, launching a series of partnerships with leading research institutions across the globe to help accelerate clinical testing of an Ebola heterologous prime-boost vaccine regimen (the sequential administration of vaccines that use different antigen-delivery systems)

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in development at Janssen. **Johnson & Johnson remains fully committed** to this vaccine development program, so the world can be better prepared when another outbreak occurs.

We have partnered with the WHO and The National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH), and other stakeholders on the clinical testing, development, production and distribution of the vaccine. This has led to fast-tracked development and deployment of a prime-boost vaccine regimen through multiple Phase 1 and 2 studies in rapid succession across Africa, Europe and the United States. The vaccine regimen, which was discovered in a collaborative research program with the NIH,²⁰ includes a prime-boost combination of two components that are based on AdVac technology from Janssen and MVA-BN technology from Bavarian Nordic, a biotechnology company based in Denmark. Additionally, we have scaled up production of vaccine regimens and received support from global, national and local authorities.

“We also see the companies manage to balance the need between making antibiotics accessible while ensuring that they can be used sparingly. For example, there’s a new, breakthrough medicine for multidrug-resistant tuberculosis from Johnson & Johnson... that has been brought to patients in a way that enables, yet tightly manages, access to medicine.”

Jayasree K. Iyer, Executive Director, Access to Medicine Foundation

World Economic Forum, AMR Benchmark Press Conference, 23 January 2018 [5:48-6:12]

A total of 11 Janssen-sponsored Phase 1, 2 and 3 clinical studies of the Ebola vaccine regimen are being conducted across Africa, Europe and the United States. Final clinical data from a Phase 1 study conducted in the UK were **published in March 2017** in *The Journal of the American Medical Association*. In this study, 100% of healthy volunteers receiving the vaccine regimen generated an Ebola virus-specific antibody response that was sustained to at least one year following vaccination.

We received a new grant award from BARDA, part of the U.S. Department of Health and Human Services, to advance our investigational Ebola vaccine regimen. Funding from BARDA totaling \$44.7 million over five years will help support the development and potential licensure of the prime-boost Ebola vaccine regimen. The funding represents one of the first of BARDA’s Project BioShield awards for investigational Ebola vaccines and drugs.

To determine which Ebola vaccines are the most effective and safest, clinical trials have been initiated by the international Partnership for Research on Ebola VACCination, and will include evaluation of Janssen’s as well as competitor candidate vaccines. The ultimate hope is that these trials will determine which vaccines could best prevent—or quickly control—future outbreaks and potentially save lives.

Zika

The unprecedented Zika virus epidemic across the Americas in 2016 led the WHO to declare Zika a public health emergency of international concern. In response to the outbreak, Johnson & Johnson enacted a plan that worked on **three fronts**: helping pregnant women and babies; supporting the Brazilian government’s work to prevent Zika; and exploring the development of a Zika vaccine.

To help address the outbreak, we partnered with IPADS, a Brazilian NGO, and the National Council of Municipal Health Secretaries to develop ZikaLab, the initiative that focuses on training the healthcare providers (HCPs) on Zika, including microcephaly transmission, prevention, diagnosis, treatment and follow-up. In 2017, we supported Phase 2 of

Global Health Security

The Global Health Security Agenda (GHSA) is a multi-sector effort to strengthen both the global capacity and national governments’ capacity to prevent, detect and respond to infectious disease threats, whether naturally occurring, deliberate or accidental. The GHSA currently includes more than 55 member countries, and is led by a 10-member Steering Group. Johnson & Johnson was a founding member and co-chair of the Private Sector Roundtable (PSRT) to the GHSA, which seeks to mobilize industry to help countries prevent, detect and respond to health-related crises, and strengthen systems for health security. Today nearly 20 companies are part of the PSRT.

Over the last two years, the PSRT has participated in key convenings (e.g., UN General Assembly, GHSA Ministerial Meeting in Rotterdam, World Health Assembly in Geneva) and engaged a range of policymakers, NGOs and other leaders. The group has worked on a range of issues, including supply chain and logistics, policy and advocacy, workforce development, technology and analytics, partnerships and AMR. Emphasis is placed on working to improve Joint External Evaluation tools for the WHO.

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the initiative, which equipped many high- and mid-level HCPs with updated Zika information so that they could offer enhanced healthcare services to patients.

Further in 2017, we announced that Janssen entered the field of Zika vaccine development, in collaboration with the Beth Israel Deaconess Medical Center. Pre-clinical data and other indicators gave us confidence that a Janssen vaccine could differentiate from other candidates. A Phase 1 study, initiated at two clinical sites in the United States, is focused on the safety and immunogenicity of our vaccine candidate.

Malaria

In January 2017, Janssen and Johnson & Johnson Global Public Health formed a new collaboration with Medicines for Malaria Venture (MMV) to help develop better medicines to treat and protect vulnerable populations from malaria, including children and pregnant women. The partnership will focus on the development of new medicines suitable for reduced-dosing regimens, which help facilitate adherence to treatments and ensure they remain effective. One of the ways to do this is to formulate the medicine in such a way that it releases slowly into the body over time. By bringing to bear each organization's expertise—Janssen in long-acting injectable formulation technology and MMV in malaria drug development—the partnership will combine knowledge and know-how to benefit people at risk of malaria. The combined team will begin investigations with P218 – a compound with the potential to provide protection against malaria, discovered through an MMV partnership with BIOTEC Thailand, Monash University and the London School of Hygiene and Tropical Medicine.

Partnering with C40 to Connect the Dots Between Climate Action, Air Quality and Human Health

Air pollution is one of the leading risk factors for many acute and chronic diseases. Specifically, air pollution is responsible for 36% of deaths from lung cancer, 34% of deaths from stroke, and 27% of deaths from heart disease.²¹ According to the WHO, 92% of citizens around the world live in areas that do not meet air quality standards. As a leading healthcare company, we understand the link between environmental and human health. That is why we have partnered with the C40 Cities Climate Leadership Group and its network of cities to help fund programs that will link cities acting on climate with the benefits to air quality and human health. Through research and education, the C40 partnership will help connect the dots between better climate and air to measurably improve health benefits in vulnerable urban areas, and to gain political and financial buy-in, and drive greater action and impact at scale. Our goal is to help more people in major cities around the world have cleaner air to breathe.

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Access to Healthcare

GRI 103-2; 103-3

Good health is the foundation of social and economic development around the world. Despite remarkable achievements in science and medicine, millions of people still lack access to healthcare services. As the world's largest healthcare company, Johnson & Johnson is committed to improving access to our innovative medicines, vaccines, devices and diagnostics in all markets, including traditional reimbursed healthcare markets, emerging economies and least-developed settings.

Access to medical treatment is a complex issue, of which affordability is only one aspect. There are other significant non-price barriers that impede access to basic health services and, ultimately, improved health outcomes for underserved populations. These include weak health infrastructure, lack of skilled health workforce, inadequate financing options to cover medical needs, and insufficient regulatory capacity to run effective healthcare delivery systems.

Johnson & Johnson's approach to improving access to our treatments is fully embodied in our business strategy, focusing on:

- Continuous innovation aimed at reducing the burden of the world's most intractable diseases, including through R&D efforts of our dedicated Global Public Health (GPH) organization, which seeks to address barriers to innovation in resource-limited settings;
- Improving affordability through various mechanisms, such as equity-based tiered pricing, value-based reimbursement schemes, licensing agreements and product donations programs;
- Addressing non-price barriers by helping to strengthen public healthcare systems around the world through health workforce capacity building, medical education, and improving supply chain operations.

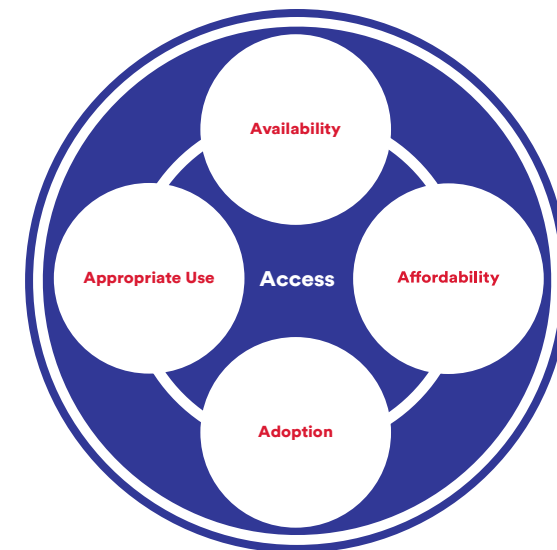
Responsibility for access to our medicines is shared among our Janssen commercial business and Johnson & Johnson Global Public Health. The strategy for Janssen is set through the Global Commercial Strategy Organization (GCSO), which has primary responsibility for access strategies across the developed world. GPH has primary responsibility for access strategies in resource-limited settings. Within the GCSO, the Global Market Access function oversees access to medicines strategies and initiatives, including health economics and pricing efforts for all therapeutic areas worldwide.

Johnson & Johnson is an original signatory of the [BSR Guiding Principles on Access to Healthcare](#), industry-wide principles that underscore the importance of five core areas to reducing the global burden of disease: collaboration, R&D, expanding availability of healthcare services, developing health systems resources, and respecting human rights.

Research & Development

The world's major global health challenges call for products and practices designed specifically to address the real world needs of people living in underserved regions of the world. Failing to address these challenges while products are still in development can greatly hamper even the most ambitious efforts to promote access once a product is approved. In recognizing this critical need, we established a dedicated R&D team within GPH.

GPH R&D is focused on fighting health challenges in resource-limited settings, including but not limited to HIV, tuberculosis, neglected tropical diseases (NTDs), maternal, newborn and child health. Benefiting from the clinical research, product development and commercialization expertise across our three business segments, GPH



4 A's of Access: Global access to medicines framework

Availability - Industry, research institutes, supply channels.

Affordability - Price level, state finance, personal income.

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

Appropriate Use - Compliance/Drug resistance education & training.

works on innovative solutions for the developing world, specifically designed for places in need and appropriate for local contexts. This includes our work on developing dramatically simpler treatment regimens for drug-resistant tuberculosis, exploring prevention and treatment options for NTDs such as dengue, and efforts to develop a “global vaccine” that could prevent a wide range of viral strains responsible for the HIV pandemic. Recognizing the tremendous potential of vaccines to address global health challenges, Janssen's dedicated vaccines R&D organization (which is focused on HIV, influenza, Respiratory Syncytial Virus [RSV], Zika, Ebola, and

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Marburg among others) partners closely with our GPH R&D group in executing programs in Sub-Saharan Africa.

We focus on both internal and external innovation and proactively seek partnerships to advance shared goals, leveraging the power of Johnson & Johnson strategic relationships, networks and resources, such as JLABS, Innovation Centers, and QuickFire Challenges. As one example of our innovation model to provide access to medicine in places where it is needed, JLABS launched the Latin America QuickFire Challenge. The goal was to identify and help early-stage companies focusing on promising science in the region. The winning company received space at JLABS to work through a local university in Brazil on a therapeutic to address the Zika virus.

To advance science, including for meeting the public health needs of the developing world, we open our compound libraries and provide our partners access to the research capabilities of Johnson & Johnson. This underscores our commitment to accelerate the pace of innovation, and to broaden our reach and deepen our impact. For more information, see [Clinical Data Sharing](#) in the Ethics & Transparency section.

Affordability

We recognize economic and healthcare circumstances differ across and within countries, and we know that cost can be a barrier to access. To enhance and sustain broader access to our medicines and devices as well as support their appropriate use, we pursue a wide variety of approaches, appropriate to the specific reimbursement systems and legal guidelines of different countries. We also look for ways to shape the future of clinical trial development to better serve patient populations, especially children.

Using tools such as equity-based tiered pricing and partnerships with public health organizations, we strive to engage stakeholders to help achieve broad

and timely access to our medicines in a way that is affordable locally. We believe that equitable tiered pricing—which considers and reflects the economic conditions of the country, the purchasing power of the patients, the disease burden, and the specific product under consideration—can provide a fair and sustainable approach to improving access across different markets, particularly in emerging healthcare systems. As an example, we used this framework to guide our pricing decisions for SIRTURO (bedaquiline).

In situations where even the lowest prices from our equity-based tiered pricing model may pose a barrier to access, we institute “safety net” donation programs. These include New Horizons Advancing Therapeutics HIV Treatment, our collaboration with Elizabeth Glaser Pediatrics AIDS Foundation, and our Bedaquiline Donation Program with USAID. We also work with payers to explore innovative approaches that tie reimbursement to health outcomes, reflecting the true value our medicines bring to patients and the healthcare system. For more information on our approach to value-based care, [click here](#).

Our access and pricing strategies are developed throughout the R&D process, and especially from Phase 2 onward. The assessment of the disease burden is conducted, and ongoing feedback on the anticipated value of the compound is gathered from key external stakeholders (patients, physicians and

payers). As the compound moves through clinical development and is better understood, the pricing strategy is revised to reflect new information.

Pricing Strategy

In our pharmaceuticals business, our pricing approach is grounded in Janssen’s [Value, Access and Pricing framework](#). This includes all Janssen products within the Global Public Health portfolio. We carefully consider three fundamental components when pricing our medicines:

- Value to patients, the healthcare system and society. We consider how each medicine will improve patient health. We also assess the medicine’s potential to reduce other costs—surgeries, hospital stays, or long-term care, for example—and the improvement the medicine represents over the existing standard of care.
- The importance of maintaining affordable access to medicines for people who need them. We consider not just the list price, but also the discounts and rebates we provide insurers, pharmacy benefit managers, governments, hospitals, physicians, and other providers of care to support broad access to our medicines.
- The importance of preserving our ability to develop future groundbreaking cures and treatments. We have an obligation to ensure that the sale of our medicines provides us with the

U.S. Pharmaceutical Product Portfolio, % Change vs. Prior Year*

	2015	2016	2017
Average list price change**	9.7%	8.5%	8.1%
Average net price change***	5.2%	3.5%	(4.6)%

*Annual percent change vs. prior year calculated at product level and weighted across the Company’s U.S. Product Portfolio.

**Represents the year-over-year change in the average list price, or wholesale acquisition cost (WAC).

***Represents the year-over-year change in the average net price, which is WAC less rebates, discounts, and returns.

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resources necessary to invest in future R&D to address serious, unmet medical needs.

We are committed to transparency within responsible business practices. As a testament to leadership in pricing transparency, Janssen Pharmaceutical Companies of Johnson & Johnson has since 2016 released an annual Janssen U.S. Transparency Report reflecting our commitment to responsible business practices that put patients first, including how we invest our resources, price our medicines, and help people who need Janssen medicines get access to them. For more information, visit [Transparency & Disclosures](#).

Intellectual Property

At Johnson & Johnson, we believe intellectual property encourages and promotes innovation – innovation that creates products that profoundly change and save patients' lives. The intellectual property system provides a framework that allows us to invest in new technologies, fund R&D, and ultimately bring new transformational medicines to the market.

Johnson & Johnson believes we have a responsibility to contribute to providing sustainable access to healthcare around the world, and that includes improving access to medicines in resource-limited settings. We believe that the best way to address these needs is for companies to work with international funders, local governments and non-government organizations to develop approaches that benefit patients in need, while continuing to uphold the value of intellectual property in all parts of the world. We believe that flexible intellectual property management is a key element in an effective and sustainable access to medicines strategy in resource-limited settings, including in low-income and low-to-middle-income countries. As we have experienced with SIRTURO, our treatment for multidrug-resistant tuberculosis, intellectual property protections are a key element of any comprehensive strategy to stimulate innovation and expand access to new treatments.

Johnson & Johnson has in certain circumstances employed a number of diverse targeted approaches to address the needs of patients in resource-limited settings. These approaches include collaborative partnerships with local organizations to develop, manufacture and distribute our medicines, non-exclusive license arrangements, and—where patents describe an essential medicine—pledging not to enforce certain patents provided that the generic version of the drug is medically acceptable and used only in the defined resource-limited territory. Additional information can be found in our [Intellectual Property Statement](#).

We support initiatives that provide access to patent information for our medicines. In addition to patent status information that is accessible and publicly available through regulatory agency and patent office databases, in 2017 Johnson & Johnson joined the Patent Information Initiative for Medicines (Pat-INFORMED). Pat-INFORMED is a joint initiative including the World Intellectual Property Organization and the International Federation of Pharmaceutical Manufacturers and Associations that aims to “promote the accessibility of patent information for health agencies tasked with procurement of medicines.”²² The Pat-INFORMED database will seek to link “public patent information to registered medicines in a new online global gateway, helping health professionals to navigate the medicine-procurement process for the benefit of their citizens.”²³

Product Registration

We are committed to comprehensive registration efforts to assure the timely availability of our medicines for patients in need. Johnson & Johnson is also committed to strengthening the regulatory science capabilities of local regulatory authorities in order to expedite product registrations, and shaping the environment to accelerate registrations in countries with limited regulatory resources by working with the World Health Organization (WHO) to prequalify our products. The WHO prequalification program covers medicines for HIV, tuberculosis, neglected tropical diseases, malaria,

influenza, reproductive health and diarrhea, as well as vaccines. This prequalification is an important step toward advancing global access. Additionally, we work to expedite access in low-income countries, where appropriate.

The focus of our registration efforts in these countries continues to be prioritized by high-burden disease prevalence, immediate patients in need, healthcare infrastructure, maturity of treatment programs, the existence of global/multilateral programs, and economic vulnerability. Prior to the launch of a compound, the need for a specific access program for resource-limited countries is assessed from an unmet public health perspective.

The overall regulatory strategy is driven by multiple aspects such as medical need, local regulatory requirements, company strategy and other third-party strategies. From a regulatory perspective, the availability of dossiers and local registration processes drive how and when products can be registered. Many countries require a certificate of free sale from either the U.S. Food and Drug Administration or European Medicines Agency before a product can be submitted for registration.

We may seek WHO prequalification for our products once an expression of interest is issued by the WHO and our product is then eligible for WHO prequalification. Our global submission plan process and tool start multidisciplinary discussions for local requirements, and coordinate timing strategies.

Our Janssen Pharmaceuticals Companies strive to provide access to patients as soon as possible. To shape the environment to accelerate registrations in countries with limited regulatory resources, in 2017 Janssen participated in pilots of the WHO collaborative procedure. Both procedures—collaborative procedure for WHO prequalified products and collaborative procedure for a product approved by a Stringent Regulatory Authority (SRA)—were tested to facilitate assessment and accelerate national registrations. Johnson & Johnson continues to be actively involved in the development

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of the WHO guidance for these SRA collaborative registration pilots.

To further accelerate submissions beyond least-developed settings, we have designed a program that assesses emerging markets' regulatory and commercialization needs during key R&D milestones, and integrates these needs into our global strategies. We track the speed of getting these products to patients using an integrated dashboard. We have also enhanced our approach to global submissions across our product portfolio to advance acceleration of submissions across the globe.

WHO Prequalification

2017

Number of products on the WHO List of Prequalified Medicinal Products, cumulative

5

Access Initiatives

Our ongoing, forward-looking commitments to improving access to medicines include the following programs, among others:

- Ensuring affordable and sustainable access to bedaquiline to treat multidrug-resistant tuberculosis;
- Expanding access to HIV/AIDS treatment by simplifying treatment options for patients (including those dealing with side effects and those resistant to first line therapies), conducting ongoing research on development of first HIV vaccine, and improving HIV diagnostics;
- Tackling neglected tropical diseases such as helminth infections.

As a testament to our commitment to improving access to medicines, our Health for Humanity 2020 Goals include targets on expanding access. For more information on progress made against these

commitments, see [Health for Humanity 2020 Goals Progress Scorecard](#) and [World Without Disease](#).

In the United States, we offer Janssen CarePath, which provides access, affordability, and treatment-support resources to help patients get started on, and stay on, the Janssen medicines their healthcare providers prescribe. In 2017, we helped approximately 1.2 million patients through the Janssen CarePath Program. This includes approximately 610,000 commercially insured patients who reduced their out-of-pocket expenditures through the Janssen CarePath Savings Program. For more information on access and investments for our medicines in the United States, please see the [2017 Janssen U.S. Transparency Report](#).

Promoting Access to Medicines in Sub-Saharan Africa

Johnson & Johnson has had a [presence in Africa for more than 85 years](#) and a long legacy of commitment and partnership to enhance public health globally. Across Sub-Saharan Africa we engage on a variety of topics related to access to medicine. Our GPH organization's on-the-ground operations help us deepen engagement in the region so that we can better understand local needs and government priorities, improve access to our products, and contribute to improving policy frameworks and healthcare systems capacity.

Since establishing our Global Operations & Partnerships Headquarters in Cape Town, South Africa, in 2016, we have expanded our presence to include new offices in Ghana and Kenya. Each of these serves as a hub for our key Sub-Saharan African markets (Kenya for East Africa, Ghana for West Africa, and South Africa for Southern Africa) and is staffed with local employees dedicated to engaging with

Capacity Building

In many instances, challenges with the delivery of care or products—not the cost or price—create the most significant barriers to access. To address this, our Global Public Health (GPH) and Global Community Impact Programs focus on non-price barriers to access, including capacity, capability, infrastructure and medical education. This includes: capacity through trainings, exploring local innovation and research, and strengthening supply chain to ensure that products can reach patients in need. As an example, for our Bedaquiline Access Program, in addition to donating the drug, we provide support on proper administration, as well as use and safety monitoring to local healthcare providers and regulatory authorities. In 2017, Janssen—

communities, government, non-governmental organizations, local implementing partners and other stakeholders. We have made significant progress since the launch of the regional offices, with new partnerships and programs established to tackle public health challenges.

In addition to supporting our access programs, our local team in Africa has engaged in a variety of public policy forums to promote a stronger health system. We have led industry engagement with government in regulatory policy in South Africa and West Africa by convening workshops to discuss and align on industry positions on key policy and technical matters. We chair and lead the work of the Southern Africa Business Forum's Pharmaceutical Working Group, which seeks to unlock policy and operational barriers in the pharmaceutical value chain across 15 countries in the Southern African Development Community region. Additionally, we engage with individual governments and organizations to strengthen local capacity in diagnosis, appropriate use of our products and solutions, and pharmacovigilance activities.

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together with the National Tuberculosis Program and Ministry of Health in South Africa—hosted several training sessions related to the safe use of bedaquiline, including training in pharmacovigilance and risk minimization activities, as per World Health Organization Guidance. The Access to Medicines Foundation’s Antimicrobial Resistance (AMR) Benchmark report recognized our efforts to promote broad but appropriate use of bedaquiline as the most comprehensive of those specifically linked to any single AMR product.

For more information on additional efforts related to strengthening healthcare systems, including training frontline health workers, visit [Strengthening Health Systems](#).

Partnerships

Access to healthcare challenges are complex and multi-faceted. Addressing these requires concerted efforts by multiple stakeholder groups across the healthcare continuum. We are committed to working with governments, donors, non-governmental organizations, multilateral organizations, and other stakeholders to advance access to care. Together, we foster innovative approaches and increase access to new medicines and new technological solutions.

We set a strong foundation for partnerships, which may include licensing agreements guided by terms that address public health needs, and we aim to mindfully reflect our commitment to a pro-access legal environment. For example, going forward, our contracts will strive to incorporate several pro-access terms identified by the Access to Medicines Foundation in the 2016 Access to Medicines Index.

In 2017, we were proud to join the Access Accelerated partnership, a first-of-its-kind global initiative addressing the rising threat of cancer, diabetes, cardiovascular disease, mental health disorders and other non-communicable diseases (NCDs) in low- and middle-income countries. The partnership gathers a broad group of stakeholders, including the World Bank, the Union for International Cancer Control, and pharmaceutical companies with a shared vision of working towards the UN Sustainable Development Goal target to reduce premature deaths from NCDs by one third by 2030. The initiative will focus on access to primary healthcare, as well as financing, regulatory and service barriers.

Strengthening Health Systems

Strong, well-functioning health systems are imperative for advancing human health around world. At Johnson & Johnson, our primary responsibility is continuous innovation to deliver transformational products and services to those in need. However, for our medicines, vaccines and diagnostics solutions to reach patients, we rely on the health systems that distribute and deliver them. More needs to be done to build and strengthen the enabling environment, which can support timely, reliable, high-quality delivery of medical services at reasonable cost and where it is needed. This is the impetus behind our committed focus on strengthening health systems.

Around the world, we are leveraging our global expertise in health and on-the-ground presence in many regions to advocate for tailored solutions that help strengthen local health systems. We advocate for universal access to care; pilot sustainable financing solutions together with strategic partners so that people can cover their health needs; and educate and empower professionals on the front lines, such as nurses, caregivers and community health workers.

Working with many stakeholders, including community leaders, healthcare companies, non-governmental organizations, payers, providers and policy makers, we are proud of our role—and our impact—in filling gaps in care, promoting value-based care, and aiming to keep people well at every age and every stage of life.

Universal Health Coverage

We believe that good health is at the heart of all human development; it enables children to thrive, women to succeed, families and communities to prosper, and countries to grow their economies. Regardless of where they live, all should have access

to quality, affordable and reliable essential healthcare services; no one should have to forgo treatment or be forced into poverty because of the cost of care. This philosophy underlies our support for the global Universal Health Coverage (UHC) movement.

Championed by the World Health Organization (WHO) and promoted by governments worldwide, efforts to achieve UHC are a global priority. They are also a central element of the UN's Sustainable Development agenda and its Goal 3: healthy lives and well-being for all at all ages.

The need is great. According to the 2017 *Global Monitoring Report* from the WHO and the World Bank, half of the world's population lacks access to essential health services.²⁴ Moving toward UHC requires a diverse group of stakeholders, including governments, NGOs and the private sector, to invest in creating and unlocking capacity to deliver care.

At Johnson & Johnson, we are firmly committed to doing our part to ensure that the promise of UHC becomes a reality. While our primary role as a private-sector stakeholder is to continuously innovate and deliver transformational products and services to those in need, we also have an opportunity to help shape broader system-level solutions that promote UHC. We support the WHO position that there is no one-size-fits-all approach to how UHC is delivered.²⁵ Around the world, we have hundreds of health-related programs, and we strive through these to align with government priorities and advocate with both local and central governments for quality healthcare, especially for women and children. We believe that tailored strategies that align local needs, resources and market conditions must be part of the solution.

In our commitment to promoting universal health coverage, we focus our efforts on four key areas:

- **Health workforce and infrastructure:** A robust health system with well-trained and well-equipped health workers is foundational to delivering UHC. We have a legacy of working to support the people who are at the front lines of delivering care. For more information, visit [Supporting the Front lines of Healthcare](#).
- **Access and affordability:** At Johnson & Johnson, we have a responsibility to make our medicines, vaccines, devices and diagnostics accessible and affordable to people in traditional reimbursed healthcare markets, emerging economies and developing countries. Ensuring access to innovative products not only helps individual patients, but can also free up health system resources to treat other issues. We also utilize mHealth programs to encourage key populations, like expectant mothers, to access care in existing health systems. For more information, visit [Access to Healthcare](#).
- **Sustainable financing:** Ensuring UHC does not mean that provision of care must be free or that a single-payer system is the best or only solution, but it does require sustainable financing systems for those both providing and needing care. We support investments in value-based care that ensure patients and health systems are spending their money on effective solutions. To read more, see [Shifting to Value-Based Care](#).
- **Partnerships:** While governments often play a leading role in building health systems and financing and/or delivering care, the inherent complexity of healthcare means no one sector can effectively deliver on the promise of UHC. The public, private and non profit sectors have a shared responsibility and accountability at the global and local levels. Leveraging our size and skills, Johnson & Johnson has placed an emphasis on innovative R&D partnerships that aim to

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move beyond treating diseases to intercepting or preventing them in the first place. For more information, visit [World Without Disease](#).

Each initiative offers us learnings and insights, which we work to refine and apply in our tailored engagements by market. For more information on our commitment to and perspective on UHC, see [Universal Health Coverage Policy Statement](#).

2020 Update

Target

Drive policy thought leadership and strategic engagements to expand healthcare access and coverage in at least three emerging markets (including Brazil, China and India), and lead three to five pilots to demonstrate the results of these efforts.

Progress

- More than 700 engagements conducted with government officials and other partners in Brazil, China and Mexico.
- Ongoing and new pilot projects being implemented in China, Mexico, Philippines, Russia and Thailand.

Status

On Track

Shifting to Value-Based Care

At Johnson & Johnson, we believe a more value-based healthcare system has tremendous potential to improve the health of populations, increase access to care, and limit costs. The transition to a value-based healthcare system will require many stakeholders to work together – healthcare companies, payers, providers and policy makers – creating an ecosystem of care. Working with our

partners, we have implemented a range of innovative value-based contracts, from agreements based on achieving specific clinical endpoints, to ones linked to offsetting other healthcare expenditures. While we are still at the beginning of the path toward value-based care (VBC) delivery, we are optimistic that with our deep expertise and connections across the healthcare continuum, Johnson & Johnson can help health systems succeed with VBC models.

2020 Goals Spotlight: Universal Health Coverage

To reinforce our commitment to promoting UHC, we set a public goal to drive policy thought leadership in this area as part of our Health for Humanity 2020 Goals framework. In a few illustrative examples from 2017, progress against this goal includes our stakeholder engagements to help shape the public health policy landscape in Brazil, the Philippines and Russia.

In Russia, during a time of economic constraints and limited budgets for healthcare, we are working to introduce alternative contracting models as a tool to improve budget efficiency and population coverage, and to ensure patient access to therapies. With specific attention to HIV and Hepatitis C treatments, we worked alongside the Ministry of Health and governing bodies to propose efficient budget management approaches based on price per volume and recommended a pilot for this proposal. Ultimately, the pilot moved forward in three Russian regions: Moscow, the greater Moscow region, and Kaluga. With the proposed price per volume agreement in place, we saw 100% of the regional demand for medication fulfilled, with the possibility of adding 1,100 more patients to the anticipated patient base. This ultimately led to a robust dialogue among key healthcare stakeholders in Russia; increased coverage of the

population under a limited budget; and created opportunities for further dialogue to facilitate budgetary and access approaches within the healthcare industry in this country.

While the Philippines' national health insurance program has made substantial progress in expanding its coverage, the range of benefits covered and the amount of costs reimbursed are limited. Our Johnson & Johnson team worked with the Bank of Philippines Islands to create a new personal-loan program for healthcare costs that offers middle-class consumers a low-interest loan for emergency health expenses, or for treatment conditions that are excluded from the current governmental health insurance program.

In Brazil, improving hospital payment models to reward value and not volume is a critical component for the healthcare system's financial sustainability. In 2017, Johnson & Johnson took a leadership role in Brazil to help advance policy to address this situation with a value-based payment model. As a member of the Instituto Coalizão Saúde, we actively participated in the production of the private-sector proposed [Agenda for the Transformation of the Healthcare System in Brazil](#). Johnson & Johnson also chaired the Value-Based Payment Models working group of the Health Coalition Institute to produce the first Technical Note with concrete proposals for hospital payment reforms in Brazil.

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As part of our commitment to VBC, Johnson & Johnson was the first healthcare manufacturer to join the Learning and Action Network, a network of healthcare partners working together under the direction of the U.S. Department of Health and Human Services to accelerate our healthcare system's shift to alternative payment models that reward value rather than volume. We have made several commitments to expand our involvement in VBC, beginning with **our own employees** and extending out to partner with stakeholders to advance VBC throughout the United States. We are also pleased to support a multi-stakeholder effort established by Value Based Insurance Design Health that is working to identify, measure, and eliminate low-value healthcare services.

An example of VBC in action is our global CareAdvantage initiative in the Medical Devices segment, launched at the beginning of 2017. CareAdvantage is one tool we are using to help healthcare providers and health systems navigate VBC, adjusted to meet the different needs of respective regional care systems. Data-driven, holistic and grounded in Johnson & Johnson's deep expertise and insights, CareAdvantage works to help providers and health systems assess and then implement value-based action plans along the care pathway, while optimizing patient care. CareAdvantage is available in the Africa region, Asia Pacific, Europe, Latin America, Middle East, and United States.

Results from a real-world evidence study of CareAdvantage—in a partnership between Johnson & Johnson Medical Devices Companies and University of California, San Francisco Health—are already demonstrating shorter inpatient stays, significant time savings and operating-room efficiencies that together translate to an estimated cost savings of more than \$262,000 annually.

Supporting the Front lines of
Healthcare

At Johnson & Johnson, we have a long history of strengthening the global health workforce through education and training. These are the people on the front lines of healthcare—the nurses, caregivers, community health workers, and others—delivering life-saving treatments and support to our communities every day. These everyday heroes provide everything from health education to preventive wellness solutions and clinical interventions. Their skills, knowledge and passion are instrumental to improving health outcomes for the world's most vulnerable people and their families.

Sustainable Social Impact

Our Global Community Impact organization has the primary responsibility for helping empower healthcare workers through capacity building and innovative community-driven solutions.

For decades, we have been implementing both global and local partnerships to make sure that our work is sustainable and scalable. By leveraging the latest in health technology and innovation, our programs focus on delivering the best training resources and access to information, and advocating for supportive policies to ensure that health services and supplies are accessible to all—even to the most vulnerable populations, such as women and children, the elderly and people in conflict-affected areas. Our partnerships take a life-span approach to health workforce strengthening, starting with engaging young people in science and cultivating an interest in health careers; then on to scholarships for nursing or midwifery education; and to advancing the next generation of leaders with leadership and management training.

We marked a milestone in 2017 in Africa for supporting the front lines of health. By the end of the year, more than **10,500 healthcare providers** had received critical skills training from Medical and Surgical Skills Institute (MSSI), based in Ghana. MSSI is an organization that was established in 2005 by

2020 Update

Target

Together with partners, train 30,000 skilled birth attendants to assist 6 million births.

Progress

Together with partners, trained 20,000 birth attendants, who assisted in 400,000 births.

Status

On Track

Johnson & Johnson and other partners as a center of excellence to advance healthcare in West Africa. MSSI provides hands-on medical and surgical skills training in advanced trauma, including childbirth injuries; triage nursing; maternal healthcare; pediatrics; diabetes management and other specialty areas.

Also in Africa, we hosted our Strategic Innovation for Community Health pilot program for the first time in 2017 in Nairobi, Kenya. A partnership with INSEAD, the program is helping develop leadership and innovation capacity of key primary-care representatives across Africa as they work to build resilience in communities and health systems. The first African pilot drew **38 representatives from 14 countries**, representing private-sector providers, public entities, government representatives, social enterprises and national associations.

Supported by Johnson & Johnson, MomConnect is a flagship program of the South African National Department of Health to register all pregnant women in the country and empower them with vital health information via weekly messages on their mobile phones. In 2017, **MomConnect** began to offer mothers the option to receive their messages via WhatsApp, the most popular instant messaging platform in South Africa. This represents a significant cost saving for the program, and enables

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longer-form, richer, more interactive, and more personal content. MomConnect is the first public benefit program in the world to have partnered with WhatsApp in this way. BabyCenter began working with a group of local experts to create new messaging content to expand MomConnect up to age 5, and to align it with the key messages of South Africa's newly designed pediatric medical record, to be launched in 2018.

We sent our largest delegation ever to Bogota, Colombia, in 2017 for the One Young World Summit, an annual gathering where young healthcare leaders aged 18 to 30 share big ideas for creating positive change around the world. Our delegates included eight Johnson & Johnson scholars from our One Young World Scholarship Program, supporting those working on the front lines of delivering care.

More information about the Global Community Impact programs and partners can be found [on our website](#).

Advocating for Nurses Around the World

Additional groups and teams across the enterprise engage in supporting our health workforce, including initiatives to help raise awareness and promote advocacy. When a severe nursing shortage challenged U.S. hospital and healthcare systems in 2002, Johnson & Johnson quickly responded and launched the [Campaign for Nursing's Future](#). Since then, the Campaign has worked to enhance the image of nursing as a profession in the United States with the general population; recruit more nurses into the profession; and retain nurses who have entered the workforce. In 2017, we celebrated the 15-year anniversary of the Campaign.

A core aspect of the Campaign has been award-winning television advertising that champions the profession of nursing to increase recruitment, and exemplifies the impact of caring for patients. To further support nursing recruitment, Johnson & Johnson has awarded over \$20.8 million in scholarships and grants, working in partnership with various nursing organizations. According to a 2016 survey,²⁶ 70% of nurses, hospital administrators and nursing students see Johnson & Johnson as a company that advances the cause of nursing. Moreover, the urgency of the shortage has been dramatically reduced, with an estimated 1.1 million people joining the nursing profession in the United States since 2001.²⁷

Another example of our leadership in support of nurses is our collaboration with the Chinese Nursing Association and the International Council of Nurses in Asia, which inspired a training program to build leadership skills among nurses, and to promote a healthier citizenry as part of the

government's Healthy China 2030 Plan. During the five-day program, international healthcare experts gave courses on leadership, management, communications skills, project management and quality improvement.

GUINNESS WORLD RECORDS™ on Infant Massage Achieved

In a milestone for our Company, a 2017 GUINNESS WORLD RECORDS™ title went to our Consumer business for convening almost 400 midwives for the World's Largest Infant Massage Lesson. During the lesson, Johnson & Johnson collaborator Dr. Tiffany Field presented research on the importance of baby massage, and gave midwives important information to take home to their practices. It is our ongoing mission, particularly for the JOHNSON'S Brand, to give midwives the education and resources they need to support happy and healthy families. This record-breaking effort helped to raise awareness about the value of touch to babies and families around the world. The event was held at the 31st International Confederation of Midwives Congress in Toronto, Canada.

Our Performance

Health Workers Educated, Worldwide

Number of health workers educated*

2016	2017
84,000	81,000

*These data are reported as cumulative 2016-2017 progress for the Health Workforce focus area as part of our UN SDG Commitments. See [UN SDG Progress Scorecard](#).

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Community Engagement

GRI 413-1

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

We can’t do this alone. Through both global and community-based partnerships, and via the power of our more than 134,000 employees, we help mothers have safe pregnancy and birth, help children thrive, and prepare the next generation of global and community-based leaders to improve health and well-being one person at a time.

We leverage the Johnson & Johnson breadth and size to fulfill our aspiration of improving health for all. Our Global Community Impact initiatives prioritize people-led solutions, and our Global Public Health organization develops product-propelled solutions. Both organizations integrate efforts to ensure innovative and community-driven solutions are delivered for maximum impact. These programs and solutions are developed through global leadership and regional and country-level colleagues, with local input to ensure that we are meeting community needs while aligning with enterprise-wide priorities where Johnson & Johnson has unique knowledge and skills to make a difference. GRI 103-2; 103-3

Mobilizing Partners

At Johnson & Johnson we believe that breakthrough solutions that will shape the future of healthcare require partnerships. Our strong, longstanding partnerships give proof that banding together with others, uniting under a common purpose, sharing knowledge and combining reach can bring results. The size, breadth and diversity of our Company, its people and its products, places us in a unique position to mobilize and convene truly unconventional collaborations that can influence change at scale. We work with a wide range of stakeholders who are impacting health, including governments, nonprofit partners, multinationals, noted influencers, youth organizations, other private-sector organizations and foundations. We mobilize partners through co-development of initiatives, financial support, activation of our large employee base, and advocacy for priority health issues. This high-touch partnership model

increases the likelihood of impact on the ground, sustainability and scalability of successful programs. Our collective efforts serve to unlock new solutions with even greater potential to address difficult health challenges.

Save the Children

The hallmarks of our global partnership with Save the Children are the deeply collaborative nature of our programs, and the priority we place on addressing the needs of the most vulnerable children. One of our signature collaborative partnerships is Survive & Thrive with Save the Children, the American Academy of Pediatrics, USAID, and Laerdal Global Health – developed to ensure safe pregnancy and birth. The suite of programs developed through these partnerships, called Helping Babies Survive (HBS), have been proven to reduce neonatal mortality in resource-limited environments, particularly in relation to the three most common causes of preventable neonatal deaths: complications during

2020 Update

Target

Support the delivery of 6 million eye care screenings to underserved children and corrective treatments (spectacles) as needed to 100,000 underserved children.

Progress

In partnership with Lions Club International, supported delivery of 4.2 million eye care screenings and 53,000 corrective treatments (spectacles) to underserved children.

Status

On Track

2020 Update

Target

Activate signature partnerships/initiatives for five of our largest Consumer brands to promote the health and well-being of people in need around the world.

Progress

JOHNSON'S and LISTERINE brands each activated partnerships, including digital marketing, social media, public relations, retail/shopper marketing and packaging activities.

