

# 2013 Citizenship & Sustainability Report

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Dr. Dalene von Delft recovered from multi-drug resistant tuberculosis. Early access to a Johnson & Johnson medicine added to her treatment helped. Inspired by her experience, Dalene founded TB Proof, dedicated to raising awareness of TB among health care workers.



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**Guide to the Icons**

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

**About the GRI Indicators**

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

<b>EN</b>	Environmental
<b>HR</b>	Human Rights
<b>LA</b>	Labor Practices and Decent Work
<b>SO</b>	Society
<b>PR</b>	Product Responsibility
<b>EC</b>	Economic

# A Letter from Our Chairman & CEO

G4-1

Our commitment to citizenship and sustainability at Johnson & Johnson is inspired by what was written more than 70 years ago in Our Credo. To this day Our Credo serves as the compass that guides all decisions at our Company. Our Credo defines our responsibilities to all stakeholders and to the communities in which we work and live.

Health care is one of the greatest challenges facing society now and in the future. No other issue is as important or personal to every individual, every family, every community and every country. As the world's largest and most diverse health care company, we feel it is our responsibility to lead in the development of a comprehensive and collaborative global approach to this challenge, and to continue pursuing our aspiration to help billions of people around the world live longer, healthier and happier lives.

In working to meet this worldwide challenge, our Citizenship & Sustainability priorities are to advance human health and well-being, help to safeguard the planet, and lead a dynamic and growing business responsibly. This is the citizenship and sustainability

framework through which we strive to continue the good progress we have made against our Healthy Future 2015 goals:

- We continue to expand our efforts and engage in collaborative projects to advance global health on multiple levels. In 2010, we made a significant five-year commitment to the United Nations Millennium Development Goals to improve the lives of women and children worldwide, and we are on track to deliver our commitments by 2015.
- Our newly formed Janssen Global Public Health (GPH) team combines the best of our innovative access models with our core business strategy to drive better outcomes, improve quality of life and sustainably advance health care. GPH's work with the Stop TB Partnership to facilitate access to SIRTURO™ (bedaquiline), the first medication for pulmonary multi-drug resistant tuberculosis with a novel mechanism of action in over 40 years, will have a major impact on lives. We will continue these and other efforts in response to the world's health challenges.
- We are leading a dynamic and responsible business in many ways. As part of our longstanding practices and commitment to Citizenship & Sustainability, we joined the U.N. Global Compact in 2013 and are committed to its

principles, many of which have been embedded in our business practices for decades.

- We are conscientious, too, of our impact on the environment, the health of which is inextricably linked to our efforts in human health. In 2013, our energy and carbon reduction programs earned distinction from the Carbon Disclosure Project (CDP), naming us as



**Alex Gorsky** Chairman and Chief Executive Officer

the health care sector leader within the S&P 500 and maintaining our membership in the CDP Leadership Index for the fourth consecutive year.

Our 2013 [Successes and Challenges](#) are outlined on pages 4–8 of this report. Detailed progress against our [Healthy Future 2015 goals](#) is provided beginning on page 89.

In planning for the longer term, we have completed our second Citizenship & Sustainability materiality assessment considering the ways we impact the world socially, environmentally and economically, or that can be linked to our activities and results of relationships with others. The results of this assessment are considered in the topics covered in this report and will inform our next round of five-year goal setting.

### Looking Ahead

We work and live in a world challenged by a growing number of diseases, aging populations, insufficient health care delivery and rising costs. We also see tremendous opportunities to innovate and believe in the power of collaboration to find and deliver new solutions to serve the individuals, families, communities, countries and shareholders that depend on us.

- Health care needs throughout the world are evolving rapidly. Our decentralized management approach gives us an important perspective on the needs of communities in which we live and work and ways to focus our Citizenship & Sustainability efforts to make a difference locally and globally.

- We want to ensure all of our products are designed, developed, manufactured, and distributed to the right quality and compliance standards. As a part of that effort and in connection with our complex supply chain system, we are working to strengthen our influence over the sourcing of materials, ensure adequate working conditions at our suppliers' facilities, support diversity among our suppliers, and understand and take action to shape the ways in which our suppliers contribute to our environmental and social impacts.

- We recognize the continued interest in increased transparency by companies and honor our commitment to enhanced transparency.

- We collaborate with thousands of partners, including academic institutions, governments, NGOs, thought leaders, competitors and communities around the world to help maximize the impact of our efforts through networks and shared learning.

For 128 years Johnson & Johnson has pursued and delivered transformative solutions to challenges in health and well-being. Our Credo reflects the character, ethics and values that define us and sets out the responsibilities of a strong, innovative, growing and sustainable global organization in the 21st century.

Around the world we are doing important work to advance human health and well-being, help to safeguard the planet, and lead a dynamic and growing business responsibly. As we approach the future and consider our next set of five-year Citizenship & Sustainability goals, we will do so boldly, actively seeking out new solutions that advance health, wellness and improve the quality of people's lives.

Sincerely,

Alex Gorsky  
Chairman and Chief Executive Officer

# Successes & Challenges

G4-2

## 2013 Successes

### Advancing Human Health & Well-Being

- Continued development of new and existing treatments for HIV and enhanced access to these treatments for patients around the world; continued to explore innovative applications of Janssen's HIV treatments for resource-limited settings and clinical research into TMC278-LA, a long-acting, injectable version of the HIV drug rilpivirine.
- Continued our commitment to ensuring broad access to our HIV therapies for those who need them and continually work to advance registration and special-effort pricing where there is a need and the possibility for safe, appropriate use. Our compounds can be made available in 112 countries, either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration.
- Created a novel donation program to increase access to our HIV medicines in Africa: The Janssen Pharmaceutical Companies of Johnson & Johnson announced a first-of-its-kind pediatric HIV treatment donation program to improve access to the company's approved HIV medicines PREZISTA® (darunavir) and INTELENCE® (etravirine) for children and adolescents failing HIV treatment in sub-Saharan Africa.
- Announced Janssen is collaborating with Stop TB Partnership's Global Drug Facility to facilitate access to bedaquiline for the treatment of pulmonary multi-drug resistant tuberculosis (MDR-TB) as part of combination

therapy in adults. Bedaquiline, our TB medicine, is included in World Health Organization (WHO) interim policy guidance on the treatment of MDR-TB, issued in June 2013.

- Signed [Guiding Principles on Access to Medicines](#) developed by Business for Social Responsibility's (BSR) Healthcare Working Group to frame industry's approach to expanding access to quality health care globally. Johnson & Johnson is a founding member of the Healthcare Working Group.
- Created a new organization, Janssen Global Public Health (Janssen GPH), to innovate and develop products to meet some of the world's most critical health problems. Launched in early 2014, Janssen GPH is committed to advancing global health and well-being through focused, innovative approaches toward research & development to treat and prevent infectious and neglected diseases, and facilitating sustainable access for our medicines.
- Executed a data sharing agreement with Drugs for Neglected Diseases initiative (DNDi) for preclinical research on flubendazole as a potential new treatment against parasites that cause lymphatic filariasis and onchocerciasis (river blindness); a licensing agreement with PATH on TMC278LA pre-exposure prophylaxis; and in-licensing agreements with Wellcome Trust and Ku Leuven in the field of dengue.
- Provided more than 161 million doses of mebendazole to children affected by soil-transmitted helminthes in 16 countries in 2013.

- Continued investments in research & development to help us continually deliver meaningful innovations for our customers. For the past five years, we've consistently invested about 11 percent of sales to support our R&D efforts. That equated to over \$8 billion enterprise-wide in 2013. About 25 percent of our sales have come from products we have introduced in just the past five years.
- Launched a new online resource on the U.S. Janssen R&D public website, designed to support transparency, understanding and consistency of the process for accessing investigational medicines by clearly explaining the options, our approach and the best way to get accurate information. The website [www.janssenrnd.com/our-innovation/access-to-investigational-medicines](http://www.janssenrnd.com/our-innovation/access-to-investigational-medicines) provides information about access to an investigational medicine, or a patient's health care professional may contact Janssen's Medical Information Team at 1-800-JANSSEN.
- Thirteen new launches in 2009-2013, including three new medicines in 2013: INVOKANA® (canagliflozin) for the treatment of Type 2 diabetes, IMBRUVICA® (ibrutinib) for mantle cell lymphoma and OLYSIO® (simeprevir) for the treatment of adults with chronic hepatitis C.
- Received U.S. Food & Drug Administration approval of EVARREST™ Fibrin Sealant Patch, a novel product that rapidly and reliably aids in stopping bleeding during surgery. The ENSEAL® G2 Articulating Tissue Sealer makes it easier for surgeons to access difficult-to-reach parts of the anatomy, and our THERMOCOOL® SMARTTOUCH™ Catheter enhances the safety and efficacy of ablation procedures. These innovations have strengthened our worldwide leadership position in Medical Devices & Diagnostics, where 85 percent of our key platforms hold the number one or number two positions in the market.

- Launched new consumer products globally; continued to expand globally with the acquisition of Shanghai Elsker Mother & Baby Co., Ltd., a leading baby care products company for the Chinese market, and by launching LISTERINE® ADVANCED DEFENCE® Gum Treatment in the United Kingdom and Ireland.
- Created and opened new Johnson & Johnson Innovation Centers in London, Boston and Menlo Park, California. A fourth Innovation Center in Shanghai is operational and scheduled to officially open in 2014. These customized collaborations are part of our enterprise-wide strategy to support an international network of scientific entrepreneurs through access to best-in-class laboratory facilities and scientific expertise.
- Extended our global reach and focus on meeting local health needs: Today, 55 percent of the Company's business comes from outside the U.S.; and 22 percent of our sales come from fast-growing emerging markets such as Brazil, Russia, India and China.
- Continued to make progress three years into our five-year comprehensive pledge to the United Nations' Millennium Development Goals by expanding the number of health workers, piloting innovations and scaling up proven global health interventions in five areas: making childbirth safer; reaching mothers with life-saving health information through their mobile phones; eliminating mother-to-child HIV transmission; treating children at risk for intestinal worms and preventing the cycle of reinfection; and increasing research and development for new medicines to treat HIV, tuberculosis and other conditions.

- Continued to increase measurement of health-related outcomes among our philanthropic programs; of 250 organizations from whom requests for funding were assessed in an electronic grant-making process, 90 percent indicated that they measure long-term outcomes. To further increase our evaluation capacity, logic models were developed for each major program. These models are a key part of all major grant reviews and include metrics that will help to evaluate the effectiveness of programs. Johnson & Johnson spearheaded a number of initiatives within 2013 to capture, measure and evaluate data, with the intent to be able to spread best practices among pioneering organizations changing the landscape of global health.

### Leading a Dynamic & Growing Business Responsibly

- Completed a Citizenship & Sustainability materiality assessment in 2013, identifying and ranking the issues of greatest interest to Johnson & Johnson and our stakeholders.
- Achieved our objective of restoring approximately 75 percent of our planned U.S. over-the-counter products to store shelves.
- Continued to meet our goals under the Consent Decree entered in March 2011 with the U.S. Food & Drug Administration (FDA), which covers certain McNeil Consumer Healthcare manufacturing facilities.
- Implemented a new quality and compliance operating model and began adopting a single, global set of quality standards to ensure the quality and safety of our products; established a single Medical Safety organization focused on ensuring that our in-market products perform as intended.

- Strengthened and streamlined our supply chain to ensure that we reliably meet demand for high-quality products; improved our customer service and reliability performance.
- Made progress reformulating our iconic baby products in response to the changing expectations of our customers. We also will continue to lead by working with our suppliers and partners to produce the very best products for families as we work to meet our commitment to make further enhancements to our products by the end of 2015. Learn more about our safety and care commitment at [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com).
- Implemented new Environment, Health, Safety & Sustainability (EHS&S) governance model to leverage expert EHS&S knowledge across our manufacturing, R&D, distribution and commercial operations. Continued to leverage subject matter technical experts across the enterprise, develop strategy, oversee talent management and execute governance.
- Continued our participation in the Carbon Disclosure Project's (CDP) Supply Chain program, where we encourage suppliers to measure and report their energy use and greenhouse gas emissions. In 2013, 129 of the 156 suppliers we approached had chosen to participate in the program, up from 35 participating suppliers in 2009.
- Continued implementation of standardized process to have all goods suppliers in high-risk countries and any service supplier in a high-risk country with a spend of \$250,000 or more confirm awareness of and conformance with the human rights provisions of our policies. In 2013, our efforts focused on assessing our Segment 1 suppliers, numbering approximately 120 and representing approximately \$8 billion of our \$30 billion

annual spend. Going forward, we will continue our efforts to assess our Segment 1 suppliers and expand our efforts to our Segment 2 suppliers.

- Greater than 1,500 procurement professionals, or 95 percent, have completed human rights training.
- Announced in early 2014, through our subsidiary Janssen Research & Development, LLC, a clinical trial data sharing agreement with Yale School of Medicine's Open Data Access (YODA) Project to extend our commitment to sharing clinical trials data to enhance public health and advance science and medicine. This is the first time any company has collaborated with a completely independent third party to review and make decisions regarding every request for pharmaceutical clinical data.
- Expanded information on our policy perspectives on major issues, a Healthy Future 2015 goal. Additional information on our public policy positions for major issues is detailed in this report.
- Eighty-one percent of our 21 major brands and/or companies are now sharing sustainability information on their websites.
- Increased sales in 2013 by 6.1 percent, 7.7 percent operationally, reflecting the outstanding performance of our Pharmaceutical business, the strength of key brands in our U.S. OTC and other Consumer businesses, and continued progress in integrating Synthes into our Medical Devices & Diagnostics business.
- Advanced our longer-term growth drivers including bringing innovative solutions to the global health care market, executing with excellence, and leading with purpose to advance health and well-being for patients and consumers around the world.