Status

On Track

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childbirth, complications from preterm birth, and neonatal infections. One of the signature programs under the HBS umbrella is Essential Care for Every Baby. Through this program, we equip healthcare providers with both skills and materials to ensure that mothers and babies survive childbirth, and to help new mothers keep newborns healthy and thriving during the first critical month of life.

Operation Smile

Partnering with Operation Smile is a perfect example of how we demonstrate Our Credo in action. Over the past three decades, the Johnson & Johnson Family of Companies has helped Operation Smile provide smiles to children around the world through product, financial and employee support. In 2017, we helped Operation Smile celebrate 35 years of dedication and service to helping children born with cleft lips and palates. By initiating a 35th anniversary pledge, Johnson & Johnson encouraged employees to sign up and pledge to help raise awareness for Operation Smile's activities. They could pledge also to help build accountability among key Ministries of Health and world leaders for making access to safe surgery a global priority.

In November 2017, we commemorated Operation Smile's milestone anniversary by designating an annual day of giving dedicated to that organization, calling it "Smile Day." Employees across Canada, Japan, the UK and the United States were encouraged to participate in a program we called "Donate a Photo." Every photo donated through the Johnson & Johnson Mobile App for Social Good would trigger a US\$1 gift from our Company to Operation Smile. This celebratory day was in addition to our annual Smile Week, held in May, when we set a company-wide global goal to support a target number of smiles through local and regional efforts, including raffles, fun runs and activities.

Our commitment to Operation Smile and its mission doesn't end there. Over the last five years, we have expanded our partnership to include mobilizing the caring power of our associates in support of

this humanitarian work through funding medical missions.

Donate a Photo

Johnson & Johnson is dedicated to helping communities and causes globally, so that people can live longer, healthier, happier lives. **Donate a Photo** is one way we connect people to nonprofits, increasing awareness and resources for deserving causes. Take a photo, make an impact. For every photo shared through the Donate a Photo app, Johnson & Johnson gives US\$1 to a cause across eight categories of giving. It is our goal that by 2030, through Donate a Photo, we'll have helped build a world where a healthy mind, body, and environment are within reach for everyone, everywhere. Donate a Photo is available in Japan, North America and the UK, and is helping to support over 150 causes.

Global Citizen

Since 2016, Johnson & Johnson has been proud to partner with social action platform **Global Citizen** to help give every man, woman and child around the globe an opportunity for a healthier future. This global partnership seeks to drive large-scale change to help solve the world's most pressing public health challenges, including the global health threats related to infectious disease. In 2017, the partnership culminated in two major events. One was the Global Citizen Festival in Germany leading up to the G20 Summit, where we reinforced the importance of and our commitment to pandemic preparedness, including the readiness of **two million doses** of our Ebola vaccine. The second event was the Global Citizen Festival in New York, where we focused on our work to #makeHIVhistory, and announced the imminent launch of our large-scale efficacy testing of an HIV vaccine in humans. Donate a Photo was on hand to help raise awareness, and to build support for our work to address this important public health issue.

CARINGCROWD

At Johnson & Johnson, we are uniquely positioned to apply our capabilities to help enable large-scale

No Veteran Left Behind

Our help is critical for veterans returning home when they need supportive and inclusive environments in the wake of active-duty military service. In line with our commitment to support the health and well-being of veterans, in November 2017 we announced a new campaign titled "No Veteran Left Behind" in partnership with the U.S. Department of Veterans Affairs. This effort specifically addresses the disproportionate rate of Veteran suicides, which is preventable through connectivity and community support.

GenH Challenge

Announced at SXSW in March 2017, Johnson & Johnson launched the GenH Challenge, a global social venture competition dedicated to finding solutions for some of the world's toughest health problems. Pegged to the five commitment areas of our U.N. Sustainable Development Goals (Global Disease Challenges, Essential Surgery, Environmental Health, Health Workforce and Women's & Children's Health), Johnson & Johnson mobilized its partners and other health industry experts to serve as judges with Challenge winners announced in early January 2018. Solutions ranged from a digital necklace to streamline data collection and support decision-making on the front lines of care to a virtual mentor that guides a care provider through the correct actions during postpartum hemorrhage (PPH).

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change for good. One way we are doing that is through the creation of **CARINGCROWD**, a free crowdfunding platform for non profit organizations and entirely dedicated to improving global public health. Anyone in the world can make a pledge on CARINGCROWD, and Johnson & Johnson provides substantial opportunities for pledges to be matched.

As of 2017, we count 4,504 CARINGCROWD members, with \$577,566 pledged by individuals and \$280,121 matched by Johnson & Johnson for individual pledges that have successfully funded 102 projects around the world. CARINGCROWD received the SXSW Interactive Innovation People's Choice Award at the 20th annual SXSW Interactive Innovation Awards. Out of 65 finalists, CARINGCROWD was voted the winner by the SXSW Interactive community on March 12. Known for celebrating the most inspiring, creative advancements of the year, the SXSW Interactive Innovation Awards embrace the evolving scope of the digital industry.

Campaign for Nursing's Future

In 2017, we celebrated the 15-year anniversary of the Campaign for Nursing's Future, an advocacy campaign that works to enhance the image of nursing as a profession. Read more about the Campaign in our [Supporting the Front Lines of Healthcare](#) section.



CARINGCROWD

Our Giving

GRI 103-2; 103-3; 203-1; 203-2

By being broadly based in healthcare and using our reach and size for good, we are working together to forge a healthier more equitable future. We take a global and local approach to our giving, through partnership, collaboration, technology, and innovative programming. Through many opportunities and partnerships, we encourage

employee volunteerism, and involve local communities.

We focus our work on the following key areas:

- Employee Engagement
- Disaster Preparedness and Relief
- Product Donations

For more information, see our [Charitable Giving Statement](#).

Employee Engagement

Giving back is woven into the fabric of our Company and embodied in Our Credo. We help build healthy communities by empowering our employees around the world to combine their resources and resolve to make a positive impact on society and the environment.

The Company's Volunteer Support Program helps employees become involved and connected with volunteer efforts in their local communities. The program serves as a resource for employees by creating partnerships and relationships with local nonprofit organizations, coordinating volunteer days, and recognizing excellence in volunteerism. We also offer volunteer leave, and we have policies in place for Certified Disaster Volunteers or otherwise qualified skills-based volunteers to request time off to participate if and when a non profit or NGO requests volunteers for a formally articulated need or opportunity.

For more information on how we engage with our communities, please visit [Our People](#) section, [Empower & Inspire](#).

Disaster Preparedness, Response and Relief

As part of the communities where we live and work, Johnson & Johnson strives to be a trusted partner, including in times of crisis. When natural disasters hit communities around the world in 2017, we were there to offer support by providing relief for those directly affected. In total, we allocated \$5.3 million in

support for immediate, mid- and long-term response to natural disasters, including hurricanes Harvey, Maria, and Irma, earthquakes in Mexico, forest fires in California, mudslides in Columbia, floods in Peru and Nepal, and famine in East Africa. In addition, we provided \$5.8 million worth of Johnson & Johnson products.

In times of disaster, it's not just our communities that are affected, but our employees and their families as well. In Florida alone, 2,875 Johnson & Johnson employees were potentially impacted by Hurricane Irma. In the aftermath of Irma, one of our employees reached out to a member of the Johnson & Johnson Executive Committee with an idea to create a home share program for Johnson & Johnson employees who had been displaced following the natural disaster. Within 48 hours, we coordinated efforts across several enterprise groups and functions to launch the program. More than 291 current employees and retirees signed up offering their homes, opening 623 beds for impacted employees and retirees in Florida and Puerto Rico. This platform is now part of our long-term approach to disaster relief, which we can leverage in similar situations around the world.

Another program we developed in the wake of Hurricane Maria to provide relief supplies to Puerto Rico is Johnson & Johnson Family-to-Family Shipment program. Using either air or ocean transport, employees could send packages to affected employees and friends through trusted vendors, who have networks in place to work through any potential transport challenges. Emergency relief supplies in small packages were sent by air; larger, less urgent packages were sent by ocean transport partnering with several suppliers, including FedEx and Magic Transport.

Save the Children was a key partner in 2017 in helping to provide relief during crises. We partnered with Save the Children to support children impacted by the Syrian refugee crisis, and those affected by [Hurricanes Harvey, Irma and Maria and the earthquakes in Mexico](#). Through the organization's

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Healing and Education Through the Arts (HEART) program, teachers use arts and creative teaching methods to help children fleeing Syria process and communicate feelings related to their life-changing experiences. This approach helps children develop coping mechanisms, improve communication skills and build trust and self-confidence. In Texas, Florida and Mexico, the Save the Children Journey of Hope training model is a train-the-facilitator design that offers communities the opportunity to expand their capacity to deliver high-quality, school-based social and emotional development programming for years to come. For more information about our partnership



2017 Disaster Relief & Rebuilding

with Save the Children, see [Mobilizing Partners](#).

Product Donations

Globally, we aim to support patients and our partners in every way we can, and that includes non-cash contributions.

As one of the first companies to sign the World

Health Organization (WHO) Guidelines for Donated Drugs, and as a founding member of the Partnership for Quality Medical Donations (PQMD), we ensure all our product donations follow global standards and best practices. We are committed to our ongoing engagement with the PQMD and are currently working with them to further develop and strengthen their product donation guidelines.

We have longstanding relationships with vetted and impactful strategic product donation partners who have expertise and proven track records in product donations. Product donations managed by these partners and their sub-grantees are dictated by Memorandums of Understanding, which are reviewed and signed by Johnson & Johnson, and which align closely with the conditions for product donation recommended by WHO and PQMD, and with industry requirements and regulations.

In the United States specifically, we support independent programs and foundations that help patients by donating medicines and funding to the Johnson & Johnson Patient Assistance Foundation (JJPAF), Inc., an independent, nonprofit organization that provides Janssen medicines to eligible U.S. patients. More information about JJPAF is available

at [jjpaf.org](#) or by calling 1-800-652-6227 (9 pm to 6 pm ET). In 2017 we donated approximately **\$875 million** to support JJPAF operations, enabling the Foundation to provide medicines at no cost to approximately **86,000 patients**. We make financial donations to independent charitable foundations that assist underinsured and financially needy patients with treatment-related expenses.

The programs offered or supported by Janssen are one way to meet the needs of the patients we serve and the healthcare professionals who care for them. For more on how we ensure access to medicines, please visit [Access to Healthcare](#).

Our Performance

Corporate Giving (Grants and Contributions)

	2016	2017
Total contributions, cash and products (millions)	\$1,194	\$1,469
Cash contributions (millions)	\$188	\$227
Cash contributions through Employee Matching Gifts Program (millions)	\$13	\$16
Non-cash contributions (millions)	\$1,006	\$1,242
Number of corporate giving programs in portfolio (approximate)	500	387

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Innovation

GRI 103-2; 103-3

Johnson & Johnson has a 130-year legacy of impacting human health through innovation. We relentlessly pursue the best breakthroughs in science and technology—whether it is from within our own laboratories or from our powerful network of scientists and entrepreneurs all over the world. We combine a strong internal focus on R&D and strategic external partnerships, with an emphasis on geographic-specific solutions that account for differences in healthcare needs across the world. We create life-saving products, solutions and services that align with priorities in our Consumer, Medical Devices and Pharmaceutical Segments to extend and improve the lives of patients and consumers. Simply put, our goal is to address the healthcare needs of humanity by uniquely blending science and ingenuity.

Our commitment to innovation extends beyond the lab. As the world's largest healthcare company, with more than 260 operating companies and approximately 134,000 employees, we have a significant opportunity to turn the scale and reach into a worldwide competitive advantage, and to better serve our patients, customers, and consumers. And we are acting on that opportunity with transformations in our operations and supply chain management. By embracing technological change and leveraging the opportunities created by digitalization, we can free up resources to spend more time focusing on how to advance better health for all, everywhere.



Johnson & Johnson Named a 2017 Clarivate Analytics Top 100 Global Innovator

For the fifth consecutive year, in 2017 we were named a Clarivate Analytics Top 100 Global Innovator. The Top 100 Global Innovator list spotlights the world's most innovative organizations that prioritize investments in unique and enduring inventions. We were recognized for eight of our patents in 2017, and were applauded for being a model for how larger companies can approach, and win, with innovation.

Innovating How We Serve

Research & Development

Our Ecosystem of Ingenuity

Across the enterprise, we focus on developing and nurturing our ecosystem of innovation. It starts with **our people**, who truly are pioneers of ingenuity. We hire top scientists and medical experts to advance the Johnson & Johnson product pipeline in our R&D locations around the world. Having established presence in major research hubs with our four global Innovation Centers, we advance science and innovation in partnership with emerging entrepreneurs in our JLABS facilities. Johnson & Johnson also boasts the oldest corporate venture fund in the life sciences industry, and has been making strategic venture and equity investments in life science innovations for more than four decades.

We marked the five-year anniversary in 2017 of JLABS, our open-innovation ecosystem for healthcare entrepreneurs. JLABS supports hundreds of entrepreneurs around the globe working to turn breakthrough science into transformative solutions in biotech, pharmaceutical, medical devices, consumer and digital health programs. In 2017, we celebrated:

- 312 companies engaged in breakthrough science;
- 750 innovators focused on science;
- \$9.4 billion in capital secured by JLABS resident companies through financing and strategic relationships;
- 71 companies executing deals with members of the Johnson & Johnson Family of Companies; and
- Our first JLABS Impact Report published, accompanied by our first CEO Summit.

In addition to observing its milestone anniversary, JLABS continues to grow and thrive globally. Expanding our collaborations with entrepreneurs, we announced the first JLABS location outside

“From the very beginning of Xycrobe, JLABS has been an essential partner, helping us to grow from an idea on paper to proof-of-concept and all the way to a tangible product/therapy. It’s a brilliant model that I wholeheartedly recommend to any biotech startup.”

Thomas Hitchcock, Ph.D.
Founder and CEO, Xycrobe

North America, in Shanghai, China. Set to launch in 2019, JLABS China is a collaboration with the Shanghai Municipal Government, Pudong New Area Government and Shanghai Pharma Engine Company that will support many innovative life science start-ups. In the United States, Johnson & Johnson Innovation, New York State and the New York Genome Center announced in 2017 its collaboration to launch JLABS@NYC, slated to open in 2018.

To further strengthen our innovation ecosystem in the Asia Pacific region in 2017, we opened our Innovation Partnering Office at Seoul Bio Hub. Our biotech start-up incubator is supported by the Seoul Metropolitan Government and Korea Health Industry Development Institute. The facility, located in Seoul, Korea, will serve as an important platform for Johnson & Johnson Innovation to build relationships with healthcare entrepreneurs at Korean start-up companies, universities and institutions.

In the United States, we celebrated the official opening of Johnson & Johnson Medical Devices’ Center for Device Innovation at the Texas Medical Center (TMC) – a broad, innovative collaboration with Johnson & Johnson Innovation and TMC to

accelerate development of breakthrough medical devices technologies. Housed within the TMC Innovation Institute, the 26,000-square-foot facility will host R&D staff working on select internal projects along with external ventures. The TMC Innovation Institute is also home to JLABS at TMC, an incubator in life sciences opened in 2016 and TMC’s first collaboration with our Company.

Beyond physical expansions of our innovation hubs, we deploy online QuickFire Challenges to attract cutting-edge, early-stage innovation from around the world. In 2017, our Artificial Intelligence (AI) for Drug Discovery QuickFire Challenge awarded up to \$100,000 to individuals and teams with the most innovative ideas, technologies, or solutions using AI to advance healthcare. Our investment in AI is one important way Johnson & Johnson can bring life-saving medicines and solutions to market—and to patients—faster. To view the winning AI ideas, [click here](#).

To honor the legacy of one of the 20th century’s most accomplished industry researchers and philanthropists, we launched the **Dr. Paul Janssen Project**. It is a public engagement initiative inspired by the legacy of Dr. Paul Janssen, the founder of Janssen Pharmaceutica N.V., whose passion to make an impact on the world translated into many breakthroughs in medical history. This multi-faceted campaign will help fuel the next generation of innovators and celebrate the power of science to change the world. The project’s first QuickFire Challenge, called “The Lab Coat of the Future,” kicked off in October 2017.

Product Innovation

Guided by Our Credo, innovation at Johnson & Johnson starts with the needs of those we serve: patients, consumers and healthcare providers; we put people first. In each of our business segments, we prioritize the product pipeline based on the

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opportunity to address unmet medical needs and improve the lives of patients and consumers. We also consider the potential for commercial success, which allows us to reinvest on behalf of patients and consumers. For more information on our business segments and our approach, please visit the [About Our Company](#) section.

In terms of product launches, we count 2017 as another successful year. Across our three business segments we introduced a number of new products in different markets. Among these are innovative products that anticipate and answer increased demand for more personalized and sustainable products. For example, our Medical Devices team at DePuy Synthes launched the first-ever 3D-printed medical device, the MAXFRAME Multi-Axial Correction System, to correct limb deformities from fractures, infection, arthritis, tumors or congenital causes. The unique 3D software and modular circular ring fixation system of MAXFRAME enables surgeons to customize each frame to meet individual patient needs.

In our Consumer segment, the research team behind NATRASURF received a 2017 Johnson Medal, the most prestigious award given for R&D within our Company. The team was recognized for their outstanding consumer product science and technology, which combined cutting-edge science, green chemistry and deep consumer insights. A breakthrough sustainable cleansing agent first introduced in AVEENO PURE RENEWAL sulfate-free shampoo, NATRASURF technology has now been integrated into several new products across our Consumer portfolio.

In our Pharmaceutical business, the 2017 Johnson Medal Award went to a team of researchers at Janssen passionate about finding a better way to treat patients at risk of cardiovascular disease and disability, specifically through an improved oral anticoagulant therapy. Their groundbreaking pharmaceutical work led to XARELTO (rivaroxaban), the latest-generation blood thinner and first-in-class Factor Xa inhibitor oral anticoagulant used

in preventing strokes caused by atrial fibrillation, and for treatment of deep venous thrombosis and pulmonary embolism. Since the U.S. FDA approved XARELTO in 2011, additional Phase 3 studies have been underway with a vision of broadening the scope of the therapy to meet more unmet patient needs in heart health. Clinical research is expected to conclude in 2022. Additional product innovation from 2017 can be found in the [World Without Disease](#) of this report.

See [Product Sustainability](#) for more information on our product innovation related to environmental sustainability.

Health Technology

At Johnson & Johnson, we always remain true to our roots as an [innovative start-up](#) established in 1886. Through the decades, we contributed to the evolution of science and technology – from pioneering the development of sterile surgery at the turn of the 20th century to current research on a differentiated robotic-assisted surgery platform in orthopaedics, and to developing the first HIV vaccine.

We are confident that in today's rapidly changing healthcare landscape, Johnson & Johnson is uniquely positioned to lead the next frontier in medical innovation, intersecting the worlds of health and technology. Our approach is guided by a robust health technology strategy focused on building a flexible, secure digital business, developing smart products, and creating new models of engagement with our patients and consumers. Because we always put people first, we start by understanding the unique needs of individuals and then apply our broad-based expertise – behavior science, design-thinking and consumer insights – to uncover how the latest technological advancements can change human health for the better.

In recognition of our efforts in health tech, for the second year in a row Janssen Healthcare Innovation

Our Performance

R&D Performance Indicators

	2017
Total R&D expense (millions)	\$10,600
Number of Pharmaceutical products in late stage U.S. development (Phase 3) or filed as of Q4 2017	42
Number of Pharmaceutical products approved by U.S. FDA in the last five years (2013 - 2017)	7
Number of breakthrough therapy designations by U.S. FDA for therapies under development in the last five years (2013 - 2017)	8
Number of Medical Device products launched*	37
Number of Medical Device products that received U.S. FDA Humanitarian Device Exemption designation in the last four years (2013 - 2017)	2
Number of Consumer products launched	1,493
Percentage of employees involved in R&D activities**	15.9%

*Number of medical devices launched is estimated; 4 Consumer medical devices confirmed and 33 hospital medical devices not confirmed by Corporate Internal Audit.

**Includes employees classified under job functions of R&D and Engineering.

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has been highlighted in the Global Digital Health 100, an international benchmark of industry activity for mobile, digital and connected technologies in healthcare. The 2017 list is compiled from a combination of nominations and industry research by the international team at *The Journal of mHealth*.

Smart Technology Solutions

Technology plays a crucial role in improving health outcomes. As the world's largest and most diversified healthcare company, we are well-positioned to leverage our clinical knowledge, our deep consumer and population health insights, and our consumer-marketing expertise to create health tech tools that help guide people on their total healthcare journeys. With more than \$2 billion annual investment in technology, we are applying it across the healthcare value chain to reshape the way healthcare is delivered, managed and experienced. Following are some of the ways we are making this happen:

Empowering people to take charge of their health:

Leveraging our expertise in behavioral science, we are helping people take care of themselves better. In development throughout 2017, and unveiled in early 2018, our NEUTROGENA SKIN360 app and the accompanying SkinScanner powered by FITSKIN will help democratize dermatology for consumers. The dermatologist-grade at-home skin analysis tool, which attaches to one's smartphone, scans the skin, and data is then fed into the application. The app leverages NEUTROGENA's wealth of scientific research and expertise to give users an in-depth understanding of their skin's condition and needs, and customized advice to address those needs, plus a clear way to track and assess skin's progress over time.

Using technology to change healthcare delivery:

We are working to completely re-imagine surgery along every step of the process, from training surgeons using virtual and augmented reality to 3D printing technology that delivers personalized implants and instruments. We're also using digital tools to support and empower patients, such as the Health Partner digital platform. Launched in 2017, the platform helps patients prepare physically, mentally

and emotionally for surgery. Health Partner also connects them with their healthcare team to help ensure customized, real-time care. Using predictive analytics, the platform learns with the user over time, and provides personalized patient care that adapts according to each patient's changing needs and behaviors.

Powering medical breakthroughs: Technology has changed the process of drug discovery and clinical trials. Computational power, visual image processing, machine learning and artificial intelligence (AI) have transformed our R&D process. Technology is leading us into an era of personalized medicine, and has been integral to the breakthroughs our Company has made in the last 10 years in areas that include oncology, immunology, infectious disease and the microbiome. As an example, our rHealth cloud-based platform for large-scale data analytics enables us to accelerate treatment evaluations and improve the precision of clinical trials. We are also working to develop Janssen iSTEP, an integrated technology platform that aims to transform clinical trial medication and data management, and enable end-to-end patient engagement. For more details on this program, visit [Patient-Centered Care](#).

Solving unmet needs: In our Johnson & Johnson Vision business, part of Medical Devices, we're doing exciting work on a next-generation contact lens. By collecting insights from consumers around the world, the team learned that people were struggling with discomfort from bothersome light. Looking to address this unmet need, the team made progress in 2017 on developing contact lenses to do more than just correct their sight—they also help manage a range of everyday lighting situations, from artificial light to ultraviolet rays. These novel contact lenses are being developed to adapt automatically to help consumers balance the amount of light entering the eye.

Technology Partnerships

The best innovation happens when we move beyond our traditional thinking and embrace uncharted territory. It is an exciting time for scientific advancements and for the endless potential of

Celebrating the mMitra Award in India

Educating pregnant women and new moms with customized, preventive care tips via mobile phone technology is the innovative work of mMitra, a program in India helping to provide vital health information directly to women who need it most. The mMitra partnership—involving the Mobile Alliance for Maternal Action, Johnson & Johnson, USAID, U.N. Foundation and BabyCenter—is already having a big impact. In 2017, in recognition of the program's impact, mMitra was named "Public Health Initiative of the Year" in the fourth edition of the India Health and Wellness Summit and Awards.

CARE4TODAY Recognized in Global Health 100 for Second Year in a Row

For the second year in a row, CARE4TODAY Connect has been highlighted in the Global Digital Health 100, an international benchmark of industry activity for mobile, digital and connected technologies in healthcare. CARE4TODAY Connect was created with the input of patients and healthcare professionals to provide a comprehensive health and wellness app that goes beyond medication reminders. The 2017 list is compiled from a combination of nominations and industry research by the international team at *The Journal of mHealth*.

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technology to advance every aspect of health and wellbeing. However, we fully recognize we can't do it alone. Our Company welcomes the opportunity to connect and collaborate with technology partners across the ecosystem to find innovative and meaningful solutions that improve the lives of patients and consumers and empower those on the front lines of healthcare.

Joining Apple, Fitbit, Samsung and other innovators in the medical device and technology segments, Johnson & Johnson was one of nine companies – from 100+ applicants – selected in 2017 by the U.S. Food and Drug Administration (FDA) for a first-of-its-kind digital health pilot project aimed at revolutionizing digital health regulations in the country. Our insights will contribute to FDA's vision for fostering digital health innovation and the agency's early steps toward a digital health technology pre-certification program.

Additionally, we partnered with Rest Devices, Inc. to build NOD, the smart parenting coaching platform that combines evidence-based sleep coaching techniques, developed by the world's leading pediatric sleep specialists, with the largest pediatric

sleep data set. NOD is AI-powered by advanced machine learning and a deep neural network. By combining expert coaching and analytics through a mobile-based application, this program provides parents with an advanced sleep coaching system that gets babies to sleep better. The product has already proven to reduce night wakings significantly and increase overall sleep on a per-night basis.

Patient-Centered Care

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

In some cases, patients are even co-creating with us by helping to modify product design. One Janssen team worked with patients and healthcare professionals through studies to optimize the design of a device for administering a medicine. The modified design helps patients insert the device properly, shows whether the full dose has been administered, and comes with improved instructions, including questions and answers based on patient insights.

When we think about improving our clinical trials, technology offers an untapped potential. One of the ways we are using technology applications to improve patient engagement is through our integrated Smart Trial & Engagement Program (iSTEP). Using an integrated platform, connected with various internal and external databases and smart technologies (smart phones, smart packages, scanning devices), iSTEP is designed to provide personalized and real-time support to patients, and to automate patient data and clinical supply management throughout the entirety of a clinical

trial. This innovative platform and smart technologies were tested in a Janssen Phase 2 clinical trial with Alzheimer patients for the first time in 2017; plans are underway to expand its use in additional studies.

Another patient-centered solution that Janssen implemented is eConsent, using tablet-based technology and multimedia features to help patients understand and prepare for clinical trials. Janssen pioneered implementation of eConsent in multi-country/multi-language trials, and is a key contributor to the TransCelerate BioPharma eConsent initiative.

When we think about patient-centered care, we don't mean just managing physical illness, but also addressing mental health, as well as the support circle needed by a patient. For those managing mental illness, family members, close friends and other caregivers play a critical role in the treatment process – accompanying patients to doctor appointments, assisting with everyday tasks, making sure that prescriptions get filled, and more. Janssen is conducting a unique and very promising study to determine whether caregivers might fare better with the responsibilities they take on if provided with individualized training and interactive support, and whether this support translates into better outcomes for their loved ones. Work like this demonstrates our holistic look at health interventions and how we can deliver support beyond just medicines.

Industry initiatives also play a crucial role in furthering the dialogue regarding patient-centered care. Just one example is at the Organisation for Economic Co-operation and Development Forum 2017: Bridging Divides Forum. We added our voice, perspective and innovative ideas to spirited discussions at the forum about a truly patient-centric approach to healthcare. To help people better understand what it is like to live with schizophrenia, we demonstrated a groundbreaking virtual reality technology, called SchizoLab, the type of innovative technology we hope can lead to improved patient-doctor and patient-caregiver relationships.

Our Performance

Health Tech Development Indicators

	2017
Number of consumer-facing apps live, total	153
Number of consumer-facing apps launched, annual	22
Number of technology partnership deals closed, annual*	25

*Technology partnerships are inclusive of partnerships, investments or acquisitions. Within this definition, health technology partnerships are collaborations between Johnson & Johnson and a technology company, e.g., to co-create a product, but do not involve an investment or acquisition.

Innovating How We Work

Business Model Innovation

Our Enterprise Standards & Productivity Program, launched in 2013, put us on a path to enterprise-wide implementation of a smarter and more efficient business model that will enhance our work with partners, reduce costs where possible, and enable continued investments in growth and innovation. The new operating model will deliver \$1 billion in savings by the end of 2018; centralize key services related to Human Resources, Finance and Procurement in one global and four regional service centers; and deploy best-in-class technologies to help our Company respond efficiently to business needs.

Another example is the **newly unified** Johnson & Johnson Institute. We have long been a leader in state-of-the-art training for surgeons and healthcare professionals in virtual reality surgery, cardiology, joint reconstruction and other specialty areas. The Johnson & Johnson Institute brings together 26 professional education facilities, that formerly operated separately, and a network of online education and collaborative partnerships across multiple specialties to deliver innovative educational programming to enhance and expand upon what healthcare professionals learned in medical school. In this new centralized structure, we will be able to harness the size, reach and collective resources of our Company to provide professional growth opportunities for healthcare professionals around the world.

Integrating technology into our core business strategy and plans continued to be a top priority in 2017. We worked to shift digitalization ideas from pilot programs to enterprise-wide solutions that will increase efficiency for our teams, our customers and our suppliers so that we can deliver more value to our stakeholders. We are bringing the best talent on board to help facilitate and accelerate our efforts to create an enterprise-wide technology ecosystem.

In 2017, we doubled the number of full-time data scientists on staff, and plan to expand this number significantly as we continue advancing our methods and programs.

Manufacturing for the Future

Driven by demographic and economic forces, the global healthcare market is changing rapidly and dramatically. The middle class in key emerging markets is expanding, while populations in developed markets are growing older and putting increased pressure on healthcare systems. Changing payment models are expanding care beyond hospital settings; industry consolidations are transforming the care continuum; and consumers and patients increasingly demand faster and more personalized services and solutions.

At Johnson & Johnson, we continuously re-evaluate and refine our global supply chain strategy to keep pace with the evolution of the global marketplace. Our goal is to remain a leader and a trusted partner in healthcare by addressing the changing needs of our patients, consumers and customers – whoever they are and wherever they may be.

Manufacturing for the Future (MFF) is part of our supply chain strategy and was created to transform our manufacturing processes into a connected, self-learning and hyper-efficient production system of the future. MFF aims to bring us closer to the future state of manufacturing, which we know will be based on an intelligent manufacturing system that is seamlessly integrated into the end-to-end supply chain.

Specifically, through MFF we are working to identify and rapidly deploy innovative operational technologies that allow for making our plants and facilities smarter and the supply chain more agile and faster. To digitalize the manufacturing process,

we are exploring—and employing—disruptive technologies, such as 3D printing, smart-sensing, robotics, augmented reality, and various big data and analytics tools. Digitalization will not only allow for enhanced process controls, improved line efficiencies and flexibility, but will also expand the skills and capabilities of our people. This in turn will improve our overall operational efficiency, as well as create added environmental sustainability benefits, such as water and energy-use efficiency, operational waste and emissions reductions.

Our approach to operationalize new technologies is based on screening, testing and rapid deployment of promising disruptive technologies. This approach is implemented with the help of our advanced technology teams within Johnson & Johnson Supply Chain, who identify and explore new technologies. These technologies are then tested by Test & Learn sprint teams in the different supply chain segments, and if successful, are scaled and deployed across our supply chain where needed. Our three main Test & Learn focus areas are asset performance optimization, integrated quality, and digital/smart factory.

In asset performance optimization, we have been working to automate the more mature maintenance management techniques using digital mobile systems. The digital flow allows us ready access to data at the point of use, making our technical staff more efficient in troubleshooting and resolving maintenance issues.

For integrated quality, we have been developing capabilities to transform the way we make, test and release products to the marketplace. For example, we are accelerating deployment of technologies that provide real-time product quality data during the actual manufacturing process instead of employing the conventional practice of testing a product in a Quality Control laboratory after it has been

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manufactured for sale. These technologies allow for continuous digital monitoring of analytical and physical product quality during manufacturing, which saves time, improves production sustainability, and enhances supply reliability.

As an example of digital/smart factory solution, our Company was one of the earliest business adopters to pilot the first-of-its-kind wearable augmented reality technology. We equipped our IT global managers with the technology and encouraged them to tap into the technology’s potential to improve quality, productivity and efficiency across our diverse sites and operations. Employees who tested these wearable devices reported improvements and voiced enthusiasm for the technology’s promise. As a next step, we are working to deploy this technology across our global operations.

Gartner Top 25 Supply Chain Index

Taking another step on our journey to build the world’s best supply chain, in 2017 we scored our highest-ever ranking on Gartner’s Top 25 Supply Chain Index, the most widely recognized list of top performers across all industries. Johnson & Johnson moved up eight spots to #13 for our improvement in delivering high-quality results, customer satisfaction and cost efficiencies. Johnson & Johnson was also in the Gartner Healthcare Supply Chain Rankings, voted “Best Manufacturer Partner” by peers. Highlighted for the way our supply chain has leveraged technology to drive innovation, we are honored to be ranked so highly among companies known for supply chain excellence and we will keep pushing to set the new standard in healthcare.

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Our People

The employees of Johnson & Johnson are the heart, mind and soul of our Company. For more than 130 years, our employees have been the impetus of sustainable growth of our business, the embodiment of a spirit of ingenuity, and will continue to serve as the driving force in delivering on our bold aspiration to change the trajectory of health for humanity.

The success of Johnson & Johnson depends on our employees, so we focus on hiring top talent and maximizing their potential through a comprehensive human resources strategy. It starts with Our Credo, which unifies our global, multi-generational workforce around the purpose and principles we've espoused since the beginning of our Company. The strategy is organized around three fundamental focus areas: attracting and recruiting the best and most diverse talent; developing and retaining talent through a broad array of learning and development experiences; and empowering and inspiring our people through innovative engagement initiatives and programs. Underpinning these focus areas are ongoing efforts to cultivate and foster cultures of diversity and inclusion, innovation, health and employee safety across our Company.

Our ultimate objective is to nurture a workplace of choice for everyone willing to contribute to the Johnson & Johnson mission. We take great pride in the fact that opportunities for self-realization, professional growth and expansion of one's horizons are limitless at our Company. The breadth and depth of our enterprise—along with the support, tools and resources we provide—offer our people the opportunity to build a varied and diverse career across the full spectrum of human health.



Colleagues at Actelion in San Francisco.

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Our Voice Survey

The Our Voice Survey assesses the ability of employees across the Company to live the values of Our Credo, and provides an additional mechanism for engaging with employees to gain insight into their views about our talent management practices and enterprise performance. The survey addresses critical topics such as engagement, diversity and inclusion, talent development, health and wellness, collaboration, execution and innovation. The survey design includes a variety of internally and externally created and validated measures. The findings were compared to benchmarks of the Mayflower Group consortium of companies to provide additional perspective on our talent management performance. People leaders were provided with detailed reports highlighting their team results, strengths and opportunity areas. These results and suggestions are informing ongoing talent discussions and action plans across the enterprise.

95%

I am willing to give extra effort to help
Johnson & Johnson meet its goals.

87%

I feel a strong sense of purpose and
meaning in my work.

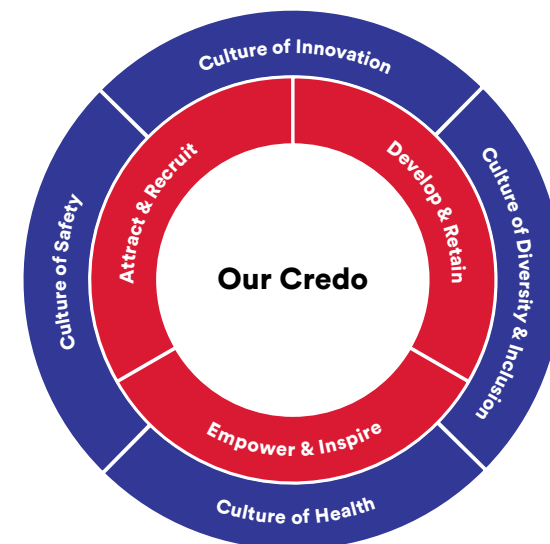
Dates of Administration	Aug 28 to Sep 22, 2017
Number of Languages in which the Survey was Administered	36
Number of Countries in which the Survey was Administered	80
Number of Operating Companies in which the Survey was Administered	294*
Participation rate	87%

Results

Overall feedback was very positive and demonstrated that Johnson & Johnson is on the right path with our talent management, inclusion and overall employee engagement. Our people feel engaged, empowered and inspired by their work.

How We Compare

- Our Company exceeds external scores on the Employee Satisfaction Index and all questions that are benchmarked.
- I would recommend Johnson & Johnson as a great place to work **(14% points above benchmark)**.
- I feel encouraged to come up with new and better ways of doing things **(7% points above benchmark)**.
- Sufficient effort is made to get the opinions and thinking of the people who work here **(14% points above benchmark)**.
- My work group has a climate in which diverse perspectives are valued **(8% above benchmark)**.



Talent Management Strategy

Culture of Diversity & Inclusion: Making diversity and inclusion how we work every day;

Culture of Innovation: Unleashing the creativity and ingenuity of everyone at Johnson & Johnson;

Culture of Health: Advancing health for humanity starts with our own people;

Culture of Safety: Inspiring an all day, everyday safety mindset with our employees.

*Our employee surveys are administered in operating companies where we have employees, whereas the operating companies noted in the Annual Report/Form-10-K are based on location that has both sales and income ("more than 260 operating companies").

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Johnson & Johnson Workforce At a Glance

GRI 102-8

Global Workforce Summary*

	2015	2016	2017
Number of employees	127,100	126,400	134,000
Employees, by gender			
Women	45.4%	46.0%	46.5%
Men	54.6%	54.0%	53.5%

Employees by Employment Type, by Gender*

	2015	2016	2017
Full-time			
Women	44.0%	44.7%	45.3%
Men	56.0%	55.3%	54.7%
Part-time			
Women	84.1%	84.8%	84.8%
Men	15.9%	15.2%	15.2%

Employees by Region, by Gender*

	2015	2016	2017
Asia Pacific			
Women	41.1%	42.5%	43.8%
Men	58.9%	57.5%	56.2%
Europe, Middle East & Africa			
Women	46.8%	47.5%	48.2%
Men	53.2%	52.5%	51.8%
Latin America			
Women	47.4%	47.5%	48.6%
Men	52.6%	52.4%	51.5%
North America			
Women	45.5%	45.7%	45.5%
Men	54.5%	54.3%	54.5%

*All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

Commitment to Employees

As the healthcare industry continues to transform, we must evolve our global talent management practices to keep pace with the capabilities and competencies required for the future; this will help ensure we continue to meet, if not exceed, the expectations of our patients, customers and all other people we serve. We lead with agility and urgency, and work to ensure we attract, develop, empower and retain a constellation of talent that is diverse, collaborative, innovative and both present-minded and future-focused.

We know our employees share our values, and feel a strong sense of purpose and meaning in their work; but we also recognize that they seek opportunities for professional growth and development, while enjoying work-life balance. Through a multitude of strategic programs and initiatives, we are working to deliver learning at all levels, including increased opportunities for diverse learning experiences. We are generating more talent choices for leaders of the future, with a strong talent pipeline to help us deliver on improving health for humanity. Since healthy careers are only one aspect of well-being, we also work hard to provide resources and opportunities for employees to build healthy lifestyles and healthy families.

At Johnson & Johnson, we understand the workforce of the future will need an innovative mindset, exposure to multiple cultures and a diverse set of experiences and skill sets. To benefit our people and our business, we seek to empower and inspire our employees to develop themselves and their ideas. As our Company adapts to reflect trends in healthcare and the society at large, our talent management strategy has evolved to anticipate these changes.

Our enterprise talent management is overseen by human resources leaders as well as by our functional and business leaders. Together, these leaders across the Company are accountable for all aspects

of talent management: 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. Human Resources, whose Executive Vice President, Chief Human Resources Officer, is a Corporate Officer and a member of the Johnson & Johnson Executive Committee, oversees Global Talent Management, Global Benefits, Health Resources and Worldwide Compensation Resources. GRI 103-2; 103-3

Recognitions

Named #26 in Glassdoor 2017 Employees Choice Awards, recognizing Best Places To Work.

Named #15 in CareerBliss 50 Happiest Companies in America for 2017.

Named #2 in Reuters Diversity & Inclusion Index.

Named #5 in *DiversityInc* 2017 Top 50 Companies for Diversity & Inclusion.

Named a Top 10 employment brand in Wilson HCG 2017 *Fortune* 500 Top 100 Employment Brands Report.

Sandra E. Peterson, Group Worldwide Chair, & Jennifer Taubert, Company Group Chairman, Pharmaceuticals, The Americas, named to **2017 *Fortune* Most Powerful Women list**.

Named to 2017 National Association for Female Executives (NAFE) **Top 70 Companies for Executive Women**.

100% rating in the United States for 2017 Human Rights Campaign Corporate Equality Index.