- Delivered a total shareholder return of almost 35 percent\*, exceeding nearly every major index we benchmark ourselves against.
- Delivered 30 consecutive years of adjusted earnings\*\* increases; Johnson & Johnson is one of only six companies in the Standard & Poor's 100 Index to have delivered 51 consecutive years of dividend increases through 2013.
- Generated significant cash flow and maintained our AAA credit rating.
- Created a business model in China that unifies our core business segments and allows us to identify and facilitate the creation of new opportunities in China's rapidly growing health care system. Johnson & Johnson was one of the first Western companies to expand into China, 28 years ago. Our locally based, broad range of businesses gives us unique insight into China's health care challenges, including an aging population.
- Aligned our Southeast Asia operations and management under a single business model called "One Johnson & Johnson" for nine countries, including Thailand, Indonesia and the Philippines. We believe this streamlined approach gives us a market advantage to operate more efficiently and effectively in smaller and mid-sized markets.
- Achieved access to the full complement of all 12 "Culture of Health" programs for approximately 84,000 employees (64 percent)

\* Including dividends

\*\* Excludes special items. See "Reconciliation of Non-GAAP Financial Measures" on page 72 of the 2013 Annual Report.

quality of services delivered at our on-site facilities. The score informs the Occupational Health index, a newly designed internal metric with the intent of measuring the quality, compliance, efficiency and satisfaction of our Occupational Health Services.

- Reduced our Serious Injury and Illness Case rate to 0.020 compared to our goal of 0.35; it improved from a rate of 0.027 last year and a rate of 0.028 the year before, and is our lowest rate since 2007.
- Reduced the Total Recordable Injury rate for independent contractors working on-site to 0.38 in 2013, down from our rate of 0.74 in 2012. We also experienced a decline in contractor Lost Workday Case (LWDC) rate (0.22 to 0.07) associated with large construction projects managed by Worldwide Engineering and Technical Operations.
- Announced a global full-ban mobile phone (and electronic device) policy, effective January 1, 2014. The policy prohibits both hand-held and hands-free mobile phone use while driving a company owned, leased or rented vehicle.
- Realized a reduction in our overall contractor LWDC rate, which trended down to a rate of 0.12.
- Earned the distinguished CEO Roundtable on Cancer GLOBAL accreditation; Johnson & Johnson was one of only two multinational companies to do so in 2013.
- Participated with the Consumer Goods Forum (CGF) in the development of their Pulp, Paper, and Packaging Guidelines, developed in support of the CGF resolution to help achieve zero net deforestation by 2020; the Company's Forest Products Sourcing Guidelines are currently under review and will be revised in 2014.

- Completed implementation of Leadership Imperatives, the Company's leadership model articulating a consistent set of performance and behavioral expectations for employees.
- Completed roll out of new Performance Management and Development approach for 27,000 directors and managers. Final rollout to all remaining employees will occur in 2015.
- Achieved a total certified Minority- and Women-Owned Business supplier spend of \$1.36 billion, representing a 10 percent increase over 2012.
- Maintained our membership in the supplier diversity Billion Dollar Roundtable for the third consecutive year.
- Contributed \$993 million in products and cash and supported over 600 community programs in more than 50 countries.

### Safeguarding the Planet

- Granted Earthwards® recognition for 20 new products; a total of 55 products have been recognized to date. Earthwards® is the Johnson & Johnson process that improves the sustainability of our products.
- Launched our CARE TO RECYCLE™ campaign in the U.S., a new initiative designed to raise awareness about the importance of recycling products from the bathroom. Our research revealed one in five Americans do not recycle in the bathroom, where many Johnson & Johnson personal care products are used. Learn more here at [www.caretorecycle.com](http://www.caretorecycle.com).
- Met our commitments to remove formaldehyde-releasing preservatives and reduce traces of 1,4-dioxane in our baby care products by the end of 2013. Johnson & Johnson is the first major company to

set and meet this public commitment made based on our open dialogue with parents.

- Drove progress toward the Healthy Future 2015 goal to ensure all strategic suppliers have at least two publicly reported sustainability goals in any of the following goal categories: energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, and community and human rights investment. At the end of 2013, 93 of our most important, or Segment 1, suppliers (or approximately 75 percent) had met this goal.
- Formed a Conflict Minerals Working Group and contacted 568 suppliers to assess their sourcing practices, receiving responses from 68 percent.
- Named by CDP as the S&P 500 health care sector leader for our energy and carbon reduction programs; maintained our membership in the CDP Leadership Index for the fourth consecutive year.
- Realized continued improvement in the greening of our fleet vehicles. We achieved a global average carbon dioxide emission per vehicle of 149 g/km, which represents a 15.8 percent reduction from 2010 to 2013.
- Continued our efforts with "Project Cold," an initiative implementing engineering improvements that optimize our chilled water systems. Five projects were completed in 2013. Collectively, the projects have the potential to reduce location CO<sub>2</sub> emissions 6–8 percent.
- Realized a 5.7 percent reduction in CO<sub>2</sub> emissions through year-end 2013, against our baseline emissions of 1,269 metric tons in 2010.
- "One J&J Zug," a new Johnson & Johnson Family of Companies regional headquarters office building, is the first in Switzerland to achieve Platinum, the highest

level of certification in the Leadership in Energy and Environmental Design (LEED) Green Building Rating System™.

- Increased the amount of on-site, clean-technology or renewable energy capacity that is installed or under construction to 47.6 megawatts (40 megawatts are installed and 7.6 megawatts are approved or under construction).
- Continued our CO<sub>2</sub> reduction capital funding process for energy and greenhouse gas reduction projects across the Company. In 2013, 22 new energy reduction projects were approved and 31 projects were completed. Over the last nine years, 161 energy reduction projects have been approved, and 131 have been completed. These completed projects will collectively reduce CO<sub>2</sub> emissions by approximately 181,500 metric tons per year.
- Johnson & Johnson has a total of 20 certified green buildings, with five new facilities joining the list in 2013.

### 2013 Challenges

- Keeping pace with external stakeholder interest in increased transparency by companies, while furthering our efforts to enhance transparency by sharing with our customers, partners and other valued stakeholders information they seek in a trusted, accessible form.
- Continuing to leverage insights available from our decentralized business model on the needs of communities in which we live and work and ways to focus our Citizenship & Sustainability efforts to make a difference locally and globally as health care needs throughout the world rapidly evolve.



- Improving upon our ability to understand and report on local and regional stakeholder engagements throughout the world by our 275 operating companies as well as enterprise-level programs conducted by various departments.
- Implementing our One Quality Policy globally to help ensure that all our operating companies design, make and deliver our products in a consistent way; and that we speak as one company to all our stakeholders, including health authorities, customers and health care professionals worldwide.
- Applying the new Standards for Responsible Suppliers to our entire supply chain; this is a challenge due to the number of suppliers—in the tens of thousands—and complexity of the supply chain.
- Managing risk in our supply chain. In 2013, we selected a third-party vendor to evaluate a variety of sustainability elements and score our suppliers, standardizing our third-party assessment tool to supplement our internal assessment tools and methods. In total, 194 suppliers were evaluated and scored using this process. Using this standardized assessment process, Johnson & Johnson has determined that our initial desired target rating is being met, on average, for environmental issues, but is not being met for labor, human rights or fair business practices.
- Confirming that all suppliers in high-risk countries are aware of and in conformance with the human rights provisions of our policies. This is a challenge, due to the number of suppliers involved and the information required to confirm compliance.
- Continuing to reduce our water consumption. Johnson & Johnson has been reducing water usage consistently for more than 20 years and the easier, cost-effective reductions have been implemented. In 2013, we realized a 2.5 percent absolute reduction in water use, against our Healthy Future 2015 goal target of a 10 percent absolute reduction.
- Continuing work to strengthen data collection systems to enable enterprise-wide reporting on issues of interest to our stakeholders.
- Implementing data systems to allow us to track information such as training data and grievance data at the enterprise level. A global system to gather these data is under development.
- Reversing an 11 percent increase in employee fleet car crashes over our 2010 baseline. In 2013, our Crashes Per Million Miles (CPMM) increased to 6.14, a 5.5 percent increase from 2012. Our Injuries Per Million Miles (IPMM) rate also increased in 2013, by 38 percent, to 0.09.
- Achieving our Healthy Future 2015 goal to move beyond Green Palm certificates and to source all palm oil and its derivatives from certified sustainable palm oil by year-end 2015.
- Reducing our employee Lost Workday Case Rate (LWDC), which increased from 0.09 in 2012 to 0.11 in 2013. The major contributor to the rate increase was a single incident involving food poisoning at a location in China. Going forward, our challenge will be to integrate our safety programs with our new acquisitions, where LWDC rates are higher than our own.
- Realized a 0.8 percent increase in CO<sub>2</sub> emissions, from 1,187 thousand metric tons in 2012 to 1,197 thousand metric tons in 2013.
- Addressing challenges in collecting meaningful Scope 3 emissions data, which we currently provide for business travel and emissions from non-hazardous waste.
- Continuing to reduce energy use, despite an increase in production.

# Organizational Profile

Johnson & Johnson, through its Family of Companies ("the Company"), is the world's most comprehensive and broadly based manufacturer of health care products, as well as a provider of related services for the consumer, pharmaceutical and medical devices and diagnostics markets. [G4-3](#) [G4-4](#)

Our more than 275 operating companies employ approximately 128,100 employees in 60 countries who are engaged in the research and development, manufacture, and sale of a broad range of products in the health care field. We utilize more than 3,700 direct materials suppliers and approximately 580 external manufacturers to support the development and manufacturing of our products worldwide. The Johnson & Johnson product portfolio spans pharmaceuticals, consumer, and medical device and diagnostics—around 300,000 products in total that touch more than one billion people every day. [G4-6](#) [G4-9](#) [G4-12](#) [G4-17](#)

The Company is organized into three business segments: Consumer, Pharmaceutical and Medical Devices & Diagnostics.

## Our Business Segments [G4-8](#)

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

and wellness and prevention platforms. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world.

The Pharmaceutical segment includes products in the following areas: anti-infective, antipsychotic, cardiovascular, contraceptive, gastrointestinal, hematology, immunology, infectious diseases, metabolic, neurology, oncology, pain management, and vaccines. These products are distributed directly to retailers, wholesalers and health care professionals for prescription use.

The Medical Devices & Diagnostics segment includes a broad range of products distributed to wholesalers, hospitals and retailers used principally in the professional fields by physicians, nurses, hospitals and clinics. These include products to treat cardiovascular disease, orthopaedic and neurological products, blood glucose monitoring and insulin delivery products, general surgery, biosurgical and energy products, professional diagnostic products, infection prevention products, and disposable contact lenses.

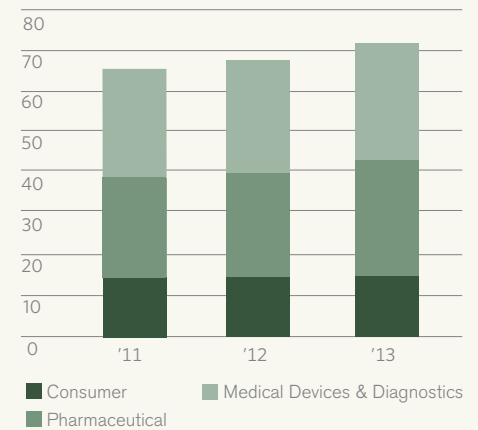
## Operational Structure

The Company's structure is based upon the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices & Diagnostics business segments.

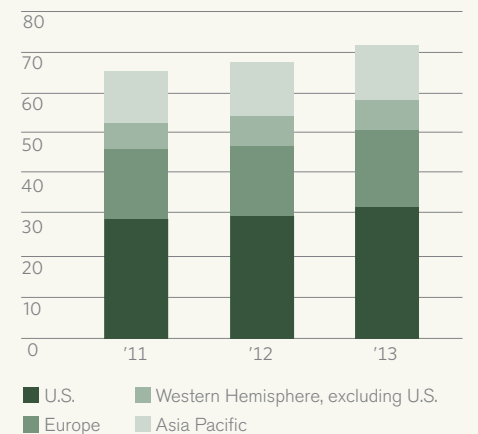
Our worldwide headquarters are in New Brunswick, New Jersey, USA. We have been listed on the New York Stock Exchange since 1944 under the symbol JNJ. [G4-5](#) [G4-7](#)

<b>Number of Employees</b>	128,100
<b>Number of Operations</b>	275
<b>Net Sales (U.S. Dollars)</b>	\$71.3 billion

**SALES BY BUSINESS SEGMENT**  
(in billions of dollars)



**SALES BY GEOGRAPHIC REGION** [G4-9](#)  
(in billions of dollars)



## Significant Changes during the Reporting Period G4-13

Changes during the reporting period were a result of previously announced restructuring activity as well as acquisitions and divestitures. A gain of \$0.1 billion came from the divestiture of businesses during 2013, including women's sanitary protection products in the U.S., Canada and the Caribbean to Energizer Holdings, Inc.; Roloids® to Chattem, Inc.; DORIBAX® rights to Shionogi; and the sale of certain consumer brands and certain pharmaceutical products. Otherwise, divestitures in 2013 did not have a material effect on the Company's results of operations, cash flows or financial position.

The 2013 acquisitions included: Flexible Stenting Solutions, Inc., a leading developer of innovative flexible peripheral arterial, venous and biliary stents; Shanghai Elsker Mother & Baby Co., Ltd, a baby care company in China; and Aragon Pharmaceuticals, Inc., a privately held, pharmaceutical discovery and development company focused on drugs to treat hormonally-driven cancers.

In 2014 the Company received and accepted a binding offer from The Carlyle Group to acquire the Ortho-Clinical Diagnostics business for approximately \$4 billion, subject to customary adjustments. The Company expects this transaction to close sometime during the middle of 2014, pending fulfillment of certain conditions, including, but not limited to, the receipt of applicable antitrust clearances and other customary closing requirements.

For further details about these changes, please see Note 20 (Business Combinations and Divestitures) in our 10-K Annual Report, available on our website at [www.investor.jnj.com/governance/sec-filings.cfm](http://www.investor.jnj.com/governance/sec-filings.cfm).

For further details about Our Management Approach and Johnson & Johnson Enterprise Risk Management Framework, please see our Company website at [www.jnj.com/about-jnj/management-approach](http://www.jnj.com/about-jnj/management-approach).

## Report Profile

G4-28-G4-33

This report provides the Company's Citizenship & Sustainability activities and progress as of December 2013. It is our 11th annual Citizenship & Sustainability Report and our 17th year reporting environmental progress.