Named a Top 10 Company in 2017 *Working Mother* 100 Best Companies for Working Mothers.

Attract & Recruit

We view talent management as the foundation for keeping our organization healthy and innovative. Each employee contributes a unique set of experiences, skills and cultural backgrounds that enables us to better serve our diverse customers around the globe. In today's interconnected world, we must attract and recruit employees who are globally-minded, agile and adaptable. We recognize that this task is becoming increasingly challenging, with growing integration of labor markets and fierce competition for top-notch talent. However, we see such challenges as opportunities. We are leveraging technology so that we can meet candidates where

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they are and make the recruiting process a seamless experience not unlike what we've all come to expect in our daily lives as modern consumers. We are also committed to compensating our employees fairly and offering the kinds of benefits that deliver on the needs of today's employee and their families.

Recruiting Talent

Led by our Vice President of Talent Acquisition, who also helms the team focused on elevating the entire experience of our people at Johnson & Johnson, the efforts to attract and recruit focus on devising innovative, data-driven and progressive ways to identify, assess, select, onboard and retain a globally diverse talent pipeline.

To help attract a diverse range of talent that meets the needs of our three differentiated business segments and enabling functions such as supply chain, we have an overarching global approach rooted in partnerships with professional organizations, and relationships with top universities and recent graduates. Across the world, our executives frequently engage on campuses by teaching courses or sharing insights and meeting the next generation of healthcare leaders. Our global approach is then tailored with specific strategies by each business segment because of the very different needs in our Consumer, Medical Devices and Pharmaceutical businesses. We consistently augment and extend our talent attraction efforts by leveraging cutting-edge digital platforms, social media and online engagements. As technology continues to shape how we engage with candidates, we anticipate the candidate experience will improve even more, with the process becoming more efficient and positive.

Employee Compensation

At Johnson & Johnson, we know that people join our Company to build a purpose-driven career that makes a difference; they are with us to deliver on the needs of those we serve and impact health outcomes for generations of people – from infants, to young families, and to the aging.

We understand compensation is a way to recognize the important work our employees do, and also serves as a critical tool in the successful execution of our corporate goals. We are committed to providing fair and adequate compensation and design our compensation programs based on the following principles:

- **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.

We are committed to pay equity, including gender pay equity. We conduct pay equity analyses across functions and levels, review hiring and promotion processes and procedures to reduce any potential unconscious bias or structural barriers and embed equal pay efforts into broader enterprise-wide equity initiatives.

Employee Benefits GRI 401-2

We are committed to investing in our employees with the same passion that they invest in changing the trajectory of health for humanity. To this end, we work hard to understand which benefits will help enrich their lives and those of their loved ones, starting with health and wellness and extending to retirement planning and finances.

Leading in WiSTEM²D

Building a diverse STEM²D (Science, Technology, Math, Manufacturing and Design) community is one approach Johnson & Johnson is taking as part of a broader effort to accelerate the development of women leaders and support women at all stages of their life to improve global health and well-being and drive sustainable economic growth. Johnson & Johnson launched the [WiSTEM²D](#) (Women in STEM²D) program in 2015 to increase the representation of women in science and technical fields. The program's multi-faceted approach is designed to engage females at three pivotal development stages in their lives:

- **Youth Programs (Ages 5 to 18 years):** Johnson & Johnson is partnering with organizations to align curriculum in schools, augment program-based learning and engage Johnson & Johnson employees around the world as mentors to students.
- **University Talent:** Johnson & Johnson is partnering with leading academic institutions to develop high-impact strategies for increasing the number of women enrolling in and graduating with STEM²D programs and degrees. At the graduate level, Johnson & Johnson has implemented the STEM²D Scholars Award to increase the number of women pursuing research in STEM²D fields.
- **Professionals:** Johnson & Johnson is [identifying and implementing best practices](#) for attracting and retaining the world's best technical female talent.

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In providing employee benefits around the world, we regularly compare the value delivered to that of our competitors and seek to rank in the upper half among these world-class companies. We assess this competitive view on a country-specific basis.

As of the end of 2017, we now offer a global standard for Parental Leave, where our employees across the globe—including countries like Brazil, China, India, Japan and the United Kingdom—are eligible to take a minimum of eight weeks' paid parental leave for birth or adoption. Related to that benefit, we also provide global breast milk shipping, with temperature-controlled delivery service for moms traveling on business.

We also provide a retirement plan or savings plan in most countries. Plan provisions may differ by country. They may also differ for union employees, who receive their benefits under collective bargaining agreements.

Johnson & Johnson Family Benefits

-  Global Parental Leave
-  Breast Milk Shipping
-  Surrogacy Assistance Benefits
-  Fertility Benefits
-  Adoption Benefits
-  Children with Special Needs
-  Childcare Benefits

In the United States, Choices Benefits are provided annually to active salaried and non-union hourly employees, as well as regular and casual part-time employees who are scheduled to work 19 or more hours per week. Employees create a personalized benefit package for themselves and their eligible dependents. Following are the types of benefits provided in the United States:

- Enhanced family adoption and fertility benefits and benefits for surrogacy and nursing mothers, born out of data-driven insights that family planning can be a stressful and often expensive proposition.
- Support for parents of children with special needs including speech and occupational and physical therapies, as well as applied behavior analysis benefits for children with pervasive developmental disorders and developmental delays.
- Enhanced military leave policy for employees activated as part of their National Guard or Reserve Component military service. To read more, [visit this page](#).
- Expanded sick time policy for meeting the needs of modern families and allowing for time off to care for family members.
- More traditional benefits, including medical, dental, vision, tobacco cessation, flexible spending accounts, life, accident, employee assistance programs, auto and home insurance, disability coverage and commuter benefits.
- Transgender-inclusive health insurance coverage and same-sex partner benefits aligned with the Human Rights Campaign's Corporate Equality Index.

More information on our employee benefits can be found on our [Careers website](#).

Our Performance

Hiring Summary GRI 401-1

	2017
Positions filled	26,427
Positions filled by internal hires	8,284
Positions filled by external hires	18,143

U.S. Employees Who Returned to Work After Parental Leave* GRI 401-3

	2016	2017
Total returned	96.9%	91.0%
Women returned	94.5%	91.0%
Men returned	99.8%	91.0%

*All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

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New Employee Hires*

	2015	2016	2017
New employee hires, by gender			
Women	49.9%	51.1%	51.3%
Men	50.1%	48.8%	48.7%
New employee hires, by age			
Under 30	48.9%	46.5%	44.7%
30 - 50	46.2%	48.8%	47.6%
50+	5.0%	4.7%	7.7%
New employee hires, by region			
Asia Pacific	26.1%	24.0%	24.2%
Europe, Middle East & Africa	29.2%	28.6%	24.8%
Latin America	13.1%	19.6%	17.9%
North America	31.6%	27.8%	33.1%

*All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

Develop & Retain

Through robust development programs, Johnson & Johnson is generating more talent choices for leaders of the future, and building a strong talent pipeline that can retain the best talent. We continue to advance the strength and quality of our leadership bench and pipeline flow, with 26,427 positions filled in 2017.

The Global Talent Management organization, under the leadership of our Vice President, Global Talent Management, deploys a global approach to ensure development is for everyone, regardless of where they are on their career journey or career aspirations. We seek to maximize the value of learning and development investments by taking advantage of the tools, resources, global enterprise learning platforms, and other engagement opportunities to deliver development that supports the personal goals of our employees. Our objective is to foster a learning culture that helps shape each person's unique career path. GRI 103-2; 103-3

Learning Resources GRI 404-2

To cultivate and retain top talent, we must instill a culture of development for leaders to grow and learn. We achieve this by providing ongoing opportunities for continuous employee development and professional growth. We aim to promote shared accountability between an employee and his or her manager to ensure that opportunities for development are identified and pursued, where the outcome is the maximized potential of the individual. Development offerings span a vast array of topics and are provided via both on-the-job and online training to all full- and part-time employees globally. Independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action-planning courses are included in the offerings. There are opportunities that are available to all employees, irrespective of functions; and opportunities that are designed to address specific learning and development needs in functional areas.

Our enterprise-wide Learning Management System called SUMMIT is available to employees globally. SUMMIT is an integrated single portal allowing for access and enrollment in training programs as well as tracking of individual training results, including number of courses and hours of training completed. We are developing processes for reporting consolidated employee development training data, and intend to share the results in the coming years.

Leadership Development

We believe that every employee at Johnson & Johnson is a leader, and we strive to invest in maximizing this leadership potential. Our Global Talent Development organization is responsible for creating a consistent leadership development experience enterprise-wide.

In 2014, through Our Credo Survey, our employees let us know that they would like to have more tailored leadership development opportunities available. We listened, and as a result the Enterprise Leader Development (ELD) initiative was

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launched. ELD consists of two interactive and engaging learning programs that establish standards of excellence for manager effectiveness and leadership development across the Company. All newly hired/promoted leaders are assigned to one of these training programs, commensurate with the level of their new management responsibilities. The trainings are designed to support new leaders at critical career transition points through a multi-week program consisting of virtual learning and in-person sessions. In addition to gaining business critical skills, participants benefit from cross-sector business collaboration and networking. As of 2017, 2,647 new leaders benefited from this ELD experience.

In 2017, we introduced additional leadership development resources. The Leadership Navigator Resource Center provides an on-demand library of videos, one-pagers, and other tools that people leaders can access at their fingertips whenever they need them. This includes a new “First 100 Days” curriculum that provides tools and guidance for new leaders, designed to be completed in their first 100 days.

Performance Management

A strong foundation in development is essential for integrating the talent management process. Our Leadership Imperatives—Connect, Shape, Lead, Deliver, and Our Credo—set the performance and behavioral expectations for all employees. The Leadership Imperatives give our employees across all geographies, businesses, roles and levels a clear and consistent way to lead the Johnson & Johnson Family of Companies into the future.

We conduct rigorous and transparent annual performance reviews of employees at all levels to guide Company decisions relating to compensation and rewards. Employee performance is measured, in part, by how well employees demonstrate our leadership behaviors. In other words, we seek to equally emphasize not just what an employee achieves, but also how he or she achieves it. It is critical to our Company that the annual incentive bonus of management-level employees is determined, in part, by demonstrated leadership that is consistent with these behaviors.

In 2017, 88%²⁸ of employees completed year-end conversations, which are a part of the ongoing dialogue we engage in with employees about their performance and development paths.

Career Development GRI 404-2

The learning culture we have built is focused on developing and retaining our talent. We consider it essential to offer our employees a variety of resources and opportunities that help them advance their professional and personal development at Johnson & Johnson. Throughout the year, employees are encouraged to focus on growth by creating development plans, having career conversations with managers, and taking action to build their skills and broaden

Our Performance

Diversity of Experiences

	2017
Percentage of Manager+ talent movement that was across function, country or business segment lines*	45%

Year-End Performance Reviews Completed**

GRI 404-3

	2015	2016	2017
Total for all employees	71%	81%	88%

Year-End Performance Reviews Completed, by Job Category

	2017
Vice Presidents	1%
Manager and Director	28%
Professional	61%
Other***	10%

*Represents the proportion of employees in Manager and above job categories who in their career progression movement (including upward promotion, downward demotion, or lateral transfer) crossed function, country or business segment lines. Percentage is based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

**Percentage is based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. Excludes employees covered under collective bargaining agreements, long-term disability, interns, selected other groups and newly acquired Abbott Medical Optics employees.

***Category includes employees who don't have a merit plan as part of their compensation package.

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their experiences. Launched in 2015, Development Month leverages the mid-year time point as an opportunity for our employees to self-reflect and take advantage of the tools and resources to support their ongoing development. In 2017, with the support of Development Month Champions across the globe, employees across all regions, sectors and functions participated in learning offerings and activities, engaged in discussions and explored resources. A “Let’s Develop” social media forum enabled employees throughout the world to share their insights, experiences and inspirations for their own healthy career at Johnson & Johnson.

Empower & Inspire GRI 413-1

At Johnson & Johnson, we understand the workforce of the future will need an innovative mindset, exposure to multiple cultures, and a diverse set of experiences and skill sets.

We believe in inspiring our employees to aim high and dream big. We encourage and support our people to help us solve some of the world’s most pressing health issues by empowering them to bring forward game-changing, integrated solutions required to break through walls. As an **innovative start-up** since 1886, our Company has in its DNA a desire to incorporate the spirit of ingenuity in all that we do, which also extends to how we engage with our employees. Some traditional ways we communicate with employees include global, as well as local operating company and functional town hall meetings, shift-change meetings at our manufacturing sites, news-sharing through a variety of channels including our global digital syndicated news hub, “One J&J” digital daily digests, and electronic communications from senior leaders. Since 2016, our Chairman & CEO has been interacting with employees directly through his blog posts on major topics of interest. In 2017, this practice was extended to the office of the Chief Financial Officer (CFO), with our CFO using this channel to communicate and engage on financial matters and results.

We also want to hear our employees’ feedback on how they think we are addressing their needs and expectations, and what we can do better to further improve our organizational practices. Global all-employee surveys on Our Credo and Our Voice are the main channels we use to solicit enterprise feedback and to refine our employee engagement and talent strategies. In addition, our employees worldwide have an opportunity to anonymously raise concerns or ask questions through Our Credo Hotline. Please visit [this page](#) for more information.

Empowering Our Employees

We believe that the skill set, expertise and ingenuity of our employees are the key to our effectiveness in advancing the trajectory of health. To unleash the potential and impact of our talent, we have created programs and experiences that empower our employees to develop and share their unique contributions throughout our Company and within the communities we serve.

In 2011, a handful of innovative thinkers from Johnson & Johnson gathered to share their ideas and formalize what is now known as the Office of Creative Engagement (OCE). This group encourages our employees to think outside their regular realm of day-to-day operations. Examples of how this team collaborates include ways to support and build culture, connect department and business unit ideas, and circulate innovative concepts to their respective teams. The OCE is key to empowering our employees to develop themselves and their ideas. At the end of 2017, the OCE counted 26,174 changemakers²⁹ across 72 countries. By amplifying creativity, our Company is expanding its inventive capacity, confidence and untapped potential through:

- Interactions that challenge people and encourage them to see the unique value of their experiences and points of view.
- Moments and experiences that expose people to new ideas and encourage broad-based curiosity beyond their roles, organizations, and the boundaries of Johnson & Johnson.

- Enterprise-wide tools, resources and techniques that allow individuals to mobilize the people and resources across our Company.

Among our tools is the *Idea Responsibility Framework* that helps people take responsibility for ideas and create clear action and accountability plans. Another is the *THINK* digital platform to post ideas, get feedback, build a movement and share results. Engagements also happen through in-person events where ideas are shared and amplified in interactive sessions and workshops. To facilitate the engagement across our global enterprise, the OCE also empowers active change agents who dedicate their time to transforming local culture. Among the developmental experiences that OCE offers is the Ambassador Leadership Program, whose members participate in mentorships and learning exchanges that enrich functions and groups within the enterprise.

We also want to provide opportunities for our employees to live and experience Our Credo values. In 2017, the Johnson & Johnson Corporate Citizenship Trust (JJCT) celebrated 10 years of driving change on the front lines of health. The JJCT manages partnerships and programs in Europe, the Middle East and Africa (EMEA). Through its Secondment Program (Trust Secondments), the JJCT engages our employees to help fuel that positive and meaningful change. Through long-term Trust Secondments (up to six months) our employees share their skills and knowledge with NGO partners to improve, strengthen and transform health systems in 23 countries across EMEA. As of the end of 2017, 36 Johnson & Johnson employees have participated in Trust Secondments. Also in 2017, we piloted Reverse Secondments, which provide the staff of our NGO partners a chance to work within one of our businesses, helping them strengthen management skills and business acumen.

Building on the success of Trust Secondments, in 2017 we launched a Global Pro Bono program as another way in which our employees can use their “**Talent for Good.**” Like Trust Secondments, the program pairs Johnson & Johnson employees with

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our NGO partners to help them build management capacity. The new program offers employees shorter timeframes for secondments, accommodating professional and personal needs that may have posed a barrier to a multi-month assignment. In the program's inaugural year, 11 employees from our North America and Latin America operations were selected to participate.

Engaging in Environmental Sustainability

At Johnson & Johnson, we believe that when we take steps to make our environment healthier, we help improve the health of humanity. Our environmental sustainability engagement program, We Sustain, mobilizes our employees to share, participate and collaborate on ideas to improve the environmental health of the places we live, work and sell our products. Through We Sustain, we now have many teams and ambassadors across the globe who are working to lead sustainability initiatives that are good for the environment and, ultimately, human health.

Across the Company, we celebrated Environmental Sustainability Month in October 2017. We Sustain and OCE partnered to design digital and on-site activities, including educational content, facilitated group discussions, and collaborative challenges to drive sustainability engagement at work and in our communities.

In addition, we ran the annual Johnson & Johnson Sustainability Accelerator Grants challenge to empower employees from across our businesses to fund sustainability ideas that can be scaled throughout the Company. The 2017 grant winners represented the Americas, Europe and New Zealand. Highlights include:

- **Customer Logistics Services, São José dos Campos, Brazil:** Replace wooden pallets used at Janssen distribution centers with reusable plastic pallets made from the São José dos Campos sanitary protection waste streams.
- **DePuy Synthes, Raynham, MA:** Design a solution to collect, move, and transport a manufacturing waste stream that accounted

for almost 75% of the site's total non-hazardous waste to an off-site reuse facility.

- **Medical Devices, Auckland, New Zealand:** Promote and facilitate recycling of single-use Johnson & Johnson surgical products to reduce the amount of waste landfilled by hospitals.
- **Vision Care, Limerick, Ireland:** Develop an energy behavior change training for employees to help them reduce impact across four key utilities – compressed air, nitrogen, electricity, and deionized water.

Volunteering Opportunities

Giving back is woven into the fabric of Johnson & Johnson. Our Credo outlines our collective responsibility to the communities in which we live and work, and to the world community as well. As good citizens supporting good works and charities, our employees are committed to fulfilling this responsibility. We continuously work to develop and offer volunteer opportunities that help our employees make a meaningful impact on our shared goal of better health for all.

WiSTEM²D

Johnson & Johnson seeks to cultivate females' STEM²D (Science, Technology, Math, Manufacturing and Design) interests at an early age and help them continue to grow and develop in these areas, preparing and positioning them to pursue higher education and careers in STEM²D. With [this foundation](#), they are primed to make valuable contributions to their communities, companies, and the world in the decades ahead. In 2017, we announced the addition of the Scholars Award to the program, which will support the development of female leaders in STEM²D and ignite the innovation they can bring to each discipline. A total of 259 Johnson & Johnson employees spent 755 hours volunteering through our WiSTEM²D (Women in STEM²D) program in 2017. To find out more, please visit [the WiSTEM²D page](#) on our site.

Mental Health Diplomats

In April 2017, a group of our employees launched a new Employee Resource Group (ERG) to shape our Company's culture of inclusion in a way that positively impacts mental health in the workplace. Currently, we have global representation of employees across the enterprise who voluntarily serve as Mental Health Diplomats, as part of the Alliance for Disability Leadership (ADL) ERG. The ERG's advocacy mission is to de-stigmatize mental health issues in the workplace.

On World Mental Health Day in October 2017, the group delivered events to our sites around the world to create awareness about mental health support and resources available to employees at Johnson & Johnson. By the end of 2017, Mental Health Diplomats received training to develop the skills needed to connect our employees with Johnson & Johnson resources to help them manage their own mental health or to help them care for loved ones who are struggling with mental health issues. The ongoing advocacy activities of this employee-led initiative will work to build understanding, acceptance and a broader network of advocates for mental health in our Company.

Our Mental Health Diplomats are also involved in influencing externally. In September 2017, members of the group supported our launch of a global coalition on youth mental health in Canada, in partnership with [Jack.org](#), the University of Toronto, iFred, and batyr, to engage and amplify voices advocating for mental health support worldwide.

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Bridge to Employment

For 25 years, Johnson & Johnson employees have been working to prepare and inspire high school students from disadvantaged communities to stay in school, enroll in higher education and pursue a career in the health sector. Launched in 1992, the Bridge to Employment initiative has helped young people enhance the academic and social skills necessary to excel in education and career. In 2017, 327 employees from our operating companies across the globe spent 8,867 volunteer hours working with our partner, FHI360, to help students develop the foundational skills needed for a successful career in healthcare. To date, the program has demonstrated an increase in the number of youth completing higher education and an increase in the number of youth pursuing careers in the health or sciences.

Employee Resource Groups

In addition to dedicating themselves to community service, our employees are actively engaged in various Employee Resource Groups (ERGs). Our ERGs serve as key sources of insights to the diverse communities we serve, and also help us to enhance our inclusive environment. For more information, [visit Employee Resource Groups](#).

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Diversity & Inclusion

GRI 103-2; 103-3

Globalization has brought dramatic changes to demographics and labor markets. The workforce, suppliers, and customer base have become increasingly diverse and multi-cultural. While we have long recognized the importance of diversity and inclusion, we know that in today's world building a diverse and inclusive workforce is both a business imperative and a key long-term success factor. We also know that diversity and inclusion (D&I) improves employee engagement and company performance as well as drives innovation and growth.

Our workforce must reflect the diversity of our patients, consumers and customers around the world. We work hard to nurture a sense of belonging, where open hearts and minds can combine to unleash the potential of the brilliant mix of people at Johnson & Johnson. Bringing together and combining the unique perspectives of our talented people—including all their backgrounds, beliefs and experiences—is critical to our success in continuing to reinvent ourselves.

We promote diversity at every level of the organization, and this commitment starts at the top with our Chairman & CEO, who consistently stresses the importance of D&I in his communications to employees. Members of our Executive Committee serve as executive sponsors of our Employee Resource Groups (ERGs), and all leaders within the Company have D&I as part of their business goals and leadership commitments. Led by our Chief Global Diversity Officer, the Global Office of D&I is comprised of four strategic teams focused on advancing global inclusion and diversity, embedding D&I in the business, developing strategic partnerships and measuring our impact through accountability models. Our Chief Diversity & Inclusion Officer has a dual reporting structure to our Chairman & CEO and to the Executive Vice President, Chief Human Resources Officer, who is a Corporate

Officer and a member of the Johnson & Johnson Executive Committee.

Our cross-cutting, enterprise-wide D&I has three pillars: advance our culture of inclusion and innovation; build a diverse workforce for the future; and enhance business performance and reputation. We believe focusing on these strategic areas, which are integrated into key talent management processes, will help our Company attract and retain top talent; better understand the needs of our increasingly diverse patients, consumers and customers; and drive health innovations to improve outcomes for all.

Recognitions

Named #2 in *LATINA* Style Magazine 2017 LATINA Style 50 Report.

Named #2 in Thomson Reuters Diversity & Inclusion Index.

Named #5 in *DiversityInc* 2017 Top 50 Companies for Diversity & Inclusion.

Earned the highest rating (100%) in the United States for the annual Human Rights Campaign Corporate Equality Index; earned a Gold ranking in Japan.

Named a Top 10 Company in *Working Mother* 100 Best Companies for Working Mothers.

Named #21 in Fatherly's The 50 Best Places to Work for New Dads in 2017.

Named to National Association for Female Executives (NAFE) **Top 70 Companies for Executive Women**.

Inclusion Index: Driving Accountability for Diversity & Inclusion

A key part of the Our Voice Survey is our Inclusion Index. This Index enables us to obtain the perspectives of all our employees and continue to enhance our inclusive environment. People managers are provided resources and training to help them build inclusive leadership skills and foster a sense of belonging within their teams. Driving accountability and transparency in this way helps us to focus our leaders on the importance of inclusivity and drive progress.

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The CEO Action for Diversity & Inclusion™ Pledge

In 2017, we were proud to join more than 270 companies in signing the pledge for the CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance Diversity & Inclusion in the workplace. The pledge outlines specific actions companies will take to cultivate a trusting environment in which all ideas are welcomed, and employees feel empowered to discuss diversity and inclusion.

“When I first spoke to the leaders at Johnson & Johnson I was impressed with their deep interest in the science of implicit cognition. They participated fully. They asked a million questions. And they fearlessly considered the implications of the science for themselves and their industry. Because they understand the urgency of delivering the best healthcare to all those who need it, Johnson & Johnson sees the relevance of gaining awareness about how human minds work. They know that their success depends on becoming aware of the way our decisions are actually made, not just what we intend. And at Johnson & Johnson, they are committed to turning thinking into action, by hiring and retaining the best.”

Mahzarin R. Banaji, Department Chair of Psychology, and Richard Clarke Cabot Professor of Social Ethics, Harvard University

Addressing Unconscious Bias in the Workplace

A primary focus for D&I has been in driving awareness of unconscious bias and fostering a culture of inclusion in the workplace. Engaging with Professor Mahzarin Banaji of Harvard University, in 2017 we provided an “Unconscious Bias” training program to all our people leaders. This curriculum was reinforced with e-learning modules and group discussions, which are extending into 2018. The content focuses on helping our employees understand how bias can impact our thinking and how to mitigate it in our day-to-day work. By mitigating unconscious bias, we will be better able to tap into our diverse backgrounds and unique experiences to fuel how our Company adapts and innovates to advance the trajectory of health for all. We are embedding these concepts into every aspect of our talent management approach.

Recruiting Diverse Candidates

We believe in recruiting the best and brightest diverse talent around the world. As the customers, patients and doctors we serve become ever more diverse, ensuring that we reflect these voices and perspectives in our employee population is critical. We therefore analyze and evolve our recruiting processes and procedures to continually improve how we identify, attract and recruit. In addition, we are raising awareness of unconscious bias and providing training and resources to mitigate this across our hiring practices.

To help us increase the diversity of the candidate pool and remove bias, we are leveraging innovative technologies, such as artificial intelligence-powered solutions, like Textio, which we began using in 2017. Textio removes gender bias from our job descriptions. We are also using Google Job API to power the Johnson & Johnson Careers site, an innovative tool that is helping us improve our hiring process by matching the best possible applicants with relevant jobs using the power of data and machine learning. Navigating the nuances of job titles, descriptions, skills and preferences, the API tool is helping us facilitate more accurate match-ups of job seeker preferences with relevant job listings.

Across the interviewing process, we educate interviewers about unconscious bias and ways to address it during the interview. This interviewer training also includes behavior-based interviewing techniques. We strongly encourage having interview teams that are diverse (to include a mix of individuals with diversity of thought and experience, and those who reflect ethnic/racial and gender diversity). We also encourage the identification of diverse slates for all positions.

To connect us with top diverse candidates, we partner with external organizations and are expanding and deepening existing relationships with key universities. In addition, we are activating and training our Employee Resource Group members to be talent scouts to increase diverse referrals.

Development, Advancement and Promotion

We focus on strengthening the capabilities of our managers in inclusive leadership – especially concepts around managing unconscious bias. We know that this will have beneficial effects on enhancing our culture of inclusion, and will enable employees to be themselves, perform their best, and be recognized.

We are ensuring that we have fair representation of diverse populations in training and development courses. Throughout 2017, we evaluated the selection process for our courses to ensure that they are as inclusive as possible. In addition, we took steps to further integrate development courses into the portfolio of training targeted at employees with upward potential.

Research has shown us that diverse talent may need additional support in building relationship capital. We’ve found that sponsorship is an important tool to acquire this capital. Based on these insights, in 2017 we launched a sponsorship program focused on diverse talent. The initial program has our Executive Committee serving as sponsors to emerging diverse leaders, with each member having at least one sponsee. The program will be expanded in 2018 into more parts of the organization.

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We know that having diverse leaders is a critical component that will enable Johnson & Johnson to continue providing health solutions today and into the future. Through on-line trainings (e-learning), reminders, and just-in-time notifications, we enable our leaders to better identify and promote the wide range of talents needed for our businesses. We are developing ways in which we can further codify mitigating unconscious bias concepts and learnings into important points of the performance evaluation and succession planning processes.

Employee Resource Groups (ERGs)

Our ERGs are voluntary, employee-led groups that self-organize based on shared identities/affinities and experiences, and look to apply those perspectives to initiatives that create value for the enterprise. ERGs are focused on four key areas that are aligned with our global D&I strategy:

- 1) Talent acquisition, onboarding and development;
- 2) Providing marketplace insights and ideas about diverse communities;
- 3) Promoting our culture of inclusion;
- 4) Impacting the communities in which we live and work.

Through these focus areas, ERGs help us attract, recruit, onboard and develop new talent. They also provide rich insights on our diverse patient and customer base as well as support for enterprise community initiatives. The internal initiatives they drive help to improve our workplace culture by enhancing a sense of belonging; and their community-focused efforts leverage our size and expertise to bring about positive change in the community.

~95

of non-U.S. ERG Chapters

~251

of U.S. Chapters

~17,111

of employees engaged in ERGs

Supplier Diversity

To advance health for all, our Company believes that we need to connect people from diverse backgrounds to solve – for the broad range of health and wellness – issues that people around the world face. Johnson & Johnson strives to work with suppliers as diverse as the world in which we live, and to unite around a common purpose so we can pave the way to a healthier future for those we serve. The foundation of our supplier diversity approach is our Global Supplier Diversity and Inclusion (GSDI) program, which has been making an impact in connecting diverse businesses with growth opportunities that positively impact everyone involved for more than 20 years. More information on GSDI can be found under [Supplier Diversity](#) in the Responsible Business Practices section of this report.

At the Heart of our Diversity & Inclusion Strategy: The Power of Global Talent

Mobilizing a diverse workforce and advancing a culture of belonging have long been priorities at Johnson & Johnson and are at the heart of our D&I strategy. All companies need employees who view the world from unique vantage points, and nowhere is that needed more than in healthcare. What's more, to meet local skill gaps, build capacity in emerging and growing markets, encourage cross-sector development and foster global leadership, we have had a successful history of cross-pollinating talent around the world – relocating employees for new jobs or for short- or long-term projects. One way we have continued to support this effort for our employees, patients and consumers is by joining the Coalition for the American Dream, a coalition of industry leaders advocating for protection of America's Dreamers, and pressing for a bipartisan solution to the U.S. Deferred Action for Childhood Arrivals (DACA) Program. Our internal efforts combined with external advocacy are two important ways we are working to advance a culture of belonging, where open hearts and minds combine to unleash the potential of a brilliant mix of people and talent, in every corner of the world.

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Our Performance

Gender Diversity, by Job Category* GRI 405-1

	2015	2016	2017
Vice Presidents			
Women	31.3%	31.9%	33.1%
Men	68.7%	68.1%	66.9%
Managers and Directors			
Women	42.8%	43.8%	44.7%
Men	57.2%	56.2%	55.3%
Professional category			
Women	47.7%	48.9%	47.2%
Men	52.3%	51.1%	52.8%

*All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

Our Performance

Ethnic Diversity in the U.S., by Job Category*

	2015	2016	2017
Vice Presidents			
Minority	22.6%	20.1%	24.0%
White	77.4%	79.4%	76.0%
Managers and Directors			
Minority	27.1%	25.8%	28.5%
White	72.9%	74.2%	71.5%
Professional category			
Minority	25.2%	22.8%	31.2%
White	74.8%	77.2%	68.8%

Clinical Trials with African-American Leadership Council: Addressing Health Disparities in Clinical Trials

Working with our Janssen Pharmaceutical Companies to establish leadership in addressing health disparities in clinical trials, one of the ERGs, the African American Leadership Council (AALC), launched an initiative in 2017 to gather data in clinical studies reflecting the diversity of people who will use the medicine when approved. We know that genetic coding variability can mean that drugs may be more toxic and/or less effective in certain demographic groups, and that diseases can be more prevalent in certain demographic groups. Working in collaboration with research teams and the Office of D&I, the AALC conducted an employee survey to capture diverse voices and to create programs that help with study recruitment and patient selection. Our goal is to diversify the participant pool in the clinical trials to improve overall effectiveness of medications, and treatment outcomes for more people.

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Our Performance

Age Diversity, by Job Category*

	2015	2016	2017
Vice Presidents			
Under 30	0%	0.1%	0%
30 - 50	41.6%	45.9%	45.6%
50+	58.4%	54.0%	54.4%

Managers and Directors

Under 30	1.4%	1.3%	1.3%
30 - 50	72.2%	74.7%	74.3%
50+	26.4%	23.9%	24.4%

Professional category

Under 30	19.6%	19.5%	20.8%
30 - 50	63.8%	65.4%	62.3%
50+	16.7%	15.1%	17.0%

Our Performance

Diversity in the Board Composition

	2015	2016	2017
Women on the Board	27%	20%	20%
Minorities on the Board	27%	30%	30%

*All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

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Employee Health & Wellness

GRI 103-2; 103-3

At Johnson & Johnson, we aspire to have the healthiest workforce in the world. We want our people to live longer, healthier and happier lives. Not only is it good for them and their families, but it is also good for the health of our business and the customers and patients we serve. Our culture of health is built around the belief that advancing health for humanity starts with advancing the health of our own people.

Our commitment to the health and well-being of our people began more than a century ago. We were the first company to release reports that tied effectiveness of wellness programs to the productivity and profitability of our Company. Since then, we have continuously expanded health and wellness programs throughout Johnson & Johnson and across the globe, incorporating new thinking and technologies to keep our offerings best-in-class.

Employee health & wellness at Johnson & Johnson is overseen by the Vice President of Global Health Services, reporting to the Vice President, Total Rewards and Workforce Analytics, and ultimately to our Executive Vice President, Chief Human Resources Officer, who is a Corporate Officer and a member of the Johnson & Johnson Executive Committee. The responsibility for implementation is owned across the Company.

Healthy Workforce

We consider optimizing the health and wellness of our employees – actively engaging them in their health – as part of our core responsibilities. Through our efforts to create and scale innovative programs that address all aspects of well-being – physical, mental, emotional and spiritual – we have helped our people thrive, and have raised the bar for employee wellness programs.

An example of our ongoing passion for employee health and wellness is our HealthForce 2020 campaign. With its accompanying goals, the campaign focuses on helping our people work toward a “personal best” in health and well-being. We are cultivating an environment where our employees are eating better, moving more, and creating healthy habits to help everyone stay mentally focused and purpose-driven. In addition to Johnson & Johnson policies and programs, HealthForce 2020 deploys additional educational resources, digital tools, assessments, trainings, equipment and dedicated spaces, as well as support services to help our people make healthier choices and support those choices with healthier work environments. We are bolstering this work through global policies specific to Healthy Eating, Healthy Movement, Healthy Mind and Healthy Work; our aim is that by 2020, these policies will have been fully implemented across the globe.

A big part of being healthy is moving more; this insight is the inspiration behind our 2017 Goal Getters and Create Your Own Challenges. Goal Getters was a global Challenge, executed through our HEALTHY & ME digital health app, designed to get our employees to be more active. This unique, digital health application provides a suite of health and wellbeing apps, gamification and social networking, as well as links to resources, specific for Johnson & Johnson employees/spouses (allowing for choice, and customization for each user). Nearly 28,724 participants took on the Challenge, which tied in with employee engagement and support of the Johnson & Johnson commitment to the **U.N. Sustainable Development Goals (SDGs)**, helping to raise approximately \$75,000 for charities linked to our SDG commitment areas. Our employees got engaged with their health and marked an amazing 6.8 billion steps during the Goal Getters Challenge with a nearly 28% increase in activity.

2020 Update

Target

Empower and engage employees toward a “personal best” in health and well-being via: training of at least 100,000 employees in the principles of ENERGY FOR PERFORMANCE;* connecting at least 100,000 employees to their health via innovative digital health tools; and providing access to at least 100,000 employees to both fully implemented** healthy eating and fully implemented healthy movement cultures.

Progress

- More than 33,000 employees completed ENERGY FOR PERFORMANCE training.
- 84,000 employees engaged in health and well-being via the use of digital health tools since 2016.
- 107,000 and 117,000 employees provided access to 50% implemented healthy eating and healthy movement cultures, respectively.

Status

On Track

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

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

Employees told us that they have their own ingenious ideas for step challenges, so through our HEALTHY & ME digital health app, available to employees in 76 countries and in 10 languages, we launched a Create Your Own Challenge in fall 2017. This “create your own step” adventure energized employees, who in turn created approximately 1,084 unique Step Challenges in just three months’ time. Across our global workforce, these latest, healthy initiatives complement the recognized, wide-ranging of health and well-being programs we already have in place.³⁰

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Workplaces & Wellness

As a healthcare company, we have rich history and deep experience in understanding the power of employee wellness and its connection to leading a happier, healthier and more productive work life. Our approach to employee wellness is to create environments that encourage a culture of health. By providing programs and services that make choosing the healthful option easier, our employees can cultivate the healthy habits that are right for them and put them on the path to their personal best.

Our Company maintains on-site medical clinics for our employees in many countries where we operate across the globe. Our on-site medical staff utilize a “whole person” approach that includes on-site and near-site mental health resources, wellness professionals and health educators. Our on-site medical staff have a variety of backgrounds, with most having specialized certifications and degrees in occupational medicine, and many have other board certifications and specialized training, including in internal medicine, pediatrics, trauma medicine, orthopaedics, family practice and more. Most recently, Johnson & Johnson began a process to provide health coaching training to our on-site clinical staff.

We are committed to delivering an exceptional workplace experience for our employees, including a focus on healthy spaces, healthy eating, healthy movement, healthy minds and healthy work. In several locations, we provide on-site fitness centers, with further access for our remote employees to off-site gyms via our exercise reimbursement program.

We also recognize the link between an employee's workplace environment and experience and the resulting productivity outcomes. Guided by our Workplace Experience Principles, we are a leader in delivering workspaces designed to promote healthy lifestyles, employee engagement and a collaborative work environment.

Our Workplace Innovation Program encapsulates how we are prioritizing workplace wellness and

Creating a Smoke-Free
Workforce in Malaysia

Malaysia has a high rate – nearly one in four – of individuals who are smokers, equivalent to almost five million people. Consequently, Malaysia has a goal to become a smoke-free nation, and we wanted to support that. By encouraging workplace wellness and smoking cessation, we developed a “Smoke Free Workplace” campaign, supported by Johnson & Johnson Malaysia and launched by the country's Health Minister in 2017. This initiative is inspiring several large companies to champion smoke-free workplaces in the form of educational talks, a smoke-free work environment, counseling services and cessation programs assisted by trained healthcare providers. We anticipate that our smoke-free campaign will lead to a healthier workforce at our own facilities, and among other employers and companies.

productivity around the world. We first launched our global strategy for workspace, Workplace Innovation (WI), in 2010 to inspire new ways of thinking about and configuring the work environment. WI is now helping us, company-wide, better design our environments to support workplace activity; create shared and “unassigned” work space for greater flexibility and employee choice; enhance and unify employees' working experience; and inspire an innovative and engaged work culture.

Additionally, our workplaces are being designed to incorporate elements that support physical and emotional health, including health amenities such as on-site health and fitness centers, first aid rooms, outdoor activity areas, showers/lockers,

Our Performance

Workplace Innovation

Offices scoring “high performing” in Leesman's workplace effectiveness index	29
Workplace innovation projects implemented globally	9
Workplace innovation projects implemented globally since the program start (2010)	59
Average percent improvement* in employee satisfaction as a result of workplace innovation projects completed since the program start (2010)	13%

*Estimated based on the results of post-project surveys.

nurture and faith rooms, rooms for counseling and employee assistance, and child development centers. Because of our efforts, we continue to increase the number of Johnson & Johnson offices that score as “high performing” in the Leesman® Workplace Effectiveness Index, a survey that assesses 21 dimensions of how our workplace supports our people. In 2017 a total of 29 offices achieved the “high performing” score.

We also incorporate green building design principles into our workplaces to further enhance the health, safety, well-being and productivity of our people. Johnson & Johnson continues to build a world-class portfolio of LEED-certified buildings and office space that offers our employees a workplace experience where they will thrive. For more information visit [this page](#).

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Employee Safety

At Johnson & Johnson, safety is a core value that is supported by Our Credo. We believe a safe workforce and a healthy workforce go hand in hand, and that keeping our people safe is part of our broader mission to improve health for all. The culture of safety at Johnson & Johnson inspires every employee to make safety not only a way of working, but also a way of living, all day, every day.

Our operations must first and foremost be fundamentally safe – well-designed, and with workplace hazards sufficiently controlled. Our employees should have the appropriate tools, training, and education to execute their jobs safely and report unsafe conditions, and it is our responsibility to ensure that they do. Leaders are accountable for the safety of their operations, but importantly, we believe good safety behavior is the responsibility of all employees. We continuously evaluate, leverage, manage and nurture our culture so that employees at all levels and across all sites have a shared understanding of the safety values and behaviors at Johnson & Johnson. Our commitment to employee safety extends beyond the time spent at the workplace; we provide resources to help our

employees always keep safety top of mind, whether at work, at home, or on the go.