Reporting for 2013 is presented in our 2013 Annual Report and our 2013 Citizenship & Sustainability Report (both available exclusively online), with additional information available on our Citizenship & Sustainability website ([www.jnj.com/responsibility](http://www.jnj.com/responsibility)). The primary audience for these reports and our Citizenship & Sustainability website are our external stakeholders, who are an extremely broad and diverse group. The Company has a variety of other mechanisms by which it shares Citizenship & Sustainability progress internally. Information presented in our reports and on our website is from the administration, research and development, manufacturing, marketing and selling organizations operated by the Johnson & Johnson Family of Companies, unless otherwise indicated. No external manufacturing is included in our data, except as indicated in this report. As we engage further with our supply chain on Citizenship & Sustainability topics, additional information on these efforts will continue to be incorporated into our reports. There have been no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this report. Acquisitions and divestitures are discussed

under the Organizational Profile section of this report. Numerous sources, including socially responsible investment groups, nongovernmental organizations (NGOs), multiple stakeholder engagements, senior company leadership and feedback from our contact mailbox ([responsibility@its.jnj.com](mailto:responsibility@its.jnj.com)) helped to guide the report's organization and information.

### Global Reporting Initiative (GRI)

This report has been prepared in accordance with the GRI's 2013 Sustainability Reporting Guidelines (G4.0 Core). A GRI Index is included, with references to G4 indicators. This report has not been reviewed externally prior to publication, and assurance on the report in its entirety has not been sought. Sections of the report that have been assured are noted in the GRI Index.

### United Nations Global Compact

As part of our longstanding practices and commitment to Citizenship & Sustainability, we joined the U.N. Global Compact in 2013 and are committed to its principles, many of which have been embedded in our business practices for decades. A Communication on Progress is included in this report.

### Feedback and Further Information

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

# Citizenship & Sustainability

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While the terms *citizenship* and *sustainability* are widely used today, the concepts behind them are not new to Johnson & Johnson. Our responsibilities to those who use our products and services, to our employees, to the communities in which we live and work, and to our shareholders are voiced in Our Credo, and have guided employees of Johnson & Johnson for more than 70 years. Efforts that we now capture under the heading of Citizenship & Sustainability have existed internally for decades across the enterprise.

A decentralized management approach is one of our core strategic operating principles, and we recognize the need to coordinate our Citizenship & Sustainability efforts across the enterprise. To that end, Johnson & Johnson engaged in the development of a Citizenship & Sustainability strategic framework to unify and elevate our existing efforts, as well as to identify areas of further opportunity across our businesses throughout the world.

Our strategic framework identifies three pillars:

## Advancing Human Health and Well-Being—

striving to meet the unmet health care needs of today and tomorrow through science and innovation, and developing and delivering affordable and accessible solutions that significantly improve people's health and well-being at every stage of their lives;

## Leading a Dynamic & Growing Business

**Responsibly**—building a foundation of exemplary corporate citizenship and sustainability by managing

our business for the long term through strong financial discipline, and robust adherence and compliance to regulations, guidelines, standards and well-defined internal processes and policies; and

**Safeguarding the Planet**—reflecting our commitment to maintain in good order the property we are privileged to use, to protect the environment and natural resources both on our properties and through responsible business practices throughout the world.

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

Responsibility for our social, economic, environmental health and safety and governance performance is spread among several corporate and global functions, including Global Procurement; Quality & Compliance Worldwide; Global Talent Management; Benefits and Health Resources; Worldwide Compensation; Health Care Compliance & Privacy; Public Affairs & Corporate Communication; Worldwide Corporate Contributions; Corporate Citizenship; Government Affairs & Policy; Global Diversity & Inclusion; Worldwide Supply Chain; Worldwide Environmental Health, Safety & Sustainability; Worldwide Security; and Legal. These functions report to the Corporate Group Operating Committee and the Executive Committee, which report to the Board of Directors. Responsibility for operational performance related to product stewardship, innovation and stakeholder engagement, among other areas, rests with the individual business segments.

Our current set of five-year goals, known as Healthy Future 2015, encompasses 32 corporate Citizenship & Sustainability commitments across seven key strategic priorities:

- Advancing global health through research and development for neglected diseases and affordable access to medicines by working to identify new ways to address these issues, and by partnering with like-minded organizations to help expand our impact on global health.
- Advancing community wellness by launching health initiatives to help people gain access to timely, easy-to-understand, health-related information.
- Enhancing outcome measurement in philanthropy by working with our philanthropic partners to improve program measurements.
- Fostering the most engaged, health-conscious and safe employees in the world by improving upon our global culture of health and safety in our workplaces, and by striving to make Johnson & Johnson a place where our employees are proud and excited to work.
- Building on our legacy in safeguarding the planet by reducing the environmental impacts of our operations and our products.
- Partnering with suppliers that embrace sustainability and demonstrate a similar commitment to ours through their practices and goal-setting and through the positive impacts they seek to achieve.
- Committing to enhanced transparency and accessing the power of external collaboration by working with partners and providing transparency on our products and business practices.

Each of our three business segments has developed Citizenship & Sustainability strategies and goals that are unique to their businesses and stakeholders. Alignment across the enterprise on Citizenship & Sustainability efforts and strategies is ensured by the Johnson & Johnson Citizenship & Sustainability Working Group, which has Executive Committee sponsorship and includes representatives from our businesses and our global and corporate functions. Enterprise-wide initiatives, such as Earthwards®, our process for developing and marketing more sustainable products through life-cycle thinking, are implemented across all business segments. (For more information on Earthwards®, see the [Product Stewardship](#) section of this report).

In 2013, Our Consumer segment continued to improve the sustainability performance of its product portfolio with the addition of 15 new Earthwards® products for a total of 34 for the business segment. Our Consumer segment also continued to increase the transparency of its sustainability efforts, launching three new digital assets: [www.healthyessentials.com/our-caring](http://www.healthyessentials.com/our-caring), [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com) and [www.caretorecycle.com](http://www.caretorecycle.com). Our Caring, on the [Healthy Essentials](#) website, provides information on the sustainability efforts of our Consumer segment. Our [Safety & Care Commitment](#) website is where consumers can view our ingredient policies and learn about the rigorous scientific standards of our five-level safety assurance process. The website is dedicated to helping consumers better understand how we ensure the safety of beauty and baby care products, and the ingredients that go into them. And [Care to Recycle®](#) was designed to assist our customers in their efforts to recycle, with a particular focus on recycling bathroom products.

Our Medical Devices & Diagnostics (MD&D) segment continued to implement its Citizenship & Sustainability strategy, focused on product stewardship, supply chain sustainability, employee health and safety, and external

engagement and collaboration. Our MD&D segment added four new Earthwards® products to those already recognized, sponsored and participated in the CleanMed Conference in both the U.S. and Europe, and created customized tools for R&D design engineers to facilitate selection of more sustainable materials in the product design process. MD&D continues to collaborate with customers and NGOs to publicize global health care sustainability trends, share the business case for delivering more sustainable products, and develop standardized approaches to measuring and reducing the total cost of ownership for medical devices.

Our Pharmaceutical segment has three main strategic areas of focus for Citizenship & Sustainability: improving global health through improving access to our medicines and expanded research and development for medicines for neglected tropical diseases; reducing the environmental impacts of pharmaceutical product development, manufacture, use and end-of-use management; and increasing clinical trial transparency. Our Global Pharmaceutical Access Committee continues to guide the focus and strategy of our comprehensive access strategy and management approach, and we continue to focus on creating sustainable access to our products through both innovative business models as well as policy engagement.

The Janssen Pharmaceutical Companies of Johnson & Johnson launched a new organization—Janssen Global Public Health (GPH)—to innovate and develop products to meet some of the world's most critical health problems. GPH is committed to advancing global health and well-being through focused, innovative approaches toward R&D to treat and prevent infectious and neglected diseases, and to facilitating sustainable access for our medicines.

In 2013, one new Earthwards® recognized pharmaceutical product was added to the six already recognized.



**Meaningful innovation derives from the insight and spirit of our employees, and their ability to anticipate and understand the needs of our patients and customers and what they value.**

# Our Citizenship & Sustainability Materiality Assessment\* Process

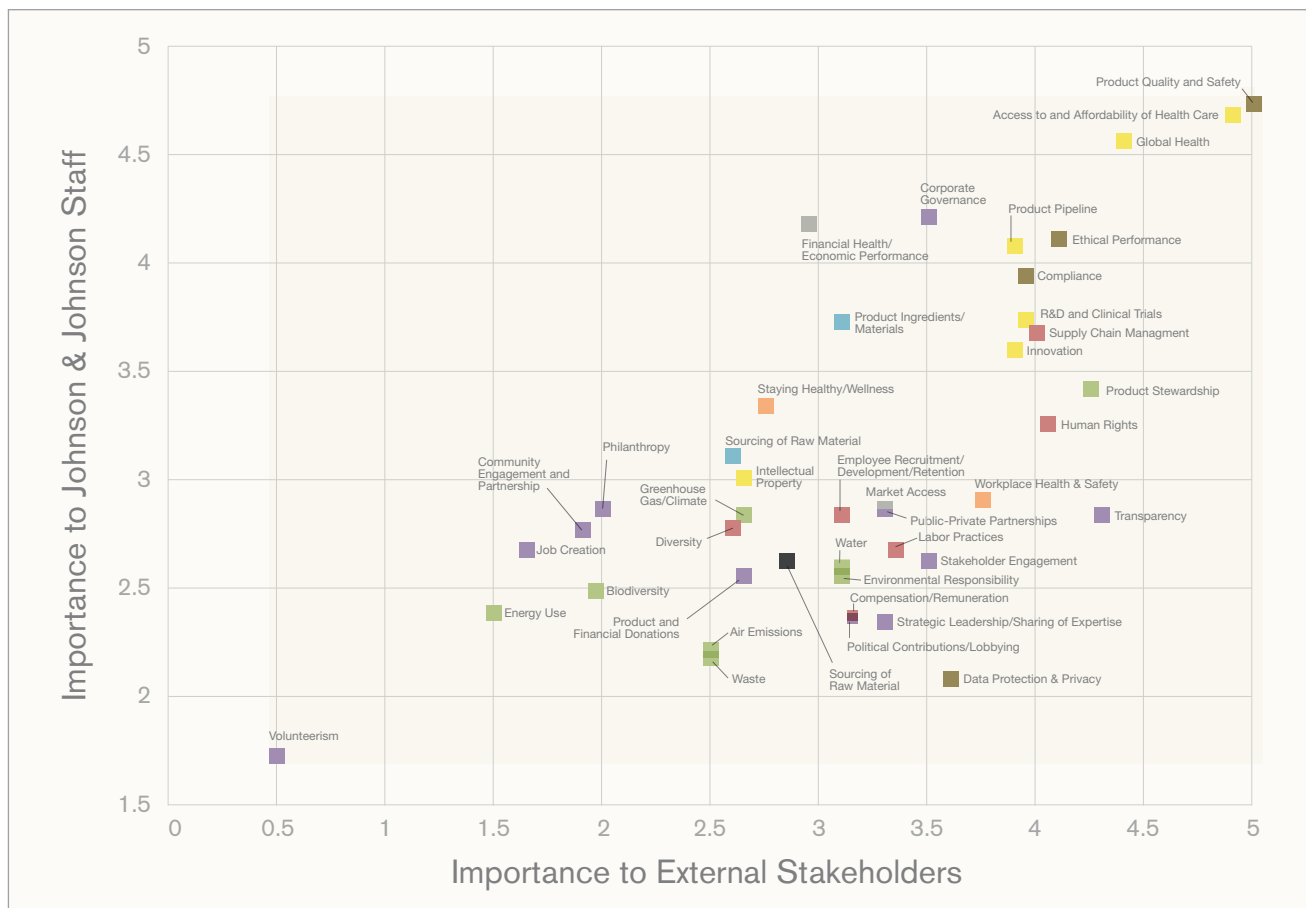
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In 2013, Johnson & Johnson conducted a Citizenship & Sustainability materiality assessment to identify those topics of greatest interest to both Johnson & Johnson and our stakeholders; specifically, those reflecting our significant economic, environmental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

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

- **Expanded list of issues:** Interviews were conducted with Johnson & Johnson staff from all regions, business units, levels and functions of the enterprise, asking them to consider the Company's activities, impacts and stakeholder expectations, and to identify those issues

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



of the greatest interest to Johnson & Johnson and our stakeholders. A master list of over 220 topics was generated.

- **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.

- **Consolidation of topics:** The number of topics to be assessed was consolidated, taking into account the

number of times an issue was identified, along with other considerations. A final list of 41 topics was developed.

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

■ **Stakeholder ranking of topics:** Johnson & Johnson identified a group of external stakeholders primarily focused on corporate responsibility and asked them to rank the topics for overall importance of the topic and importance for Johnson & Johnson to address. These rankings are presented in the assessment results.

■ **Consolidation:** The results were reviewed with the Johnson & Johnson Citizenship & Sustainability Working Group and with each of the business segment Citizenship & Sustainability Councils.

■ **Results:** The topics were placed on a grid (see previous page), as well as prioritized as extremely high, very high and high (see below). Each of these topics is discussed in this report, with more detail being provided for those topics ranking higher in the assessment.

The results of the assessments identified some interesting comparisons. Completing the assessment internally, and also seeking external stakeholder input, enabled a comparison of what internal staff thought stakeholders cared about with what the select group of stakeholders used to complete the assessment told us they care about

most. Of the top 14 most important issues, 12 appeared as high on both assessments. However, there were some notable differences. For example, external stakeholder groups identified transparency higher than the internal assessors did. Comparing the previous assessment to the most recent, the top three issues in 2010 remained the top three issues in 2014, and of the nine top issues in 2010, seven continued to be ranked high in 2014. Environment was a consolidated category in 2010 and ranked quite high; each component was listed separately in 2014 and individually, the issues ranked lower. Issues ranked low in 2010 remained low or dropped off.

EXTREMELY HIGH
Product Quality and Safety
Access to and Affordability of Health Care
Global Health
Ethical Performance
Product Pipeline
Compliance
R&D and Clinical Trials
Supply Chain Management
Product Stewardship
Innovation
Human Rights
Transparency
Financial Health/Economic Performance
Product Ingredients/Materials

VERY HIGH
Workplace Health and Safety
Market Access
Public-Private Partnerships
Stakeholder Engagement
Staying Healthy/Wellness
Labor Practices
Employee Recruitment/Development/Retention
Sourcing of Raw Materials
Water
Intellectual Property
Environmental Responsibility
Strategic Leadership/Sharing of Expertise
Political Contributions/Lobbying
Compensation/Remuneration

HIGH
Greenhouse Gas/Climate
Corporate Governance
Diversity
Product and Financial Donations
Philanthropy
Air Emissions
Waste
Community Engagement and Partnership
Data Protection and Privacy
Biodiversity
Job Creation
Energy Use
Volunteerism

■ Compliance, Governance, Quality/Safety, Ethics, Data Protection/Privacy

■ Access to Health Care, Global Health, R&D, Innovation

■ Employee/Labor Practices, Diversity, Human Rights, Supply Chain Management

■ Environment

■ Business Performance, Market Access

■ Stakeholder Engagement, Philanthropy, Job Creation, Transparency

■ Ingredients, Sourcing of Raw Materials

■ Workplace Health/Safety, Employee Wellness

# Advancing Human Health & Well-Being

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

A long-held, continuing commitment to improve the health and well-being of women and children is at the heart of our efforts to advance global health and address unmet needs.





## Global Health



Global health is a complex topic encompassing the rights of individuals to attain good health, free from the spread of disease; achieve equal access to quality, affordable health care; and benefit from infrastructure and capacity to meet current and future unmet health care needs and the responsibilities of organizations to meet those needs. We believe that, as a member of the global health care community, Johnson & Johnson has a responsibility to advance good health care through our actions as well as to work with others to help shape effective health care systems around the world that will serve the needs of people.

- We work to address unmet medical needs through science and innovation, using our talents and commitment to improve health care (see page 24);
- Support efforts to enhance access to health care and health care products (see page 18);
- Provide appropriate clinical and economic information about our products and treatments, as well as broad health, disease and prevention information, to individuals, health care practitioners, caregivers and payers in ways that facilitate health care decision-making;
- Protect the privacy of personal medical information (see page 62);
- Lead by example in providing preventive, health-related and lifestyle modification tools and solutions to our employees and their families worldwide (see page 46);
- Work with others to improve the quality, cost effectiveness and accessibility of health care for people in developed and developing countries;

- Promote strong regulatory bodies;
- Enhance business models to ensure appropriate incentives and long-term sustainability.

### Delivering Health Care Solutions

We operate in a dynamic and ever-changing global business and regulatory environment. Our diverse product portfolio and broad global footprint allow our companies to stay close to the customer where they live. They also allow us to bring on-the-ground knowledge to our work with regulators and local health care authorities, so we can proactively develop new solutions and continuously improve the standard of care around the world together.

- In response to the surge of diabetes cases in India in recent years, Johnson & Johnson worked closely with the Indian government and health care regulators there to launch a blood glucose-monitoring device adapted to local needs. This device is specifically designed to make self-monitoring simple, affordable and effective for the tens of millions of Indians with diabetes.
- People in different countries consume differently. They may like the same products, but they may want them available in different sizes because some shop with a carry bag and others with a car. For these reasons, we've worked with health care authorities and our distributors to customize smaller sizes of some of our more popular products, such as our LISTERINE® mouthwash, to better meet the needs of consumers in emerging markets.
- We've worked closely with health care authorities on our new hepatitis C drug — OLYSIO®/SOVRIAD™ — that received Japanese Ministry of Health, Labour and Welfare approval in September 2013 and U.S. Food & Drug Administration approval in November 2013. This

new medicine from Janssen, and other breakthrough treatments, offers new hope to patients who have not been helped by prior drug therapies. It involves a less complex dosing regimen, thus making treatment more manageable. In this way, this medicine shows potential to decrease patients' time away from work and family, and get them back to improved health faster than the current standard of care.

### Advancing Global Health

#### Millennium Development Goals

We remain at the forefront of efforts to improve the lives of women and children, and continue to make progress toward our five-year comprehensive pledge to the United Nations' Millennium Development Goals (MDGs). Johnson & Johnson made a forward-looking commitment in September 2010 to advance the UN MDGs, in particular MDGs 4, 5 and 6 specific to women and children. Our commitment focuses on five key areas where we have developed strong, innovative partnerships:

- First, making childbirth safer.
- Second, treating and preventing intestinal worms in children.
- Third, using mobile phones to share vital health information with new and expectant mothers.
- Fourth, eliminating mother-to-child transmission of HIV.
- Fifth, piloting and scaling therapeutic innovation through research and development to treat HIV, tuberculosis and neglected tropical diseases.

Details about our efforts to advance Millennium Development Goals can be found on Our Giving website [www.jnj.com/our-giving](http://www.jnj.com/our-giving). We have made significant progress on this commitment and look forward to

continuing that, as well as other efforts to advance global health.

### **Janssen Global Public Health**

In 2013 Janssen created a new organization, Janssen Global Public Health (GPH), to innovate and develop products to address some of the world's most critical health problems. GPH is committed to advancing global health and well-being through focused, innovative approaches toward research and development (R&D) to treat and prevent infectious and neglected diseases and sustainable access for our medicines.

GPH is responsible for a growing portfolio of pharmaceutical products and services for diseases that have a high public health impact, including SIRTURO™ (bedaquiline), flubendazole, reformulated mebendazole and long-acting TMC278 (rilpivirine). GPH will also oversee HIV product development for resource-challenged settings. The team will be accountable for full clinical development, for creating and implementing new access strategies for this portfolio, and acting as a center of excellence supporting Janssen therapeutic areas as appropriate.

In addition, Janssen GPH will be the central point of contact for collaboration with global public health stakeholders, including non-governmental organizations and funding organizations, and will be responsible for shaping and advancing public health policies to maximize access to our medicines for patients around the world.

Global health challenges in resource-limited settings call for products designed to address specific needs:

- Our R&D team will drive the development of tailored products via innovative partnerships
- We look to harness the best science in the world

to develop and improve treatments to combat and prevent diseases of greatest unmet need, including HIV, tuberculosis and neglected tropical diseases.

### **Developing New Medicines for Multi-Drug Resistant Tuberculosis (MDR-TB)**

Bedaquiline is a new anti-TB drug with a new mechanism of action that was granted accelerated approval by the U.S. Food & Drug Administration in 2012 and approved by Russian regulatory authorities for the treatment of pulmonary MDR-TB as part of combination therapy in adults. A review is currently underway by regulatory bodies around the world, including the European Medicines Agency (EU) and Medicines Control Council (South Africa). WHO Interim Policy Guidance provides the conditions for rational use of bedaquiline in combination therapy for MDR-TB in low- and middle-income country settings. The unprecedented update of the WHO guidelines within six months of U.S. Food & Drug Administration approval underscores the critical unmet need for new MDR-TB treatment options.

### **Developing New Treatments for Neglected Tropical Diseases (NTDs)**

In 2012, Johnson & Johnson joined the World Health Organization, 12 other pharmaceutical companies, the Bill & Melinda Gates Foundation, the U.S. and UK governments, World Bank and officials from endemic countries to eliminate or control, by the end of the decade, 10 NTDs that affect more than a billion people in the world.

As part of its London Declaration pledge, Johnson & Johnson committed to preclinical research and clinical development of flubendazole, a potential new treatment against the parasitic disease filariasis. Filariasis infects more than 200 million people globally, and some 1.5 billion people are at risk. Flubendazole is

being researched to treat two types of filarial diseases: lymphatic filariasis (elephantiasis) and onchocerciasis (river blindness).

The Bill & Melinda Gates Foundation is funding Drugs for Neglected Diseases initiative (DNDi, a global health NGO based in Geneva) to collaborate with Johnson & Johnson to develop a new formulation of flubendazole; execute a full development program; and manufacture, register and distribute the product.

Additionally, Janssen will explore the development of a new, chewable formulation of VERMOX® (mebendazole) to treat intestinal worms in young children.

### **Long-Acting Treatments for HIV**

Janssen continues to explore innovative applications of its HIV treatments for resource-limited settings. Clinical research continues into TMC278-LA, a long-acting, injectable version of the HIV drug rilpivirine. Long-acting formulations of HIV drugs have the potential to be administered less frequently and possibly improve treatment outcomes in hard-to-reach areas of the developing world.

### **Goals and Progress**

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

- We are providing affordable access to HIV treatments in least-developed and lower middle-income countries through GAPP and special-effort pricing.
- Our Access & Affordability Platform and Tiered Pricing Framework are innovative models that improve affordability of our medicines in middle-income countries.

■ We continue to expand donation of our treatment for intestinal worms in countries of prevalence.

**Target:** Build research partnerships to develop treatments for neglected diseases of the developing world.

**Actual:** In 2013, several new agreements were executed: a data sharing agreement with DNDi for preclinical research on flubendazole as a potential new treatment against parasites that cause lymphatic filariasis and onchocerciasis; a licensing agreement with [PATH](#) on TMC278LA pre-exposure prophylaxis; and in-licensing agreements with [Wellcome Trust](#) and [Ku Leuven](#) in the field of dengue. Previous agreements include those with the Critical Path Institute regarding tuberculosis; collaboration with the Bill & Melinda Gates Foundation and the WHO for parasitic infections; and signed licensing agreements with Drugs for Neglected Diseases initiative on other neglected tropical diseases. We continue to work toward fulfilling our commitments made as part of the London Declaration in 2011. We joined the Stop TB Partnership in 2012.

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

**Actual:** We are committed to ensuring broad access to our HIV therapies for those who need them and continually work to advance registration and special-effort pricing where there is a need and the possibility for safe, appropriate use. Our compounds can be made available in 112 countries, either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration. The following grid shows the registration status of four different dosages of darunavir (DRV) and one of etravirine as of the end of 2013.

COUNTRY STATUS	APPROVED	FILED
DRV 300	39	3
DRV 600	28	5
DRV 400	13	3
DRV Ped	8	5
Etravirine	29	9

**Target:** Achieve WHO prequalification for all our products that address diseases of the developing world.

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

**Target:** Provide 200 million doses of mebendazole, our treatment for intestinal worms, to infected children in more than 30 countries.

**Actual:** In 2013, we provided more than 161 million doses to affected children in 16 countries, an increase from 116 million doses to affected children in 14 countries in 2012. In 2011, we more than doubled our donation from 36 million doses in 2010 to 80 million doses by the end of 2011.

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

**Actual:** In 2011, a new triple-combination therapy was registered in the U.S. and EMEA, and five generics licensing agreements were signed for our HIV medicine, rilpivirine. This progress achieved the goal.

## Access to and Affordability of Health Care



As the world's most broadly based health care company, we have a responsibility to help create a world where people across all economic and social circumstances have access to the treatments they need.

Strategies for improving access to medicines begin with innovative R&D and include strategic partnerships and collaborations and licensing agreements to help register, manufacture and distribute our medicines.

In 2013, Johnson & Johnson signed [Guiding Principles on Access to Medicines](#) developed by Business for Social Responsibility's (BSR) Healthcare Working Group to frame industry's approach to expanding access to quality health care globally. Johnson & Johnson is a founding member of the Healthcare Working Group.

In 2012, Johnson & Johnson ranked second among 20 global companies in the third biannual Access to Medicine Index (ATMI), based on significant progress and improvements made to our access to medicines strategies, R&D portfolio and philanthropy initiatives. The ATMI, compiled by the Access to Medicine Foundation, surveys the industry's overall efforts to ensure that medicines, vaccines and diagnostics are developed and available for people in resource-poor countries. Through an independent evaluation and rigorous stakeholder review process, the ATMI provides valuable feedback on the industry's access efforts.

The work of Johnson & Johnson and our operating companies in providing global access to medicines focuses on HIV/AIDS, tuberculosis (TB) and other diseases.

Our access efforts focus on:

- Affordability: Licensing & Access Pricing
- Availability: Priority Branded Registration
- Appropriate Use: Medical Education
- Adoption: Guideline Inclusion & WHO Prequalification

### Our Global Access & Partnerships Program for HIV

Through our comprehensive HIV drug access framework, our Global Access and Partnerships Program works to fulfill this responsibility to people living with HIV/AIDS in resource-limited countries, such as in sub-Saharan Africa, least-developed countries and lower middle-income countries. Our efforts focus on countries with high HIV burden and economic vulnerability. At Janssen, we are committed to helping people living with HIV in resource-limited settings by ensuring effective and sustainable access to our HIV medicines or antiretrovirals (ARVs). Our HIV drug access program is operated on a sustainable, not-for-profit basis.

Our approach is designed to address the unique challenges of HIV drug access in resource-limited countries, as well as ensure the appropriate clinical use of our HIV medicines.

Our agreements for our branded HIV medicines at low special-effort prices in sub-Saharan Africa (SSA) and Least-Developed Countries (LDCs) have provided rapid access for patients in need during the program's formative years. These royalty-free agreements have helped to establish distribution networks, lay the

groundwork for the appropriate clinical use of our HIV medicines and support pharmacovigilance activities. They also have accelerated the registration process of our branded HIV medicines. For our HIV medicines with greater anticipated volumes, we have additional licenses for the manufacture of generic versions. Our licensing agreements cover up to 112 resource-limited countries. In order to help ensure a sustainable supply of medically acceptable generic darunavir used in SSA and LDCs, we maintain a policy of non-enforcement of our intellectual property rights in the region provided the darunavir product is medically acceptable and used only in the specified territories.

The program operates on a sustainable basis and does not generate a profit. In SSA and LDCs, we offer our branded HIV medicines at special-effort prices, which are significantly reduced from those in the U.S. and Europe. Beyond SSA and LDCs, we provide reduced prices for our branded HIV medicines through differential pricing that considers local economic development and HIV treatment programs and public health need. Prices in individual countries are subject to local pricing and reimbursement discussions.

A comprehensive, multi-country registration effort ensures availability of our branded HIV medicines where there is a public health need. In SSA, we currently target 23 countries for priority registration. For those countries with limited public health need and where local regulations allow, our products may be available through pre-approval access mechanisms.