Occupational Safety GRI 103-2; 103-3
Our Environmental, Health & Safety (EHS) Policy, along with our set of Worldwide Environmental, Health, Safety & Sustainability Standards (Standards), set minimum requirements for our health and safety practices at our facilities and off-site work locations around the world. Workplace safety is overseen by the Vice President of the Environmental Health, Safety & Sustainability (EHS&S) organization. Enterprise-wide safety performance is discussed with, and reviewed by, the Johnson & Johnson Executive Committee and the Board of Directors’ Regulatory, Compliance & Government Affairs Committee. We encourage, but do not require, third-party certification to the Occupational Health and Safety Assessment Series management system (OHSAS 18000). In 2017, 33% of our manufacturing and R&D sites were certified to OHSAS.

We have rigorous programs in place to ensure on-site occupational safety, as well as contractor and fleet safety. Johnson & Johnson has standardized

a Safety Culture Roadmap to empower individuals and teams around the world. This systematic safety culture process includes standardization of both Integrated Ownership of Safety Systems (IOSS) and a safe behavior program called “Safe Decisions for Life” to proactively shape our safety culture. The Roadmap also enables leaders to engage employees at all levels, establishing a more robust culture that extends beyond baseline compliance to more holistically manage risk. Tools are provided to help assess, improve and scale workplace safety initiatives and programs. Diagnostic assessments that examine leadership, safety education and awareness, as well as processes and habits, are conducted at our manufacturing and major R&D locations, as well as among our larger fleet teams. Based on these assessments, the sites develop action plans to address areas of opportunity and initiate improvement activities. Such “reflection assessments” are repeated every two years to measure improvements and provide organizations with insight into their culture’s performance.

To continuously foster our culture of safety, EHS&S provides a suite of training programs for EHS&S

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

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professionals and the general employee population across Johnson & Johnson at the enterprise, regional, campus and site levels, as well as field sales and service groups.

The safety of contractors with whom we work is also managed and tracked by our Company. Large capital construction projects follow a formal safety action plan documented in a construction safety plan.

In January 2017, we held our first annual Safety Day at our Consumer segment manufacturing sites around the world to celebrate and deepen our commitment to workplace safety. The sites paused manufacturing for a full day for dialogue and discussion with employees to reinforce the importance of workplace safety. Teams engaged in learning, reading, and networking about safety topics such as electrical safety, fire prevention, fork lifts, housekeeping, and machinery. Based on our successful inaugural launch, we are rolling out Safety Month across the enterprise in 2018.

Leveraging leading indicators of safety—such as Good Saves, where our entire population is encouraged to recognize, report, and resolve hazards—is a key enabler of our strong safety results. In addition to recognizing overall hazards, we have a process for recognizing and separating out high hazard situations that could result in Severe Injury or Fatality (SIF). Our SIF prevention program, called “See Something, Say Something, Do Something,” creates laser focus on these hazards and drives risk reduction by proactively addressing these hazardous situations with expectation of the highest value controls possible to prevent SIFs.

Road Safety

Our goal is for drivers around the world to return home safely at the end of each day. For us, safety isn't just something that starts and stops at the Johnson & Johnson door; it is a part of leading a healthy and happy life. We emphasize the importance of keeping a safety mindset while driving for work, and also during our commutes and when we are out enjoying time with family and friends. Our commitment

to road safety education extends throughout our enterprise, with additional, community-based initiatives in countries where we do business.

We have a long-standing commitment to global road safety. SAFE Fleet represents our Company's approach to protecting people from injury on the road. To help our employees keep road safety top of mind, 365 days a year, in 2017 we launched a [new website](#) called “Safety All Day.” The site includes tools and resources for drivers, pedestrians, cyclists and those taking public transportation. It also features infographics, helpful statistics and tips to keep employees and their families safe while on the road. In 2018, the website is being expanded to include additional safety tips that can be shared with family and friends.

Our Performance

In 2017, our global Lost Workday Case (LWDC) rate remained flat, at 0.08. The leading causes of LWDC were ergonomics as well as Slips, Trips and Falls, which amounted to 34% and 30% of total number of cases, respectively.

The global Total Recordable Injury Rate (TRIR) decreased from 0.44 in 2016 to 0.36 in 2017. TRIR also decreased across all four regions. We include non-injury type statistics that are classified as “illness,” such as mental-stress cases, in our TRIR.

Our global Serious Injury and Illness Case (SIIC) rate remained unchanged at 0.05 in 2017. As in the previous years, our SIIC definition includes conditions that put a greater emphasis on the illness side of the metric, such as hearing loss, disability lasting over 180 days, and surgery that addresses cumulative trauma. We 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 health and wellness programs for our employees. [See Employee Health & Wellness.](#)

Our global Crashes Per Million Miles (CPPM) and Injuries Per Million Miles (IPMM) rates decreased in

Hundreds of Employees Engaged by Crowdsourcing In Brazil

The Consumer employees at our São José dos Campos site in Brazil participated in a challenge to generate innovative ideas focused on reducing injuries caused by unsafe behavior. Hundreds of ideas were submitted to our crowdsourcing platform, which were analyzed by a team of experts across the company, who selected the top five ideas. These ranged from strengthening safety in offices and manufacturing areas to encouraging suppliers to address unsafe behaviors and avoid incidents. The top five ideas were implemented as part of our Safety Culture Journey.

2017 compared with 2016. In addition to monitoring CPPM and IPPM, we continued to strengthen and improve our focus on prevention. Telematics programs are available to drivers in Israel, Japan, Mexico, Portugal, and the United States. We also expanded the Virtual Risk Manager (VRM) platform available in North America to France, Italy and Spain. VRM is a fleet safety management system that captures driver data, such as motor vehicle records (where available and permitted) and crashes/incidents, and assigns driver risk levels.

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Our Performance

Safety Performance, Global GRI 403-2

	2015	2016	2017
Lost Workday Case rate*	0.08	0.08	0.08
Total Recordable Injury rate	0.56	0.44	0.36
Serious Injury and Illness Case rate	0.069	0.050	0.054
Number of Fatalities	0	1	0
Crashes Per Million Miles (CPMM) rate**	6.01	6.03	5.94
Injuries Per Million Miles (IPMM) rate**	0.07	0.08	0.07

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

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

Award-Winning Safety Efforts

Our efforts to improve road safety around the world won recognition as one of the best of the best programs at the annual BRAKE Fleet Safety Awards. The UK-based road safety charity awarded Johnson & Johnson the 2017 Global Road Safety Award for our efforts to improve road safety in the communities we serve around the world, and for our demonstrated commitment to keeping road safety as a core part of our approach to corporate social responsibility. Our partnership with AIP Foundation on the Helmets for Kids program in Vietnam was cited as a highlight of our commitment to global road safety. The program provides life-saving road safety knowledge and skills to vulnerable road users in low- and middle-income countries. To date, Johnson & Johnson has donated more than 45,000 helmets to children, parents and teachers in Vietnam.

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Our Performance

Safety Performance, by Region

	2015	2016	2017
Lost Workday Case rate*			
Asia Pacific	0.06	0.06	0.04
Europe, Middle East & Africa	0.05	0.05	0.04
Latin America	0.02	0.04	0.03
North America	0.13	0.13	0.14
Total Recordable Injury rate			
Asia Pacific	0.20	0.17	0.12
Europe, Middle East & Africa	0.49	0.39	0.26
Latin America	0.77	0.44	0.31
North America	0.73	0.59	0.56
Serious Injury and Illness Case rate			
Asia Pacific	0.032	0.031	0.026
Europe, Middle East & Africa	0.023	0.022	0.017
Latin America	0.015	0.029	0.026
North America	0.129	0.081	0.101

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

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Our planet is facing unprecedented environmental challenges, such as climate change, water scarcity, degradation of ecosystems, and natural resources depletion. According to the World Economic Forum's *The Global Risks Report 2018*,³¹ the environment was by far the greatest concern raised by experts for the second year in a row, with extreme weather events seen as the single most prominent risk.

We expect some of these environmental challenges to impact the well-being of those we serve, and they may pose risks to our business. As a global manufacturer, we recognize our role in helping to conserve and protect natural resources. As a leader in the healthcare industry, we know that human health is inextricably linked to the health of the planet – we can't have healthy people and communities without a healthy environment. To this end, we are committed to marshaling our expertise, resources and partnerships to reduce the environmental footprint of our operations, our products and our extended supply chain to unlock change at the rate and scale needed to help make better health a reality for more people, in more places.



100 MW wind farm in Texas, providing renewable energy for our U.S. operations.

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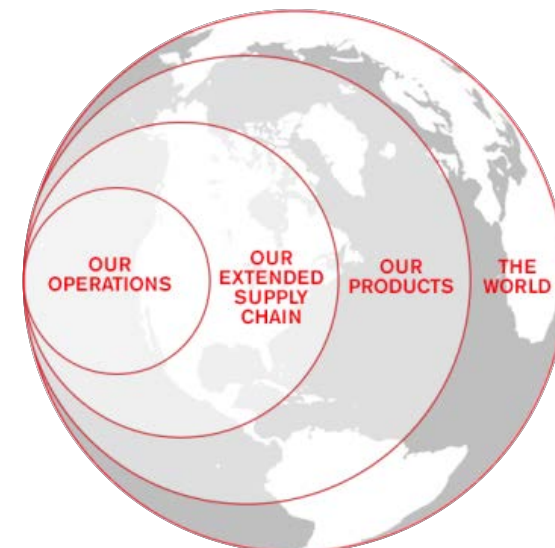
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Our approach to environmental stewardship includes:

- Optimizing our operations through improvements in water and energy use efficiency, reduction in carbon footprint, and prevention and reduction of waste from our facilities.
- Reducing lifecycle impacts of our products and solutions by focusing on sustainable design, material use efficiency, reduction in product packaging, and managing product end-of-life impacts.
- Supporting our suppliers in making environmental improvements in their own businesses and respective supply chains.
- Partnering with stakeholders to influence change on a broader scale.

The strategy is led by our global Environmental Health, Safety & Sustainability (EHS&S) organization, headed by our Vice President, EHS&S. This organization partners with the business segments and many functions across the enterprise to drive environmental sustainability in our manufacturing processes, extended value chain, and our products themselves. We also partner with consumers, advocacy groups, governments and other stakeholder groups to make meaningful impact on global challenges, including climate change, deforestation, pharmaceuticals in the environment, and plastic waste. GRI 103-2; 103-3

For more information about our management approach, see [EHS&S Governance](#).



“ Our organization empowers and amplifies the voices of physicians as they advocate for solutions to climate change that protect our health and the health of our planet. Doctors are already providing medical care every day for people whose health is impacted by climate change. Our partnership with Johnson & Johnson is helping physicians educate the public and policymakers about the reality that ultimately climate health is about human health.”

Mona Sarfaty, MD, MPH, Director, Program on Climate and Health, Center for Climate Change Communications, George Mason University, and Founder, Medical Society Consortium on Climate & Health

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EHS&S Governance

GRI 103-2; 103-3; 102-29; 102-31

The enterprise Environmental Health, Safety & Sustainability (EHS&S) organization is overseen by the Vice President, EHS&S, who has accountability for its performance, and partners with the businesses to execute standards and programs that deliver positive EHS&S outcomes. Our operating model takes advantage of the local knowledge of our EHS&S professionals where we operate, while continuing to leverage technical expertise across the enterprise, develop strategy, oversee talent management and execute governance.

The Johnson & Johnson Executive Committee and the Board of Directors provide oversight, and the EHS&S Council—comprised of the EHS&S leadership team and representatives from relevant functions and business segments—provides additional guidance. EHS&S monitors performance and compliance, sets and monitors progress against our overall corporate goals, sponsors topic-specific integrated teams, oversees audits, and drives transparency efforts.

The Science, Technology & Sustainability Committee of our Board of Directors assists the full board in identifying and comprehending significant emerging science and technology policy and public health issues that may impact the Company's overall business strategy. They also review the Company's policies, programs and practices on environment, health, and sustainability. The Regulatory, Compliance & Government Affairs Committee of the Board of Directors oversees compliance with respect to environment, health & safety (EHS) regulatory requirements.

The following policies and statements set our operational and product stewardship expectations:

- [Environmental Health & Safety Policy](#)
- [Climate Policy](#)
- [Statement on Respecting Biodiversity](#)

- [Principles for Safe Use of Chemicals in Products](#)
- [Forest Products Sourcing Principles](#)
- [Impact of Pharmaceuticals and Personal Care Products in the Environment](#)
- [Responsible Palm Oil Sourcing Criteria](#)

To support the implementation of the EHS Policy, Johnson & Johnson has established EHS&S Standards. These Standards address a variety of topics and are designed to ensure that all Johnson & Johnson facilities achieve and maintain a consistent and high level of EHS&S performance. The Standards are reviewed and, if necessary, revised on an annual basis.

As part of our Management System, we require manufacturing and R&D sites to achieve third-party certification to ISO 14001. New acquisitions have 36 months to comply with this requirement.

Our EHS Audit Program is aligned with other Johnson & Johnson audit programs, and is focused on both compliance and risk. Manufacturing and R&D sites are assessed every three years; depending upon risk, some sites receive focused audits in between. Offices and warehouses are covered by a separate audit program. Performance is tracked by the EHS&S organization, and by facility business leaders. Closure of findings is tracked at the corporate, facility, business segment, and operating company levels.

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

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Certifications and EHS Compliance GRI 307-1

	2015	2016	2017
Number of manufacturing and R&D sites certified to ISO 14001	106	101	102
Percentage of manufacturing and R&D sites certified to ISO 14001	96%	94%	94%
Percentage of manufacturing and R&D sites certified to OHSAS	37%	33%	33%
Number of environmental non-compliances	77	144	64
Fines paid for environmental non-compliances	\$3,800	0	0

Our Performance

Air Emissions by Category (MT) GRI 305-6;305-7

	2015	2016	2017
Hazardous air pollutants	53	54	50
Volatile organic compounds (VOCs)*	1,299	878	986
Particulate matter emissions (PM)*	156	182	205
Refrigerant emissions	10.2	12.9	6.1
Ozone Depleting Substances (ODS) emissions	3.6	3.6	2.4
Sulfur oxides (SO ₂)*	63	68	99
Mono-nitrogen oxides (NO _x)	287	292	290

*Increases in VOCs, PM and SO₂ emissions in 2017 compared with 2016 were largely driven by the use of emergency generators at Puerto Rico, U.S. sites in the aftermath of Hurricane Maria.

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Optimizing Our Operations

Environmental sustainability requires long-term thinking and planning. Caring for the environment and respecting the earth's finite resources have been enshrined in Our Credo as a fundamental element of business's role in society for decades. Following through on this commitment begins by managing environmental performance in our operations. At a minimum, we must be compliant with applicable environmental regulations and industry standards in all locations where we operate. We have been continuously working to reduce the environmental footprint of our manufacturing facilities, R&D sites and offices. Additionally, we have been refining our approach to environmental stewardship by evaluating our energy use and carbon emissions; increasing our use of renewable energy; and exploring ways to generate less waste and use water more responsibly. This approach is not new for us; we have been setting goals in these areas and reporting our performance and progress for nearly 30 years.

One acknowledgment in 2017 of our commitment was our listing in the top 10 on *Newsweek's* 2017 Green Ranking of companies' sustainability practices and overall environmental performance.

In 2017, we joined the Climate Leadership Council, a policy institute created to promote a carbon dividends framework in the United States, as a founding member.

Energy Use & Carbon Emissions

According to the 2015 *The Lancet* Commission on Health and Climate Change, the impacts of climate change threaten to undermine decades worth of progress in healthcare. Shifting weather patterns, changes in air quality and spread of vector-borne diseases pose significant risks for people's health and well-being. Given its far-reaching implications and

associated public health costs, combating climate change could also be the greatest opportunity to improve human health.³² At Johnson & Johnson, we recognize our responsibility to contribute to the global effort of tackling climate change and moving towards a low-carbon economy.

We have a long history of innovation and leadership in energy management and have taken sustained, long-term action to reduce our greenhouse gas (GHG) emissions. Guided by our [Climate Policy](#), our approach is multi-faceted, and includes:

- Understanding and managing our carbon footprint in direct operations and across the value chain;
- Setting science-based targets within our operations to reduce emissions;
- Measuring and publicly reporting progress on our energy use and carbon footprint;
- Working with suppliers to encourage emissions reduction across our extended supply chain;
- Partnering with governments, advocacy groups and partners in the healthcare industry to unite efforts and create impact at scale;
- Supporting responsible climate and energy policy around the world.

See [EHS&S Governance](#) for more information about our management approach. GRI 103-2; 103-3

Reducing Emissions in Direct Operations

Johnson & Johnson established its formal energy management program more than 30 years ago. We have developed a good understanding of our operational GHG footprint and have programs in place to address it. We also evaluate the potential operational, physical and financial risks and opportunities associated with climate change. Disruption of supply due to extreme weather events

“At Johnson & Johnson, we believe human health and environmental health are inextricably linked and that environmental stewardship is an important responsibility for all companies. We have a longstanding commitment to the health of our environment, including reducing our carbon footprint. We are excited to be a founding member of the Climate Leadership Council as another step towards a low carbon economy, cleaner air and better health for all people.”

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

as well as water and resource scarcities are among the most direct potential climate change risks to our business.

We continue to improve our internal global energy management system and align it with ISO 50001—Energy Management standard requirements. Currently, several of our European sites are certified to ISO—50001.

Building on successful implementation of public emission reduction commitments over the past decade, in 2015 we set new science-based absolute emission reduction targets for our Scope 1 and Scope 2 emissions sources. In addition to this report, we disclose our performance against these public commitments through the CDP Climate Change Program using the methodology of the GHG Protocol issued by the World Business Council for Sustainable

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Development and the World Resources Institute. We have been participating in the CDP climate disclosure program for more than a decade, and have been evaluating the risks and opportunities associated with a changing climate; last year we achieved a rating of A-.

We focus our emissions reduction efforts on three main areas: reducing energy demand and maximizing energy efficiency in our operations; shifting to low-carbon and renewable energy sources to meet the remaining demand; and improving our influence over the Scope 3 emissions in our value chain.

Process Energy Efficiency

Through our CO₂ Capital Relief Program, we continue to implement efficiency programs designed to optimize the largest energy-using systems at our most energy-intensive manufacturing and R&D sites.

CO₂ Capital Relief Program Results since 2005

237	projects approved
201	projects completed
\$402 million	total spent on projects
\$75 million	annual energy cost savings*
1,864	TJ annual energy savings*
268,023	MT CO ₂ annual GHG emissions avoided*

*Results from completed projects. The types of energy included in the total energy use reductions are fuel and electricity. Reductions in energy consumption are calculated by comparing energy consumption before project implementation and expected consumption after implementation. Our project data are based on engineering estimates at the time the projects are approved.

Launched in 2004, the Johnson & Johnson CO₂ Capital Relief Program provides up to \$40 million per year in capital relief for energy projects across our sites worldwide. To be eligible for funding, projects must demonstrate potential energy savings, and must provide a financial return of 15% or higher. Since its inception, the Capital Relief Program has funded 237 projects, with 20 of those completed in 2017. These programs are resulting in significant reductions in both energy and water use. In 2017 we approved 24 new projects and spent a total of \$20.6 million focused on the following areas: installation of LED lighting; energy efficiency improvements in our chilled water; HVAC; compressed air systems; and our most significant energy investment to date, a large geothermal project in Europe.

Renewable Energy Use

Shifting to zero or low carbon energy sources is another priority in our strategy to reduce operational GHG emissions. Our approach is based on both on-site and off-site solutions. In 2017, approximately 25% of the Company's electricity consumption was from renewable sources, including solar photovoltaic (PV) and wind technologies. By the end of 2017, our installed on-site clean energy technology capacity was 54.7 megawatts (MWs). This includes renewable sources like solar PV, wind, and geothermal and clean sources like co-generation and fuel cells.

Our current renewable energy strategy also includes procurement of renewable energy and the associated certificates from off-site systems. As part of our Health for Humanity 2020 Goals framework and with an eye toward the future, we set an aspirational target to substantially increase our electricity consumption from renewable resources by 2020 and power all our facilities with renewable energy by 2050. In 2016, we signed a long-term power purchase agreement with E.ON Climate & Renewables for the output from a 100 MW wind farm in Texas, marking an important milestone toward achieving these targets. We began receiving the benefits of that wind power in January 2017, significantly increasing our renewable electricity consumption. Currently, we

2020 Update

Target

Reduce absolute carbon emissions 20% by 2020, and 80% by 2050.

Progress

CO₂ emissions decreased by 21% globally since 2010 (Scope 1 and Scope 2).

Status

On Track

Johnson & Johnson's First Carbon-Neutral Status Site

In 2017, our site in Helsingborg, Sweden, became the first-ever Johnson & Johnson site to be externally certified as achieving carbon (CO₂)-neutral status for all energy sources across manufacturing, warehousing, and R&D facilities.³³ This milestone is a result of successful collaboration between multiple functions across the enterprise, and was achieved through a number of strategic decisions made over the last seven years: significant reduction of energy through efficiency investments and projects; strategic energy supplier partnerships for sustainable, certified sources of electricity, district heating and cooling, and biogas; replacement of natural gas with district heating as far as possible; and replacement of the remainder of natural gas with a financially competitive biogas alternative.

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are exploring additional power purchase agreements globally to support the development of renewable energy in other countries and further strengthen our renewable energy portfolio.

In 2017, our Janssen plant in Beerse, Belgium, began construction on a project that would provide geothermal energy for campus heating and cooling, following multiple years of technical evaluation and dedicated on-site work. Our commitment to geothermal at the Beerse facility will involve investment in and construction of a new power station, plus installation of an innovative heating system that draws hot water from 1.6 miles below the earth's surface. Once operational, the new system will reduce carbon emissions at the Janssen Beerse plant by an **estimated 30%**.

Green Buildings

We require all new buildings and renovations with a cost of at least \$5 million and all new stand-alone buildings of a lesser value to be LEED-certified. LEED (Leadership in Energy and Environmental Design) is the most widely used green building protocol in the world. As a healthcare company, we value not only the environmental benefits of LEED certification, but also the public health co-benefits that LEED buildings deliver to our employees. In 2017, 13 new sites earned LEED certification. As a result, at the end of 2017, a total of 44 of Johnson & Johnson buildings were LEED-certified, covering nearly 7 million square feet of building space, or about 11% of our entire portfolio.

Reducing Value Chain Emissions

Tracking and reporting Scope 3 GHG emissions in a comprehensive and meaningful way remains a challenge for us because of the diversity and size of our value chain, limitations in the accuracy of measurement protocols, and availability and quality of third-party data. Scope 3 emissions that we track include emission categories within our immediate sphere of control: employee business travel, electricity-related transmission/distribution losses, and limited downstream transportation emissions in the United States. We continue to explore ways

to identify emissions hot spots within our value chain in partnership with our suppliers. Through our Sustainable Procurement Program, we encourage our suppliers to set—and to report on the progress of—public environmental goals, including targets related to energy use and carbon emissions reduction. For more information, see [Responsible Supply Base](#) section.

Fleet Efficiency

Johnson & Johnson does not own the fleet used to transport our goods. 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.

Johnson & Johnson participates in the U.S. Environmental Protection Agency's SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing GHG emissions and air pollution. At the same time, the SmartWay Transport Partnership helps freight companies improve fuel efficiency, increase environmental performance, and increase supply chain sustainability. In 2017, Johnson & Johnson was recognized with the U.S. EPA's SmartWay Excellence Award in recognition of our environmental performance and additional actions to reduce freight emissions through collaboration, operational practices, robust validating and reporting systems, communications and public outreach.

2020 Update

Target

Produce/procure 35% of electricity from renewable sources by 2020; aspire to power all facilities with renewable energy by 2050.

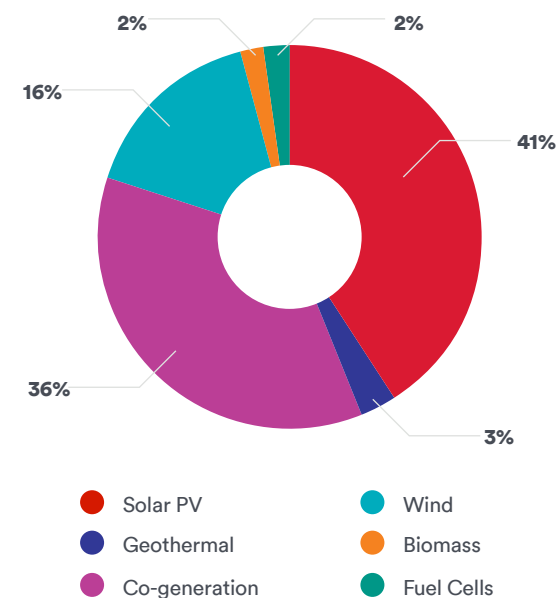
Progress

25% of total electricity consumption generated from renewable sources.

Status

On Track

On-site Clean/Renewable Energy Capacity (MWs)



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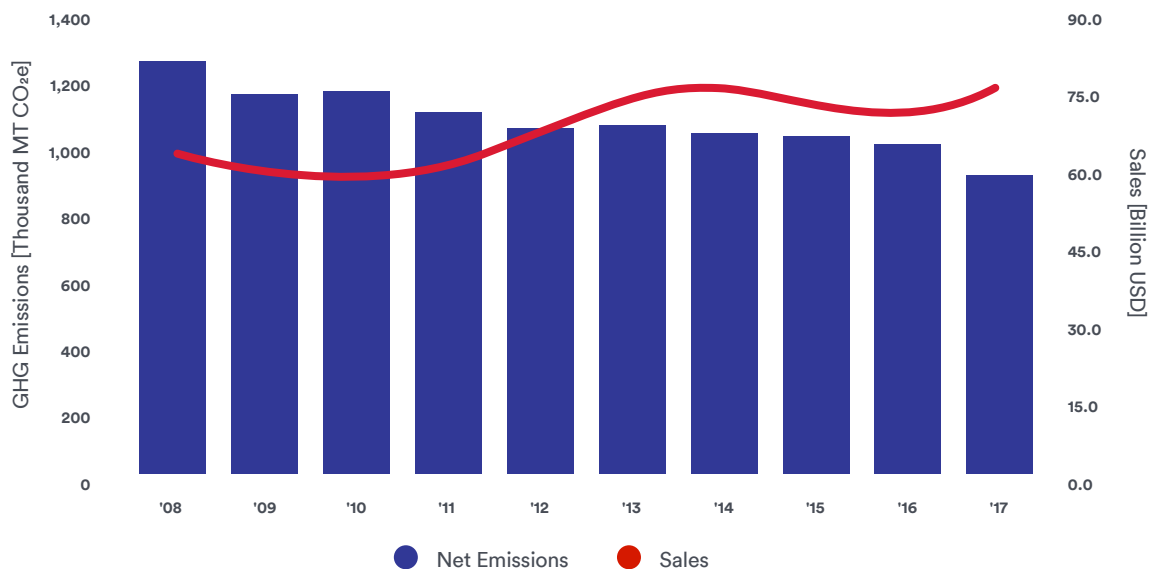
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GHG Emissions (Facilities, Scope 1 & Scope 2) vs. Sales, 2008-2017



Our Performance

Energy Use Summary* GRI 302-1; 302-3; 302-4

	2015	2016	2017
Total energy use (TJ)	12,999	12,811	12,685
From renewable sources	171	174	1,816
From non-renewable sources	12,828	12,637	10,869
Energy intensity ratio (TJ/billion USD)**	179	176	164
Percent change in energy intensity compared to 2010 baseline (TJ/billion USD)**	(17)%	(19)%	(24)%

*Includes site-specific data from all Johnson & Johnson-owned and -leased sites over 50,000 square feet, as well as manufacturing and R&D sites under 50,000 square feet, unless otherwise noted.

**Our diverse product portfolio makes it difficult to track an organization-specific metric, therefore we use revenues as a denominator for energy intensity. Energy intensity ratio includes electricity, stationary fuels, and district heating and cooling.

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Our Performance

Purchased Energy Use, by Type (TJ)* GRI 302-2

	2015	2016	2017
Electricity	6,665	6,579	6,352
Natural gas	5,285	5,116	4,892
Diesel	582	631	929
Direct heating/cooling	199	216	238
Propane	88	82	64
Biogas	0	0	23
Fuel Oil	15	15	15
Total purchased energy	12,834	12,639	12,512

Our Performance

On-Site Generated Energy Use, by Type (TJ)*

	2015	2016	2017
Co-generation	610	627	581
Solar PV	77	85	82
Wind	57	60	65
Geothermal	29	25	24
Fuel cell	26	26	24
Biomass	2	2	2
Total on-site generated energy	801	825	778

*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.

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Our Performance**Greenhouse Gas (GHG) Emissions*** GRI 305-1; 305-2; 305-3; 305-4

	2015	2016	2017
Scope 1 GHG emissions by source (MT CO ₂ e)			
Facilities	311,583	317,369	315,310
Aviation	9,855	11,751	11,757
Sales fleet	127,640	134,502	123,179
Scope 2 GHG emissions, facilities (MT CO ₂ e)			
Location-based	724,819	694,257	673,945
Market-based**			601,043
Scope 3 GHG emissions, business travel (MT CO ₂ e)	248,282	183,525	168,146
Scope 3 GHG emissions, downstream product transportation (MT CO ₂ e)	52,537	48,561	Avail 12/2018
Scope 3 GHG emissions, fuel- and energy-related activities (MT CO ₂ e)	53,155	52,815	46,524
GHG emissions intensity ratio (Scope 1 and Scope 2) per revenue (MT CO ₂ e/million USD)	17	16	14
Percent decrease in GHG emissions intensity (Scope 1 and Scope 2) per revenue compared to 2010 baseline (MT CO ₂ e /million USD)	9.8	10.4	37

*GHG emissions were third-party assured by ERM Certification and Verification Services Inc. in 2015-2017. In accordance with guidance from World Resources Institute Corporate Accounting and Reporting Standard, we restated the 2015 and 2016 values to reflect newly released electricity grid emission factors as well as addition or removal of acquisitions and divestitures. We do not currently use purchases, sales or transfers of offsets. Gases covered in these calculations include CO₂, CH₄, and N₂O. Hydrofluorocarbons (HFCs) are disclosed in [EHS&S Governance section](#). Perfluorinated chemicals, sulfur hexafluoride and nitrogen trifluoride do not result from our operations. We do not calculate or report biogenic CO₂ emissions in MT CO₂e separately from the gross direct (Scope 1) GHG emissions. Electricity emission factors are obtained from the International Energy Agency's CO₂ Emissions from Fuel Combustion Report and the United States Environmental Protection Agency's eGRID publication for location-based Scope 2 reporting, and from supply contracts and residual emission factors, where available, for market-based Scope 2 reporting. Fuel emission factors are obtained from the EPA Climate Leaders publication. Global Warming Potentials are obtained from the Intergovernmental Panel on Climate Change Fifth Assessment Report. The chosen consolidation approach for emissions is operational control.

**We haven't previously reported Scope 2 emissions using the market-based method. Starting from 2017, we are reporting Scope 2 emissions using both location-based and market-based methods, based on the latest Scope 2 guidance from the World Resources Institute in the Corporate Accounting and Reporting Standard.

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Water Management

Access to clean water is essential for improving human health and well-being. Businesses also rely on high quality water as a key input in manufacturing operations. Growing population, economic activity and consumption, combined with weak water governance in many regions around the world, are leading to increased competition for water and pose threats to water quality. Climate change is expected to exacerbate this problem, with increasing frequency of droughts and floods contributing to water scarcity.

At Johnson & Johnson, we recognize our role in protecting this truly shared resource. We respect the [Human Right to Water](#), which – as defined by the United Nations – entitles everyone to sufficient, safe, acceptable, accessible and affordable water, and we acknowledge that our actions can impact both water quality and quantity. To this end, we are committed to responsible water use and to meeting our Company's water demand without limiting the availability or quality of water resources to others.

As drivers of water challenges lie outside any one company's span of control, and because water is a local issue, finding sustainable solutions is not clear-cut. To address these challenges, our water stewardship strategy is based on the following key priorities:

- Improving water use efficiency across our operations by reducing water demand and increasing water reuse;
- Ensuring compliance with local wastewater discharge requirements and our internal wastewater quality standards;
- Prioritizing water management actions using a risk-based approach that accounts for location-specific water risks at our sites worldwide;
- Reporting publicly on our performance and progress.

Our Environmental Health, Safety & Sustainability (EHS&S) Standard for water and wastewater management requires that facilities comply with either the local treatment standards or our Standard, whichever is more stringent. Our Standard also sets forth clear responsibilities for addressing water conservation, drinking water supply management and storm water management. Johnson & Johnson has been a participant in the CDP Water program since its inception in 2010, and in 2017 received a "B" rating from CDP for our water efforts. For information about our management approach, see [EHS&S Governance](#). GRI 103-2; 103-3; 306-1

At the end of 2017, our water use volume was 11.50 million m³. We continue to implement innovative water-savings initiatives at our facilities around the world, with total volume of recycled and reused water reaching 0.91 million m³, which represented 7.9% of our total water demand in 2017.

As part of our Health for Humanity 2020 Goals, we committed to evaluating our water risks at all manufacturing and R&D sites and to implementing resource protection plans at the high-risk sites. We believe this risk-based approach will help us develop more targeted water management plans across our operations. In 2016, we achieved our annual target to assess 100% of sites using an in-house-designed risk assessment model for water stress, which is a combination of several criteria, including several water stress models (EFETAC, AqueductWRF, EarthStat) and site-specific data. Based on that work, in 2017 the 38% of 32 sites identified as high-risk began developing mitigation plans. For more information on our water risk assessment methodology and results, [see our 2016 Health for Humanity Report](#).

2020 Update

Target

Conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations, and implement resource protection plans at the high-risk sites.

Progress

38% of all high-risk sites identified in water risk assessment process developed mitigation plans and have budget allocated to start implementation in 2018.

Status

On Track

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Our PerformanceWater Use Summary (million m³)* GRI 303-1;303-3

	2015	2016	2017
Total water use**	10.74	10.80	11.50
Total water recycled and reused	0.75	0.88	0.91
Total water discharge	8.58	8.08	7.80

Our PerformanceWater Use, by Source (million m³)* GRI 303-1

	2015	2016	2017
Municipal	8.54	8.31	8.05
Groundwater	2.06	2.30	3.28
Surface water	0.01	0.01	0.02
Rainwater	0.06	0.06	0.04
Greywater	0.07	0.06	0.05
Other	0.01	0.05	0.04
Total water use	10.74	10.80	11.50

*Where relevant, prior year data have been restated, reflecting improvements in data quality over time.

**The increase in total water use in 2017 is explained by inclusion of our Vistakon, Ireland and Zuchwil, Switzerland sites in our water withdrawal reporting. In the previous years, groundwater withdrawals related to once-through-cooling at these sites were not included because these practices were installed as energy conservation measures, and therefore were granted an exemption from our corporate water use reduction goals. We are re-including these sites in our water withdrawal reporting to provide full clarity and transparency.

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Our Performance

Water Discharge, by Destination (million m³)* GRI 306-1

	2015	2016	2017
Wastewater treatment plant	5.83	5.29	5.36
Surface water	2.29	2.33	2.07
Irrigation	0.20	0.16	0.20
Ocean	0.08	0.09	0.07
Other	0.18	0.22	0.11
Total water discharge	8.58	8.08	7.80

*Where relevant, prior year data have been restated, reflecting improvements in data quality over time.

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Waste Management

Waste management is both a local issue for the communities in which we live and operate, and a global issue when it comes to ocean plastics pollution. As a global manufacturer, we have an important role to play in reducing our operational waste and contributing to the circular economy approach. Our responsible waste management strategy is key in this regard. We look for opportunities across the entire value chain to use raw materials more efficiently; use less hazardous materials; reduce the amount of waste generated; design for recyclability; and manufacture products that are recyclable or have minimal environmental impact when entering the environment. For information about our management approach, see [EHS&S Governance](#). GRI 103-2; 103-3

The waste streams generated directly by our operations include the hazardous and non-hazardous wastes from research laboratories, industrial manufacturing processes and administrative offices. The end-of-life waste resulting from our products, such as consumer healthcare products and medical devices, are indirect waste streams outside our immediate sphere of control. For more information on how we approach product end-of-life impacts, see [Sustainable Packaging](#) section.

Regulatory requirements for operational waste management differ by location. Every Johnson & Johnson site must comply with local requirements and develop its own waste management strategy based on the following hierarchy of treatment/disposal technologies:

- Source reduction
- Recycle/reuse
- Chemical/biological treatment
- Incineration/energy recovery
- Land disposal

We have been systematically reducing the amount of raw material we use and finding alternatives to landfill disposal for our waste streams, with goals in place since 2005 to reduce the amount of waste we dispose. These efforts continue, and go one step further as we work to increase waste diversion rates from our manufacturing processes. In 2017, we achieved 74.7% waste diversion rate compared with 69.3% in 2016.³⁴

In 2017, our Waste-to-Value program launched at manufacturing sites where our Consumer products are made. The program involves a dual-track approach, where one dedicated group provides internal and external best practices for recycling and reuse solutions to sites and then collaborates with a parallel-pathing group that accelerates end-to-end process optimizations to minimize costs and find efficiencies. In addition to internal collaboration efforts, a key element in this process is to establish external partnerships for alternative disposal routes.

Piloted in 2016, an innovative installation to treat liquid waste streams from chemical production was put into full operation in 2017 to support manufacturing of INVOKANA (canagliflozin) at our Janssen Geel site in Belgium. The “Plant on a Truck” project consists of a mobile wastewater treatment unit that can be deployed where needed to increase utilization; supports our circular efforts; and allows us to treat wastewater in an economic and more sustainable way. Using the Plant on a Truck, Geel is now able to recover zinc metals used in processing and send them for recycling and reuse. Other benefits include improved wastewater quality and reduced emissions from shipping waste streams off-site for processing. More uses for the Plant on a Truck are in development to process additional waste streams.

At our Janssen Biologics facility in Leiden, the Netherlands, we launched an initiative to separate food waste in order to produce renewable energy in the form of biogas. With food waste diverted into

a separate waste stream, we created green energy, which is now used on-site.

Hoping to address the use of plastic disposables and single-use technologies (SUTs) in the biopharmaceutical industry, our R&D team at Janssen’s Malvern, Pennsylvania campus launched the Biopharma Recycling Initiative, a unique, single-stream recycling program for SUT products that is diverting, sterilizing, shredding and recycling 100% of SUT and other mixed-use plastics into industrial-grade plastic lumber. Awarded a Sustainability Accelerator Grant to expand the program campus-wide, the Malvern team’s groundbreaking work on plastics recycling will be scaled to other locations across the United States.

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Our Performance

Total Operational Waste (MT) GRI 306-2

	2015	2016	2017
Hazardous waste	55,770	52,392	51,702
Non-hazardous waste	115,896	125,526	137,732
Total waste generated	171,667	177,918	189,434

Our Performance

Hazardous Waste, by Disposal Method (MT) GRI 306-2

	2015	2016	2017
Recycled	20,589	21,506	22,450
Energy recovery	20,498	14,728	15,355
Landfilled	3,796	5,347	6,325
Incinerated	7,079	7,439	3,584
Bio/chemical treatment	3,030	2,664	2,901
Reused	472	490	988
Other	305	217	100
Total hazardous waste	55,770	52,392	51,702

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Our Performance

Non-Hazardous Waste, by Disposal Method (MT) GRI 306-2

	2015	2016	2017
Recycled	60,621	67,412	75,281
Energy recovery	19,467	19,759	20,116
Landfilled	14,906	14,252	15,356
Bio/chemical treatment	7,783	8,376	11,079
Reused	9,880	4,438	10,125
Incinerated	3,204	4,731	3,893
Other	36	6,558	1,883
Total non-hazardous waste*	115,896	125,526	137,732

*Our total non-hazardous waste increased by 9.7% in 2017 compared with 2016 for several reasons, including production volume increases, inclusion of previously untracked waste streams into our reporting, and waste generated as a result of natural disasters such as Hurricane Maria (Puerto Rico sites), and flooding event in Johnson & Johnson Greece site.