Janssen also supports and engages in a number of activities geared toward ensuring our HIV medicines are researched and used appropriately in resource limited settings, such as:

- Regional advisory boards
- Conducting and/or sponsoring clinical trials
- Training health care providers on the appropriate use of our HIV medicines
- Providing up-to-date medical information

We share clinical data, as appropriate, to support inclusion in global, regional and national HIV treatment guidelines, which are essential in designing effective HIV treatment strategies.

In 2013, the Janssen Pharmaceutical Companies of Johnson & Johnson announced a first-of-its-kind pediatric HIV treatment donation program to improve access to the Company's approved HIV medicines PREZISTA® (darunavir) and INTELENCE® (etravirine) for children and adolescents failing HIV treatment in SSA. Tragically, only a third of the three million children living with HIV today are receiving medicines. The donation program is part of our longstanding commitment to help people living with HIV and enhance access to our medicines for those in need.

### Designing a Global TB Access Framework

Bedaquiline (trade named SIRTURO® in the U.S.), the first medication for pulmonary multi-drug resistant tuberculosis with a novel mechanism of action in over 40 years, is approved and registered in the U.S., in the Russian Federation and in the European Union.

Janssen is collaborating with Stop TB Partnership's Global Drug Facility (GDF) to facilitate access to bedaquiline for the treatment of pulmonary multi-drug resistance tuberculosis (MDR-TB) as part of combination therapy in adults. The GDF, the International Development Association and Janssen are working together to ensure an appropriate,

responsible and rational introduction of bedaquiline following the World Health Organization (WHO) [interim policy guidance on the use of bedaquiline](#) to treat MDR-TB issued in June 2013.

Our Access & Affordability Strategy will seek to assure sustainable access through five key elements:

- Innovative access partnerships and research collaborations to improve access, advance new drug regimens and ensure responsible access and appropriate use;
- Differential pricing which reflects balance between value and innovation, and affordability and appropriate use;
- Prioritized registration efforts by high disease burden to assure timely availability for patients in need;
- Support of appropriate use through responsible distribution in collaboration with international and national TB programs;
- Regulatory commitments in R&D for continued treatment innovation including a Phase 3 program, pediatric formulation and patient registry.

We are constantly striving to find innovative solutions to ensure that all people in need of our medicines and vaccines receive them. Our innovation, commitment and ongoing work are helping to improve lives and enhance the availability of our medicines around the world.

### Prescription Assistance Programs

We are deeply committed to providing access to our medicines and making our medicines affordable to those in need. For the period 2003–2013, in the U.S., the weighted average compound annual growth rate of the Company's net price increases for health care products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

We have many programs to enhance access to our health care products for those who cannot afford them. Our programs provide people with access to medicines that are administered by a health care provider, as well as prescription medicines they can take themselves.

- [Johnson & Johnson Patient Assistance Foundation, Inc.](#) is a nonprofit organization that assists patients without adequate financial resources and prescription coverage in obtaining free products donated by the operating companies of Johnson & Johnson. The Foundation is an independent organization reflecting the Johnson & Johnson operating companies' long-standing commitment to helping patients access prescription medicines. Over the past 24 months, Johnson & Johnson Patient Assistance Foundation, Inc. provided more than two million units of medicine to more than 300,000 patients in the U.S.
- A service of Johnson & Johnson Health Care Systems Inc., the [Janssen Prescription Assistance website](#) helps users find programs that provide assistance with medication costs. Resources include prescription assistance programs sponsored by relevant Janssen Pharmaceuticals Companies, as well as up-to-date information about independent foundations

that may have available funding to help minimize drug costs. A link is provided to the [Partnership for Prescription Assistance \(PPA\)](#), which offers a single point of access to information on 475 public and private patient assistance programs, including nearly 200 programs offered by pharmaceutical companies. Johnson & Johnson is a member of the PPA, a broad private-sector effort funded by the pharmaceutical industry.

- Our Company is also one of the founding members of [Together Rx Access™](#), a prescription drug savings program for Americans and their families who have no prescription drug coverage and are not eligible for Medicare. Since 2005, more than 2.5 million Americans, including approximately 400,000 children, have enrolled in Together Rx Access™.

### Pricing Strategies and Programs

As a global health care company, Johnson & Johnson looks at access and affordability issues from a global perspective. Many regions and individual markets around the world require tiered-pricing solutions. We engage in strategic, innovative and equitable pricing strategies for a wide variety of diseases.

For more information about specific [Pricing Strategies and Programs](#) visit our Citizenship & Sustainability website [www.jnj.com/caring/citizenship-sustainability](http://www.jnj.com/caring/citizenship-sustainability).

## Product Pipeline



Guided by Our Credo, Johnson & Johnson is committed to delivering innovative products and services to enhance the health and well-being of nations and people around the world.

Our businesses and patients we serve depend upon the discovery, development and commercialization of new products and services that incorporate advances in science and technology and the ability to service customers wherever they live.

For the past five years, we've consistently invested about 11 percent of sales to support our R&D efforts. That equated to over \$8 billion enterprise-wide in 2013. Our investments in R&D are helping us continually deliver meaningful innovations for our customers. About 25 percent of our sales have come from products we have introduced in just the past five years.

- In 2013, our Pharmaceutical business saw great productivity from our pipeline, including the launch of three new major medicines: INVOKANA® (canagliflozin) for the treatment of Type 2 diabetes, IMBRUVICA® (ibrutinib) for mantle cell lymphoma and OLYSIO® (simeprevir) for the treatment of chronic hepatitis C.
- Important new medical devices also were approved. Our Medical Devices & Diagnostics business saw the U. S. Food & Drug Administration approve EVARREST™ Fibrin Sealant Patch, a novel product that rapidly and reliably aids in stopping bleeding during surgery. The ENSEAL® G2 Articulating Tissue Sealer makes it easier for surgeons to access difficult-to-reach parts of the anatomy, and our THERMOCOOL® SMARTTOUCH™



Science and innovation are critical to our ability to meet the health care needs of people throughout the world. Each of our business segments has strong research and development capabilities including scientists and research professionals focused on delivering innovative solutions to some of the world's greatest health challenges.

Catheter enhances the safety and efficacy of ablation procedures.

■ In our Consumer segment, we continue to expand globally with the acquisition of Shanghai Elsker Mother & Baby Co., Ltd., a leading baby care products company for the Chinese market, and by launching LISTERINE® ADVANCED DEFENCE® Gum Treatment in the United Kingdom and Ireland.

See our [2013 Johnson & Johnson Annual Report Business Highlights](#) for more information about our progress and find a detailed look at our [Pharmaceutical Pipeline](#) at [www.jnj.com/investors](http://www.jnj.com/investors).

## R&D and Clinical Trials



Since its beginning, the Johnson & Johnson Family of Companies has been a pioneer in the research and development of new products, pharmaceuticals and medical devices that contribute to the health and well-being of people around the world. We strive to maintain an environment of innovative product development, conducting all phases of research and development to the highest ethical standard, while advancing pipelines that serve medical needs. Our investments in R&D are helping us continually deliver meaningful innovations for our customers.

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

Additionally, our companies are required to follow the Declaration of Helsinki and the Belmont Report, which set clear guidelines for the ethical treatment of patients across all borders. Our products regulated as pharmaceuticals or devices must adhere to all relevant statutes as well as our policies for registering and reporting clinical studies.

Clinical trials, parameters of which are defined by regulatory requirements, are conducted to evaluate the efficacy and safety of medicines and medical devices, and are essential steps in developing effective new medicines and treatments. Johnson & Johnson companies sponsor and support clinical trials in more than 40 countries, allowing for wide diversity among people who participate in this important research.

### Participating in a Clinical Trial

Participants in clinical trials may gain access to new research treatments before they are widely available and can help others by contributing to medical research. Before anyone can enroll and participate in a clinical trial sponsored by one of our companies, clinical investigators must ensure that they are fully informed of the potential benefits and risks of the medicine or device.

We have procedures in place to fully inform participants of potential benefits and risks, to protect the confidentiality of their private information and to protect vulnerable populations. Study participants can withdraw from a trial at any time.

We abide by the guidelines for Good Clinical Practice of the International Conference on Harmonization. To ensure that study participants know what to expect and can make an informed decision about whether to participate in a study, they must be given relevant

information about the treatment option they are considering and what it could mean for them. They are also informed about available alternative therapeutic options.

### Access to Investigational Medicines

We are often asked how patients with serious diseases can get medicines not yet approved by government health authorities. These medicines are still being studied and are also called “investigational medicines.” In the U.S., the government health authority is the Food & Drug Administration (FDA).

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

We follow three important principles when providing access to investigational medicines:

- That all patients are treated fairly and equally;
- That we conduct thorough scientific studies to understand the potential risks and benefits of any investigational medication. These studies provide the information needed to seek approval from government health authorities and bring new medicines to all patients who need them;
- That we are not putting patients at risk of unnecessary harm.

We cannot provide an investigational medicine to patients until we have enough information to believe that the risks associated with a particular medicine are reasonable in

light of the potential benefit, and that we have preliminary proof that the drug may work.

In 2013, we launched a new online resource on the U.S. Janssen R&D website designed to support transparency, understanding and consistency of the process by clearly explaining the options, our approach and the best way to get accurate information. The site [www.janssenrnd.com/our-innovation/access-to-investigational-medicines](http://www.janssenrnd.com/our-innovation/access-to-investigational-medicines) provides information about access to an investigational medicine, or a patient's health care professional may contact Janssen's Medical Information team at 1-800-JANSSEN.

Dr. Paul Janssen famously said "patients are waiting." That wait can be extremely difficult when a patient's condition is life-threatening. Our aim with this new resource is to help reduce the stress in those situations by creating a clear path to obtaining needed information.

### Registration and Reporting

Our companies ensure the medical community has access to comprehensive information about our products by:

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

Clinical trials conducted around the world by our Pharmaceutical and Medical Devices & Diagnostics

companies are listed on the U.S. National Institutes of Health's website. We are committed to publishing data that are scientifically or medically important and to abiding by established codes of ethics, presenting truthful, complete and accurate information.

In early 2014, Johnson & Johnson announced, through its subsidiary Janssen Research & Development LLC, a [clinical trial data sharing agreement](#) with Yale School of Medicine's Open Data Access (YODA) Project to extend its commitment to sharing clinical trials data to enhance public health and advance science and medicine. This is the first time any company has collaborated with a completely independent third party to review and make decisions regarding every request for pharmaceutical clinical data. This agreement will further our understanding of diseases, new treatment opportunities and underscores Our Credo responsibilities.

### Clinical Trials by Outside Investigators

Johnson & Johnson also supports clinical studies by outside investigators. These requests are carefully evaluated for their potential value. In conducting clinical investigations, outside investigators must comply with local regulations, follow our policies and ensure participant safety is respected and protected.

### R&D Focus Areas

For more than 127 years, Johnson & Johnson has been innovating and developing products to meet some of the world's most critical health problems. We strive to maintain an environment of innovative product development. Inspired by Our Credo responsibility to consider first those who use our products and services, we see the development of deep insights into the needs of our patients, customers, markets and communities as

an important driver of our business, in particular being insight-driven to uncover unmet needs.

Our efforts encompass finding diagnostics, treatments and ways to deliver them where they are needed most. We have a strong commitment to the R&D of new treatments for infectious diseases that affect the developing world. Details are provided in the Global Health section of this report ([see page 16](#)). More information about the development of medicines, medical devices and consumer products can be found on our [Citizenship & Sustainability website](#).

### Bioethics

From the work in our laboratories to our clinical research studies, we are committed to upholding the highest ethical standards across our Family of Companies. Our commitment extends to operating our businesses in accordance with accepted international standards for scientific work. The Ethics Committee champions [Our Ethical Code for the Conduct of Research and Development](#), which provides input on ethical issues that arise. For more information on the bioethics teams, visit [www.jnj.com/caring/citizenship-sustainability/strategic-framework/bioethics-overview](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/bioethics-overview).

### Animal Testing

The Company and its businesses take seriously their responsibility for the humane treatment and care of the animals used in research, development and training. To support those responsibilities, the Company has well-developed guidelines that ensure the ethical practices of all its businesses in the care and use of animals. Included in these guidelines is the principle that alternatives to animals should be used whenever possible. Our Guideline on the Humane Care and Use of Animals was revised



in 2013. For more information on this topic, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/animal-testing](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/animal-testing).

## Stem Cells

Human pluripotent stem cells are immature unspecialized cells with the potential to give rise in the laboratory to virtually any cell type of the human body and, as such, offer many opportunities for advances in medicine. As a research tool, human pluripotent stem cells promise to expand our understanding of normal physiologic processes, such as cell growth and differentiation, and to enable new insights into disease, which may lead to new ways to prevent, diagnose and treat a wide variety of disorders. Our Guidelines on Human Pluripotent Stem Cell Research provide additional details on this topic. For more information, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/stem-cells](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/stem-cells).

## Nanotechnology

Nano particles (particles under 100 nanometers in size) offer the potential to develop improved medicines, medical devices and personal care products, such as sunscreens. We continue to participate in nanotechnology scientific forums and to monitor regulatory developments, such as recent requirements in France to register products on a list of those that contain nano materials.

Our position related to nanotechnology is addressed on our website and in our [Guideline for the Responsible Use of Nanotechnology](#), which sets standards for responsible behaviors across the Corporation and provides a general framework to influence the wider global community in developing nanotechnology in a responsible manner.

For more information, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/nanotechnology](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/nanotechnology).

## Biotechnology

Biotechnology has the potential to bring about significant benefits, such as improved nutrition, enhanced pest resistance, increased yields and new products such as vaccines. Genetic modification to crops, for example, may help reduce environmental risks associated with concerns related to fertilizer, pesticides and water in large-scale farms. For more information on this topic, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/genetic-research-and-biotechnology](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/genetic-research-and-biotechnology).

## Xenotransplantation

Xenotransplantation is a transplant between species. Johnson & Johnson is committed to ethical animal care and upholds the 3Rs principles of animal use (reduction, refinement and replacement). Animals will only be utilized when no equivalent in-vitro alternative is available. All laboratory research animals shall be treated humanely and according to all relevant national and local regulations. The numerous xenotransplantation methods collectively exhibit potential for treating a variety of human diseases. As the understanding of the science around xenotransplantation continues to evolve, Johnson & Johnson will remain up to date with state-of-the-art practices and comply with all local regulatory guidelines.

## Innovation



Innovation has always been at the forefront for Johnson & Johnson. Over the years, we've improved patient care and the quality of life for millions of people worldwide by delivering surgical innovations, breakthroughs in medicine and consumer products that have stood the test of time. And we believe that delivering innovation is what ultimately makes a meaningful difference for the patients and customers we serve. That is why about 25 percent of our sales come from products we've introduced in just the past five years.

Investing in innovations has helped us increase our leadership positions and optimize our portfolio so that we can focus on the areas where we are making the most impact.

We have created and opened new Johnson & Johnson Innovation Centers in London, Boston and Menlo Park, California. A fourth innovation center in Shanghai is operational and scheduled to officially open in 2014. These customized collaborations are part of our enterprise-wide strategy to support an international network of scientific entrepreneurs through access to best-in-class laboratory facilities and scientific expertise. Since the opening of our innovation centers, we've established early stage collaborations that are forging important research and development alliances across our three business areas. Some of these early stage collaborations include:

### Boston Innovation Center:

*Translational Oncology Research Alliance with the University of Texas MD Anderson Cancer Center—* Janssen Biotech, Inc. and Johnson & Johnson Innovation have established a translational oncology program with the University of Texas MD Anderson Cancer Center to

enable the personalization of immunotherapies for the treatment of various cancers.

#### California Innovation Center:

*Single Cell Network Profiling Collaboration with Nodality, Inc.*—Janssen Biotech, Inc. and Johnson & Johnson Innovation have formed a collaboration with the biotechnology company Nodality, Inc. to apply Nodality's proprietary Single Cell Network Profiling technology to immunology R&D programs. The goal of the collaboration is to improve the development and probability of success of compounds for the treatment of rheumatoid arthritis and inflammatory bowel disease by further understanding the biologic function and activity at the single cell level.

#### London Innovation Center:

*Topical Medicines Investment in TopiVert*—Johnson & Johnson Development Corporation, in collaboration with Johnson & Johnson Innovation, has made an investment in TopiVert, a company focused on developing topical medicines for inflammatory diseases of the gut and eye based on narrow-spectrum kinase inhibitor technology.

The collaborations that we engage in also play a role in our efforts to bring innovation in what we do. A key example is how Janssen Research & Development, LLC, entered into a novel agreement with Yale School of Medicine's Open Data Access (YODA) Project that extends our commitment to sharing clinical trials data to enhance public health and advance science and medicine. Under this agreement announced in January 2014, YODA will serve as an independent body to review requests from investigators and physicians seeking access to anonymized clinical trials data from Janssen, the pharmaceutical companies of Johnson & Johnson, and make final decisions on data sharing. This is the first time any company has collaborated with a completely

independent third party to review and make decisions regarding every request for clinical data.

Meaningful innovation derives from the insight and spirit of our employees and their ability to anticipate and understand the needs of our patients and customers and what they value. That impacts both what we do, and how we do it. So while Johnson & Johnson will remain a leader in R&D, we are increasingly focused on being innovative in how we bring products to market, the kinds of partnerships we develop and how we operate our business. At Johnson & Johnson, innovation is everyone's responsibility.

#### Medical Devices & Diagnostics:

The EVARREST™ Fibrin Sealant Patch, ENSEAL® G2 Articulating Tissue Sealer and THERMOCOOL® SMARTTOUCH™ Catheter are just a few of the innovations that continue to strengthen our worldwide leadership position in medical devices and diagnostics, where 85 percent of our key platforms hold the number one or number two position in the market.

Integrating Synthes has been our priority and we've made good progress. DePuy Synthes Companies is the world's largest and most comprehensive orthopaedics company within a \$44 billion market with strong fundamentals, and it is primed to offer new, value-added solutions that will help transform health care delivery.

While innovation at Johnson & Johnson means products, it also means solutions. As we continue to invest in R&D, we also are focused on key unmet needs for the patients. Beyond innovative products, we offer innovative solutions and outcomes for our customers and patients.

For example, in our knee replacement procedures, we have been able to provide innovative customer-focused solutions that are expanding our business, along with contributing to the health care system.

Our Care4Today Orthopaedic Solutions focus on improving continuity of care and recovery through patient education and empowerment, as well as providing post-surgery support both in the hospital and at home.

Our TruMatch brings a new level of personalized total knee replacement surgery to the operating room with customized patient instruments and systems designed to aid in knee implant positioning, and to increase the efficiency of the procedure.

Finally, in our Sterilmed, Inc., integrated reprocessing business, we're aiming to deliver direct savings to hospital budgets by combining both new and previously reprocessed instruments in one simple sterile container.

#### Pharmaceutical:

During 2013, our Pharmaceutical business saw great productivity from our pipeline. We received several regulatory approvals, including:

- FDA approval of OLYSIO® (simeprevir), an NS3/4A protease inhibitor, for the treatment of chronic hepatitis C infection as part of an antiviral treatment regimen in combination with pegylated interferon and ribavirin in genotype 1 infected adults with compensated liver disease, including cirrhosis;
- FDA approval of IMBRUVICA® (ibrutinib) capsules for the treatment of patients with mantle cell lymphoma who have received at least one prior therapy;
- FDA and European Commission (EC) approval of INVOKANA® (canagliflozin), an oral, once-daily, selective sodium glucose co-transporter 2 inhibitor, for the treatment of adults with Type 2 diabetes;

- FDA approval for the use of STELARA® (ustekinumab) alone or in combination with methotrexate for the treatment of adult patients with active psoriatic arthritis;
- EC approval of STELARA® (ustekinumab), alone or in combination with methotrexate for active psoriatic arthritis in adults when the response to previous non-biological disease-modifying anti-rheumatic drug therapy has been inadequate;
- FDA approval of SIMPONI® (golimumab) for the treatment of moderately to severely active ulcerative colitis in adult patients who have demonstrated corticosteroid dependence or who have had an inadequate response to or failed to tolerate oral aminosaliclates, oral corticosteroids, azathioprine or 6-mercaptopurine;
- FDA approval of SIMPONI® ARIA™ (golimumab) for infusion for the treatment of adults with moderately to severely active rheumatoid arthritis in combination with methotrexate;
- EC approval of VELCADE® (bortezomib) for use as induction therapy in combination with dexamethasone or thalidomide and dexamethasone in adult patients with previously untreated multiple myeloma who are eligible for high-dose chemotherapy with hematological stem cell transplantation.

### Consumer:

In our Consumer segment, we continue to expand globally with the acquisition of Shanghai Elsker Mother & Baby Co., Ltd., a leading baby care products company for the Chinese market, and by launching LISTERINE® ADVANCED DEFENCE® Gum Treatment in the United Kingdom and Ireland.

## Market Access



Johnson & Johnson strives to provide leadership in advancing a world in which all people have access to affordable, innovative and sustainable solutions for healthy living. Market access is determined by policy and regulatory constructs we must navigate to ensure our products and health services can be accessed by patients. Our efforts in this area are the primary responsibility of Johnson & Johnson Worldwide Government Affairs & Policy (GA&P).

GA&P has identified the following areas of focus that impact market access: health care financing, health technology assessment, international trade, U.S. health care reform and value of innovation.

### Health Care Financing

Financing health care in developing countries— for largely uninsured or underinsured populations— is a complex health policy challenge, with profound implications for those economies and health care sectors. Johnson & Johnson is committed to making health care more affordable and accessible in every market we serve, including within developing countries. We strive to advance policies and mechanisms that enhance health care financing and the lives of the populations, while creating robust markets for our innovative and market-appropriate products.

### Health Technology Assessment

Health Technology Assessment (HTA) is the systematic collection and analysis of evidence regarding a health technology and is used to support rational health

care decision making by policy makers, payers and providers. Johnson & Johnson supports HTA's adherence to accepted best practices, such as transparency, stakeholder engagement, and separation of scientific evaluation and policy decision-making. As no single model of HTA fits all markets, Johnson & Johnson supports HTA systems being developed to suit a local health system's requirements.

### International Trade

International trade is dependent upon the conduct of orderly, predictable and fair commercial activities across national borders. Johnson & Johnson is committed to delivering innovative products and services to enhance the health and well-being of nations and people around the world. Our businesses depend upon the discovery, development and commercialization of new products and services that incorporate advances in science and technology and the ability to service customers wherever they live. To accomplish this mission, we strongly support free trade principles that foster access to customers, ideas and economic growth.

### U.S. Health Care Reform: Coverage Expansion

Johnson & Johnson supports health care reform that enhances access, long-term sustainability of the health care system, incentives for innovation, medical progress, and the management and prevention of chronic diseases as well as the best aspects of the current system.

Johnson & Johnson supports the Affordable Care Act (ACA) because we support the goals of expanding access to affordable coverage, of providing high quality care within a patient-centric model and of maintaining an environment in which medical innovation can thrive. Our position on the ACA can be found at [www.jnj.com/sites/default/files/pdf/us-health-care-reform-principles.pdf](http://www.jnj.com/sites/default/files/pdf/us-health-care-reform-principles.pdf).

## Value of Innovation

Maximizing the value of medical technologies, including drugs and devices, makes it possible to help patients live longer and better lives, reduces health risks and provides cost-effective health care. There is substantial data demonstrating that medical innovations can reduce health care costs by better controlling chronic diseases, reducing or eliminating hospitalizations, extending longevity and preventing further deterioration of health. This can be especially true for biopharmaceutical innovations. Studies by leading health economists show significant health and economic gains attributable to innovations in pharmaceuticals, medical devices and diagnostics. We support policies that support innovation.

## Preventing Disease and Promoting Wellness

Johnson & Johnson is uniquely qualified to be a leader in improving community wellness and fostering healthier lives through health education. We have the competencies needed to create programs that raise levels of consumer and patient health awareness and understanding, as well as medical expertise, across our businesses, covering a broad area of health care. In addition, we seek broad partnerships and collaborations to bring forward innovative solutions to help improve health outcomes.

We understand that around the world, health education is instrumental in improving health outcomes. As part of our Healthy Future 2015 enterprise goal, we have made it a point to implement health education programs in targeted communities around the world that will increase individual and public understanding of basic health information to encourage positive behavior change and support healthier lives.

After refining this goal in 2013 to better track these programs and their outcomes through a new collection tool, we have counted seven various disease-related programs that have reached close to five million people in nine different countries.

One example of a program increasing health awareness is a partnership we have with HIVSA, an organization dedicated to providing support for communities who have been infected and affected by HIV in South Africa. This program has trained over 600 caregivers to be more knowledgeable on HIV and related health issues. Through this training, caregivers are in a better

position to assist and guide those in need. Additionally, this program provided screening for 5,000 orphans and vulnerable children to monitor their nutritional and growth status. Beyond the children, households of these children also were equipped with nutritional and counselling education.

With the prevalence of childhood obesity rising in the United States and the threat that it poses to child health, Johnson & Johnson created the Johnson & Johnson Gateway to a Healthy Community™ program to help address this issue. In partnership with Activity Works, an innovative classroom physical activity curricula-support program, Gateway to a Healthy Community™ targeted elementary schools (K–3) in four cities across the U.S. to increase the activity levels of students, as well as teach them about nutrition and the benefits of healthy eating habits. In 2013, this program reached close to 50,000 students in 115 schools. As a health care company, we see it as a responsibility to partner with others to foster community wellness through health education opportunities that further empower individuals to take action to live healthier lives.

## Leading a Dynamic & Growing Business Responsibly

- Strategic Leadership
- Quality & Safety of Products
- Ethical Performance
- Compliance
- Transparency
- Governance
- Supply Chain & Supplier Management
- Human Rights
- Financial Health & Economic Performance
- Health-Conscious, Safe Employees
- Workplace Health & Safety
- Labor Practices & Workforce
- Employee Retention, Development & Recruitment
- Compensation
- Diversity & Inclusion
- Political Contributions, Public Policy & Lobbying
- Intellectual Property
- Data Protection & Privacy
- Stakeholder Engagement
- Job Creation
- Philanthropy
- Community Involvement & Engagement
- Volunteerism



Leading a dynamic and growing business responsibly is at the core of Our Credo commitments to consumers, customers, patients, employees, communities and shareholders throughout the world.

## Strategic Leadership

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Caring for the world, one person at a time, inspires and unites the people of Johnson & Johnson. We embrace research and science, bringing innovative ideas, products and services to advance the health and well-being of people. Employees of the Johnson & Johnson Family of Companies work with partners in health care to touch the lives of over a billion people every day, throughout the world.

In today's highly competitive global marketplace, it is essential that we focus on the critical drivers of our future growth: to create value through innovation, to extend our global reach, with local focus, to execute with excellence in everything we do, and to lead with purpose to make a difference in the world. We pursue our growth drivers guided by the Leadership Imperatives: Connect, Shape, Lead and Deliver.

These imperatives are proof that we recognize that how we achieve results is as important as the results themselves. We expect leaders to develop deep insights into the needs of our stakeholders, to drive innovation and advance health care globally by anticipating and shaping change in our industry, to create an environment where leadership and talent development are top priorities, and to deliver results by inspiring and mobilizing people and teams.

Our Leadership Imperatives underscore a culture that supports sharing of best practices internally, among our business partners and suppliers, and with a variety of public, private, governmental and non-governmental organizations where there is potential to positively impact advancement of human health and well-being. Our efforts include engagements with others, transparency

surrounding our own actions, and communication about our policies and positions.

Our Credo inspires us to advance the health of communities in which we live and work, and the world community as well. This unwavering commitment to making the world a healthier place is at the heart of our giving. We fulfill our mission by developing enduring partnerships that deliver community-based solutions to health challenges. We focus in three strategic areas: saving and improving the lives of women and children, preventing disease among the most vulnerable and strengthening the health workforce. Together with our partners, we make life-changing, long-term differences in human health, helping families to survive and thrive. We lend our expertise to a variety of stakeholder engagements as outlined in the Stakeholder Engagement (page 62) and Community Involvement & Engagement (page 66) sections of this report and online in both our [Citizenship & Sustainability](#) and [Our Giving](#) websites.