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Product Sustainability

GRI 103-2; 103-3

Increasingly, our customers – hospitals, government healthcare systems and retailers – are giving consideration to environmental attributes of products in their procurement decisions.³⁵

Product sustainability is a key priority in Johnson & Johnson's environmental stewardship strategy. We encourage development of more sustainable products to help make the places we live, work and sell our products healthier by using fewer, smarter resources. Our approach is based on science and a lifecycle view of product impacts – from discovery and design, raw material sourcing, and manufacturing, to product use and end of life. This includes a range of activities:

- Assessments of products at the design phase to identify and quantify potential environmental risks;
- Selecting and using more sustainable ingredients;
- Lifecycle assessments (LCAs) of products through our in-house-developed LCA tools to identify environmental impacts and opportunities for improvements;
- Applying green chemistry principles in design and manufacturing;
- Advancing sustainable packaging;
- Controlling product-end-of life impacts, including the effects of pharmaceuticals and personal care products in the environment.

Our global environmental product stewardship team, which is part of the Environmental Health, Safety & Sustainability organization, leads the enterprise-wide efforts to evaluate, control and reduce the environmental footprint of our products across our Consumer, Medical Devices and Pharmaceutical businesses. They work in partnership with R&D, supply chain and marketing teams in each segment to embed product sustainability in our product innovation processes. They also partner with our

customers, governments, and advocacy and industry groups to share and exchange best practices and shape responsible science-based product stewardship policies across the world.

Lifecycle Thinking

We have developed two proprietary science-based product stewardship tools to help guide our product lifecycle impact assessments: GAIA Protocol and EARTHWARDS.

GAIA Protocol

The Global Aquatic Ingredient Assessment (GAIA) Tool was developed to measure the potential “end-of-life” environmental impact of ingredients in new formulations. We use the GAIA tool to evaluate the biodegradability, persistence, bioaccumulation and toxicity of formulations on a scale from 0

Unique Tool Earns U.S. Patent

Further innovations in product stewardship earned a 2017 patent award from the United States Patent and Trademark Office to Robert Predale, Director of Environmental Product Stewardship at Johnson & Johnson Consumer Inc., for GAIA, the tool we are using to better understand how our product formulations interact with aquatic environments. Rob received the patent—in collaboration with colleague Ray Sharples and an outside expert—for the breakthrough way GAIA ranks and scores products in a measurable, scalable and definable way.

to 100, with scores over 80 indicating a formula is environmentally preferred with little or no environmental hazard.

EARTHWARDS

EARTHWARDS has served as an approach we have been using to integrate sustainability across our diverse product portfolio since 2009. Our cross-functional project teams use the EARTHWARDS approach to identify and quantify improvement opportunities across seven key sustainability impact areas: materials, packaging, energy, waste, water, social impact and innovation. Opportunities to drive improvement from formulation and manufacturing to product use and end of life are considered. By focusing on the lifecycle areas with the highest potential impact, we can prioritize improvements for the largest possible effect. When a product achieves at least three significant improvements across our seven impact areas, a board of external experts

2020 Update

Target

New and existing products representing 20% of Johnson & Johnson revenue achieved EARTHWARDS recognition for sustainable innovation improvements.

Progress

New and existing products representing 14.6% of Johnson & Johnson revenue achieved EARTHWARDS recognition.*

Status

On Track

*Percentage not inclusive of products newly recognized in 2017.

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determines if it warrants EARTHWARDS recognition. Adherence with our EARTHWARDS approach is assessed and audited annually by an external verification firm. For more information on recognition methodology, [visit this page](#).

Since we launched EARTHWARDS in 2009, 118 products have been recognized, with 24 newly recognized in 2017. As part of our Health for Humanity 2020 Goals framework, we set a goal to fully integrate sustainable design solutions into our product innovation processes. To help measure progress against this goal, we have a target to increase the percentage of revenue from EARTHWARDS-recognized products.

To brainstorm ideas and spur innovation across our global product stewardship teams, we organize EARTHWARDS Innovation sessions. These are workshops where we use a suite of tools and resources to have our cross-functional teams think about their products from a sustainability perspective and identify areas of improvement. In 2017, we held 29 sessions resulting in 9 EARTHWARDS recognitions, with several others added to our EARTHWARDS recognition pipeline for 2018 and beyond.

Spotlight on Sustainable Products GRI 302-5

Of the many EARTHWARDS recognitions³⁶ in 2017, a standout for Medical Devices was our PROXISURE Suturing Device. This reusable instrument and its single-patient-use suture cartridges are uniquely designed to suture soft tissue in surgery.³⁷ PROXISURE can be used for multiple single-patient uses within each device.³⁸ Last year, our design team reduced material use by 97% (excluding packaging), and increased our packaging optimization through more efficient use of shipping space.³⁹

Sustainable design innovations earned ACUVUE OASYS 1-DAY Contact Lenses both EARTHWARDS recognition and an *Environmental Leader* award in 2017 for achievements in packaging, energy, and waste and recycling. From a packaging perspective,

we reduced paper-based secondary packaging by 60%. We were also able to reduce energy consumption in our manufacturing process by 12%. Finally, 100% of the paperboard cartons are sourced from responsibly managed forests.

SYMITUZA (darunavir/cobicistat/emtricitabine/tenofovir alafenamide [D/C/F/TAF]), a once-daily darunavir-based single-tablet regimen (STR) for HIV, is another highlight from 2017. This medicine combines four active pharmaceutical ingredients into one tablet, not only providing therapeutic benefits, but also resulting in a more sustainable product. In fact, each bottle of SYMTUZA is replacing four bottles of individual medicine, each of which contains only one of the four active ingredients. This improvement has resulted in a 27% raw material reduction in drug product manufacturing and a 72% primary packaging reduction; furthermore, 60% less water is needed to clean the equipment in the drug product manufacturing process.

In our Consumer business, NEUTROGENA Hydro Boost Water Gel with SPF also received an EARTHWARDS recognition for achieving a 17% reduction in raw material use, a 27% reduction in energy required for manufacturing, and removal of parabens as an ingredient.

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Our Performance

EARTHWARDS Products Summary

	2015	2016	2017
Number of EARTHWARDS-recognized products, cumulative since 2009	80	93	118
Annual savings from EARTHWARDS-recognized products sold*			
Packaging reduced (MT)	3,600	4,488	14,932
Material reduced (MT)	18,270	66,779	22,838
Water saved (liters)	6,630	214,096,470	623,684
Waste reduced (MT)	3,630	689,793	202.84
GHG emissions avoided (MT CO ₂ e)	n/a	n/a	70,000

*Savings are for products recognized through the end of 2016 and are estimated based on best available methodologies for each impact reduction area; select products are not included in savings estimation because of lack of detailed data; we track savings starting the first full calendar year after a product is recognized.

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Green Chemistry

Chemical processes comprise a significant portion of a pharmaceutical product's environmental footprint. Most medicines and vaccines have relatively low material-use efficiency (i.e., they require substantial amounts of raw materials to manufacture a single unit of active ingredients). Responsible use of chemicals is a key environmental stewardship priority at the Janssen Pharmaceutical Companies of Johnson & Johnson.

We are committed to continuously minimizing the impact of pharmaceutical manufacturing processes on the environment through reduction of process mass intensity (PMI), reducing hazardous waste generation, and using greener solvents. We believe green chemistry is not only good for the environment but also good for business because by increasing resource use efficiency, we generate less waste and achieve production cost savings. We apply the 12 principles of green chemistry adopted by the American Chemical Society (ACS) and continue our work to integrate them into development practices at Janssen.

Janssen's Green Chemistry & Technology team works with product development teams to evaluate the environmental footprint of our products, including the energy, materials, and water used across the entire lifecycle, from design to manufacturing to disposal. The team uses PMI as a key internal metric to measure and track raw material use efficiency rate and identify improvement opportunities. PMI represents the total mass of raw material input to the total mass of finished active pharmaceutical ingredient (API). We have an internal goal to reduce the PMI of our APIs in development by 20% by 2020, with 17% reduction progress achieved at the end of 2017. We also use EARTHWARDS, Johnson & Johnson's proprietary approach to product stewardship, to engage product teams and identify innovative environmental footprint reduction opportunities.

Janssen, representing Johnson & Johnson, participates in two major green chemistry forums. It is a founding member of the ACS Green Chemistry Pharmaceutical Industry Roundtable and has been participating in the European CHEM21 program since its inception in 2012. These forums offer an opportunity to share industry best practices and direct academic research to develop more efficient, greener ways of manufacturing pharmaceutical active ingredients.

Sustainable Packaging

Packaging plays a critical role in maintaining the quality, safety and integrity of our products throughout the value chain. It also delivers important information to patients and consumers about product composition and guidance for proper use. Packaging regulations and requirements vary in different markets where we operate. Our sustainable packaging strategy requires that at a minimum all product packaging must comply with local packaging regulations. In addition, we continuously explore opportunities to reduce environmental impacts of our packaging by focusing on the following:

- Reducing material use by decreasing packaging size, weight or thickness;
- Using packaging materials with more recycled content;
- Designing for recyclability by selecting materials that are already widely recycled in the given market;
- Purchasing responsibly sourced packaging materials;
- Influencing recycling rates by raising consumer and customer awareness.

To further develop and scale up sustainable packaging best practices, we made a public commitment to increase the recyclability of packaging in five key markets in the Consumer segment as part of our Health for Humanity 2020

2020 Update

Target

Increase the recyclability of our Consumer product packaging to 90+% (on a weight basis) via design and partnerships in five key markets where mature recycling infrastructure exists (Canada, France, Germany, UK and U.S.). In three other markets where recycling infrastructure is less mature engage in partnerships to advance material recovery and recycling efforts.

Progress

- Established the baseline of 76% for European markets (France, Germany and UK). Because of measurement challenges, the baseline is an estimate based on several assumptions.
- Engaged in recycling-related partnerships to advance development of recycling infrastructure in less mature markets: an ongoing partnership in Brazil with two cooperatives; two new partnerships - one India and one South East Asia region.

Status

Off Track

Goals. We are also promoting scalable programs that help people generate value from waste, like Project Phoenix, a program to help recycling cooperatives in Brazil improve their operational processes, develop a stronger social infrastructure, and create a sustainable market for their materials.

Key Partnerships and Programs

While we can control the recyclability of our product packaging at design and manufacturing phases, whether the packaging is ultimately recycled depends on existing recycling infrastructure and actions taken by consumers. To this end, in the United States we partner with various stakeholders to influence the consumer and customer recycling behavior once our products are in use,

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and to improve the recycling technologies and infrastructure:

- We are a founding partner of The Closed Loop Fund, a social impact fund that invests in scaling recycling infrastructure and sustainable manufacturing technologies that advance the circular economy in the United States.
- Through our CARE TO RECYCLE Program, we have been encouraging consumers to recycle their personal care products through educational campaigns, tips, and creative engagement programs for four years.
- We are also a founding member of The Healthcare Plastics Recycling Council, which is helping the healthcare industry create educational materials and support recyclability of plastics in clinical settings.
- Together with fellow members of the Consumer Goods Forum, we are supporting the Ocean Conservancy Trash Free Seas Alliance's Signature Initiative in Southeast Asia. This project is focused on reducing the flow of plastic into the ocean from three key industrializing Asian countries – Indonesia, the Philippines, and Vietnam – which account for a disproportionate share of marine plastic.

Extended Producer Responsibility

Extended Producer Responsibility (EPR) regulations for medical devices are increasingly introduced in markets around the world. We comply with applicable EPR regulations, and invest in education programs, partnerships and other sustainability initiatives, to advance better management of our medical devices products at end of life.

We support and actively participate in many voluntary take-back programs, and we work with our customers to evaluate opportunities to increase the number and quantity of products that can be recycled and reprocessed. For example, the Johnson & Johnson Medical Devices Companies work with health facilities to collect medical devices

that otherwise would be bound for landfills or incineration, and reprocesses those devices so that they can be reused by healthcare professionals. Also, our Janssen U.S. business has created the Janssen SAFE RETURNS program for patients using our biologics products at home, enabling them to collect and return used injection devices like prefilled syringes and auto-injectors for disposal. We also participate in several patient-education efforts, including the U.S. MyOldMeds initiative, which helps patients locate disposal options and instructs them on proper disposal methods to avoid flushing.

Pharmaceuticals & Personal Care Products in the Environment

We recognize the concerns raised by stakeholders regarding the presence of pharmaceuticals and personal care products in the environment, and work to advance society's understanding of how these products impact the environment so that we can protect environmental and human health.

Pharmaceuticals in the Environment

The major source of pharmaceuticals entering the environment is via patient excretion following use of medicine. A comparatively smaller contribution stems from emissions resulting from the manufacturing process and from improper disposal of medications. The major source of personal care products entering the environment is via use of products and rinsing from the body during bathing activities.

The Johnson & Johnson statement on the [Impact of Pharmaceuticals and Personal Care Products in the Environment](#) lays out our approach to assessing and managing our impacts, while engaging and partnering with others to share best practices and help advance responsible science-based policy. Our approach is based on a wide range of activities:

- Conducting environmental risk assessments of all active pharmaceutical ingredients (APIs)

CVS Health & CARE TO RECYCLE Partnership

For Earth Month 2017, we were proud to once again partner with CVS Health on a campaign aimed at helping moms and families increase their recycling efforts at home. The campaign encouraged the recycling of bathroom products through social media activations and consumer promotions, including providing bathroom recycling bins to consumers with qualifying purchases on [cvs.com](#) in the month of April. CVS Health colleagues also became ambassadors for bathroom recycling and sharing messages internally; all colleagues who participated in Earth Month volunteer activities received CARE TO RECYCLE bathroom recycling bins.

used in our products prior to market approval to determine potential environmental concentration and risks;

- Monitoring our manufacturing wastewaters for potential toxicity to aquatic species, and controlling our discharges according to local regulations;
- Employing sourcing practices that help ensure that our chemical and API suppliers comply with our expectations for environmental and social practices;
- Proactive partnering with stakeholders across the healthcare sector;
- Advancing the science on this issue through company-directed research and public-private research consortiums.

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Antimicrobial Resistance

Pharmaceuticals entering the environment are a contributing factor in the rapid growth of antimicrobial resistance (AMR), the resistance of pathogens to previously effective drugs. As one of the original signatories of the Davos Declaration, in 2016 Johnson & Johnson joined the industry-wide call to curb development of AMR, also endorsing the Roadmap on Progress for Combating AMR in the same year. We are working on multiple fronts to fulfill our AMR Roadmap commitments, including those related to environmental impact from production of antibiotics. Through innovation, research and collaboration, in 2017 we made steady progress on our four key environmental commitments, notably:

- Reviewed our own manufacturing and supply chains to assess good practice in controlling releases of antibiotics into the environment.
- Established a common framework for managing antibiotic discharge, building on existing work such as the Pharmaceutical Supply Chain Initiative to start to apply it across our own manufacturing and supply chain by 2018.
- Engaged in partnerships with stakeholders to develop tools to transparently demonstrate that our supply chains meet the standards set forth in the AMR Alliance Roadmap framework.
- Initiated work with independent technical experts to establish science-driven, risk-based targets for discharge concentrations for antibiotics and good practice methods to reduce environmental impact of manufacturing discharges by 2020.

Our work on pharmaceuticals in the environment and AMR also included a research partnership, starting in May 2017, with Temple University's Water and Environmental Technology Center, whose objective is to optimize sampling methodology and investigate treatment effects on antimicrobial resistance genes. Project deliverables will be used to evaluate our internal and external manufacturing operations to fulfill our AMR Roadmap commitments; the tools may also be made available to the public to help evaluate local conditions.

For more information on progress with our commitments against AMR, visit [Pandemic Preparedness](#) and [AMR Policy Statement](#).

Personal Care Products in the Environment

We take our responsibility to protect the environment seriously as it is embedded in Our Credo. That's why we've made a commitment to remove the plastic sticks from our cotton buds and replace them with 100% paper sticks. Our new paper stick cotton bud was launched in the UK in 2017 and is being rolled out across Europe. Japan already has paper sticks on the market and we are assessing the timing for deployment in other parts of the world.

Johnson & Johnson was one of the first companies to commit to voluntarily remove microbeads from our products worldwide. Microbeads are tiny plastic balls used in face and body washes. In cosmetic and personal care products they act to gently scrub away dead skin in much the same way a sponge would, and can potentially enter waterways when washed off. We completed the last of the reformulations in 2017.

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The global business environment is undergoing a major transformation, driven by growing public demand for openness, transparency and more inclusive and sustainable business models. Stakeholders are increasingly interested in a business's broader role in society, beyond financial returns, and want to know more about a company's policies, practices, and disclosures that may impact its long-term sustainability.

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



The values that guide our business practices are spelled out in Our Credo.

Johnson & Johnson Ranks #4 in Drucker Institute's Landmark Most Effectively Managed Companies

Measuring performance based on customer service, employee engagement, innovation, social responsibility and financial strength, in 2017 Johnson & Johnson ranked #4 in the Management Top 250, an inaugural ranking by the Drucker Institute, which analyzes and compares performance of major U.S. companies. Representing the top U.S. businesses from a universe of 693 publicly traded companies, the Management Top 250 winners were featured in *The Wall Street Journal*.

Product Quality, Safety & Reliability

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Millions of patients, consumers and healthcare professionals around the world place their trust in Johnson & Johnson products. They expect our medicines, medical devices and personal care products to be of the highest standards in quality, safety and reliability. Putting patient and consumer safety first is an absolute priority at Johnson & Johnson. Our commitment to quality, safety and reliability is at the core of our aspiration to change the trajectory of human health, because to save and improve lives, our products and solutions must in the first place be as effective, safe, and free of defects as possible. Given the global rise in trade of counterfeit goods, we also strive to protect our patients and consumers from illicit health and personal care products.

We are committed to developing, manufacturing, and marketing our products in full compliance with our own Credo values and the applicable laws and regulations in countries where we operate. Our approach is founded on:

- Adherence to Johnson & Johnson quality and safety standards that apply to all operations globally;
- Focus on quality and safety at each phase of product lifecycles, from research and development, to manufacturing, to distribution and post-marketing surveillance;
- Commitment to continuous improvement and innovation; and
- Ensuring supply chain integrity for brand protection.

Ensuring product quality, safety and reliability (PQSR) is the primary responsibility of several global organizations, including Quality & Compliance, the Office of the Chief Medical Officer and Global Brand Protection. These teams oversee the internal policies, standards, processes and trainings that help ensure

the integrity and reliability of our products. They also partner with healthcare authorities, other national government agencies, and industry and advocacy groups to continue raising the bar in industry PQSR practices. GRI 103-2; 103-3

Product Quality

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

The focus on quality starts at the top with our Chairman & CEO and our Executive Committee. They, along with the Chief Compliance Officer and the Chief Quality Officer, advocate that all employees must contribute to our enterprise-wide **Quality and Compliance Core Objective** established by the Johnson & Johnson Board of Directors. It is the responsibility of every employee to adhere to the principles set forth in this enterprise-wide Core Objective. Moreover, the Core Objective is considered in the evaluation and compensation of all Johnson & Johnson employees.

Led by the Chief Quality Officer, our global Quality & Compliance (Q&C) organization has harmonized quality management by ensuring consistent implementation of quality systems across our Family of Companies. Global Q&C has oversight of quality and regulatory compliance across the enterprise. It establishes the enterprise-wide Johnson & Johnson Quality Policy and Quality Standards. Its scope includes quality management activities at all stages of a product lifecycle, from R&D, to manufacturing and commercialization. Our R&D and manufacturing sites have designated Quality heads to establish,

implement and maintain quality systems at the site and ensure quality regulatory compliance. GRI 103-2; 103-3

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

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

Quality Policy & Standards

Our Quality Policy & Quality Standards are consistent with the guiding principles set forth in Our Credo and the Johnson & Johnson Quality and Compliance Core Objective. These define the requirements that our operating companies across Johnson & Johnson must achieve to design, make and deliver our products. They provide a common foundation for quality systems across the Johnson & Johnson Family of Companies. The requirements are based on current Good Manufacturing Practices (cGMPs), International Organization for Standardization (ISO) series and Johnson & Johnson best practices. These Quality Standards are put in place worldwide to help assure the quality of our products for our customers and to assure the operation of our businesses in compliance with regulations.

Compliance Monitoring

We have established a closed-loop, independent audit approach to help ensure our facilities and external manufacturing sites operate in compliance with our internal Johnson & Johnson Quality Standards, as well as global health authority requirements. Our Quality Audit Program applies to

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all Johnson & Johnson facilities that manufacture, store or distribute product. It also applies to external manufacturers that provide materials, products and services to our businesses. It is through this Quality Audit Program that we monitor, assess and identify opportunities to continuously improve the effectiveness of our quality systems. From 179 independent audits completed in 2017 at our internal sites, the majority resulted in no critical findings.

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

When appropriate, sites found to require improvements in their operation develop corrective action plans to systematically improve their quality systems and to prevent a recurrence of any deficiencies. Such ongoing proactivity helps us “self-detect” and “self-correct” potential issues to ensure compliance with regulatory requirements. Results, status, and progress are all reported to business leaders and the Johnson & Johnson Family of Companies’ governing bodies to help them support their sites’ efforts to achieve compliance in a timely manner. Regular updates on this topic are provided to the Regulatory, Compliance & Government Affairs Committee of the Board of Directors.

Each operating company also has a formal Quality Review Board. These consist of leaders from Quality & Compliance, Medical Affairs, Medical Safety, and Regulatory Affairs, who convene as necessary to evaluate any concerns with the quality of product in the market, and to decide, independent of commercial considerations, whether actions need to be taken on the product in the market. Such actions may include proactively recalling a product, if needed. Patient and consumer safety supersedes any other factor in this decision-making.

Quality Risk Management

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

Training and Education

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

We apply the same training and education philosophy to our work with suppliers. Through our Supplier Quality Academy, we provide training to suppliers and supplier-facing Johnson & Johnson employees to build and strengthen strategic competencies that impact the overall quality and performance of the end-to-end supply chain. Over years, we have identified many best practices that improve the quality of our products and processes at our sites. The Supplier Quality Academy enables us to share those learnings with our suppliers and external manufacturers. The platform offers several courses delivered through a variety of training methods – from face-to-face instructor-led trainings

Supplier Quality Academy
Testimonials

“The idea to make your knowledge available externally is truly enlightened because it recognizes that suppliers are an integral piece of Johnson & Johnson’s supply chain. The training offered is short, sharp, and to the point, with enough of a ‘how to implement’ as well to get you thinking ‘I can do this.’ Thank you for taking this step and living up to your Credo. I am certain that by strengthening our partnership we can both achieve much more.”

Ian Moore, Global Head of Quality at Croda, commenting on Johnson & Johnson’s Supplier Quality Academy

“Topics are treated really well; this Academy is really useful for growing the culture of quality, explaining the lean approach and concepts such as visual factory in companies less structured than Johnson & Johnson.”

Nello Rosati, Quality Manager at Nuceria Group, and his take on Johnson & Johnson’s Supplier Quality Academy

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to virtual instructor-led conferencing and self-led online modules.

Integration of New Acquisitions

Patient and customer safety and product quality are paramount considerations in our approach to integrating new acquisitions. We have a well-defined process in place to ensure that when a new company joins our Johnson & Johnson Family of Companies,

we take prompt measures to align that company’s quality system to our Johnson & Johnson Quality System framework. Our Quality teams participate in the due diligence activities during the acquisition process and conduct detailed risk assessments of quality systems and processes. The risks are prioritized, and action plans are developed to ensure compliance with our internal Quality Policy and Quality Standards.

Our Performance

Product Quality Indicators GRI 416-2

	2017
Number of regulatory inspections of Johnson & Johnson sites by worldwide health authorities	557
Percentage that resulted in zero observations	71%
Number of FDA inspections of Johnson & Johnson sites	63
Percentage that resulted in zero observations	83%
Average number of observations per FDA inspection	0.7
Number of internal independent audits to ensure compliance with Johnson & Johnson Quality Policy & Standards	179
Number of FDA Warning Letters issued, total for enterprise	0
Number of FDA Warning Letters issued, by business segment	
Pharmaceutical	0
Medical Devices	0
Consumer	0
Global product recall rate*	0.133%

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

Johnson & Johnson Holds First Enterprise-Wide Quality Month

Johnson & Johnson celebrated its first, enterprise-wide Quality Month in October 2017. The purpose of the month was to celebrate the role of every employee in owning, driving, and continuously improving the quality of our products and services. Employees across the globe at 124 sites engaged in a variety of activities that promoted and showcased the importance of quality across all functions within the Johnson & Johnson Family of Companies.

Johnson & Johnson Receives Thai Government FDA Quality Award

For the second consecutive year, Johnson & Johnson was honored with the Thai FDA Quality Award from Thailand’s Ministry of Public Health (MOPH). As one of the biggest cosmetic manufacturers in the country, we were recognized for our commitment to quality, quality control, consumer relations and community engagement. Johnson & Johnson was the only multinational company selected by the FDA committee for cosmetics, and the FDA Secretary General noted the accomplishments in recognition for “value and pride.” The MOPH indicated our position as a “role model” for the healthcare business writ large.

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Product & Patient Safety

At Johnson & Johnson, we recognize our fundamental responsibility to provide patients, consumers and healthcare providers with products that are as effective and safe as possible. We want our medicines and products to deliver maximum benefits with minimal avoidable harm. Driven by ethical considerations that stem from Our Credo, and led by our functionally independent medical safety organization, we take a science- and evidence-based approach to medical safety, putting patient and consumer well-being first and foremost in our decision-making and actions.

Safety governance is overseen by our Office of the Chief Medical Officer (OCMO), a global organization that brings together multi-disciplinary teams of safety experts across all three business segments with backgrounds in safety science, including medicine, epidemiology, pharmacology, bioethics and product vigilance. Functionally independent from commercial as well as R&D interests, OCMO established a single safety standard to which all our products are held, and which guides our end-to-end safety management strategy. OCMO is also responsible for the development and execution of our medical ethics policies and programs, clinical data sharing and transparency, and our initiative in expanded access to investigational medicines. GRI 103-2; 103-3

Safety Monitoring GRI 416-1

Safety monitoring is built into every stage of product lifecycles, starting at early discovery phase with target identification in the Pharmaceutical business and with evaluations of new ingredients for our Consumer products. Pre-clinical and clinical testing, trials and registries play an important role in the development and post-launch monitoring of medicines, vaccines and medical devices. We have processes in place that outline the ethical treatment of trial participants and how to protect their health and safety. For more information, see our [Statement on Conducting Clinical Trials](#).

Before each product launch, our R&D groups submit all required information to national regulators for their review; this may include results of clinical trials and other documentation describing the safety and efficacy profile of the product. The regulatory authorities examine these data to establish whether the benefits of a product outweigh potential risks, and decide whether or not to approve the product for marketing.

After commercialization, we continue active surveillance to monitor for safety signals, and respond rapidly and appropriately when any issues are identified. We do this in close partnership with regulatory authorities and stakeholders across the globe. We identify and track safety data from many sources, including the following:

- Rigorous quality testing is done by our Quality organization at the manufacturing phase—before our products even leave our manufacturing facilities—to ensure that products are manufactured according to specifications. Review of quality issues that have potential safety implications involves members of medical safety teams in each operating company to evaluate medical impact of that issue on patient and consumer safety, independent of commercial considerations.
- Post-marketing studies are conducted for medicines and devices that involve larger and more diverse patient populations to continue to understand potential safety risks, particularly those that might not have occurred in the initial clinical trial populations.
- We continuously monitor and review potential adverse event (safety) information reported by hospitals, healthcare providers and patients, as well as collect and review customer complaint data and other feedback for our Consumer segment products.
- Piloting and deploying advanced technologies, such as artificial intelligence and natural language processing for aggregating, integrating and analyzing real-world patient health outcomes for our portfolio of products.

For all our Consumer, Medical Devices and Pharmaceutical products, we develop risk management plans that are regularly reviewed and updated when additional safety information becomes available, with more people using our products over a longer period of time. Where appropriate, we liaise closely with regulatory authorities to update the label for patients and healthcare practitioners.

Partnerships are an integral element of Johnson & Johnson's Safety Vision. Throughout our safety surveillance activities, we work closely with regulatory authorities, patient advocacy groups and leading research institutions to improve safety data, science and education. Most recently, we collaborated with Ariadne Labs, a collaboration between Brigham and Women's Hospital in Boston and the Harvard T.H. Chan School of Public Health, to promote and increase medical device safety awareness among surgeons and other healthcare professionals around the world. In 2017, we signed an agreement with Ariadne Labs to pilot a training program in Bangkok, Thailand, to educate surgeons and nurses on safe use of medical devices.

To leverage the power of big data and analytics, Johnson & Johnson is an active leader within Observational Health Data Sciences and Informatics (OHDSI). OHDSI is an open science collaborative that aims to improve health by empowering a community to work together on generating reliable evidence from observational data to promote better health decisions and better care. OHDSI is a multi-stakeholder and multi-disciplinary community of researchers, and has established an international data network to provide opportunities for large-scale observational research and analysis. All results and solutions are shared and published to advance real-world data monitoring for the benefit of healthcare professionals and patients. Analysis code and related software tools are all made publicly available on the OHDSI website.

Specific to the assessment of medical devices, Johnson & Johnson participates in the Medical Device Epidemiology Network and the National Evaluation System for Health Technology, multi-

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stakeholder efforts involving the U.S. Food & Drug Administration and others. Both of these efforts are aimed at building the infrastructure needed to conduct rapid and efficient evaluations of specific medical devices using existing data sources. Preliminary work has demonstrated that existing registries linked to other data sources, such as health insurance claims, can produce data supporting label changes more quickly and with larger numbers, compared with traditional post-market studies.

Engaging Patients in Safety and Clinical Research

Patients and consumers are at the center of our safety surveillance activities. As increasingly active owners of their own healthcare journeys, patients and their caregivers are well-positioned to provide unique insights into our product R&D processes. We engage patients and seek to integrate their input throughout all stages of a product lifecycle, from development to commercialization. Our collaborative work with the National Academies of Sciences, Engineering and Medicine (NASEM), the NASEM Patient Engagement Project, aims to foster development of a strategic research agenda to advance the science of the patient voice and identify ways in which patients can inform product benefit/risk intelligence.

Our Pharmaceutical R&D group integrates the insights of patients into our clinical trials, and in 2017 launched a Patient Voice initiative. This effort will help inform and improve our clinical trial designs by sharing clinical trial plans with patients, gathering patient feedback on protocols, and modifying clinical trial design, recruitment and retention – crucial factors in the successful execution of robust clinical trials that evaluate whether a new medicine can have a meaningful impact.

Consumer Products Ingredient Safety

GRI 103-2; 103-3

We recognize that people around the world, particularly those who use our personal care products, are increasingly interested in cosmetic

ingredient safety. We continuously evaluate the ingredients used in our products in response to consumer preferences, advances in science and our own scientific research. Understanding and engaging with key stakeholders, such as consumers, health authorities and academics, is a crucial component of this process.

Johnson & Johnson's ingredient governance process, led in our Consumer business segment through the Johnson & Johnson Global Ingredient Steering Committee, requires that every ingredient we use have its own unique strategy. Our enterprise-wide management process is grounded in the following framework:

- Internal processes: Ingredients are governed by a Standard Operating Procedure, which provides a formal worldwide process for ingredient policies; the Johnson & Johnson Ingredients Working Group consists of internal experts reviewing ingredient advancements on a monthly basis.
- External input: Johnson & Johnson searches for the earliest signal(s) from external partners to strengthen internal policies and positions.
- Strategic Assessments: The Johnson & Johnson Global Ingredient Steering Committee is responsible for setting individual ingredient strategies, working with regional partners across Consumer segment and enterprise functions, including the R&D and Medical Safety teams, Environment, Health, Safety & Sustainability, Regulatory, and others.

For more information on consumer product ingredient safety visit our [Safety & Care Commitment website](#).

Anti-Counterfeiting & Brand Protection

GRI 103-2; 103-3

Our patients, consumers and customers must have unequivocal confidence in the quality, safety and authenticity of Johnson & Johnson products. The global growth of illicit trade in health and personal

Consumer Products Ingredient Transparency Workshops in Asia Pacific

In July 2017, our Consumer business segment teams in the Asia Pacific region came together for a series of Ingredient Transparency Workshops in Mumbai, Beijing and Shanghai. The objective was to help shape and drive discussion on product selection, rooted in evidence-based understanding of ingredients and safety. The workshops were then integrated as part of our global Fortis program on ingredient transparency.

Workshop sessions explored misconceptions about product ingredients, and discussed the importance of accurately reading product labels and product choice, with emphasis on the important principles of ingredient definitions, including “natural,” “organic,” “chemical,” and “preservative-free.”

The workshops also addressed the three “essential facts” of product safety: Subject, Method of Exposure, and Dosage. In addition to Johnson & Johnson employees, these events reached a wide audience, with more than 90 media and social influencers in attendance.

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

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

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

Proactive & Preventive Approach

GBP's capabilities for responding to various forms of illicit trade—including counterfeiting, unauthorized diversion and product tampering—have matured

and improved substantially over recent years. While we still invest significantly in our response to any reported suspect or confirmed illicit trade incidents, our strategic focus has shifted toward developing and deploying more proactive and preventive measures. Our ongoing and increasing investments in digital authentication technology, targeted market monitoring (online and offline), and advanced data and analytics capabilities are key enablers of this shift in our strategy.

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

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

Prior to deploying product security features and brand protection programs, GBP conducts extensive risk assessments and analysis using a standardized

methodology to determine the optimal level of security based on known risk factors and a product's safety profile. These risk assessment protocols have also been integrated with our new product development process to ensure that all new products are protected prior to launch.

Awareness & Education

Counterfeiting is a global problem that requires coordinated solutions, multi-stakeholder collaboration and continuous awareness raising and education. We are committed to collaborating with health authorities, peer manufacturers, academic institutions, distributors, retailers, and other key players in the health and personal care industry to develop comprehensive supply chain best practices, raise awareness about risks of counterfeiting, and together mount a strong defense and response to illicit traders. In 2017, we engaged in 9 external trade groups, alliances, organizations and agencies either in leadership positions or as a member of industry working groups. Some examples of industry forums where we participate or take leadership positions include:

- IACC (International Anti-Counterfeiting Coalition), Board of Directors
- A-CAPP MSU (Center for Anti-Counterfeiting and Product Protection at Michigan State University), Board of Directors
- ICC/BASCAP (International Chamber of Commerce/Business Action to Stop Counterfeiting and Piracy), Co-Chair Position in EU
- ASIS International, Vice Chairman, Shanghai Chapter
- Rx360 – An International Pharmaceutical Supply Chain Consortium, Steering Committee Lead
- PSI/PEI (Pharmaceutical Security Institute), Working Group Member
- ASOP (Alliance for Safe Online Pharmacies), Member

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- QBPC (Quality Brands Protection Committee) China, Member
- EAASM (European Alliance for Access to Safe Medicines), Member
- Brazilian Association of Organic Security, Member

Awareness and education (A&E) among our employees and key internal stakeholders is also an important aspect of our overall brand protection strategy. The foundation of our A&E program is a set of 10 Safe and Secure Supply Chain Best Practices that provide guidance to employees on how to employ brand protection controls and safeguards in areas of the supply chain where issues may typically arise. Examples of best practices instruction include Distributor Compliance, Product Returns and Destruction, Transportation Security, and Facility Security.

In 2017, we trained 500 people (stakeholders) in brand protection best practices. Training is typically delivered through our enterprise e-learning platform, but may also be conducted in person if we are addressing a key functional stakeholder group directly.

Our brand protection training also extends to our suppliers, distributors and customers to educate them about the risks of illicit trade, how to report any suspect incidents or issues, and what actions they can take to guard against the introduction of illicit product into the legitimate supply chain. In 2017, GBP collaborated with our Q&C organization to embed brand protection guidance into the Good Warehousing and Distribution Practices training that is made available to our network of suppliers through Johnson & Johnson's Supplier Quality Academy, an e-learning platform accessible to our business partners.

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At Johnson & Johnson we believe in conducting our business with integrity. We are committed—from our Board of Directors and senior management to each of our approximately 134,000 employees around the world—to earning the trust of the people we serve. For us, this means complying with applicable legal, regulatory and industry code requirements, and upholding the highest standards in every aspect of our business and in every market where we operate. We continuously self-reflect and refine our transparency and disclosure practices based on wider societal context and stakeholder expectations.

In 1943, we adopted [Our Credo](#), which guides how the Johnson & Johnson Family of Companies around the world conduct business. The third paragraph of Our Credo focuses on our community responsibilities as corporate citizens. We take these responsibilities very seriously, including paying our fair share of taxes, among them corporate income taxes, employment tax, social contributions, import and customs duties, and indirect taxes. Our commitment to these responsibilities is embodied in our [Tax Policy Statement](#), which states that we ensure the tax results for all of our global entities are properly reported in accordance with applicable laws, rules and regulations. GRI 103-2; 103-3

Business Ethics

While the business environment grows in complexity, what is clear at Johnson & Johnson is how we conduct our business every day: with the highest ethical standards in every aspect of our business and in every market where we operate. We see running a responsible business as an essential driver of value creation; and we are committed to operating with integrity. GRI 102-16

Our Company has comprehensive policies, procedures and required training that help

employees be aware of and comply with applicable laws, regulations and industry codes. The Johnson & Johnson Law, Health Care Compliance & Privacy (HCC&P) and Finance departments are available to help employees navigate the laws and regulations that impact our work.

Our Credo is the foundation that sets forth our core values, ensuring we are focusing on patients and customers, our employees and our communities. Our Johnson & Johnson [Code of Business Conduct](#) and our Health Care Compliance (HCC) policies and guidelines lay out the standards and principles that guide our behavior, particularly in our interactions with patients and healthcare professionals around the globe.

The Code sets forth our company's values and standards, which apply to all employees worldwide. It reflects Our Credo values, outlines the principles that guide our behavior, informs the good choices we make, and provides guidance on where to get help when needed. All Johnson & Johnson employees and certain categories of temporary workers⁴⁰ are required to complete the Code of Business Conduct training every two years, with annual training conducted under our HCC policies for those individuals whose functions are related to interactions with, or payments to, healthcare professionals or government officials. The Code training is available in 27 languages and our annual HCC training in 23 languages. GRI 412-2

Additional details concerning policies and procedures that define what we expect of our people and our business partners throughout the world can be found in our [Policies & Statements](#).

Compliance Programs

We believe that compliant business practices support a positive environment in the healthcare marketplace by putting the focus on patient care and ethical competition.

Our robust global compliance program is long-standing, as is our commitment to ethics, transparency and well-established protocols around how we market and sell our medicines, medical devices and other products. They are foundational to our commitment to:

- Keeping medical and governmental decision-making free from improper industry influence;
- Promoting fair competition;
- Ensuring lawful promotion of regulated products;
- Disclosing accurate pricing information to government healthcare programs; and
- Ensuring compliance with applicable healthcare compliance, anti-corruption laws and regulations, and relevant industry codes.

Our compliance guidelines and policy requirements meet or exceed legal and regulatory requirements in every jurisdiction where we operate, and are aligned with industry standards and requirements, as well as regional or country industry codes of conduct including Advancing Medical Technology Association (AdvaMed), Asia Pacific Medical Technology Association (APACMED), Pharmaceutical Research and Manufacturers of America (PhRMA) and the European Federation of Pharmaceutical Industry Associations (EFPIA). In addition, Johnson & Johnson actively participates in the work of industry associations, and helps develop industry codes designed to ensure ethical and compliant marketing and selling of our products. For more information about our approach to ethical marketing, see [Ethical Sales & Marketing Practices Statement](#). GRI 417-1

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

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

Under the Company's compliance framework, our Chief Compliance Officer has overall responsibility for the management of our healthcare compliance program. He reports directly to our Executive Vice President, General Counsel, who is a member of the Executive Committee. The Chief Compliance Officer also has a direct reporting line to the Regulatory, Compliance & Government Affairs Committee of the Company's Board of Directors, providing quarterly reports and reviews of our global compliance and privacy programs. Each substantial operating company has a designated healthcare compliance officer, part of whose job is to help ensure compliance with—and provide guidance and training on—the Company's policies and practices related to the healthcare industry. In addition, the Company's Law Department also provides direct guidance and training on the Company's Policies.

Potential violations or issues arising under our policies or laws and regulations are reported internally within the organization to senior management and, as appropriate, also shared with the Johnson & Johnson Executive Committee, the Board of Directors, relevant Committees of the Board and/or the external auditors. When public disclosure criteria are met, anticompetitive behavior,

antitrust claims, product liability claims, and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings. See Note 21 on page 81 of our 2017 Annual Report. GRI 416-2; 419-1

With the complexity of the healthcare environment continuing to evolve, our global compliance program is focused on strengthening and optimizing core programs and processes; elevating our integrated approach to data, metrics and analytics; and leveraging the power of technology for all components of our global compliance program. Each year we conduct risk assessments of our operations to identify areas where additional attention or modification to our programs may be required to ensure they continue to be robust and effective. Ongoing improvement programs and projects are also implemented to ensure we are maintaining our programs in an efficient and effective fashion, as well as to ensure they remain current with changes in both the business environment and with the demands and expectations of our diverse stakeholders, laws, regulations and industry standards.