Increasing transparency is a vital aspect of strategic leadership. We are aware of the value of reporting our successes, challenges (pages 4–8) and goal progress (page 89) as well as information that contributes to discussions about Citizenship & Sustainability concerns, such as those identified in our recent materiality assessment. We do so throughout this report, within our [Policies and Position Statements](#) and on our [Citizenship & Sustainability](#) website.

## Quality & Safety of Products



High quality products that are safe and effective are integral to our ability to care for the health and well-being of people throughout the world. Our employees dedicate themselves to providing the most trusted brands and high quality products. Ensuring the safety, quality and efficacy of our companies' products is our greatest responsibility.

In 2013, we took steps to standardize our quality systems across our Family of Companies and also strengthened and streamlined our supply chain to help ensure we can reliably meet demand. In addition, we've bolstered our post-market medical safety surveillance work. We've continually met our goals under the Consent Decree entered in March 2011 with the U.S. Food & Drug Administration (FDA), which covers certain McNeil Consumer Healthcare manufacturing facilities. In addition, we're taking a more integrated approach to quality and compliance by forming the Johnson & Johnson Quality & Compliance organization to ensure the standardization and consistent implementation of our Quality Policy and Quality Policy Standards across the Johnson & Johnson Family of Companies. In addition, our Chief Medical Officers are setting new benchmarks for medical safety. They are implementing a more consistent global approach for monitoring the use of our in-market products that is very patient- and consumer-centric for ensuring products are safe and performing as intended.

### Quality & Compliance

Our more integrated approach to Quality & Compliance will assist us to continue partnering with global health

authorities and interacting with customers to solve some of the world's most important health care challenges.

Our One Quality Policy is intended to help ensure that all our operating companies design, make and deliver our products in a consistent way; and that we speak as one company to all our stakeholders, including health authorities, customers and health care professionals worldwide. A Management Review Process has been instituted, where each of our operating company's executive management seeks to continuously improve quality by reviewing its Quality System every six months to ensure its suitability, adequacy and effectiveness.

This Quality Policy is supported by a common set of Quality Policy Standards that covers the entire life cycle of all our products—from R&D/Development, to Manufacturing/Supply Chain, to the Customer Experience. This is a common bar for all the products we make around the world. As such, health and safety impacts are assessed for all of our significant product categories in each business segment throughout the world; and all of our businesses are beginning to assess relevant data and work in the same way related to Quality around the world. **PR1**

Examples of our Quality Policy Standards include: the appropriate controls for a laboratory environment; guidelines for gathering and managing data on materials sourced through third parties; the criteria to meet when looking into a consumer question and identifying and tracing the root cause of an open inquiry; and requirements for maintaining manufacturing equipment.

We've also instituted a newly revised escalation standard that more clearly defines how we report quality issues into our global management structure. To this end, all of our employees are required to report anything they see

that could impact the quality of our products; and we have a process in place that requires we look promptly and closely into each inquiry and remediate if necessary.

### Quality Review Board

Our system of independent Quality Review Boards (QRB) within each business unit, tasked with upholding our Quality Policy and Standards in each of our businesses, promotes accountability and decision-making across our Johnson & Johnson companies. This protocol is part of our culture of proactive quality and prevention: Every person plays a role in delivering a quality product or service, and employees are empowered and held accountable for all things quality related.

Within each business, an Independent QRB is empowered to make decisions to ensure that every business unit meets the high quality standards that are expected of all Johnson & Johnson companies. This standardized system empowers the right quality, medical and regulatory people to make our most important decisions about product quality independent of commercial considerations. Each of our businesses has the accountability to ensure that both resources and systems are in place to quickly identify quality issues, make informed and timely decisions, and take the necessary actions whenever required—while always keeping the safety and well-being of patients and customers as our primary focus.

The QRB alone is responsible for decisions and actions relating to product recalls. A product recall is a difficult decision for a company to make. At Johnson & Johnson, the willingness to make these difficult decisions is part of our DNA. The TYLENOL® recall in 1983 set an important precedent within our own industry—that when faced with a threat to public health, we believe a health

care company must always act for the greater good, regardless of the business impact.

This policy and system empowers the right people—the right quality people, the right medical people and regulatory people—to make the best-informed decisions about product quality each time.

For the past several years, after a number of product recalls, the entire executive leadership team of Johnson & Johnson has been focusing on ways to ensure that every product we test, develop and manufacture meets Johnson & Johnson quality standards and health authority regulations, allowing us to responsibly meet the demand for the products we're entrusted to deliver to our consumers.

Our focus has been on strengthening and streamlining our supply chain to ensure we will reliably meet demand. We've continually met our goals under the McNeil Consent Decree. Meanwhile, through hard work and dedication of employees throughout the enterprise, we successfully reintroduced many products previously made in Fort Washington, Pennsylvania, from other sites. The Fort Washington manufacturing site is not in operation at this time, and we've recently made the decision to make further investments in that facility prior to certification.

For more information, see the sections in this report about Ethical Performance ([page 32](#)) and Compliance ([page 34](#)).

### Product and Service Labeling

Products developed and commercialized through our Pharmaceuticals and Medical Devices & Diagnostics businesses strive to meet all applicable laws regarding package inserts (these are also referred to as

instructions for use in some businesses), which contain appropriate information for health care professionals and patients. For over-the-counter pharmaceutical products, packaging and inserts are likewise used to communicate with consumers. Our Consumer products include clear, easy-to-read instructions and information on how to use our products appropriately. Ingredients are listed for all products; however, we do not include sourcing information of components. Directions for proper disposal are included where necessary. For more information, see the sections in this report on Ingredients (page 75) and Sourcing of Raw Materials (page 75). **PR3**

### Customer Satisfaction

We continually seek opportunities to improve the way we develop, make and deliver our products. Our quality and compliance systems are founded on the concept of continuous improvement to maintain product quality. This is why our companies continue to engage in an open dialogue with our customers, with health care authorities, and with health care professionals in all the markets where we do business. Our Quality Policy will always be informed by this dialogue, so we can continue to reinvigorate and improve our Policy Standards—and stay ahead of the relevant challenges our customers and partners are seeing in the marketplace.

Customer relationships and customer satisfaction are assessed on an ongoing basis by our business units and business segments. Operating companies employ a variety of mechanisms to measure customer satisfaction, including surveys, website interactions, focus groups and patient advisory groups. These customer satisfaction measures, as collected by our business units, are not shared externally for competitive reasons. **PR5**

### Marketing Communication

Products in the Consumer segment are marketed to the general public and sold both to retail outlets and distributors throughout the world. Pharmaceutical segment products are distributed directly to retailers, wholesalers and health care professionals for prescription use. The broad range of products from our Medical Devices & Diagnostics segment are distributed to wholesalers, hospitals and retailers used principally in the professional fields by physicians, nurses, therapists, hospitals, diagnostics laboratories and clinics. Communications are geared to each of these audiences and use a variety of face-to-face, printed, online and, where appropriate, broadcast and social media.

In our marketing and communications efforts with health care professionals, we follow the voluntary Advanced Medical Technology Association (AdvaMed) Code of Ethics on Interactions with Health Care Professionals, the Pharmaceutical Research and Manufacturers of America (PhRMA) Code on Interactions with Healthcare Professionals, the International Federation of Pharmaceutical Manufacturers of America (IFPMA) Code of Practice and other similar trade association codes around the world. Johnson & Johnson and our operating companies follow internally established guidelines that apply to all forms of direct-to-consumer communication, including regulation of such communication by our Pharmaceutical and Medical Devices & Diagnostics businesses. In addition, we follow the PhRMA Guiding Principles on Direct-to-Consumer Advertisements About Prescription Medicines. On the Consumer side, we follow the various volunteer codes and guidelines of the Consumer Healthcare Products Association (CHPA). Health Care Compliance officers conduct annual risk assessments of all businesses globally to assess whether systems, policies, procedures, training, resources and

monitoring are in place regarding compliance with standards for appropriate promotion of regulated products.

The companies of Johnson & Johnson market a broad range of health care products from our Consumer, Medical Devices & Diagnostics and Pharmaceutical business segments throughout the world. We do not sell or market products that are banned within markets that have such restrictions. **PR6**

We respond to stakeholder inquiries about our products on a case-by-case basis. When necessary, we issue Company statements or announce other actions.

### Anti-Counterfeiting

Counterfeiting of health care and consumer products is a serious and growing concern, as it leads to fake, untested, unapproved and potentially dangerous products entering the marketplace. Counterfeit products can put people's health and lives at risk, and they can undermine confidence in product safety and effectiveness. Counterfeiting is also a growing problem around the world. Our companies work hard to proactively identify and embed preventative measures in our business to minimize the risk of counterfeits to help ensure that patients and consumers receive genuine products of the Johnson & Johnson Family of Companies.

### Pre-Market

Taking a risk-based approach, we employ best practices in brand protection that use a range of product and packaging security measures that help identify authentic products from those that are counterfeit. We also work to minimize the risk of counterfeit products entering our supply chain, from manufacturing to distribution.



**Post-Market**

In addition, we monitor markets and investigate counterfeiting activities, collaborating with regulatory and law enforcement authorities, and engage with influential industry leaders as well as our business partners to help identify and remove counterfeits from the market. We may also prosecute or take civil action against the perpetrators. Furthermore, we work with governments and regulatory agencies to identify opportunities to strengthen laws, regulations and enforcement efforts to help protect and secure the supply chain. We take measures to raise awareness among our stakeholders of the dangers of counterfeit health care products through training events, seminars and industry association initiatives.

See [our position on Counterfeit Health Care Products](#) for more information.

**Ethical Performance**

Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics create the basis of a company's credibility and trustworthiness and set clear expectations of how management and employees should conduct themselves to honor commitments as a global citizen.

At Johnson & Johnson, the ethical principles embodied in Our Credo are the lenses through which our employees make many business decisions each day. To help ensure that we conduct business according to these principles, we have an extensive list of policies and procedures that define what we expect of our people and our business partners throughout the world. Details are provided

on our [Citizenship & Sustainability website](#). See our Corporate Annual Report [story](#), as well.

We provide all of our employees with comprehensive systems that support ethical behavior and compliance with laws and regulations. Our policies give clear direction on how to act according to our ethical values, as well as the laws and regulations where our companies operate around the world.

**Ethics and Integrity** G4-56-G4-58

Training on Our Credo and our Policy on Business Conduct is made available through the Johnson & Johnson website to employees worldwide in 16 languages, which we estimate covers the language needs of more than 90 percent of our worldwide employees. The training provides information on Johnson & Johnson policies regarding conflicts of interest and compliance with laws and regulations. Training on the U.S. Foreign Corrupt Practices Act (FCPA) is provided to employees inside and outside the United States. Senior leaders of the company certify compliance with the Policy on Business Conduct annually, with the results of the certification presented to the Regulatory, Compliance and Government Affairs Committee of the External Board of Directors.

Our employees are asked to refresh their education in these areas every two years, and successful completion is recorded. Specific training on health care laws and regulations applicable to our businesses is undertaken through an extensive network of compliance officers throughout our worldwide business.

All employees, vendors, distributors and customers have the opportunity to anonymously report potential violations of policy or law through the Company's Credo Hotline, available by phone and also 24 hours a day in 23 languages by website. Additionally, anyone can report allegations through other methods (phone calls, emails, etc.) within their local business unit or to the Audit, Law, and Security or Human Resource organizations. All Credo Hotline reports are routed by the external vendor to Corporate Internal Audit, which triages the reports to corporate, sector or operating company personnel for follow-up investigation and action. In addition, a Triage Committee comprised of the Chief Compliance Officer, Internal Audit, the Law Department, Worldwide Security and Human Resources reviews the serious allegations to determine the best means to investigate.

Each substantial operating company has its own health care compliance officer, part of whose job is to help ensure compliance with, and provide guidance on, the Company's Policies related to the health care industry. In addition, the Company's Law Department also provides direct guidance and training on the Company's Policies.

**Anti-Corruption**

It is the policy of Johnson & Johnson to comply with the laws of each country in which our companies do business, as well as all applicable anti-bribery laws and regulations such as, but not limited to, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and national implementing statutes pursuant to the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials.

Accordingly, Johnson & Johnson prohibits, directly or indirectly, offering, promising, giving or authorizing

anyone to give anything of value to or for anyone acting in an official capacity for or on behalf of: a national, regional or local government; an agency, department or instrumentality of a national, regional or local government; a government-owned or government-controlled company; or a public international organization to influence any official act (or failure to act), or any decision in violation of his or its lawful duty; or induce the use of his or its influence to affect any governmental act or decision; or secure any improper advantage in connection with business. Furthermore, Johnson & Johnson Companies are required to comply with all applicable laws in the countries in which they operate, including any commercial bribery regulations. Access to policies and procedures which govern fraud and anti-corruption activities are readily available to all employees, vendors and shareholders on the [Johnson & Johnson website](#).

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

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

Internal Audit conducted 182 financial control audits at operating companies in 2013. In addition, Internal Audit and HCC&P conducted 69 and 83 audits, respectively, for compliance with our Foreign Corrupt Practices Act controls. Generally speaking, all operating companies are audited on either a three- or five-year cycle, depending on the risk profile of the particular operating company. In addition, HCC&P conducts additional monitoring and testing operations at our operating companies for compliance with our health care policies on a regular basis, with the scope and frequency of such monitoring being dependent on the local operating company requirements and local conditions. **SO3**

Legal requirements of Health Care Compliance and the Foreign Corrupt Practices Act are embodied in the Health Care Business Integrity Guide (HCBIG). The HCBIG is available to all employees on the Company's intranet; training is required and documented for all employees in health care-related positions.