Anti-Bribery/Anti-Corruption

GRI 103-2; 103-3; 205-1; 205-2

Johnson & Johnson takes a strong stance against bribery consistent with the anti-bribery laws that exist in many countries around the world, and complies with all anti-bribery and corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable local anti-bribery and corruption laws and regulations. Our Code of Business Conduct expressly prohibits bribes, kickbacks, illegal payments and any other offer of items of value that may inappropriately influence or reward a customer to order, purchase or use our products and services, whether provided directly or through a third party, e.g., a distributor, customs broker or other agent.

We have written policies, procedures and internal controls at all levels of the organization designed to ensure compliance with anti-bribery/anti-

More than 100,000
employees completed
anti-corruption training.

corruption laws. We test, evaluate and refine these internal controls on an ongoing basis. Continuous monitoring includes full documentation of existing accounting and internal control systems as well as record-keeping of the monitoring and evaluation procedures.

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

Our HCC function works with a range of specialist departments throughout the Company, including Legal and Procurement, to ensure ongoing compliance with Johnson & Johnson's anti-bribery/anti-corruption standards. HCC conducts monitoring and testing of operations at our operating companies for compliance with our healthcare policies on a regular basis. The scope and frequency of such monitoring is determined based on our risk assessments as well as the local operating company requirements and local conditions.

HCC also works closely with our Corporate Internal Audit (CIA) and Law Department to investigate potential incidents of non-compliance relating to anti-bribery/anti-corruption. Generally, our more than 260 operating companies are audited by CIA for compliance with our HCC programs (including anti-bribery/anti-corruption) typically on a three-year

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cycle for our higher-risk companies, or a five-plus-year cycle for our lower-risk companies, with more frequent testing and monitoring of select areas of our businesses conducted by the HCC organization.

Johnson & Johnson uses both internal and external criteria, including the Transparency International Corruption Perceptions Index, as well as market- and business-specific risk factors, to determine the risk profile of our operating companies and businesses. The scope of audits covers a range of commercial activities associated with bribery and corruption risk, including sales and distribution, engaging healthcare providers and other third parties for services, gifts or items of value, tendering and cross-border interactions. All of these topics also are the subject of training at our operating companies. In addition to the healthcare compliance-related audits, CIA conducts financial audits that serve in a supplemental capacity as both a preventive and detective element of our compliance program.

Information on these audits and reviews is included in regular updates to the Regulatory, Compliance & Government Affairs Committee of the Board of Directors. Where audits or our testing and monitoring activities identify questionable activities, these issues are escalated to an internal Triage Committee, which determines appropriate action to take, including commencement of for-cause investigations.

Grievance Mechanisms

Our Credo Hotline is an integral component of the strong compliance culture at Johnson & Johnson. It provides a channel for all employees, contractors, customers, third-party agencies and other partners to report potential violations of the Code of Business Conduct, other Company policies or the applicable laws and regulations in the countries of our operations. The Credo Hotline is available 24 hours a day, 7 days a week, in 23 languages. The concerns can be filed both electronically on www.credohotline.com or by calling a toll-free number (international dialing instructions are on the same website).

Additionally, anyone can report allegations through

other methods (by phone or e-mail, etc.) within their local business unit or to CIA, HCC, Law, Security or the Human Resources organizations. Our Escalation Procedure Policy also requires all employees to escalate any violations of our policies or applicable laws, and our management teams around the globe are reminded annually of the requirements of this policy. We act swiftly to review any reported violations of our Code of Business Conduct, compliance policies, laws or regulations. GRI 102-17

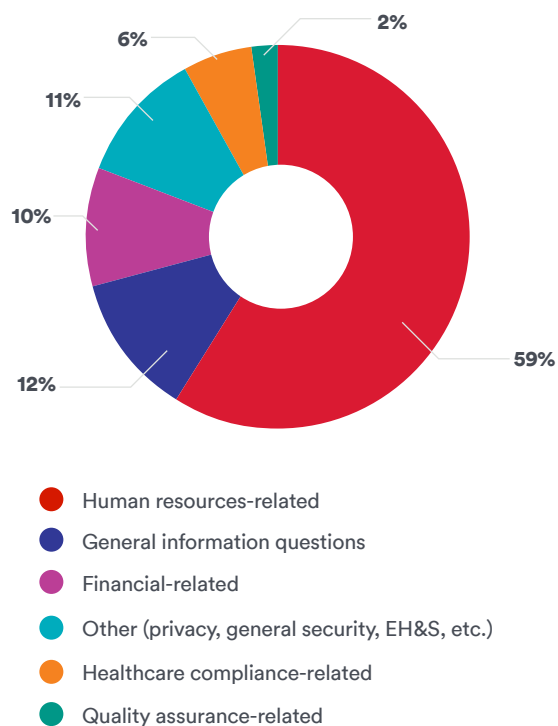
Addressing Non-Compliance and Misconduct

All Credo Hotline reports are routed by our external vendor to CIA (or Human Resources, if

appropriate). A Triage Committee comprised of the Chief Compliance Officer, Internal Audit and the Law Department review the allegations from both the Credo Hotline and the noted other channels to determine the best means to investigate, with most issues investigated by or under the direct supervision of Law, HCC&P, or CIA. The Human Resources organization reviews and takes action with respect to any human resources-related issues. In 2017, there were 693 escalated ethics/compliance-related cases, for which investigation was initiated through Triage Committee Process. The breakdown by issue category can be found in the table below.

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

Complaints Brought through the Credo Hotline, by Category (2017)



Ethics/Compliance-Related Investigations, by Category

Number of escalated ethics/compliance-related cases, for which investigation was initiated through Triage Committee Process **693**

Escalated ethics/compliance-related cases, for which investigation was initiated through Triage Committee Process by category

Healthcare compliance-related	54%
Financial-related	34%
Other (legal, quality, anti-trust, product registration, privacy, etc.)	12%

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Transparency & Disclosures

At Johnson & Johnson, we strive to hold ourselves accountable by providing information about how we operate across our operating companies and markets. Internally, we view this as an opportunity for continuous self-reflection and improved risk management. Externally, being open and transparent helps us maintain the invaluable trust of our stakeholders in the strength and health of our Company.

The information we share includes mandatory and voluntary disclosures, such as financial disclosures in the Annual Report/10-K; payments to healthcare providers; sustainability disclosures in the Health for Humanity Report; environmental disclosures through CDP; and drug pricing and other practices relevant to our U.S. Pharmaceuticals business in the [Janssen U.S. Transparency Report](#). We disclose information through various channels, including public securities filings; press releases; our corporate website; operating websites; the annual Health for Humanity Report microsite; and various forms of media.

Financial Disclosures

We regularly report on our financial progress and other material disclosures as required for a U.S. public company by the Securities Exchange Commission (SEC) and the New York Stock Exchange. Our financial performance results at the enterprise level are disclosed in our quarterly and annual reports filed with the SEC and are available on our corporate website, which you can reach by [clicking here](#).

Environmental Disclosures

We have a long history of public reporting on environmental performance. In addition to providing data and information in our sustainability reports, we participate in CDP, a global disclosure system on environmental issues. We have been reporting energy consumption, greenhouse gas (GHG) emissions and water consumption data through CDP for several years. We achieved a rating of A- for our

2017 CDP Climate Change Report and received a B rating from CDP for our water efforts. In 2016, we piloted the CDP's Forest Disclosure Project to assess and share how we are managing our value chain's impact on at-risk forest resources.

We also support enhanced disclosure of climate-related risks and opportunities, as recommended by the industry-led Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD). Our 2018 CDP Climate Report will include enhanced disclosures based on TCFD recommendations.

Payments to Healthcare Providers

Ethical relationships with healthcare professionals are a critical part of developing and marketing healthcare products. We are committed to being open about relevant financial aspects of our interactions with physicians, medical scientists, hospitals, other healthcare professionals and the healthcare organizations. In the United States, we disclose financial information under the Physician Payments Sunshine Act (commonly known as "Sunshine Act" or "Open Payments"). In addition to information posted on the Centers for Medicare and Medicaid Services, and in an effort to provide the most accurate and timely information, Johnson & Johnson has voluntarily [posted aggregated data](#) for our companies covered by Open Payments, as submitted on March 31, 2017.

Outside the United States, we disclose similar information in those countries or regions where standards or requirements for disclosure have been established. For instance, in Europe, the Middle East and Africa, we support the European Federation of Pharmaceutical Industries and Associations (EFPIA) "Code on Disclosure of Transfers of Value from Pharmaceutical Companies to Healthcare Professionals and Healthcare Organizations," and are complying with those requirements (for more information, visit the [Janssen website](#)). Other countries or regions have similar legal or industry code disclosure requirements that we have worked to help establish—and that we comply with—to help foster transparent business practices.

Johnson & Johnson Ranks in First Tier of Corporate Political Disclosure and Accountability Index

In late 2003, the Center for Political Accountability launched an initiative encouraging U.S. companies to adopt board oversight and disclosure of political spending. Today, the Center's CPA-Zicklin Index provides a comprehensive scorecard, measuring policy improvements and practices over time. In 2017, Johnson & Johnson was ranked among the top tier of companies for the year.

For more information on funding to healthcare professionals and for professional education, see [our statement](#).

Clinical Data Transparency

Clinical R&D is critical to advancing the trajectory of health for humanity. We believe transparency of clinical trial data advances science and medicine, and is in the best interest of the patients who use our products and the providers who prescribe them. We support the overall principles of greater clinical trial data transparency, including registration and disclosure of clinical trial results in external registries; publication of results in peer-reviewed journals; and sharing of clinical study reports and participant-level data from clinical trials.

Learn more on [this page](#).

Pricing Transparency in the United States

We strive to ensure we are delivering quality products while keeping in mind healthcare costs, particularly for prescription medications. We

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recognize that in an increasingly complex healthcare system, patients are concerned about their ability to access and afford the medicines they need.

To help patients and other stakeholders understand our approach to pricing medicines, in 2017 the Janssen Pharmaceutical Companies of Johnson & Johnson published the inaugural **2016 Janssen U.S. Transparency Report**. It demonstrated our commitment to responsible business practices that put patients first, providing a window into our responsible approach to pricing, how we invest our resources, and how we help people who need Janssen medicines get access to them. The **2017 Transparency Report**, released in March 2018, goes into more detail, expanding on our approach to clinical data transparency, value and pricing, access support, and sales and marketing. We provide even more information on our R&D process, the value of medicines, and the advantages of moving to a more results-based healthcare system. As the latest report shows, in 2017 the net price of our medicines in the United States decreased, while we increased our investment in discovering and developing transformational medicines for patients facing some of the world's most challenging diseases. We issue this report because we believe open dialogue is essential to developing a more results-based healthcare system that delivers what we all want: greater access to care, at more manageable cost, and most importantly, better health for all.

Political Contributions

As a multinational healthcare company, we work with many stakeholders in the markets where we operate, and we take a stance on and support certain public policies in the United States and in different parts of the world as they relate to our core business of advancing health. Our stakeholders express interest in knowing what our policy positions are and who we support. We disclose this information annually, including our philosophy on political contributions, our strategic priorities and our contributions data. Please visit **Political Contributions** for more information. GRI 415-1

Bioethics

Bioethics is an applied discipline that takes the principles of ethics and applies them to biological research, science and medicine. Safe, ethical and patient-centered decision-making has always been at the center of how we do business. It is rooted in Our Credo values and our commitment to put the needs of the people we serve first. We support and adhere to the fundamental principles of bioethics, including beneficence, non-maleficence, autonomy and justice.

Our Ethical Code of Conduct for R&D guides our employees and those with whom we partner in medical research; it outlines our philosophy and standards about ethical decision-making. However, the ethical questions in the healthcare industry can be so complex that they require broad-based multidisciplinary discussion involving different experts. With this in mind, the Johnson & Johnson Office of the Chief Medical Officer (OCMO) relaunched a global Johnson & Johnson Bioethics Committee (JJBC) in 2016 and further formalized its role and mandate in 2017. JJBC serves as an advisory body and an independent expert forum to our teams worldwide on ethical issues. It is composed of Johnson & Johnson employees across different functions, business segments, regions and countries, each with a passion for bioethics. JJBC also engages globally recognized external consultants with expertise in bioethics to provide input on an as-needed basis.

JJBC's core objectives are: advocating adherence to bioethical principles; providing an expert forum to obtain guidance on ethical issues for Johnson & Johnson teams; and championing our commitment to ethical decision-making across the enterprise.

In addition to influencing our own decisions, Johnson & Johnson's long standing commitment to bioethics, has earned us recognition as an industry leader in ethics-based decision-making. The work taking place in OCMO has positive impact on the dialogue about two key bioethical issues: clinical trial data transparency and access to investigational medicines.

Clinical Data Sharing and Transparency

Clinical R&D is critical to advancing the trajectory of health for humanity. We believe transparency of clinical trial data advances science and medicine, and is in the best interest of the patients who use our products and the providers who prescribe them. We support the overall principles of greater clinical trial data transparency, including registration and disclosure of clinical trial results in external registries; publication of results in peer-reviewed journals; and sharing of clinical study reports and participant-level data from clinical trials.

Clinical trials conducted around the world by our pharmaceutical, medical devices and consumer product companies are listed on the U.S. National Institutes of Health's website, www.clinicaltrials.gov, the European Clinical Trial Register, and country-specific and regional registries across the globe, as

“Johnson & Johnson has more than just a commitment to data sharing; they are, with their bold and inspiring action, leading us to a new era of science, where researchers work together for the greater good. The sharing of data provides more confidence in the science, more teamwork in advancing knowledge, and more complete harvest of knowledge from the investments in research. We are seeing the force multiplier effect of diverse research groups working with Johnson & Johnson data, adding to what we know, and accelerating our progress to a better future.”

Harlan Krumholz, MD, SM, Harold H. Hines, Jr.
Professor of Medicine, Yale University School of
Medicine

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required. We seek to publish the results of company-sponsored trials in patients and health economic studies in peer-reviewed medical journals.

We believe that by sharing our clinical trial data we advance the science that is the foundation of medicine and honor the patients who participate in clinical trials who want to make a difference for themselves and other patients in the future. Through groundbreaking partnerships, including our participation in the Yale Open Data Access (YODA) Project, we are sharing pharmaceutical, device and consumer product clinical trial data with researchers and physicians around the world. In 2017, Johnson & Johnson's Consumer business segment became the first consumer company to make clinical trial data available to researchers through the YODA Project. We felt it was important for the millions of consumers who use our products every day to know we are committed to rigorous scientific assessments supporting the safety and efficacy of all our healthcare products, including consumer products.

Access to Investigational Medicines

For patients with serious or life-threatening health conditions, experimental treatments may offer a way forward when all existing options have been exhausted and clinical trials are not an option. Our Company is involved in R&D of life-saving medicines, and it is our responsibility to help people who urgently need new treatment options in a way that doesn't put the individual or the larger patient community at risk of unnecessary harm.

Access can take many forms, and most patients attain access to investigational medicines through participation in clinical trials. For late-stage medicines in development for life-threatening conditions, we generally create a formal Expanded Access Program (EAP) that provides a protocol-driven path to gain access for patients, similar to those who participated in the clinical trials. For patients who don't qualify for trials or EAPs, or have a need when these programs are not enrolling, we also

provide access through compassionate use, or single-patient requests.

To help provide a fair, ethical evaluation of compassionate use requests, the Janssen Pharmaceutical Companies of Johnson & Johnson employs the Compassionate Use Advisory Committee (CompAC) globally. Developed in collaboration with New York University Langone Health, CompAC facilitates the review of compassionate use requests by an independent, external body of internationally recognized medical experts, bioethicists and patient representatives. After a successful pilot that began in 2015, CompAC was expanded to include additional investigational medicines in development at Janssen.

In 2017, Johnson & Johnson was awarded an Ethical Leadership Award by the Fellowships at Auschwitz for the Study of Professional Ethics. This award was given in recognition of our leadership in both the areas of compassionate use for our work on CompAC, as well as our approach to sharing our clinical trial data through the YODA Project.

Last year, Janssen was one of several industry collaborators supporting the launch of the Reagan-Udall Foundation's Expanded Access (EA) Navigator, the first-of-its-kind website that provides patients, caregivers and physicians with critical information about EA. The EA Navigator represents a unique private-public partnership among advocacy, government and industry communities to create a resource that addresses the critical need to understand options when commercially available treatments have been exhausted and clinical trials are not an option.

Our Commitment to Animal Welfare

At Johnson & Johnson, we work tirelessly to impact the trajectory of human health. From the beginning, our focus has been on bringing life-altering products to patients and consumers to enhance well-being everywhere. Our commitment, since 1886, has led to such breakthroughs as BAND-AID® Brand Adhesive Bandages, IMBRUVICA and the ATTUNE knee system.

Bioethics International Good Pharma Scorecard

In December 2017, Johnson & Johnson earned the highest overall score of 100% for clinical trial transparency in Bioethics International's second publication of its Good Pharma Scorecard. Bioethics International is a not-for-profit organization dedicated to raising the bar on ethics, trustworthiness, and patient-centricity in pharma. The annual index ranks the top 20 largest pharmaceutical companies and new medicines on their clinical trial transparency, and is published in *BMJ Open* (formerly *British Medical Journal*).

“We're honored to be recognized in the top spot for the Scorecard for the second year in a row. At Johnson & Johnson, we believe sharing clinical trial data honors the patients who participated in the trial, and contributes to improving patient care. The Good Pharma Scorecard transparency standards match our own standards, and we recognize the work Bioethics International is doing to shine a light on transparency in the industry.”

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

Johnson & Johnson can deliver these innovative products and technologies because of our rigorous research. Where this research involves animals, we employ every method available to safeguard their welfare. This includes ethical review committees, personnel training, and ensuring that all Johnson & Johnson Animal facilities are AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care International) accredited.

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We are deeply aware of the need to continue discovering and developing alternatives to animal testing, while keeping the same scientific rigor necessary for patient and consumer safety.

Our Commitment to the “3R” Principles

- **Replacement:** Using alternative non-animal systems in place of animals wherever possible
- **Reduction:** Using the minimum number of animals possible to achieve maximum information without compromising animal welfare
- **Refinement:** Continually modifying procedures to limit the discomfort and distress to animals

To promote our commitment to the 3Rs, Johnson & Johnson offers annual 3R and Post-Doctoral awards to recognize significant and impactful achievements in the development of viable refinements and alternatives to the use of animals. We also partner with the Institute for In Vitro Sciences and the Center for Alternatives for Animal Testing.

Our Policy

In 2017, Johnson & Johnson updated and formalized a [Policy on the Humane Care and Use of Animals](#), which directs our operating companies on the ethical and humane treatment of animals, and promotes the use of non-animal alternatives whenever feasible. We continually monitor changes to the Animal Welfare Act and international regulatory requirements to ensure that our animal welfare guidelines are current with the law. All research protocols involving the use of animals are reviewed for approval by Institutional Animal Care and Use, or by Ethical Committees, or under license by local or regional governmental agencies.

Governance GRI 103-2; 103-3

High standards of governance are essential to sustaining the trust of investors and other stakeholders. Strong governance practices strengthen management accountability; inspire public trust; foster responsible decision-making

and agility in execution; help us to fulfill Our Credo aspirations; and increase the long-term value of Johnson & Johnson. Our Credo values are inextricably aligned with the view that companies have a broader role in society, compelling us not only to deliver top financial performance but also to make meaningful investments in the interest of all our stakeholders. This requires long-term thinking and good stewardship, which have long been embedded in the way we do strategic business planning and run our operations. We believe strong governance practices are foundational elements of a successful, high-performing business.

Our governance structures, policies and processes are designed to serve the needs of our Company and our shareholders, and to promote a culture of accountability across Johnson & Johnson. Information about our Corporate Governance is readily available on our company website.

Board of Directors

Our Board of Directors is a diverse group of individuals who are elected by our shareholders each year and serve as the highest governance body. Our Board is comprised of six committees: Audit, Compensation & Benefits; Nominating & Corporate Governance; Regulatory, Compliance & Government Affairs; Science, Technology & Sustainability; and Finance. All committees are composed entirely of independent directors, as defined by the New York Stock Exchange listing standards, authorized to advise and make recommendations to the Board on issues for which they are responsible. The exception to this is the Finance Committee, which is composed of the Chairman of the Board and the Lead Director. The Science, Technology & Sustainability Committee oversees Johnson & Johnson's global citizenship and sustainability activities and performance. To review the responsibilities of each of the committees of our Board of Directors, see our [Board charters](#).

Our Board is comprised of 10 Directors, 9 of whom are independent – all experts in their own right, with applicable business knowledge and understanding to help advise during Board and Committee meetings.

The Board periodically rotates members of each committee to ensure fresh eyes and ideas on any given topic.

Enterprise Risk Management Framework

Effective risk management enables us to successfully grow the business in alignment with Our Credo and our overarching strategic business principles. Enterprise Risk Management is a common framework applied by the Board, business management and other personnel to identify potential events that may affect the enterprise, manage the associated risks and opportunities, and provide reasonable assurance that our Company's objectives will be achieved. At Johnson & Johnson, we focus on four main risk categories: strategic risk, operational risk, compliance risk, and financial and reporting risk. For more information, please see our [Enterprise Risk Management Framework Resource](#).

Contacting the Board of Directors

At Johnson & Johnson, we believe in transparency at every level. That includes our most senior leadership and Board of Directors. Interested parties can contact our Board of Directors at any time by sending communications to Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933, or via email to LeadDirector@its.jnj.com, or by using the online submission form on our [Corporate Governance](#) website. General comments to the Company (including complaints or questions about a product) should be sent via the [Contact Us](#) form on our website. GRI 102-33

Further details about our Board of Directors and various Committees of the Board, as well as our corporate documents, [Principles of Corporate Governance](#), and other corporate governance materials, are available on the [Corporate Governance](#) section of our website.

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Corporate Governance Indicators

	2017
Number of independent directors on the Board	9
Percentage of independent directors on the Board	90%
Lead independent director	Yes
Independent Audit Committee	Yes
Independent Compensation & Benefits Committee	Yes
Independent Nominating & Corporate Governance Committee	Yes
Independent Regulatory, Compliance & Government Affairs Committee	Yes
Independent Science, Technology & Sustainability Committee	Yes
Number of regular and special meetings held by the Board of Directors	9

Human Rights

At Johnson & Johnson, we are guided and sustained by [Our Credo](#), a set of core principles that serve as a moral compass for how we conduct business. These principles outline our obligations to our customers, our employees, the communities where we have a presence, and our shareholders; they also unite our 134,000 employees with a common value that the fundamental rights and dignity of all people must be respected.

Governance Framework

GRI 103-2; 103-3

Our commitment to respecting human rights across our value chain, from our own employees to our supply base to the communities in which we live and work, is articulated in our [Statement on Human Rights](#). Other policies and statements that outline our Company's positions and views relevant to human rights include:

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

Every Johnson & Johnson employee is responsible for respecting human rights. Human Resources, Global Procurement, Law Department and Global Clinical Development Operations are all functions that share responsibility for defining and operationalizing our framework for managing our human rights practices. Implementation of these practices is overseen by our Enterprise Governance Council (EGC), a cross-functional team comprised of senior

leaders who represent our three business segments and global enterprise functions with line of sight to environmental, social and governance issues. Quarterly EGC meetings provide a forum for updates on human rights topics, with a process for elevating to the Johnson & Johnson Executive Committee, our Board of Directors and Board Committees if warranted.

Our Own Operations

Our [Global Labor & Employment Guidelines](#) articulate our expectations for labor and employment practices at our sites, including preventing forced labor and child labor, and non-discrimination, among other matters. We continue to reinforce the expectations we have for compliance with our policies and guidelines across all of our operations, and proactively engage whenever we see behaviors that may be inconsistent with those policies and guidelines. We are currently evaluating different approaches to assessment at the enterprise-level of our own operations against the Global Labor & Employment Guidelines, and expect to develop such a plan in 2018. GRI 407-1; 408-1; 409-1; 412-1

Johnson & Johnson provides the freedom to establish a formal employee organization or representation structure across the enterprise and our operating companies; company sites can establish an employee representation structure or framework except where prohibited by law. Representation structures vary globally enterprise-wide. In 2017, 12.3%⁴¹ of our employees worldwide were covered by collective bargaining agreements. GRI 102-41

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

present, in a timely and practical manner in advance of actions being taken. Many of our collective bargaining agreements contain negotiated provisions covering severance or separation pay and benefits. Where there is no legal minimum notice period, Johnson & Johnson operating companies attempt to provide notice at the earliest feasible time. GRI 402-1

Our talent management approach places a strong focus on diversity and inclusion principles. We strive to promote diversity and equal opportunity in recruiting, development and promotion as well as all other aspects of employee careers. For more information, visit the [Diversity & Inclusion](#) section.

Supply Base

The Johnson & Johnson [Responsibility Standards for Suppliers](#) set forth our expectations of supplier business conduct. In 2017, we completed a comprehensive review and revision of these Standards to include expanded requirements on human rights, among other updates. The revised Standards align closely with relevant provisions of the United Nations Guiding Principles on Human Rights and the Consumer Goods Forum Forced Labor Resolution and Priority Industry Principles. For more information on the revision process, visit the [Supplier Engagement](#) section. In addition, we developed and posted our [California Transparency in Supply Chains Act & UK Modern Slavery Act Statement](#), and are progressing against goals designed to continuously improve our performance in the matters reported in that statement. We will update the statement annually.

We continue to reinforce our management approach to human rights issues in the supply base with the goal of creating a more comprehensive enterprise-wide framework. Our cross-functional Human Rights Working Group--comprised of Global Procurement, Law Department, Environmental Health, Safety &

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Sustainability and Corporate Governance functional groups-- continued to meet regularly, joined by subject-matter experts from other enterprise teams on an as-needed basis. In addition to expanding the human rights requirements in our updated Responsibility Standards for Suppliers, the team developed a human rights risk assessment approach and social audit program. The full roll-out of the supplier social audit program is scheduled to take place in 2018. For more information, see the [Supplier Assessments & Audits](#) section.

Grievance Mechanisms

We are committed to providing effective resolution if adverse human rights impacts occur. Where we find impacts directly linked to our business relationships, we will use our influence to encourage our suppliers or business partners to prevent, mitigate and address adverse impacts on human rights. The [Johnson & Johnson Credo Hotline](#) is the grievance mechanism available to all employees, suppliers and other business partners, offering a secure channel for anonymous reporting of suspected concerns or potential violations of our policies or the law. We communicate the hotline access broadly, and visibility of this access and hotline functionality are in scope of enterprise-wide audit procedures. Concerns raised through the hotline are reported at an enterprise level. Visit the [Business Ethics](#) section for more information.

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

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

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

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

Information Security

GRI 103-2; 103-3

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

The Information Security team has global reach with a presence in all regions of the world, and provides ongoing security consulting to all Johnson & Johnson

businesses, ensuring they are informed of program policies, procedures and requirements. These activities include cyber-education and awareness for employees, including mandatory annual training that underscores the importance of appropriate data handling and protection.

In addition to protection of data, the security of the Company's supply chain and connected medical devices is paramount. Product safety depends on a sound approach to security that protects not just the product, but all the components and processes that help produce it. To support this objective, the Company has taken steps to increase the cyber security profile of both our supply chain systems and our medical devices products throughout their lifecycle. For connected medical devices, these steps have included the development of a comprehensive security framework for product development and operation. A section has been added on our Company website expressly for providing researchers, or other third parties, who identify security flaws in our products a mechanism to inform us so we can evaluate their finds and take necessary corrective action.

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

methods faced by both public- and private-sector organizations today.

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

Privacy

It is our responsibility to protect the privacy of those who entrust us with personal information. This includes our employees, healthcare professionals, patients, consumers, and all those who do business with Johnson & Johnson. These stakeholders expect that we will protect personal information in accordance with legal requirements, and we evolve our policies and practices to continuously deliver on that expectation. While there are varying requirements relating to privacy, we use a Privacy Framework that constitutes a baseline applicable to all our operating companies that process Personal Information.

This Privacy Framework sets forth mechanisms and procedures designed to assist our Company in complying with privacy obligations. This Framework describes the basic privacy principles and organizational compliance standards. Each Johnson & Johnson operating company is responsible for complying with all applicable privacy obligations. Obligations may derive from:

- Country or local laws and regulations;
- Johnson & Johnson Corporate policies applicable to the processing of Personal Information such as Privacy Policies and guidance issued by the Privacy organization;

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- Policies specific to a Johnson & Johnson operating company; and
- Contractual or other agreements by which a Johnson & Johnson operating company is bound, including privacy statements and consents.

The Global Privacy Team (GPT) and ISRM teams strengthen the embedding of privacy reviews and privacy risk assessments in our organizations, reinforcing a formal breach notification and escalation process, and strengthen the audit, monitoring and testing strategy. In addition, we consistently monitor the environment and update our local Privacy Policies in accordance with new requirements or changes in the law of the countries in which we operate.

Responsibilities for privacy compliance span many organizations within Johnson & Johnson, and are comprised of the following:

- **Privacy Compliance Program Management and Guidance:** Through the Chief Privacy Officer and the GPT, Johnson & Johnson Health Care Compliance & Privacy (HCC&P) manages a privacy compliance program and framework, and guides operating companies with respect to their compliance with privacy obligations.
- **Operational Management:** Operational management at each Johnson & Johnson operating company is accountable for establishing and implementing privacy compliance for that operating company's operations.
- **Resources:** The GPT assists operating companies with designating privacy resources, considering their local requirements and the risk environments.
- **Support:** Other Johnson & Johnson organizations and departments support HCC&P and the operational management teams of operating companies in complying with privacy obligations.

We have continued to work on our programs to meet new regulatory requirements for privacy around the world.

In Europe in particular, in accordance with Europe's General Data Protection Regulation, we have strengthened the Johnson & Johnson Privacy Framework to protect against increased risk, and we continue to maintain trust among our stakeholders. Through robust planning and governance structure, the program works with senior leaders, business partners and process owners across the enterprise to make sure that appropriate levels of privacy are embedded in all our business processes – from training through implementation. Some of these enhancements will have global application, including our global privacy incident and breach notification process, the renewed data privacy impact assessment, and the third-party business partner risk assessment, all of which have been prepared for roll-out in 2018.

In 2017, important work was done to prepare for the digital assets updates we are planning for 2018, addressing new notice, consent and other data subject requirements. In addition, we announced the appointment of our European Data Protection Officer (DPO), who will assume this role at a group and cross-sector level supported by a DPO team. A similar role was created in the Philippines, as per the local requirements. We also continued our efforts to strengthen the privacy risk assessment reviews and updates for management, leading to a better understanding of the privacy risk at enterprise level.

For more information, see the [Johnson & Johnson Statement on Privacy](#) and our [Privacy Policy](#).

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Responsible Supply Base

GRI 103-2; 103-3

Our stakeholders—including patients, consumers, customers and investors—are increasingly interested in knowing more about our global procurement practices. The purchasing power of global manufacturing companies is a key asset, but can become a source of significant risk if not managed responsibly. We believe that improving supply chain transparency and sustainability not only creates value by reducing sourcing risks and protecting our brand reputation, but can also have far-reaching positive impacts on society and the natural environment.

As the world’s largest, most broadly-based healthcare company, Johnson & Johnson maintains operations in virtually all countries of the world and works with more than 70,500 suppliers across our three business segments. We manage a highly complex network of supplier relationships that are critical to business success and our ability to fulfill our obligations to those we serve.

Our approach to managing a responsible supply base is multi-pronged. We focus on ensuring our compliance with global requirements related to supply chain transparency and disclosure. Our **Responsibility Standards for Suppliers** reflect our internal values and set forth the expectations we have of all Johnson & Johnson suppliers. We are continuing to evolve our processes to monitor supplier compliance with these Standards, using a risk-based approach through table-top assessments and on-site audits.

We also recognize that to create impact at scale, we must move beyond monitoring compliance and collaborate with our suppliers to improve capabilities and share best practices. To this end, our Sustainable Procurement Program helps us expand supplier engagement to a more strategic level. In parallel, we have a dedicated program for supplier diversity, which continues to expand globally.

Johnson & Johnson Global Procurement is responsible for managing supplier relations. Global Procurement hosts a dedicated Citizenship Center of Excellence that leads our enterprise-wide efforts to advance citizenship and sustainability with our supply base. The Center of Excellence connects such programs as the Sustainable Procurement and Global Supplier Diversity & Inclusion (GSDI) programs. Global Procurement also works closely with the Environmental Health, Safety & Sustainability (EHS&S) organization when it comes to ensuring supplier compliance with our environmental health and safety requirements.

Johnson & Johnson Supply Base At a Glance

GRI 102-9

Our Global Procurement organization manages suppliers in 30 categories, grouped in the following five Category Families:

- Supply Chain Materials and Products;
- Supply Chain Services (Construction, Capital and Facilities Services, and Logistics);
- R&D;
- Business Services; and
- Marketing.

Each category has a category leader who works with the Sustainable Procurement, GSDI, and EHS&S teams to embed social and environmental sustainability requirements and practices into key supplier management processes.

In 2017, Johnson & Johnson Procurement organization revisited its procurement strategy. The updated Global Procurement Vision is to partner to shape supplier solutions that transform healthcare. Risk, Reputation and Citizenship is highlighted as a value pillar critical to enabling realization of this vision.

More than **70,500 Suppliers**

\$29 Billion
Total Supplier Spend*

2017 Supplier Spend by Region

GRI 204-1

Asia Pacific	11%
Europe, Middle East & Africa	31%
Latin America	9%
North America	49%

2017 Supplier Spend by Business Segment

Consumer	30.5%
Pharmaceutical	30%
Medical Devices	28.5%
Corporate	11%

*Total spend represents addressable spend, i.e., products and services that procurement teams can negotiate with suppliers to meet business goals; total spend in 2017 excludes Actelion and Abbott Medical Optics.

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Our work to improve compliance, transparency and sustainability in the supply base is a core component of our renewed procurement strategy.

Supplier Engagement

In today's business environment, sustainable procurement practices are increasingly influencing companies' purchasing decisions, policies and reputation. We are committed to engaging and partnering with suppliers who are transparent, can assure us of responsible business conduct, and can verify compliance of their operations with our Responsibility Standards for Suppliers and relevant legal and regulatory requirements. Visibility and transparency in the supply base are mutually beneficial. Together with suppliers, we can maximize the value of collaboration to accelerate environmental and social improvements across our value chains, while mitigating risks and protecting our reputation.

Setting Expectations GRI 103-2; 103-3

We strive to work with suppliers who share our values because we believe that business relationships are most productive and effective when they are built on trust, mutual respect and a common commitment to operating responsibly and ethically. We articulate our expectations of supplier business conduct in the **Johnson & Johnson Responsibility Standards for Suppliers (Standards)**. All suppliers are expected to understand and comply with the requirements set forth in this document. We include elements of the Standards in Purchase Order terms and conditions, Contract Templates and Requests for Proposals, and take steps to assess our suppliers' conformance to them.

In 2017, we completed a comprehensive review and update of our Standards to include enhanced requirements on quality, expanded requirements on human rights, and a new section focused on Health Care Compliance and Privacy. An internal cross-functional team coordinated the revision process to ensure that the updated Standards reflect growing internal expectations as well as external

trends and benchmarks in responsible supply chain management. Our expectations of compliance with the revised Standards were communicated to all suppliers and Johnson & Johnson employees responsible for supplier relations. Reflecting the diversity of our supply base, our Standards have been made available in 13 languages. Online training for all impacted Johnson & Johnson employees about the revised provisions of the Standards has been deployed, and is mandatory for all new and current Global Procurement employees. It was rolled out in Q4 2017; we intend to report the completion rates next year.

Sustainable Procurement Program

The focus of our Sustainable Procurement Program (SPP) is two-fold:

- Ensure supplier conformance with Johnson & Johnson's **Responsibility Standards for Suppliers** as well as applicable legal and regulatory requirements; and
- Encourage and support suppliers in achieving excellence by embedding sustainable social and environmental practices, including transparency, target setting and public disclosure, into their businesses and respective supply chains.

We continue working towards our Health for Humanity 2020 Goal – to enroll suppliers covering 80% of spend in our program. To achieve this, we enroll suppliers to meet our annual targets, with 50% of our spend targeted in 2017. Suppliers within this target are required to participate in the program.

The requirements for all enrolled suppliers are fully transparent, and are communicated through our **Supplier Sustainability Toolkit**, updated in 2017 and available on our corporate website. All participating suppliers must conform to our Responsibility Standards for Suppliers. We verify their compliance using the globally recognized EcoVadis platform. All suppliers complete an EcoVadis assessment upon enrollment to our program and in subsequent years, depending on their performance. We monitor

EcoVadis score improvements and expect to see improvement over time.

Additionally, suppliers are required to implement at least one of the following goals set for them by category teams:

- Publicly report two or more sustainability goals and track progress over time;
- Participate annually in CDP Supply Chain reporting;
- Achieve a minimum standard in EcoVadis, public reporting or CDP as a High Performer;
- Achieve industry-specific goals, e.g., gaining certain certification, specific public reporting or delivering social projects.

In 2017, to support the growth in supplier enrollment to the program and ensure global engagement, we established our internal Responsible Procurement Council with members from all procurement categories. The Council's role is to align on the suppliers to be enrolled, set individual supplier goals and then drive global supplier engagement within each category through Global Procurement. Council members, who are category experts in the areas of citizenship and sustainability relevant to their suppliers, track and monitor supplier performance and report category results.

2020 Update

Target

Enroll suppliers covering 80% of our spend in our Sustainable Procurement Program.

Progress

Enrolled suppliers covering approximately 51% of spend in our Sustainable Procurement Program.

Status

On Track

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Sustainable Procurement Program (SPP)

	2016	2017
Spend with suppliers enrolled in SPP (billions)	\$12.8	\$15.0
Percentage of total supplier spend attributable to suppliers enrolled in SPP*	44%	51%
Suppliers newly enrolled in SPP, annual	228	33
Suppliers enrolled in SPP, cumulative since the program launch (2015)	328	361
Suppliers invited to participate in CDP Supply Chain Climate program	244	250
Percentage participated	92%	97%
Suppliers invited to participate the CDP Supply Chain Water program	79	108
Percentage participated	58%	86%

*Total spend represents addressable spend, i.e., products and services that procurement teams can negotiate with suppliers to meet business goals; total spend in 2017 excludes Actelion and Abbott Medical Optics.

Year 2017 has been our most successful year for supplier engagement in CDP disclosure, with our highest response rates in Climate and Water programs reflecting the power of our global Council to engage with our supply base and deliver results. As a testament to our commitment to supply base transparency and engagement, Johnson & Johnson received an “A” in the CDP Supplier Engagement Rating. We are the first healthcare company to be admitted to CDP’s Supplier Engagement Leader Board.



Supplier Assessments & Audits

GRI 308-1; 414-1

We verify and monitor supplier compliance with our **Responsibility Standards for Suppliers** through a formal assessment and audit program. Assessments are largely administered through a globally recognized third-party program called EcoVadis. These assessments are conducted for suppliers participating in our Sustainable Procurement Program (SPP) or through our Environment, Health & Safety (EHS) risk assessment program. EcoVadis assessments provide an initial screening of supplier performance, and the results (a score) play an important role in determining which suppliers may require an on-site audit.

We have had a well-established EHS audit program in place for more than 10 years. Since 2017, we have been investing in a new on-site social audit program.

Sustainable Procurement
at Tessy Plastics: Paying it
Forward

As we continue to expand our engagement with our supply base, we are seeing instances of suppliers “paying it forward.” The most notable example is Tessy Plastics, a strategic supplier of Johnson & Johnson. In 2016, Tessy attended our interactive workshop titled “Sustainability through the Lens of Risk and Value Creation.” The key takeaway from the workshop was: take the message of our Sustainable Procurement Program (SPP) to your suppliers and “pay it forward.” Tessy saw the value created internally by engaging in the aspects of Johnson & Johnson’s SPP and was eager to pass its experience on to its own suppliers. Today Tessy is one of Johnson & Johnson’s top performers in EcoVadis, CDP and public sustainability goals reporting. And Tessy hasn’t stopped there. In 2017, it launched its own sustainable procurement program, modeled after our SPP, living the “pay it forward” mantra. Because of the complexity of global supply chains, multi-tier visibility and engagement are a challenge. However, if each supplier extends applicable standards to their own partners and suppliers, like Tessy, scaling up to drive further integration and collaboration becomes more feasible.

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EHS Audits

We mostly leverage the environmental and safety expertise of our internal Environmental Health, Safety & Sustainability organization and on-the-ground presence in various geographic regions to conduct supplier EHS audits. We systematically screen suppliers to be audited based on EcoVadis scores, type of goods and services provided, and geographical location. We particularly focus on the following types of suppliers for audits:

- External manufacturers
- Active pharmaceutical ingredients (API) suppliers
- Biologics/vaccine suppliers
- R&D suppliers
- Chemicals suppliers

New external manufacturers and API or biologics/vaccine suppliers located in a “high-risk”⁴² country are automatically subject to an on-site audit. GRI 407-1; 408-1; 409-1

All EHS site audits are conducted using the audit protocol and checklist developed by the Pharmaceutical Supply Chain Initiative (PSCI). We identify supplier non-compliances in the areas of environment, health and safety, and management systems. We categorize these non-compliance findings as critical,⁴³ major and minor, and communicate them to each supplier along with our expectations that they must implement time-bound corrective actions and demonstrate improvement. When critical findings are identified, we expect immediate mitigation of the risk. If significant non-conformances with our standards cannot be sufficiently resolved, we will either not engage if it is a new supplier or withdraw business if it is a current supplier. However, we value our supplier relations and prefer to maintain the partnership for the long term. Therefore, we have processes in place to support our suppliers in improving their performance, including through:

- Follow-up technical visits that include expert training and best practice sharing;

- Business reviews with direct coaching and guidance;
- Information provided in [Sustainability Toolkit for Suppliers](#);
- Supplier relationship management engagement at category level; and
- Participation in supplier capability-building conferences, webinars and other resources available through Johnson & Johnson’s membership in the PSCI.

In 2017 we conducted 189 EHS audits and technical visits. The regional breakdown of these audits and summary of critical findings can be found in the performance section. Critical findings are broadly categorized into safety-related and environment-related for the purposes of this report.

Social Audits

In 2017, we continued our work to establish an enterprise-wide framework for addressing human rights in our supply base. In addition to expanding the human rights requirements in our updated [Responsibility Standards for Suppliers](#), a cross-functional Human Rights Working Group met regularly to guide and inform the development of the Company’s human rights risk assessment approach and audit program.

The full roll-out of the supplier social audit program is scheduled to take place in 2018. Supplier selection and prioritization criteria will include results for EcoVadis scores on Labor and Business Ethics, location in a country considered high risk for violation of human rights, and the supplier category. We will engage credible third-party audit firms with relevant expertise to conduct these audits on our behalf. Our revised Human Rights training for Global Procurement employees is also scheduled to be rolled out in 2018. GRI 414-1

Partnerships

While we work hard to positively impact the suppliers within our immediate sphere of influence, achieving

complete visibility into multi-tier supply chains requires concerted efforts from industry and other stakeholders. This is one of the reasons we actively participate in global healthcare industry forums that aim to raise the bar on supply chain responsibility and transparency by addressing systemic issues that no one company can solve alone.

We are a founding member of the Pharmaceutical Supply Chain Initiative (PSCI) that brings together a group of pharmaceutical and healthcare companies to formalize, implement, and champion responsible supply chain practices. Johnson & Johnson endorses the Principles established by the PSCI. The Initiative’s supplier audit collaboration and capacity-building programs are helping to streamline the audit processes across the industry, as well as accelerate knowledge exchange and learning. We continue to use PSCI standardized audit tools and processes for all our supplier EHS audits. In addition, our suppliers benefit from PSCI-organized training and capacity building activities. We are an active member of PSCI events and lead two of the Initiative’s committees. In 2017, we used the PSCI Principles to help guide and update our own [Responsibility Standards for Suppliers](#), supporting more industry-wide cohesion and leveraging applied learning.

Johnson & Johnson is also a member of the Consumer Goods Forum (CGF). Our Worldwide Chairman of the Consumer segment, Jorge Mesquita, serves on CGF’s Board of Directors. We are also actively involved in various CGF working groups that aim to standardize and advance environmental and social sustainability practices across the consumer goods supply chains. In 2017, CGF announced a new social resolution on forced labor, [which can be found here](#). The resolution’s principles, which align with industry principles, have been incorporated into our supplier audits and helped to inform the update of our Responsibility Standards for Suppliers.

In addition, we are an active participant and member of the Business for Social Responsibility Human Rights Working Group, established in 2012 to help

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Supplier EcoVadis Assessments Summary GRI 308-2

	2015	2016	2017
EcoVadis assessments completed	412	496	685
Supplier risk ranking based on EcoVadis assessments			
Low-risk	222	230	342
Medium-risk	183	223	301
High-risk	7	43	42

Our Performance

Supplier EHS Audits Summary

Audits and technical visits completed, total*	156	189
Audits and technical visits, by region		
Asia Pacific	125	162
Europe, Middle East & Africa	24	21
Latin America	3	6
North America	4	0
Number of suppliers identified as high risk for non-conformance to Johnson & Johnson Responsibility Standards for Suppliers	31	23

Our Performance

Critical EHS Findings**, by Category (2017)

Number of critical EHS findings identified as a result of EHS audits	25
Safety-related	22
Environmental-related	3

*A technical visit is a follow-up visit to the initial audit.

**We define a critical finding as: 1) evidence of imminent threat to human life or potential catastrophic impact to facility, community or environment and/or 2) evidence of imminent threat to Johnson & Johnson supply chain and/or reputation. We expect suppliers and potential suppliers to address critical findings immediately.

companies implement the UN Guiding Principles on Business and Human Rights.

Responsible Sourcing

Our ability to meet the needs of the people we serve depends on a steady supply of high-quality, safe and reliable materials. If not managed in a sustainable manner, some of these products—including those originating from forests and those derived from palm oil—may cause adverse social and environmental impacts.

Johnson & Johnson's most significant use of forestry products is in our paper-based packaging materials. We have established sourcing principles for the purchasing of forest-based products—such as packaging, office paper, printed marketing materials and wood-based furniture—as articulated in our [Forest Products Sourcing Principles](#). Additionally, we developed [Responsible Palm Oil Sourcing Criteria](#), which set forth our expectations for suppliers of palm oil derivatives or palm kernel oil derivatives. We have processes in place to implement our responsible sourcing requirements, and to measure conformance. Please see the above-mentioned statements for more details.

For forest-based products, we did not meet our commitment outlined in the [Forest Products Sourcing Principles](#) to have at least 80% of the spend with suppliers located in or sourcing from a high-priority country verified by 2017. The data we collected allowed us to identify risks, but because of the complexity of the supplier network, the data quality did not provide sufficient visibility into the country of origin as well as the content and characteristics of the materials that we buy. Building on these learnings, in 2017 we entered into a partnership with Rainforest Alliance (RA), a global non-governmental organization with over 30 years of experience in sustainable forest and land management and local presence in many regions around the world. We are working closely with RA to revisit our sourcing strategy and develop an action plan for improving transparency across all regions. In

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2017, in partnership with RA, we conducted supplier workshops in Mumbai and Bangkok to level-set with on-the-ground suppliers on our expectations for engagement, and to educate them about our policies and standards, and developing due diligence systems. Our continued partnership with RA will help facilitate engagements with Asia-Pacific suppliers to improve transparency and implement verification where required.

Conflict Minerals

Conflict Minerals Rule 13p-1 under the Securities Exchange Act of 1934 requires public reporting companies that manufacture or contract to manufacture products containing “conflict minerals” (defined as tin, tungsten, tantalum and gold [3TG]) to conduct due diligence on the source and chain of custody of those conflict minerals to help determine whether they originated from the Democratic Republic of Congo or adjoining countries, and directly or indirectly financed or benefited armed groups in those countries. In 2017, we revised our [Statement on Conflict Minerals](#) to reinforce our continued commitment to taking steps to determine the use, country of origin and source of 3TG in our global product portfolio. Based on our due diligence efforts for the 2017 reporting period, we do not have conclusive information regarding the country of origin or facilities used to process the necessary conflict minerals in the Johnson & Johnson Family of Companies’ products. For more information, see our [Conflict Minerals Report](#).

Johnson & Johnson is a member of the Responsible Minerals Initiative (RMI), formerly the Conflict-Free Sourcing Initiative. RMI is a cross-industry organization that provides resources, tools and information to help companies source conflict-free minerals.

Supplier Diversity

Encouraging diversity and inclusion across Johnson & Johnson’s global supply chain is a critical component of engaging with suppliers. It’s good for business; we

benefit from new thinking and perspectives that drive innovation. It’s also good for society, because when we support a small or diverse business, especially in an area of the world where opportunities are limited, we are proving that diversity and inclusion can make a difference and have a considerable economic impact.

The Johnson & Johnson Supplier Diversity Program was established to meet the following objectives:

1. To support the communities in which we live and work through the creation of jobs and economic empowerment;
2. To reflect the diversity of the consumers and patients who benefit from our products;
3. To respond to the requirements of our customers who expect Johnson & Johnson companies to share their values; and
4. To partner with superior, small and diverse firms and advocacy groups that can provide value to our businesses, and throughout our supply chain.

At Johnson & Johnson we know we cannot do it alone and need diversity of thought, culture, perspective and experience to help us unlock a world of innovative solutions to solve pressing global health issues.

Our track record in advancing supplier diversity within our business spans more than 20 years. Global Supplier Diversity and Inclusion (GSDI) oversees our Supplier Diversity Initiative, and is an integral part of the Citizenship Center of Excellence, within our Global Procurement organization. Through GSDI, we provide small and diverse businesses with a path for consideration, when opportunities arise, and to become a supplier for our Company. Supplier Diversity and size classifications include: Certified Minority-Owned Businesses and Certified Woman-Owned Businesses; Small Businesses and Small Disadvantaged Businesses; Small Veteran-Owned and Service Disabled Veteran-Owned Businesses; Small Woman-Owned Businesses, Small HUB-Zone businesses, and LGBT-Owned Businesses. For more information on our GSDI Program and supplier

Recognitions**Women’s Business Enterprise
National Council’s:**

- Top Corporations of the Year for Women’s Business Enterprises Platinum Level (3rd time)
- Top Corporation recognition (12th time & 9th consecutive year)

U.S. Hispanic Chamber of
Commerce’s 2017 Million
Dollar Club: **\$100MM – \$250MM
Level (8th year)**

*U.S. Veterans Magazine’s 2017 Best
of the Best Top Supplier Diversity
Program (4th year)*

**Minority Business Development
Agency’s 2017 Corporation
of the Year**

**Premier Inc. – 2016 Supplier
Diversity Award**

**CVS – 2017 Contributor
of the Year Award**

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diversity certification requirements, please visit the [Supplier Diversity](#) page on our website.

We launched our Women Mentoring Women Program in 2017, which connects the strengths of woman-owned businesses with those of Johnson & Johnson Procurement women leaders in a reciprocal mentoring relationship. For the seventh consecutive year, Johnson & Johnson maintained membership in the Billion Dollar Roundtable, an exclusive group of companies that advance corporate best practices for supplier diversity, and that spend at least \$1 billion (Tier 1) annually with certified minority and woman-owned businesses.

The importance of supplier diversity as one of our Company's fundamental values is underscored by our public commitment, as part of Health for Humanity 2020 Goals, to expand our program both in the United States and globally. As we develop our supplier diversity programs globally, we are leveraging our experience and expertise from the work in the United States to establish processes and systems that will deliver positive impact, while also being suited to country-specific supplier diversity and inclusion definitions and requirements.

Our Performance**Diverse Supplier Spend in the United States**

	2016	2017
Diverse supplier spend (billions)	\$1.3	\$1.4
Percentage of total supplier spend attributable to diverse suppliers*	9.9%	10.3%
Small supplier spend (billions)	\$2.7	\$2.7
Percentage of total supplier spend attributable to small suppliers*	20.6%	19.4%
Spend with lesbian, gay, bisexual, transgender suppliers (millions)	\$1.0	\$1.0
Spend with veteran- and disabled-owned suppliers (millions)	\$77.8	\$130.0

*Total spend represents addressable spend, i.e., products and services that procurement teams can negotiate with suppliers to meet business goals; total spend in 2017 excludes Actelion and Abbott Medical Optics.

2020 Update**Target**

Consistently achieve benchmark spending with U.S. diverse suppliers and small suppliers, and double the number of countries with established supplier diversity and inclusion programs.*

Progress

- Exceeded benchmark diverse supplier spending at 10.3% and benchmark small supplier spending at 19.4% of total U.S. spend.
- Expanded our supplier diversity and inclusion programs to two additional countries (China and Germany) for a total of 12 countries against the baseline of six.

Status**On Track**

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

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About This Report

GRI 102-10; 102-46; 102-48 - 102-52; 102-54; 102-56

Johnson & Johnson's 2017 Health for Humanity Report is our 15th annual report on our progress in citizenship and sustainability. Data in this Report cover the period between January 1, 2017, and December 31, 2017, unless otherwise indicated. The Report is also available in online format at <http://healthforhumanityreport.jnj.com/>. It includes an Executive Summary available in five languages.

This Report provides a comprehensive overview of the Company's vision, strategic approach and performance in the environmental, social and governance areas relevant to our business. Reporting on other matters specific to financial performance of the Company and its subsidiaries can be found in our 2017 Annual Report.

The content of this Report covers Johnson & Johnson's worldwide operations, including our subsidiaries across three business segments: Consumer, Medical Devices and Pharmaceutical. Contract manufacturers are excluded from the scope of this Report, unless otherwise noted. There have been no significant changes from our previous reporting period regarding scope, boundaries, or measurement methods applied. From an operational perspective, in June 2017, we completed the largest acquisition in our Company's history, with Actelion becoming part of the Janssen Pharmaceutical Companies of Johnson & Johnson. Pulmonary Hypertension is a new therapeutic area that was established within Janssen with the acquisition of Actelion.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. Please refer to the [GRI Content Index](#) for a complete listing of GRI disclosures included in this

Report. Our [2016 Priority Topics Assessment process](#) guided the Report's structure. GRI 102-55

The Report content is also informed by the UN Global Compact (UNGC) Principles and serves as our annual UNGC Communication on Progress. See the [UNGC Index](#) for more information on how we adhere to the 10 UNGC Principles.

This Report includes our annual update on progress against our Health for Humanity 2020 Goals and progress on our commitments to the UN Sustainable Development Goals (UN SDG). Please see [Health for Humanity 2020 Goals Progress Scorecard](#) and [UN SDGs Progress Scorecard](#) for more information.

All data in the Report have been subject to various forms of verification and assurance. ERM Certification and Verification Services (ERM/CVS) conducted independent review and assurance of the following information and data in the report:

- Progress against our Health for Humanity 2020 Goals, and associated data presented in the 2020 Goals Progress Scorecard.
- Progress against UN SDG commitments, and associated data presented in the UN SDG Scorecard.
- Year 2017 global greenhouse gas (GHG) emissions inventory and electricity use generated from renewable energy sources that are also included in our 2018 CDP Climate Change Report.

[Click here](#) for ERM/CVS independent assurance statements. The financial data and general information about the business in this Report were previously audited for disclosure in our 2017 Annual Report.

We welcome stakeholder feedback on our Report. To share your comments or questions, please contact us at support@jnj.com.

BSR Reporting Commentary

BSR, a global nonprofit organization focused on corporate sustainability, has provided Johnson & Johnson with feedback on the content in the pre-publication drafts of the company's 2017 Health for Humanity Report. BSR's comments do not verify or otherwise provide an opinion on the accuracy or completeness of data or other information in the report. Instead, BSR's comments represent a perspective, based on our experience in the field of environmental and social reporting and on our work with Johnson & Johnson, on its reporting efforts to date and items we think worthy of improvement or addition in future years.

Strengths in Johnson & Johnson's reporting include clear identification and organization around priority environmental, social, and governance issues, providing progress on Johnson & Johnson's performance towards its Health for Humanity 2020 Goals, and describing how the company's engagement processes and stakeholder groups inform its citizenship and sustainability approach and reporting strategy. Notably, Johnson & Johnson demonstrates excellence in reporting on sustainability context via its solutions to health issues and challenges at the global level as part of the company's Health for Humanity theme.

BSR also recognizes that Johnson & Johnson incorporated BSR's recommendations to more clearly identify key performance indicators for each priority issue and to categorize and organize the report's Data Summary table by priority issue, improving the decision-usefulness of the company's reporting.

Areas for improvement include more explicitly linking Johnson & Johnson's sustainability strategy to the overall business strategy described in the company's Form 10-K, being more candid in the acknowledgment of any shortcomings during the reported period, and driving further conciseness

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by moving certain case studies to the company's website or in a separate report.

Assumptions and Considerations

Acquisitions

Environment, health and safety (EHS) and employee health and wellness data of newly acquired companies are integrated into the data provided in the Report three years after acquisition, unless otherwise noted. Particularly for EHS data, this grace period allows the new acquisitions to adjust their EHS management and reporting systems to Johnson & Johnson standards. The dates and details of recent acquisitions can be found in Note 20 (Business Combinations and Divestitures) on page 71 of our 2017 Annual Report.

Divestitures

Except for injury statistics and violations or fines that remain included in our Report up through the year of divestment, EHS and employee health and wellness data of divested companies are removed from the data in that year's reporting cycle (i.e., if divested in 2017, then removed from the 2017 Report published in June 2018), unless otherwise noted.

Restatements

Should any significant changes be required in previously reported data, the data will be re-stated. For significance, we use a 5% change threshold. There are a number of potential reasons that may lead to a restatement of either prior periods or baseline data (e.g., a significant change in newly published measures, new acquisitions or divestitures, data errors, or improvements in data collection methodology over time). Depending on circumstances, each is evaluated using this threshold, and appropriate disclosures are included in the Report.

Headcount Reporting

All employee headcount data in the Report are based on data from the current Human Resources Information Systems (HRIS). Where appropriate, the Report includes a footnote to disclose the inconsistency of the HRIS headcount it presents, with the financial headcount data found in Annual Report/Form 10-K.

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Independent Assurance Statement to Johnson & Johnson

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on cumulative progress over 2016/2017 against the Health for Humanity 2020 Goals (2020 Goals) in the Johnson & Johnson 2017 Health for Humanity Report (the Report) and on jnj.com as set out below.

Our conclusion

Based on our assurance activities, as described below, nothing has come to our attention to indicate that the cumulative progress (2016/2017) against the 2020 Health for Humanity Goals and Targets, as reported in the Scorecard on pages 16 to 21 of the Report and on jnj.com, is not fairly presented, in all material respects, in accordance with the reporting criteria.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed assurance procedures as follows:

- A 3-day visit to J&J Corporate Offices in New Brunswick, NJ and a number of conference calls to interview:
 - relevant staff in order to understand and evaluate the systems and processes (including internal review/audit) used for collecting, consolidating, evaluating and reporting the information and data used to report progress against the 2020 Health for Humanity Goals and Targets;
 - management representatives responsible for the Health for Humanity Goals and Targets and the implementation of the related activities undertaken in 2017;
- A review of the reporting principles, boundaries, definitions and internal guidelines for each of the selected Health for Humanity Goals & Targets;
- A high level review of the greenhouse gas (GHG) and renewable energy data to confirm consistency with the findings of our separate GHG and renewable energy verification engagement including completeness and consistency over time and the restatements of the baseline and prior year data;
- A review of samples of underlying documentary evidence and data to support the reported cumulative progress for each Goal and Target, including internal and external documents; and

Engagement Summary

Scope of our assurance engagement	Whether cumulative 2016/2017 progress against the 2020 Goals and related Targets as reported in the Health for Humanity 2020 Goals Progress Scorecard (the Scorecard) on pages 16 to 21 of the Report and on jnj.com is fairly presented, in all material respects, in accordance with the reporting criteria.
Reporting criteria	Health for Humanity 2020 Goals and Targets as defined in the Scorecard. World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol for Greenhouse Gas emissions.
Assurance	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000 Revised).
Assurance level	Limited assurance.
Respective responsibilities	J&J is responsible for preparing the Report and for the collection and presentation of the assured performance information and data. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and on exercising our professional judgement.

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- A review of the presentation of information relevant to the scope of our work on jnj.com and in the rest of the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating, or estimating the underlying information. It is important to understand our assurance conclusions in this context. In addition, the assured information should be read in conjunction with the boundary and consolidation policies under 'About this Report' on page 128 and the disclosures provided under the column 'Notable' in the Scorecard. Regarding the information on jnj.com, we provide no assurance over any information other than as described in our assurance scope above nor on changes to the content of the assured information after the date of this assurance statement.

Our management observations

We have provided J&J with a separate management report with our detailed findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- Environmental, health and safety (EHS) and employee health and wellness data of newly acquired companies is integrated into the data reported in the Report three years after acquisition, unless otherwise noted. In order to improve alignment with other companies and with financial reporting, we recommend reducing this over the next 2-3 years in order to ensure performance information more closely reflects J&J's business portfolio in the reporting year.



Jennifer Iansen-Rogers
Head of Corporate Assurance
04 June 2018



ERM Certification and Verification Services, London
www.ermcvs.com; email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to this client in any respect.

Independent Assurance Statement to Johnson & Johnson

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on the consolidated 2016 and 2017 progress against the Company's 2020 Targets related to its SDG 2030 vision and aspirations as presented in the Johnson & Johnson 2017 Health for Humanity Report and on jnj.com.

Our conclusion

Based on our assurance activities, nothing has come to our attention to indicate that the consolidated 2016 and 2017 progress reported against the 2020 SDG targets in the SDG Progress Scorecard as presented on pages 22 to 25 in the Report is not, in all material respects, fairly presented.

Limitations

The reliability of the assured information is subject to inherent uncertainties, given the nature of the ambitious J&J aspirations and targets and the dependence on partner organisations to deliver programs and provide performance information, as well as the use of estimates, assumptions and extrapolations to report progress. J&J describes these uncertainties in 'The Challenges of reporting and assuring progress against the SDG goals' on page 25 of the Report. It is important to understand our assurance conclusions in this context. Regarding the information on jnj.com, we provide no assurance over changes to the content of the web-based information after the date of this assurance statement.

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 review of the 2020 SDG goal definitions, underlying programs and reporting guidance, where available.
- A visit to J&J Corporate Offices in New Brunswick, NJ and a number of conference calls in order to:
 - interview J&J management representatives to understand the Vision 2030 strategy and the philosophy behind the goals and 2020 targets;
 - understand and evaluate the systems and processes used to manage the performance commitments, related programs and associated partner organisations, and monitor progress against these;
 - interview goal owners and business unit representatives involved in collecting, evaluating and reporting progress against the 2020 targets.

Engagement Summary

Scope of our assurance engagement	Whether the consolidated progress for the two-year period ending 31 December 2017 against the 2020 targets as presented in the 2017 SDG Progress Scorecard on pages 22 to 25 in the 2017 Health for Humanity Report (the Report) and on jnj.com is fairly presented, in all material respects.
Reporting criteria	The 2020 targets (under Vision 2030) as described in the Progress Scorecard.
Assurance Standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000 Revised).
Assurance level	Limited assurance.
Respective responsibilities	J&J is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and on exercising our professional judgement.

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- Interviews with selected J&J Partners responsible for delivering programs and providing the data used to report the 2016 and 2017 progress towards the targets.
- A review of completeness and the consolidation of the program results in 2016 and 2017 for each target in order to reduce the risk of double counting and to understand assumptions as well as overlaps with some of the J&J Health for Humanity 2020 goals for which we undertook a separate assurance engagement.
- A review of the explanatory notes in the 'Notables' column in the SDG Progress Scorecard and in the section on 'The Challenges of reporting and assuring progress against the SDG goals' to ensure consistency with our findings.

Our independent commentary and observations

We have provided J&J with a separate confidential Management Report. In addition to, and not affecting our formal assurance conclusion above, we have the following key observations:

J&J has reported considerable progress in the first 2 years of the 5-year SDG goal period. Taking into account the ambitious nature of the goals and targets and the extensive range of supporting programs with many partners around the world, the results achieved to date demonstrate the positive impacts of the Company's 2030 vision and underline the extensive effort and investment in 2016 and 2017. J&J recognises that the collection and reporting of reliable and consistent performance information and data in relation to these targets is challenging, and it may be difficult in some instances to reach a final data point that does not use extrapolations, estimates, or assumptions. Further work is also needed to improve

the detailed data collection processes from partner organisations. This should focus on areas where there is potential for double counting of beneficiaries, whether through geographic overlap of different programs or through multiple touchpoints with the same individual or, conversely, to improve completeness and avoid underreporting through timely reporting by all program partners.



Jennifer Iansen-Rogers
Head of Corporate Assurance
04 June 2018

ERM CVS
Informed Assured

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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to this client in any respect.

Independent GHG Verification Statement to Johnson & Johnson

ERM Certification and Verification Services, Inc. (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide assurance in relation to Greenhouse Gas (GHG) emissions data and the percentage of electricity from renewable sources for the reporting year 2017 in J&J's 2018 response to CDP.

Our conclusion

Based on our activities, nothing has come to our attention to indicate that the following 2017 corporate metrics are not fairly presented, in all material respects, in accordance with the reporting criteria:

Total absolute Scope 1 emissions: 460,076 tCO₂e

Total absolute Scope 2 emissions:

- **market-based: 601,043 tCO₂e**
- **location-based: 673,945 tCO₂e**

Total Absolute Scope 3 emissions: 263,231 tCO₂e

Percentage of electricity use generated by renewable energy sources: 25%, including the use of a virtual PPA.

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 team of GHG and assurance specialists performed the following key activities:

- Interviews with relevant staff to understand internal reporting processes, including the use of its GHG Management Plan, internal spreadsheets, and its various internal data management and reporting systems.
- Interviews with selected sites to review data collection system and evidence for the refrigerant losses.
- A review of evidence for a sample of primary data.
- A review of the calculations undertaken, including conversion factors and emission factors used.
- An analytical review of the consolidated year end data.

Engagement Summary

Scope of our assurance engagement	Whether the following consolidated corporate metrics for Johnson & Johnson global operations for the period 1st January 2017 – 31st December 2017 are fairly presented, in all material respects, in accordance with the reporting criteria:
	<ul style="list-style-type: none"> ▪ Total absolute Scope 1 GHG emissions, reported as tonnes CO₂e, covering: <ul style="list-style-type: none"> ▫ Direct fuel emissions from stationary sources ▫ Emissions from corporate jets and sales fleet ▫ GHG emissions from refrigerant leakage ▪ Total absolute Scope 2 emissions, reported as tonnes CO₂e: Indirect emissions reported using location-based and market-based methods ▪ Percentage of electricity use generated by renewable energy sources ▪ Total absolute Scope 3 emissions, reported as tonnes CO₂e covering: <ul style="list-style-type: none"> ▫ Category 4: Fuel and energy related activities (Transmission and Distribution (T&D) losses only); ▫ Category 6: Emissions from employee business travel (air and employee-owned vehicles); ▫ Category 9: Downstream transportation & distribution for US operations (from the EPA SmartWay program).
Reporting Criteria used:	WRI/WBCSD GHG Protocol and the J&J Greenhouse Gas (GHG) Inventory Worldwide Energy Management Technical Resources & Compliance document (8 February 2018)
Assurance Standard	ISO 14064-3:2006: Specification with guidance for the validation and verification of GHG assertions
Assurance level	Limited assurance
Respective responsibilities	<p>J&J is responsible for preparing the data and for the collection and presentation of the information submitted in its response to CDP.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

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The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our observations

Without affecting the conclusions presented above, we have the following key observations:

- J&J should continue to improve refrigerant data quality control, including storage and retrieval of evidence.
- Assurance would be facilitated by improving the data trail through more systematic collection and storage of evidence of site-specific conversion and emission factors, e.g. for the emissions from district heating.

Based on the work outlined above, we have provided Johnson & Johnson with a separate, confidential management report.



Jennifer Iansen-Rogers
Head of Corporate Assurance
01 May 2018



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2016 Priority Topics Assessment

Process

Our Priority Topics Assessment effort has matured over time, from one prepared mainly to inform the preparation of our Citizenship & Sustainability report in 2008, to a single, enterprise-wide, universal taxonomy and prioritization of topics in 2016 customized for the Johnson & Johnson Family of Companies and reflecting stakeholder input, emerging topics, and Johnson & Johnson's unique business interests. We took the following steps to implement our 2016 Priority Topics Assessment:

Topic identification

An external partner was engaged to assist the newly-formed Enterprise Governance Council in identifying key environment, social and governance (ESG) issues and the stakeholders that care about them. The topic identification took into account external standards, stakeholder input received through a wide variety of engagements, web research, expert interviews, review of key rating frameworks and ESG indices, past "materiality" assessments, internal expertise, business risk, and other inputs. Input into the topic list was also sought from a wide cross-section of senior Johnson & Johnson leaders, to ensure it reflected the depth and breadth of our operations and the key associated ESG issues.

The output from this effort was used to inform the Priority Topics Assessment, and serves as a single, enterprise-wide view of risks and opportunities in ESG, reflecting actual and potential economic, environmental, and social impacts (both positive and negative). A total of 26 issues were identified.

Boundary assessment

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

Ranking of topics

Twelve key stakeholder groups were identified through an examination of [Johnson & Johnson's value chain](#). These groups included advocacy groups/trade associations, consumers, customers, employees, government/policymakers, health care providers, investors/socially responsible investors, local communities, NGOs, quasi-governmental agencies/academic institutions, and suppliers. Contact information for individuals representing each stakeholder group were collected reflecting all regions and three business segments.

Over 1,500 stakeholders were invited to respond to a survey, asking them to rank the priority topics by importance to them, and by their potential for social, environmental and economic impact. Approximately 25% of stakeholders responded; the results of this assessment have been used to rank our priority topics.

The results of the Priority Topics Assessment inform our reporting, our priority topic management, reputation insights, and analytics and communication activities.

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Priority Topics Definitions

Product Quality, Safety & Reliability

- Consumer/patient health impact and safety risk, reliable product reputation, manufacturing integrity, supplier transparency, product and ingredient safety and reliability, responsiveness to safety issues, product liability/litigation, misuse/abuse of products.

Ethics & Compliance

- Compliance, tax compliance, competitive behavior, policies and codes of conduct (within Johnson & Johnson and its supply chain, e.g., conflict minerals), shareholder rights, political and economic anti-corruption, lobbying policies and political transparency, responsible marketing practices, clinical trials, bioethics (animal testing, genetic testing).

Access & Affordability

- Pricing, patient assistance and co-pay programs, drug donation programs, health care spending, transparency and reporting, improve access to healthcare (e.g., public-private partnerships, etc.).

Global Public Health

- Emphasis on preventing and treating HIV, Ebola, multidrug-resistant tuberculosis (MDR-TB), and Zika, and promoting maternal and child health. Impact of environmental health on human health (e.g., antimicrobial resistance), including role of Johnson & Johnson in addressing challenges presented by climate change (e.g., spread of disease).

Innovation

- Business model/sustainable innovation, product innovation in disease areas with high medical need, socially beneficial products, socially impactful R&D and innovation, intellectual property issues.

Workplace Safety

- Safe work places for our employees and contractors.
- Leading health and safety metrics.
- Injury and fatality prevention.

Human Rights

- Design/development of policies and programs.
- Training related to human rights, working conditions and treatment of employees at our sites and within our supply base.
- Fair labor practices, collective bargaining, freedom of association, grievance processes.

Ingredients

- Sustainable ingredients and sustainable ingredient ecosystems.
- What we use and how we use it/them.
- Chemicals-based legislation/emerging issues with chemicals.

Community Impact & Development (includes Indirect Economic Development)

- Philanthropy and Johnson & Johnson employee engagement in local communities.
- Support for employee, customer, and supplier causes (e.g., matching gifts, partnerships), community partnerships, local community development (e.g., job creation, small business support).
- Additional consequences of the direct impact of financial transactions and the flow of economic activity between Johnson & Johnson and stakeholders (e.g., infrastructure investments and services supported).

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References

Procurement & Supplier Management

- Supply chain transparency.
- Environmental, social and economic impact of suppliers.
- Safe and ethical working conditions and fair treatment of employees at supplier sites.
- Supplier diversity and partnerships.
- Spending with diverse suppliers.

Diverse & Inclusive Workforce

- Equal opportunity and diversity (gender, LGBTQ, minorities).

Healthy Workforce

- Employee health and wellness.

Product Stewardship

- The responsible management of the entire product lifecycle to ensure that more sustainable and environmentally compliant products and packaging are available to our customers.
- Includes natural resource conservation, supporting the circular economy, stewarding products to reduce resource impacts/increase compliance, product reusability, importance of and process for delivering sustainable/greener products.
- Product design and lifecycle management; material use and efficiency.

Corporate Governance

- Adherence to requirements, executive compensation, board diversity and tenure, C-suite values and ethics (includes Credo values-driven culture).

Data Protection & Privacy

- Security of corporate data, privacy of customer data and health information, product security from cyber threats.

Human Capital Development

- Educational access and training.
- Recruitment, retention, and turnover.
- Performance management.

Counterfeiting & Illicit Trade

- Product safety and integrity, supply chain security, channel security.

Climate & Energy

- Fossil and renewable energy use.
- Carbon emissions from our operations and those of our suppliers.
- Efforts to reduce our dependence on fossil fuels.

Product End of Life

- Issues that are raised at the end of a product's use, including policies on product take back/extended producer responsibility, pharmaceuticals in the environment, product packaging, disposal and recycling, and antimicrobial resistance stewardship.

Water

- Water use and water discharge.
- Water scarcity, and our operations in water-sensitive areas.

Economic Performance (includes Market Presence)

- Economic value generated and distributed; defined benefit plan obligations; financial assistance received from any government; and the financial implications of climate change.
- Contribution to economic development in the local areas of communities where we operate, e.g., remuneration, local hiring (including senior management), and other direct economic aspects of local involvement.

Compensation & Remuneration

- Employee compensation.

Waste

- Waste management, generation, reduction and disposal.

Biodiversity

- The diversity of life on Earth including at gene, species and ecosystem levels.

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GRI Index

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. For many topics information exceeding the GRI core disclosure requirement is included in the report. Not all GRI disclosures are reported fully; depending on availability of information, in a few cases the disclosures are partial. For more information on GRI Standards, visit the [GRI website](#). Where relevant, cross reference to United Nations Global Compact (UNGC) principles is provided in the Index.

General Standard Disclosures

Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organization	Johnson & Johnson At a Glance	
102-2	Activities, brands, products, and services	Johnson & Johnson At a Glance Our Brands	
102-3	Location of headquarters	Johnson & Johnson At a Glance	
102-4	Location of operations	Johnson & Johnson At a Glance	
102-5	Ownership and legal form	Johnson & Johnson At a Glance	
102-6	Markets served	Johnson & Johnson At a Glance	
102-7	Scale of the organization	Johnson & Johnson At a Glance	
102-8	Information on employees and other workers	Our People	
102-9	Supply chain	Responsible Supply Base	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 102: General Disclosures 2016			
Organizational Profile			
102-10	Significant changes to the organization and its supply chain	About This Report	
102-11	Precautionary Principle or approach	Protecting the environment and natural resources is one of Johnson & Johnson's foundational objectives, as outlined in Our Credo. We have a comprehensive environmental risk management approach in place to fulfill this obligation. This includes assessing the potential environmental impacts of all our products during the development phase, evaluating and mitigating the climate change and water risks from our operations, and continuously evaluating and reducing where possible the environmental footprint of products and packaging through our proprietary product development approach called EARTHWARDS. We also integrate environmental risk considerations in our sourcing decisions and have programs in place to identify and mitigate risks in the supply base.	UNGC Principle 7
102-12	External initiatives	Johnson & Johnson recognizes and subscribes to numerous externally developed economic, environmental and social charters and initiatives. Select examples are noted in Stakeholder Engagement and throughout the report.	
102-13	Membership associations	Stakeholder Engagement	
Strategy			
102-14	Statement from senior decision maker	Message from Alex Gorsky Video Message from Alex Gorsky	
102-15	Key impacts, risks, and opportunities	Included throughout the report, by topic area	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Business Ethics	
102-17	Mechanisms for advice and concerns about ethics	Business Ethics	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 102: General Disclosures 2016			
Governance			
102-18	Governance structure	Sustainability Governance	
102-19	Delegating authority	Sustainability Governance	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance	
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	
102-22	Composition of the highest governance body and its committees	Principles of Corporate Governance Corporate Governance 2018 Proxy Statement , pages 17 through 32	
102-23	Chair of the highest governance body	Principles of Corporate Governance Corporate Governance 2018 Proxy Statement , pages 17 through 32	
102-24	Nominating and selecting the highest governance body	2018 Proxy Statement	
102-25	Conflicts of interest	Code of Business Conduct Ethics for Members of the Board of Directors and Executive Officers	
102-26	Role of highest governance body in setting purpose, values, and strategy	2018 Proxy Statement	
102-27	Collective knowledge of highest governance body	Sustainability Governance	
102-28	Evaluating the highest governance body's performance	Principles of Corporate Governance Corporate Governance 2018 Proxy Statement , pages 17 through 32	
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Governance EHS&S Governance	
102-30	Effectiveness of risk management processes	Risk Oversight on page 25 of the 2018 Proxy Statement	
102-31	Review of economic, environmental, and social topics	Sustainability Governance EHS&S Governance	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 102: General Disclosures 2016			
Governance			
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance	
102-33	Communicating critical concerns	Governance	
102-35	Remuneration policies	2018 Proxy Statement	
102-36	Process for determining remuneration	2018 Proxy Statement	
102-37	Stakeholders' involvement in remuneration	2018 Proxy Statement	
102-38	Annual total compensation ratio	2018 Proxy Statement	
102-39	Percentage increase in annual total compensation ratio	2018 Proxy Statement	
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement Additional stakeholder groups with whom we engage are referenced throughout this report and on our website.	
102-41	Collective bargaining agreements	Human Rights	UNGC Principle 3
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
102-43	Approach to stakeholder engagement	Stakeholder Engagement	
102-44	Key topics and concerns raised	Setting Priorities	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 102: General Disclosures 2016			
Reporting Practice			
102-45	Entities included in the consolidated financial statements	2017 Annual Report/Form 10-K	
102-46	Defining report content and topic Boundaries	About This Report Setting Priorities Our Value Chain	UNGC Principle 3
102-47	List of material topics	Setting Priorities	
102-48	Restatements of information	About This Report	
102-49	Changes in reporting	About This Report	
102-50	Reporting period	About This Report	
102-51	Date of most recent report	About This Report	
102-52	Reporting cycle	About This Report	
102-53	Contact point for questions regarding the report	support@jnj.com	
102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index 2017 About This Report	
102-55	GRI content index	GRI Content Index 2017 About This Report	
102-56	External assurance	About This Report	

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Topic Specific Standards

Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 201: Economic Performance 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	2017 Annual Report/Form 10-K	
103-3	Evaluation of the management approach	2017 Annual Report/Form 10-K	
201-1	Direct economic value generated and distributed	2017 Annual Report/Form 10-K	
201-2	Financial implications and other risks and opportunities due to climate change	Energy Use & Carbon Emissions We conduct periodic assessments of risks and opportunities related to climate change and report the findings in our response to CDP.	
201-3	Defined benefit plan obligations and other retirement plans	2017 Annual Report/Form 10-K , pages 57-59	
GRI 202: Market Presence 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	2017 Annual Report/Form 10-K	
103-3	Evaluation of the management approach	2017 Annual Report/Form 10-K	
202-2	Proportion of senior management hired from the local community	Each subsidiary within the business segments is, with limited exceptions, managed by residents of the country where located.	
GRI 203: Indirect Economic Impacts 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Community Engagement	
103-3	Evaluation of the management approach	Community Engagement	
203-1	Infrastructure investments and services supported	Our Giving	
203-2	Significant indirect economic impacts	Our Giving	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 204: Procurement Practices 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Responsible Supply Base	
103-3	Evaluation of the management approach	Responsible Supply Base	
204-1	Proportion of spending on local suppliers	Responsible Supply Base	
GRI 205: Anti-Corruption 2016			
			UNGC Principle 10
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency	
103-3	Evaluation of the management approach	Ethics & Transparency	
205-1	Operations assessed for risks related to corruption	Business Ethics	
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	
GRI 206: Anti-Competitive Behavior 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency	
103-3	Evaluation of the management approach	Ethics & Transparency	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2017 Annual Report/Form 10-K	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 302: Energy 2016			UNGC Principle 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Energy Use & Carbon Emissions EHS&S Governance Product Sustainability	
103-3	Evaluation of the management approach	Energy Use & Carbon Emissions EHS&S Governance Product Sustainability	
302-1	Energy consumption within the organization	Energy Use & Carbon Emissions	
302-2	Energy consumption outside of the organization	Energy Use & Carbon Emissions	
302-3	Energy intensity	Energy Use & Carbon Emissions	
302-4	Reduction of energy consumption	Energy Use & Carbon Emissions	
302-5	Reductions in energy requirements of products and services	Lifecycle Thinking	UNGC Principle 9
GRI 303: Water 2016			UNGC Principle 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Water Management EHS&S Governance	
303-1	Water withdrawal by source	Water Management	
303-2	Water sources significantly affected by withdrawal of water	As part of our water risk assessments conducted in 2015-2016, we considered, as one of the factors, whether the water sources we use could be significantly affected by withdrawal of water in the next five years. For more information, see our 2016 Health for Humanity Report , pages 78-79.	
303-3	Water recycled and reused	Water Management	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 304: Biodiversity 2016			UNGC Principle 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Statement on Respecting Biodiversity	
103-3	Evaluation of the management approach	2016 Health for Humanity Report , pages 83-85	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	In 2016, we conducted water risk assessments at all manufacturing and R&D locations. Included in these assessments were criteria for water stress and watershed health (including inputs classifying threats to amphibians, watershed pollution, biodiversity threat, and ecosystem vulnerability, using input from several external models and tools). The resulting ranking describes the general threat to freshwater biodiversity in the area around the facility. The Johnson & Johnson sites tend to be located in industrial areas where biodiversity impacts are minimal. For more information, see 2016 Health for Humanity Report , page 84.	
304-2	Significant impacts of activities, products, and services on biodiversity	As a global manufacturer, Johnson & Johnson has the potential to impact biodiversity in two main areas of our value chain – the facilities where we make our products, and upstream in the places from which we source feedstocks for our ingredients. To minimize the impact of our facilities, we undertake a biodiversity review at all our key facilities. Properties with significant natural areas that have sensitive flora or fauna are expected to maintain a biodiversity conservation action plan. To minimize potential impacts on biodiversity upstream in our supply chain, we developed standards that guide our sourcing practices. For more information, see Statement on Respecting Biodiversity .	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 305: Emissions 2016			UNGC Principle 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Energy Use & Carbon Emissions EHS&S Governance	
103-3	Evaluation of the management approach	Energy Use & Carbon Emissions EHS&S Governance	
305-1	Direct (Scope 1) GHG emissions	Energy Use & Carbon Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Energy Use & Carbon Emissions	
305-3	Other indirect (Scope 3) GHG emissions	Energy Use & Carbon Emissions	
305-4	GHG emissions intensity	Energy Use & Carbon Emissions	
305-5	Reduction of GHG emissions	Energy Use & Carbon Emissions	
305-6	Emissions of ozone-depleting substances (ODS)	EHS&S Governance	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	EHS&S Governance	
GRI 306: Effluents and Waste 2016			UNGC Principle 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Water Management Waste Management	
103-3	Evaluation of the management approach	Water Management Waste Management	
306-1	Water discharge by quality and destination	Water Management	
306-2	Waste by type and disposal method	Waste Management	
306-5	Water bodies affected by water discharges and/or runoff	2016 Health for Humanity Report, pages 78-79	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 307: Environmental Compliance 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency EHS&S Governance	
103-3	Evaluation of the management approach	Ethics & Transparency EHS&S Governance	
307-1	Non-compliance with environmental laws and regulations	EHS&S Governance	
GRI 308: Supplier Environmental Assessments 2016			
			UNGC Principles 8
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Responsible Supply Base	
103-3	Evaluation of the management approach	Responsible Supply Base	
308-1	New suppliers that were screened using environmental criteria	Supplier Assessments & Audits	
308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Assessments & Audits	
GRI 401: Employment 2016			
			UNGC Principle 1, 2 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Commitment to Employees	
103-3	Evaluation of the management approach	Commitment to Employees	
401-1	New employee hires and employee turnover	Attract & Recruit	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Attract & Recruit	
401-3	Parental leave	Attract & Recruit	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 402-1: Labor/Management Relations			UNGC Principles 1, 2 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
402-1	Minimum notice periods regarding operational changes	Human Rights	
GRI 403: Occupational Health and Safety 2016			UNGC Principles 1 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Employee Safety	
103-3	Evaluation of the management approach	Employee Safety	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employee Safety	
GRI 404: Training and Education 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Develop & Retain	
103-3	Evaluation of the management approach	Develop & Retain	
404-2	Programs for upgrading employee skills and transition assistance programs	Develop & Retain Transition assistance programs are offered to support employees who are retiring or who have been terminated from employment.	
404-3	Percentage of employees receiving regular performance and career development reviews	Develop & Retain	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 405: Diversity and Equal Opportunity 2016			UNGC Principles 1, 2 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Diversity & Inclusion	
103-3	Evaluation of the management approach	Diversity & Inclusion	
405-1	Diversity of governance bodies and employees	Diversity & Inclusion	
405-2	Ratio of basic salary and remuneration of women to men	This information is available for our operations in the United Kingdom, and can be found in our UK Gender Pay Gap Report .	
GRI 406: Non-Discrimination 2016			UNGC Principles 1, 2 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
406-1	Incidents of discrimination and corrective actions taken	We have several mechanisms in place to identify such incidents, including our grievance mechanism, the Credo Hotline, and our enterprise-wide Our Voice survey. The data on the number of incidents and remediation details are confidential. For information on percentage of human resources-related complaints brought through the Credo Hotline, see Business Ethics .	
GRI 407: Freedom of Association and Collective Bargaining 2016			UNGC Principles 1, 2 and 5
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Supplier Assessments & Audits	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 408: Child Labor 2016			UNGC Principles 1, 2 and 5
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights Supplier Assessments & Audits	
GRI 409: Forced or Compulsory Labor 2016			UNGC Principles 1, 2 and 4
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Supplier Assessments & Audits	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 412: Human Rights Assessment 2016			UNGC Principles 1 and 2
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Human Rights	
103-3	Evaluation of the management approach	Human Rights	
412-1	Operations that have been subject to human rights reviews or impact assessments	<p>Following our management structure, responsibility for protecting human rights in our own operations resides in our local operating companies, managed by the relevant corporate and business group functions. We also conduct enterprise-wide monitoring of compliance with our Code of Business Conduct through annual reporting process at the individual business unit level.</p> <p>In 2017 we continued the development of the Company's human rights risk assessment approach and audit program. The full roll-out of the supplier social audit program is scheduled to take place in 2018. For more information, see Supplier Assessments & Audits.</p>	
412-2	Employee training on human rights policies or procedures	All new and current employees are required to complete bi-annual Code of Business Conduct trainings, which cover human rights topics. To see the training completion results for the last training cycle, see 2016 Health for Humanity Report , pages 102-103. Employees with roles and responsibilities relevant to aspects of human rights in our operations or in the supply base receive general awareness trainings on human rights. Our revised Human Rights training for Global Procurement employees is scheduled to be rolled out in 2018.	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 413: Local Communities 2016			UNGC Principles 1 and 6
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Community Engagement	
103-3	Evaluation of the management approach	Community Engagement	
413-1	Operations with local community engagement, impact assessments, and development programs	We respect the rights of local communities and those that live and work there consistent with international human rights standards. We continuously monitor and address the environmental impacts of our business operations on our neighbors, and strive to create positive impacts on adjacent communities through local engagement and charitable programs. Examples of such engagements are included throughout this report. Specific information requested is not currently tracked across the enterprise, and local assessments are considered confidential.	
GRI 414: Supplier Social Assessment 2016			UNGC Principles 1 and 2
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Responsible Supply Base	
103-3	Evaluation of the management approach	Responsible Supply Base	
414-1	New suppliers that were screened using social criteria	Supplier Assessments & Audits	
GRI 415: Public Policy 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency	
103-3	Evaluation of the management approach	Ethics & Transparency	
415-1	Political contributions	Transparency & Disclosures	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 416: Customer Health and Safety 2016			UNGC Principles 1 and 2
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Product Quality, Safety & Reliability Product Quality Product & Patient Safety	
103-3	Evaluation of the management approach	Product Quality, Safety & Reliability Product Quality Product & Patient Safety	
416-1	Assessment of the health and safety impacts of product and service categories	Product & Patient Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality	
GRI 417: Marketing and Labeling 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency	
103-3	Evaluation of the management approach	Ethics & Transparency	
417-1	Requirements for product and service information and labeling	Statement on Ethical Sales & Marketing Practices	
GRI 418: Customer Privacy 2016			UNGC Principle 1
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Information Security & Privacy	
103-3	Evaluation of the management approach	Information Security & Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	This information is considered confidential.	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
GRI 419: Socioeconomic Compliance 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Ethics & Transparency Business Ethics	
103-3	Evaluation of the management approach	Ethics & Transparency Business Ethics	
419-1	Non-compliance with laws and regulations in the social and economic area	2017 Annual Report/Form 10-K , pages 74-86	

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Johnson & Johnson Specific Priority Topics

Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
Access & Affordability			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Access to Healthcare	
103-3	Evaluation of the management approach	Access to Healthcare	
Global Public Health			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	World Without Disease HIV Tuberculosis Neglected Tropical Diseases Pandemic Preparedness	
103-3	Evaluation of the management approach	World Without Disease HIV Tuberculosis Neglected Tropical Diseases Pandemic Preparedness	
Innovation			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Innovating How We Serve Innovating How We Work	
103-3	Evaluation of the management approach	Innovating How We Serve Innovating How We Work	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
Ingredients			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Product & Patient Safety	
103-3	Evaluation of the management approach	Product & Patient Safety	
Healthy Workforce			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Employee Health & Wellness Healthy Workforce Workplaces & Wellness	
103-3	Evaluation of the management approach	Employee Health & Wellness Healthy Workforce Workplaces & Wellness	
Corporate Governance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Governance	
103-3	Evaluation of the management approach	Governance	
Counterfeiting & Illicit Trade			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Anti-Counterfeiting & Brand Protection	
103-3	Evaluation of the management approach	Anti-Counterfeiting & Brand Protection	

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Disclosure Number	Description	Location and Notes	Cross Reference to UNGC
Product End of Life			UNGC Principles 8 and 9
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Setting Priorities	
103-2	The management approach and its components	Product Sustainability Pharmaceuticals & Personal Care Products in the Environment	
103-3	Evaluation of the management approach	Product Sustainability Pharmaceuticals & Personal Care Products in the Environment	

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UN Global Compact Index

In July 2013, Johnson & Johnson became a member of the United Nations Global Compact (UNGC), a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment, and anti-corruption.

We continue to remain committed to the UNGC principles, many of which have been embedded in our business practices for decades.



Alex Gorsky
Chairman, Board of Directors
and Chief Executive Officer

UNGC Principles	Johnson & Johnson Approach	Learn More	Cross-Reference to GRI Indicators
Human Rights			
1. Businesses should support and respect the protection of internationally proclaimed human rights.	We are guided and sustained by Our Credo , a set of core principles that serve as a moral compass for how we conduct business. These principles outline our obligations to our customers, our employees, the communities where we have a presence, and our shareholders; they also unite our 134,000 employees with a common value that the fundamental rights and dignity of all people must be respected. Our commitment to respect human rights is embodied in the following Johnson & Johnson policies and statements: California Transparency in Supply Chains Act & United Kingdom Modern Slavery Act Statement Code of Business Conduct Employment and Labor Laws and Policies Global Labor and Employment Guidelines Harassment-Free Workplace Policy Human Right to Water Human Trafficking Policy Policy on Employment of Young Persons Responsibility Standards for Suppliers Statement on Human Rights	Human Rights Diversity & Inclusion Ethics & Transparency Responsible Supply Base Attract & Recruit Employee Safety	Human Rights: GRI 102-41; GRI 402-1; GRI 407-1; GRI 408-1; GRI 409-1; GRI 412-1 Diversity & Inclusion: GRI 405-1 Ethics & Transparency: GRI 102-16-17; GRI 205-1; GRI 205-2; GRI 406-1; GRI 419-1 Responsible Supply Base: GRI 102-9; GRI 204-1; GRI 407-1; GRI 408-1; GRI 409-1; GRI 414-1 Attract & Recruit: GRI 401-1-3 Employee Safety: GRI 403-2
2. Businesses should make sure that they are not complicit in human rights abuses.			

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UNGC Principles	Johnson & Johnson Approach	Learn More	Cross-Reference to GRI Indicators
Labor Standards			
<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>4. Businesses should uphold the elimination of all forms of forced and compulsory labor.</p> <p>5. Businesses should uphold the effective abolition of child labor.</p> <p>6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Our Statement on Human Rights incorporates references to the key labor issues identified in the UNGC including prohibition of child labor, forced labor, human trafficking and discrimination.</p> <p>Our Global Labor and Employment Guidelines articulate our expectations for labor and employment practices at our sites, including preventing forced labor and child labor, and non-discrimination, among other matters. We continue to reinforce the expectations we have for compliance with our policies and guidelines across all of our operations, and proactively engage whenever we see behaviors that may be inconsistent with those policies and guidelines. We are currently evaluating different approaches to assessment at the enterprise-level of our own operations against the Global Labor and Employment Guidelines and expect to develop such a plan in 2018.</p> <p>Our talent management approach places a strong focus on diversity and inclusion principles. We strive to promote diversity and equal opportunity in recruiting, development and promotion as well as all other aspects of employee careers.</p> <p>In 2017, we completed a comprehensive review and revision of Johnson & Johnson Responsibility Standards for Suppliers to include expanded requirements on human rights, among other updates. The revised Standards align closely with relevant provisions of the United Nations Guiding Principles on Human Rights and the Consumer Goods Forum Forced Labor Resolution and Priority Industry Principles.</p>	<p>Human Rights</p> <p>Business Ethics</p> <p>Responsible Supply Base</p>	<p>Human Rights: GRI 102-41; GRI 407-1; GRI 408-1; GRI 409-1; GRI 412-1</p> <p>Business Ethics: GRI 102-16-17; GRI 412-2; GRI 419-1</p> <p>Responsible Supply Base: GRI 102-9; GRI 308-1-2; GRI 407-1; GRI 408-1; GRI 409-1; 414-1</p>

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Environment			
<p>7. Businesses should support a precautionary approach to environmental challenges.</p> <p>8. Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p>9. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>As a global manufacturer, we recognize our role in helping to conserve and protect natural resources. As a leader in the healthcare industry, we know that human health is inextricably linked to the health of the planet—we can't have healthy people and communities without a healthy environment. To this end, we are committed to marshaling our expertise, resources and partnerships to reduce the environmental footprint of our operations, our products and our extended supply chain to unlock change at the rate and scale needed to help make better health a reality for more people, in more places. Our approach to environmental stewardship includes:</p> <ul style="list-style-type: none"> ▪ Optimizing our operations through improvements in water and energy use efficiency, reduction in carbon footprint, and prevention and reduction of waste from our facilities ▪ Reducing lifecycle impacts of our products and solutions by focusing on sustainable design, material use efficiency, reduction in product packaging and managing product end-of-life impacts. ▪ Supporting our suppliers in making environmental improvements in their own businesses and respective supply chains ▪ Partnering with stakeholders to influence change at a broader scale. <p>Our commitment to the environmental stewardship is embodied in the following Johnson & Johnson policies and statements:</p> <p>Environment, Health & Safety Policy</p> <p>Climate Friendly Energy Policy</p> <p>Statement on Respecting Biodiversity</p> <p>Principles for Safe Use of Chemicals in Products</p> <p>Sourcing Principles for Forest Products</p> <p>Impact of Pharmaceuticals and Personal Care Products in the Environment</p> <p>Responsible Palm Oil Sourcing Criteria</p>	<p>Energy Use & Carbon Emissions</p> <p>Water Management</p> <p>Waste Management</p> <p>Lifecycle Thinking</p> <p>Responsible Supply Base</p>	<p>Energy & Carbon Emissions: GRI 302-1-4; GRI 305-1-7</p> <p>Water Management: GRI 303-1-3</p> <p>Waste Management: GRI 306-1, GRI 306-2; 306-5</p> <p>Product Sustainability: GRI 302-5</p> <p>Responsible Supply Base: GRI 102-9; GRI 308-1-2</p> <p>General Disclosures: GRI 102-11</p>

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UNGC Principles	Johnson & Johnson Approach	Learn More	Cross-Reference to GRI Indicators
Anti-Corruption			
10. Businesses should work against corruption in all its forms, including extortion and bribery.	<p>“Johnson & Johnson takes a strong stance against bribery consistent with the anti-bribery laws that exist in many countries around the world and complies with all anti-bribery and corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other applicable local anti-bribery and corruption laws and regulations. Our Code of Business Conduct expressly prohibits bribes, kickbacks, illegal payments and any other offer of items of value that may inappropriately influence or reward a customer to order, purchase or use our products and services, whether provided directly or through a third party such as a distributor, customs broker or other agent.</p> <p>We have written policies, procedures and internal controls at all levels of the organization designed to ensure compliance with anti-bribery/anti-corruption laws. We test, evaluate and refine these internal controls on an ongoing basis. Continuous monitoring includes full documentation of existing accounting and internal control systems as well record-keeping of the monitoring and evaluation procedures.</p> <p>Our policies require that all employees with relevant job functions complete anti-bribery and anti-corruption training. The training covers all aspects of our Health Care Business Integrity Guide, including charitable contributions, donations, gifts, third-party intermediary (e.g., distributors) and cross-border interactions. Further, we expect our suppliers to embrace high standards of ethical behavior that are consistent with our own. Our requirements for suppliers are outlined in Johnson & Johnson Responsibility Standards for Suppliers.</p>	<p>Business Ethics</p> <p>Responsible Supply Base</p>	<p>Business Ethics: GRI 102-16-17; GRI 205-1; GRI 205-2; GRI 206-1; GRI 415-1; GRI 417-1-3; GRI 419-1</p> <p>Responsible Supply Base: GRI 414-1</p>

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Data Summary

This summary provides key performance data across our priority topics organized according to the five sections of the 2017 Health for Humanity Report. Additional data can be found throughout the report and in the [2017 Health for Humanity 2020 Goals Progress Scorecard](#). For certain data categories, 2017 is the first reporting year.

Business Performance

	2015	2016	2017
Number of countries of operations (more than)	60	60	60
Number of operating companies (more than)	250	230	260
Total sales (millions)	\$70,074	\$71,890	\$76,450
Net earnings (millions)	\$15,409	\$16,540	\$1,300
Market price per share (year-end close)	\$102.72	\$115.21	\$139.72
Sales by business segment			
Pharmaceutical (millions)	\$31,430	\$33,464	\$36,256
Medical Devices (millions)	\$25,137	\$25,119	\$26,592
Consumer (millions)	\$13,507	\$13,307	\$13,602

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	2015	2016	2017
U.S. Pharmaceutical product portfolio, % change vs. prior year ¹			
Average list price change ²	9.7%	8.5%	8.1%
Average net price change ³	5.2%	3.5%	-4.6%
Number of products on the WHO List of Prequalified Medicinal Products, cumulative			5
Number of health workers educated ⁴		84,000	81,000
Corporate giving (grants and contributions)			
Total contributions, cash and products (millions)		\$1,194	\$1,469
Cash contributions (millions)		\$188	\$227
Cash contributions through Employee Matching Gifts Program (millions)		\$13	\$16
Non-cash contributions (millions)		\$1,006	\$1,242
Number of corporate giving programs in portfolio (approximate)		500	\$387

¹Annual percent change vs. prior year calculated at product level and weighted across the Company's U.S. Product Portfolio.

²Represents the year-over-year change in the average list price, or wholesale acquisition cost (WAC).

³Represents the year-over-year change in the average net price, which is WAC less rebates, discounts, and returns.

⁴These data are reported as cumulative 2016-2017 progress for the Health Workforce focus area as part of our UN SDG Commitments. See [UN SDG Progress Scorecard](#).

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	2015	2016	2017
Total R&D expense (millions)	\$9,046	\$9,095	\$10,600
Number of Pharmaceutical products in late stage U.S. development (Phase 3) or filed as of Q4 2017			42
Number of Pharmaceutical products approved by U.S. FDA in the last five years (2013 - 2017)			7
Number of breakthrough therapy designations by U.S. FDA for therapies under development in the last five years (2013 - 2017)			8
Number of Medical Devices products launched ¹			37
Number of Medical Device products that received U.S. FDA Humanitarian Device Exemption designation in the last four years (2013 - 2017)			2
Number of Consumer products launched			1,493
Percentage of employees involved in R&D activities ²			15.9%

¹Number of medical devices launched is estimated; 4 Consumer medical devices confirmed and 33 hospital medical devices not confirmed by Corporate Internal Audit.

²Includes employees classified under job functions of R&D and Engineering.

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Our People

	2015	2016	2017
Global Workforce¹			
Total number of employees	127,100	126,400	134,000
Women	45.4%	46.0%	46.5%
Men	54.6%	54.0%	53.5%
Employees by Employment Type, by Gender¹			
Full-time employees			
Women	44.0%	44.7%	45.3%
Men	56.0%	55.3%	54.7%
Part-time employees			
Women	84.1%	84.8%	84.8%
Men	15.9%	15.2%	15.2%
Employees by Region, by Gender¹			
Asia Pacific			
Women	41.1%	42.5%	43.8%
Men	58.9%	57.5%	56.2%
Europe, Middle East & Africa			
Women	46.8%	47.5%	48.2%
Men	53.2%	52.5%	51.8%
Latin America			
Women	47.4%	47.5%	48.6%
Men	52.6%	52.4%	51.5%
North America			
Women	45.5%	45.7%	45.5%
Men	54.5%	54.3%	54.5%

¹All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

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	2015	2016	2017
New Employee Hires¹			
New employee hires, by gender			
Women	49.9%	51.1%	51.3%
Men	50.1%	48.8%	48.7%
New employee hires, by age			
Under 30	48.9%	46.5%	44.7%
30 - 50	46.2%	48.8%	47.6%
50+	5.0%	4.7%	7.7%
New employee hires, by region			
Asia Pacific	26.1%	24.0%	24.2%
Europe, Middle East & Africa	29.2%	28.6%	24.8%
Latin America	13.1%	19.6%	17.9%
North America	31.6%	27.8%	33.1%
U.S. Employees Who Returned to Work After Parental Leave¹			
Total returned		96.9%	91.0%
Women returned		94.5%	91.0%
Men returned		99.8%	91.0%

¹All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

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	2015	2016	2017
Gender Diversity by Job Category¹			
Vice Presidents			
Women	31.3%	31.9%	33.1%
Men	68.7%	68.1%	66.9%
Managers and Directors			
Women	42.8%	43.8%	44.7%
Men	57.2%	56.2%	55.3%
Professional category			
Women	47.7%	48.9%	47.2%
Men	52.3%	51.1%	52.8%
Age Diversity by Job Category¹			
Vice Presidents			
Under 30	0%	0.1%	0%
30 - 50	41.6%	45.9%	45.6%
50+	58.4%	54.0%	54.4%
Managers and Directors			
Under 30	1.4%	1.3%	1.3%
30 - 50	72.2%	74.7%	74.3%
50+	26.4%	23.9%	24.4%
Professional category			
Under 30	19.6%	19.5%	20.8%
30 - 50	63.8%	65.4%	62.3%
50+	16.7%	15.1%	17.0%

¹All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

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	2015	2016	2017
Ethnic Diversity in the U.S. by Job Category¹			
Vice Presidents			
Minority	22.6%	20.1%	24.0%
White	77.4%	79.4%	76.0%
Managers and Directors			
Minority	27.1%	25.8%	28.5%
White	72.9%	74.2%	71.5%
Professional category			
Minority	25.2%	22.8%	31.2%
White	74.8%	77.2%	68.8%
Diversity in the Board Composition			
Women on the Board	27%	20%	20%
Minorities on the Board	27%	30%	30%
Employee Safety, Global			
Lost Workday Case rate ²	0.08	0.08	0.08
Total Recordable Injury rate	0.56	0.44	0.36
Serious Injury and Illness Case rate	0.069	0.05	0.054
Number of fatalities	0	1	0
Crashes Per Million Miles (CPMM) rate ³	6.01	6.03	5.94
Injuries Per Million Miles (IPMM) rate ³	0.07	0.08	0.07

¹All percentages are based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. HRIS data exclude employees on long-term disability, fixed-term employees, interns/co-ops/students, and newly acquired Abbott Medical Optics employees.

²"Lost days" are calendar days counted beginning the day after an incident has taken place.

³CPMM and IPMM rates are based on SAFE Fleet data. Rate calculation methodology uses both actual and estimated data on miles driven. We collect SAFE Fleet data on employees who drive company-owned or -leased, and personally owned vehicles for Company business. Employees in the latter category are those who: 1) drive for Company business as a "regular part" of their job, and 2) receive a car allowance to purchase their own vehicle, and/or are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep.

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	2015	2016	2017
Employee Safety, by Region			
Lost Workday Case rate ¹			
Asia Pacific	0.06	0.06	0.04
Europe, Middle East & Africa	0.05	0.05	0.04
Latin America	0.02	0.04	0.03
North America	0.13	0.13	0.14
Total Recordable Injury rate			
Asia Pacific	0.2	0.17	0.12
Europe, Middle East & Africa	0.49	0.39	0.26
Latin America	0.77	0.44	0.31
North America	0.73	0.59	0.56
Serious Injury and Illness Case rate			
Asia Pacific	0.032	0.031	0.026
Europe, Middle East & Africa	0.023	0.022	0.017
Latin America	0.015	0.029	0.026
North America	0.129	0.081	0.101

¹"Lost days" are calendar days counted beginning the day after an incident has taken place.

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Environmental Health

	2015	2016	2017
Certifications and EHS Compliance			
Number of manufacturing and R&D sites certified to ISO 14001	106	101	102
Percentage of manufacturing and R&D sites certified to ISO 14001	96%	94%	94%
Percentage of manufacturing and R&D sites certified to OHSAS	37%	33%	33%
Number of environmental non-compliances	77	144	64
Fines paid for environmental non-compliances	\$3,800	0	0
Energy Use¹			
Total energy use (TJ)	12,999	12,811	12,685
From renewable sources	171	174	1,816
From non-renewable sources	12,828	12,637	10,869
Energy intensity ratio (TJ/billion USD) ²	179	176	164
Percent change in energy intensity compared to 2010 baseline (TJ/billion USD) ²	-17	-19%	-24%
Purchased Energy Use, by Type (TJ)³			
Electricity	6,665	6,579	6,352
Natural gas	5,285	5,116	4,892
Diesel	582	631	929
Direct heating/cooling	199	216	238
Propane	88	82	64
Biogas	0	0	23
Fuel Oil	15	15	15
Total purchased energy	12,834	12,639	12,512

¹Includes 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.²Our diverse product portfolio makes it difficult to track an organization-specific metric, therefore we use revenues a denominator for energy intensity. Energy intensity ratio includes electricity, stationary fuels, and district heating and cooling.³Includes 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.

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	2015	2016	2017
On-Site Generated Energy Use, by Type (TJ) ¹			
Co-generation	610	627	581
Solar PV	77	85	82
Wind	57	60	65
Geothermal	29	25	24
Fuel cell	26	26	24
Biomass	2	2	2
Total on-site generated energy	801	825	778

¹Includes 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.

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Greenhouse Gas Emissions¹			
Scope 1 GHG emissions by source (MT CO ₂ e)			
Facilities	311,583	317,369	315,310
Aviation	9,855	11,751	11,757
Sales fleet	127,640	134,502	123,179
Scope 2 GHG emissions, facilities (MT CO ₂ e)			
Location-based	724,819	694,257	673,945
Market-based ²			601,043
Scope 3 GHG emissions, business travel (MT CO ₂ e)	248,282	183,525	168,146
Scope 3 GHG emissions, downstream product transportation (MT CO ₂ e)	52,537	48,561	Avail 12/2018
Scope 3 GHG emissions, fuel- and energy-related activities (MT CO ₂ e)	53,155	52,815	46,524
GHG emissions intensity ratio (Scope 1 and Scope 2) per revenue (MT CO ₂ e/million USD)	17	16	14
Percent decrease in GHG emissions intensity (Scope 1 and Scope 2) per revenue compared to 2010 baseline (MT CO ₂ e /million USD)	9.8	10.4	37

¹GHG emissions were third-party assured by ERM Certification and Verification Services Inc. in 2015-2017. In accordance with guidance from World Resources Institute Corporate Accounting and Reporting Standard, we restated the 2015 and 2016 values to reflect newly released electricity grid emission factors as well as addition or removal of acquisitions and divestitures. We do not currently use purchases, sales or transfers of offsets. Gases covered in these calculations include CO₂, CH₄, and N₂O. Hydrofluorocarbons (HFCs) are disclosed in [EHS&S Governance](#). Perfluorinated chemicals, sulfur hexafluoride and nitrogen trifluoride do not result from our operations. We do not calculate or report biogenic CO₂ emissions in MT CO₂e separately from the gross direct (Scope 1) GHG emissions. Electricity emission factors are obtained from the International Energy Agency's CO₂ Emissions from Fuel Combustion Report and the United States Environmental Protection Agency's eGRID publication for location-based Scope 2 reporting, and from supply contracts and residual emission factors, where available, for market-based Scope 2 reporting. Fuel emission factors are obtained from the EPA Climate Leaders publication. Global Warming Potentials are obtained from the Intergovernmental Panel on Climate Change Fifth Assessment Report. The chosen consolidation approach for emissions is operational control.

²We haven't previously reported Scope 2 emissions using the market-based method. Starting from 2017, we are reporting Scope 2 emissions using both location-based and market-based methods, based on the latest Scope 2 guidance from the World Resources Institute in the Corporate Accounting and Reporting Standard.

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	2015	2016	2017
Air Emissions, by Category (MT)			
Hazardous air pollutants	53	54	50
Volatile organic compounds (VOCs) ¹	1,299	878	986
Particulate matter emissions (PM) ¹	156	182	205
Refrigerant emissions	10.2	12.9	6.1
Ozone Depleting Substances (ODS) emissions	3.6	3.6	2.4
Sulfur oxides (SO ₂) ¹	63	68	99
Mono-nitrogen oxides (NOx)	287	292	290
Water Use (million m³)²			
Total water use	10.74	10.8	11.5
Total water recycled and reused	0.75	0.88	0.91
Total water discharge	8.58	8.08	7.8
Operational Waste (MT)			
Total waste generated	171,667	177,918	189,434
Hazardous waste	55,770	52,392	51,702
Non-hazardous waste ³	115,896	125,526	137,732

¹Increases in VOCs, PM and SO₂ emissions in 2017 compared with 2016 were largely driven by the use of emergency generators at Puerto Rico, U.S. sites in the aftermath of Hurricane Maria.

²Where relevant, prior year data have been restated, reflecting improvements in data quality over time.

³Our total non-hazardous waste increased by 9.7% in 2017 compared with 2016 for several reasons, including production volume increases, inclusion of previously untracked waste streams into our reporting, and waste generated as a result of natural disasters such as Hurricane Maria (Puerto Rico sites), and flooding event in Johnson & Johnson Greece site.

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	2015	2016	2017
Product Quality			
Number of regulatory inspections of Johnson & Johnson sites by worldwide health authorities			557
Percentage that resulted in zero observations			71%
Number of FDA inspections of Johnson & Johnson sites			63
Percentage that resulted in zero observations			83%
Average number of observations per FDA inspection			0.7
Number of internal independent audits to ensure compliance with Johnson & Johnson Quality Policy & Standard			179
Number of FDA Warning Letters issued, total for enterprise			0
Number of FDA Warning Letters issues, by business segment			
Pharmaceutical segment			0
Medical Devices segment			0
Consumer segment			0
Global product recall rate ¹			0.133%

¹Product recall rate is defined as number of lots removed from market per total globally manufactured, based on all field actions that are removals.

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	2015	2016	2017
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Business Ethics

Complaints Brought through the Credo Hotline, by Category

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

Number of escalated ethics/compliance-related cases, for which investigation was initiated through Triage Committee Process

Healthcare compliance-related			54%
Financial-related			34%
Other (legal, quality, anti-trust, product registration, privacy, etc.)			12%

Supplier EcoVadis Assessments

EcoVadis assessments completed	412	496	685
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Supplier risk ranking based on EcoVadis assessments

Low-risk	222	230	342
Medium-risk	183	223	301
High-risk	7	43	42

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	2015	2016	2017
Supplier EHS Audits			
Audits and technical visits completed, total ¹		156	189
Audits and technical visits, by region			
Asia Pacific		125	162
Europe, Middle East & Africa		24	21
Latin America		3	6
North America		4	0
Number of suppliers identified as high risk for non-conformance to Johnson & Johnson Responsibility Standards for Suppliers		31	23
Number of critical EHS findings identified as a result of EHS audits ²			25
Safety-related			22
Environment-related			3

¹A technical visit is a follow-up visit to the initial audit.²We define a critical finding as: 1) evidence of imminent threat to human life or potential catastrophic impact to facility, community or environment and/or 2) evidence of imminent threat to Johnson & Johnson supply chain and/or reputation. We expect suppliers and potential suppliers to address critical findings immediately.

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- 1 Assured by third-party, ERM Certification and Verification Services Inc., for the period of 1 March 2017 to 31 December 2017.

Progress on Commitments

- 2 All progress update figures have been rounded.

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- 3 <http://www.euro.who.int/en/media-centre/sections/press-releases/2017/1-in-2-people-living-with-hiv-in-europe-is-diagnosed-late-ecdc-and-who-urge-improvement-in-testing-practices>
- 4 <http://www.who.int/features/qa/71/en>
- 5 http://www.unaids.org/sites/default/files/media_asset/UNAIDS_FactSheet_en.pdf
- 6 <https://www.tballiance.org/news/tb-alliance-statement-who-s-global-tuberculosis-report-2017>
- 7 <http://www.who.int/mediacentre/factsheets/fs104/en/>
- 8 <https://www.tballiance.org/why-new-tb-drugs/antimicrobial-resistance>
- 9 http://www.who.int/neglected_diseases/diseases/en/
- 10 <http://www.who.int/mediacentre/factsheets/fs366/en/>
- 11 <http://www.childrenwithoutworms.org/news/government-bangladesh-and-partners-launch-countrys-largest-ever-national-deworming-campaign>
- 12 <http://www.who.int/mediacentre/factsheets/fs117/en/>
- 13 https://www.path.org/publications/files/APP_GH_Security_rpt_rev.pdf
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- 15 https://amrbenchmark.org/report_card/johnson-johnson/
- 16 <https://www.tballiance.org/why-new-tb-drugs/antimicrobial-resistance>
- 17 <https://www.cdc.gov/media/releases/2017/p1213-flu-death-estimate.html>
- 18 <http://www.cidrap.umn.edu/news-perspective/2012/06/cdc-estimate-global-h1n1-pandemic-deaths-284000>
- 19 <http://www.who.int/mediacentre/factsheets/fs211/en/>
- 20 Janssen's investigational Ebola vaccine regimen was developed in a collaborative research program with the National Institutes of Health (NIH) and received direct funding and preclinical services from the National Institute of Allergy and Infectious Diseases (NIAID), part of NIH, under Contract Numbers HHSN272200800056C, and HHSN272201000006I and HHSN272201200003I, respectively. The MVA-BN-Filo material used in Phase 1 studies was produced under NIAID/Fisher BioServices contract #FBS-004-009 and NIH contract HHSN272200800044C.

BARDA previously awarded Janssen a total of U.S.\$44.6 million in 2015 and 2016 under contract HHSO100201500008C to help optimize manufacturing systems and capacity for the vaccine regimen, including heat-stability studies to verify that the regimen was optimized for use in African countries, and final product manufacturing and quality control activities. The U.S. Department of Defense (DoD) is also supporting the vaccine clinical program, with the United States Military HIV Research Program (MHRP) at the Walter Reed Army Institute of Research (WRAIR), with the Henry M. Jackson Foundation for the Advancement of Military Medicine (HJF) conducting one of the Phase 2 studies.

The Innovative Medicines Initiative (IMI), which is supported by the European Commission, provided funding of more than €100M through the IMI Ebola+ Programme to support a number of consortia that are conducting multiple clinical trials and other vaccine development activities. Janssen's partners in these consortia include the London School of Hygiene and Tropical Medicine, the Institut national de la santé et de la recherche médicale (Inserm), Inserm Transfert, University of Oxford, Le Centre Muraz, Bavarian Nordic A/S, Vibalogics, Grameen Foundation and World Vision of Ireland. The consortia funded by the Innovative Medicines Initiative 2 (IMI2) Joint Undertaking are EBOVAC1 (grant nr. 115854), EBOVAC2 (grant nr. 115861), EBOMAN (grant nr. 115850) and EBODAC (grant nr. 115847). This Joint Undertaking receives support from the EU's Horizon 2020 research and innovation program and the European.

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- 21 <http://breathelife2030.org/the-issue/health-and-climate-impacts/>
- 22 <https://www.ifpma.org/resource-centre/wipo-and-the-research-based-pharmaceutical-industry-team-up-to-facilitate-access-to-key-medicine-patent-information/>
- 23 *ibid.*
- 24 <http://documents.worldbank.org/curated/en/640121513095868125/Tracking-universal-health-coverage-2017-global-monitoring-report>
- 25 <http://www.who.int/mediacentre/factsheets/fs395/en/>
- 26 Survey by Ipsos Public Affairs conducted from November 24 to 30, 2016, among 999 nurses, 250 nursing students, and 250 hospital administrators.
- 27 Increase in the number of registered nurse workforce between 2001 and 2015, according to the study, accessible at: <https://www.aacn.org/sites/default/files/documents/StateoftheRegisteredNurseWorkforce.pdf>

Our People

- 28 Percentage is based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K. Excludes employees covered under collective bargaining agreements, long term disability, interns, selected other groups and newly acquired Abbott Medical Optics employees.
- 29 The Office of Creative Engagement (OCE) defines changemakers as active employees who have participated in an OCE event, created a profile on the OCE site, or are on the OCE newsletter distribution list.
- 30 <https://www.jnj.com/about-jnj/company-statements/healthiest-workforce>

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- 31 World Economic Forum, The Global Risks Report 2018: http://www3.weforum.org/docs/WEF_GRR18_Report.pdf
- 32 [http://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(15\)60854-6.pdf](http://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(15)60854-6.pdf)
- 33 Assured by third-party, ERM Certification and Verification Services, Inc., for the period of March 1, 2017, to December 31, 2017.
- 34 Waste diversion rate defined as percentage of non-hazardous waste being reused or recycled at manufacturing sites. This excludes non-hazardous waste that we consider exempt from this metric, i.e., waste waters and waste that has counterfeit risk, liability risk or environmental risk associated with the recycling/reuse of the waste stream.
- 35 https://www.jnj.com/_document?id=00000159-6a81-dba3-afdb-7aeba25f0000
- 36 Each EARTHWARDS recognition is as compared to the previous version of the product.
- 37 PROXISURE Suturing Device IFU.
- 38 PROXISURE EARTHWARDS_AErickson_Nov 2017.
- 39 *ibid.*

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- 40 Temporary workers are those supplied by third-party agencies. These agencies are the worker's employer of record. Temporary agency workers are intended to supplement existing workforce or temporarily replace another worker. These workers include clerical, industrial and professional temporary labor (e.g., Engineering, Marketing, Finance, Human Resources, R&D, Procurement, IT, etc.).
- 41 Percentage is based on employee headcount data from Human Resources Information Systems (HRIS). HRIS headcount methodology differs from that used for the headcount in the Annual Report/Form 10-K.
- 42 Our high-risk country classification is based on a list of countries that we establish and update regularly using various external sources of information such as the U.S. Department of State Travel Warnings, the World Bank's country ranking on Worldwide Governance Indicators, the United Nations Human Development Index, and Transparency International's Corrupt Perception Index.
- 43 We define a critical finding as: 1) evidence of imminent threat to human life or potential catastrophic impact to facility, community or environment and/or 2) evidence of imminent threat to Johnson & Johnson supply chain and/or reputation. We expect suppliers and potential suppliers to address critical findings immediately.



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Progress in Citizenship & Sustainability

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Front Cover: Johnson & Johnson is proud to partner with *Save the Children* on their *Journey of Hope* program, delivering emotional support to children and their families most affected by natural disasters. Photo by Susan Warner for *Save the Children*. Hurricane Harvey 2017.