Our policies require anti-corruption training for those employees with job responsibilities that are relevant to such training, with a significant emphasis placed on the training requirement to ensure completion by the applicable employees. The training covers all aspects of the HCBIG, including charitable contributions, donations, third-party intermediary (e.g., distributors) and cross-border interactions, all of which are deemed as high-risk activities. In 2013, Johnson & Johnson operating companies met the training goal, as tracked by an online training application, with training completed for more than 89,597 employees. The total includes 49,584 employees outside the U.S. who completed anti-corruption training and 40,013 U.S. employees for whom U.S. HCC Awareness Training, which includes anti-corruption principles, was provided.

**SO4**

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

In addition to our own employees, we also hold many of our critical third-party intermediaries, such as distributors, accountable to the Company's policies. Due diligence and background checks are regularly conducted on sales intermediaries to help ensure compliance with our policies.

Regulatory compliance of suppliers and vendors is monitored and audited by our Regulatory Compliance and Procurement organizations. Internal Audit performs annual contract reviews of a number of key vendors to ensure compliance with agreed upon contract provisions and requirements. Any allegations of impropriety raised regarding business dealings with third parties are documented and investigated by Internal Audit, the Law Department or other appropriate organizations within the Company.

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

## Ethical Marketing

Johnson & Johnson is committed to marketing all products responsibly to honor the trust that consumers place in us in choosing our products and to ensure efficient markets. Our product marketing and communications efforts include educational brochures, videos, direct-to-consumer (DTC) advertising and online vehicles. These forms of DTC education give people information they can use when communicating with their doctors about the benefits and risks of treatments.

We require our people to follow industry guidelines on advertising medicines and medical devices to ensure our product advertising and communications are helpful to people and doctors and give them full information about the benefits and the risks of our products.

See the [Accountable Business Practices](#) section of our Citizenship & Sustainability website for more information. Johnson & Johnson and certain of its subsidiaries are involved in various lawsuits and claims regarding commercial and other matters; governmental investigations; and other legal proceedings that arise from time to time in the ordinary course of business. Legal proceedings that meet the criteria for requiring public disclosure are reported externally in our public filings. **SO7**

ENVIRONMENTAL NON-COMPLIANCES							
	2007	2008	2009	2010	2011	2012	2013
Accidental Releases— Number of Events	—	5	16	10	9	8	7
Environmental Non-Compliances— Number of Individual Findings	13	20	50	57	30	29	45
Fines Paid U.S. Dollars, in thousands	31	164	7	0	5	4	0

## Compliance



Johnson & Johnson is a large and diverse company, with thousands of daily transactions that must comply with hundreds of regulations around the world. We take compliance issues seriously, investigate them and revisit our operational controls on a regular basis. Our Policy on Business Conduct requires that all employees comply with all laws and regulations governing our Company's behavior. When this is not the case, information is reported up internally within the organization to senior management and, as appropriate, also shared with the Executive Committee, the Board of Directors and/or the external auditors. Many of these issues are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure. For more information on our approach to compliance, visit [www.jnj.com/caring/citizenship-sustainability/strategic-framework/compliance-with-laws-and-regulations](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/compliance-with-laws-and-regulations).

In addition, when public disclosure criteria are met, anti-competitive 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 54 of our [10-K Annual Report](#). **PR2 PR4 PR7 PR9 SO8**

### Environmental and Safety Compliance

Johnson & Johnson strives to have zero accidental releases, regulatory non-compliances and fines. Compared to 2012, our accidental releases remained essentially flat. None of the seven accidental releases were significant (defined in our Environment, Health, & Safety—EHS—standards as resulting in significant environmental damage, e.g. fish kill or local community impact or resulting in media attention or cessation of operations).

The number of environmental non-compliances increased from 29 in 2012 to 45 in 2013. Most of the non-compliances were related to waste management or air and/or wastewater permit non-conformances, and all were corrected promptly. Sixteen of these non-compliances were related to a permit excursion by a biological wastewater system treatment at our manufacturing plant in Greece. In 2013, we experienced

seven health and safety non-compliances, and we paid fines of \$205,000 for a 2010 administrative safety violation in Venezuela. **EN24 EN29**

## Transparency



Increased levels of transparency and disclosure reflect the expectations of stakeholders of all kinds and the proliferation of the digital landscape. The importance of transparency is underscored by the fact that transparency was ranked highly by stakeholders in our materiality assessment. Transparency is being driven by the sense among stakeholders that it is no longer enough for a company to be profitable, but that it should also be open about how its business is conducted. To provide transparency regarding our activities, we:

- Examine our key Citizenship & Sustainability performance metrics to see where expansion of data collection efforts may be required.
- Follow a systematic plan to increase the amount of information provided on material issues in this report, including metrics on our supply chain, human rights, labor practices, and other social and environmental indicators.
- Set a new standard for clinical trial transparency through a clinical trial data sharing agreement with the Yale School of Medicine's Open Data Access (YODA) Project. For more information, see the Clinical Trials and R&D section of this report.
- Report on payments to physicians by our U.S. Medical Devices & Diagnostics companies and our U.S. pharmaceutical companies, well ahead of any regulatory requirement to do so. More information is available on our

website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/transparency](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/transparency).

- Post results of controlled clinical studies, regardless of their outcomes, online at [www.ClinicalTrials.gov](http://www.ClinicalTrials.gov). Our researchers are committed to publishing results that are scientifically and/or medically important, including results that affect the registration or utilization of a Company product, as well as results from discontinued clinical research. See [www.jnj.com/caring/citizenship-sustainability/strategic-framework/clinical-trial-safety-and-transparency](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/clinical-trial-safety-and-transparency).
- Disclose the nature and volume of grants made by our Pharmaceutical and Medical Device & Diagnostics companies in the U.S. for professional education. More information is on our individual company websites.
- Post a list of all political contributions to our website at [www.investor.jnj.com/governance/contributions.cfm](http://www.investor.jnj.com/governance/contributions.cfm).
- Report our progress on our Citizenship & Sustainability goals annually and have done so for more than 15 years.

We have set a Healthy Future 2015 goal to have all major\* brand websites share product sustainability information. In 2013, the list of "major" brands that have been identified across Johnson & Johnson was updated to 21, as follows:

- **Consumer – 6:** AVEENO®, NEUTROGENA®, JOHNSON'S®, LISTERINE®, o.b.®, Le Petit Marseillais®
- **Janssen – 9:** REMICADE® (infliximab), STELARA® (ustekinumab), VELCADE® (bortezomib), XARELTO® (rivaroxaban), SIMPONI® (golimumab), ZYTIGA® (abiraterone acetate), PREZISTA® (darunavir), NUCYNTA® (tapentadol), INVEGA® SUSTENNA® / XEPLION® (paliperidone palmitate)

\* "Major" brands determined by each business segment based on a combination of factors, including sales, stakeholder interest in sustainability considerations, etc.

- **Medical Devices & Diagnostics – 6:** Ethicon, Inc.; Johnson & Johnson Vision Care, Inc.; LifeScan, Inc.; Depuy Synthes Companies; Cordis Corporation; and Sterilmed, Inc.\*\*

Eighty-one percent of these major brands and/or companies are now sharing sustainability information on their websites, as follows:

### Consumer:

- Overall Consumer: [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com), [www.caretorecycle.com](http://www.caretorecycle.com), [www.healthinessentials.com/our-caring](http://www.healthinessentials.com/our-caring)
- JOHNSON'S®: [www.johnsonsbaby.com/introducing-johnsons-natural](http://www.johnsonsbaby.com/introducing-johnsons-natural), [www.johnsonsbaby.com/johnsons-difference/best-for-baby-natural-overview](http://www.johnsonsbaby.com/johnsons-difference/best-for-baby-natural-overview)
- NEUTROGENA®: [www.naturals.neutrogena.com/whats-inside](http://www.naturals.neutrogena.com/whats-inside)
- AVEENO®: [www.aveeno.com/recycling](http://www.aveeno.com/recycling), [www.aveeno.com/active-naturals](http://www.aveeno.com/active-naturals)
- Le Petit Marseillais®: [www.lepetitmarseillais.com/restons-nature](http://www.lepetitmarseillais.com/restons-nature)

### MD&D:

- Sterilmed, Inc.: [www.sterilmed.com/Why-Reprocess/Pages/Reduce-Waste.aspx](http://www.sterilmed.com/Why-Reprocess/Pages/Reduce-Waste.aspx)
- Depuy Synthes Companies: [www.depuy.com/about-depuy/corporate-info/social-responsibility](http://www.depuy.com/about-depuy/corporate-info/social-responsibility)
- LifeScan, Inc.: [www.lifescan.com/responsibility/giving](http://www.lifescan.com/responsibility/giving)
- Johnson & Johnson Vision Care, Inc.: [www.acuvue.com/about-us](http://www.acuvue.com/about-us)

\*\* List of major brands for MD&D was adjusted in 2013 from 8 to 6 due to reorganizations and divestitures.

All Janssen products disclose through the Prescribing Information (PI), or the local market equivalent, for every active ingredient and every excipient, including ingredients such as dyes and preservatives. In the examples below, this product information can be found in sections 11 and 16 in the PI.

### Janssen:

- REMICADE® (infliximab): [www.remicade.com/shared/product/remicade/prescribing-information.pdf](http://www.remicade.com/shared/product/remicade/prescribing-information.pdf)
- VELCADE® (bortezomib): [www.velcade.com/files/pdfs/velcade\\_prescribing\\_information.pdf](http://www.velcade.com/files/pdfs/velcade_prescribing_information.pdf)
- XARELTO® (rivaroxaban): [www.xareltohcp.com/sites/default/files/pdf/xarelto\\_0.pdf#zoom=100](http://www.xareltohcp.com/sites/default/files/pdf/xarelto_0.pdf#zoom=100)
- ZYTIGA® (abiraterone acetate): [www.zytiga.com/sites/default/files/pdf/full\\_product\\_information.pdf](http://www.zytiga.com/sites/default/files/pdf/full_product_information.pdf)
- PREZISTA® (darunavir): [www.prezista.com/sites/default/files/pdf/us\\_package\\_insert.pdf#zoom=100](http://www.prezista.com/sites/default/files/pdf/us_package_insert.pdf#zoom=100)
- INVEGA® SUSTENNA® / XEPLION® (paliperidone palmitate): [www.invegasustenna.com/important-product-information](http://www.invegasustenna.com/important-product-information)
- SIMPONI® (golimumab): [www.simponi.com/shared/product/simponi/prescribing-information.pdf](http://www.simponi.com/shared/product/simponi/prescribing-information.pdf) and Safe Returns, which enables patients to return used sharps for destruction: [www.simponi.com/hcp/simponione-safe-returns](http://www.simponi.com/hcp/simponione-safe-returns)
- STELARA® (ustekinumab): [www.stelarainfo.com/pdf/prescribingInformation.pdf#zoom=100](http://www.stelarainfo.com/pdf/prescribingInformation.pdf#zoom=100) and Safe Returns, which enables patients to return used sharps for destruction: [www.stelarainfo.com/stelara-psoriasis/self-injection](http://www.stelarainfo.com/stelara-psoriasis/self-injection)

- NUCYNTA® (tapentadol): [www.nucynta.com/sites/default/files/pdf/Nucynta-PI.pdf#zoom=100](http://www.nucynta.com/sites/default/files/pdf/Nucynta-PI.pdf#zoom=100) and disposal guidance: [www.nucynta.com/sites/default/files/pdf/nucyntaer-medication-guide.pdf](http://www.nucynta.com/sites/default/files/pdf/nucyntaer-medication-guide.pdf)

We continue looking to expand product sustainability information for those brands already providing it and in working with the remainder to begin the sharing of this information.

Another Healthy Future 2015 goal is to increase the amount of country-level sustainability, citizenship and economic-related footprint information. In 2013, reports were prepared for:

- Janssen Campus Belgium (Janssen Pharmaceutica NV): [www.janssen-verslag-samenleving-2012.be/en/home\\_en\\_change\\_language](http://www.janssen-verslag-samenleving-2012.be/en/home_en_change_language)
- Johnson & Johnson France: <http://www.janssen-france.fr/Society>

Over the past three years, reports have also been published in Singapore, China, Brazil and the United Kingdom.

As part of our Healthy Future 2015 goals, we have also set a goal to expand information on our policy perspectives on major issues; see the Political Contributions, Public Policy & Lobbying section of this report. Our Citizenship & Sustainability website, [www.jnj.com/caring/citizenship-sustainability](http://www.jnj.com/caring/citizenship-sustainability), serves as an ongoing resource about our sustainability performance and citizenship efforts.

## Governance



Johnson & Johnson has well-established governance structures and accountability measures to ensure these structures perform their duties to responsibly further our purpose and aims with regard to economic, social and environmental dimensions of our Citizenship & Sustainability. Details are provided on [www.jnj.com](http://www.jnj.com) under [Our Company](#) as well as on our [Investor Relations](#) and [Citizenship & Sustainability](#) websites.

We recognize the relationship between good governance and sound financial performance. The economic value generated through a well-managed and governed enterprise not only benefits stock owners, it also benefits local communities through small business development and through the contributions made to the social infrastructure needed to sustain community health.

### Governance Structure G4-34

Our Board of Directors, our highest governance body, is a diverse group of individuals who are elected by our shareholders each year. We currently have 12 Board members, 11 of whom are “independent” under the rules of the New York Stock Exchange. Alex Gorsky, current Chief Executive Officer (CEO) of Johnson & Johnson, also serves as the Chairman of the Board of Directors. Our independent Directors determined that for effective Board governance, it was appropriate to have an independent Lead Director and have selected Anne M. Mulcahy to continue to serve as the designated Lead Director for 2014. G4-38–G4-40

The Board of Directors has six standing committees: the Audit Committee; the Compensation & Benefits

Committee; the Nominating & Corporate Governance Committee; the Finance Committee; the Regulatory, Compliance & Government Affairs Committee; and the Science, Technology & Sustainability Committee. These committees advise and, as appropriate, make recommendations to the Board on issues for which they are responsible.

The Science, Technology & Sustainability Committee, composed of non-employee (independent) directors, is the primary committee responsible for policies, programs and practices on environment, health, safety and sustainability.

The Regulatory, Compliance & Government Affairs Committee, also composed of independent directors, provides oversight of regulatory, compliance, quality and governmental matters that may impact the Company.

Additional details about these and our other committees are available at [www.investor.jnj.com/governance/committee.cfm](http://www.investor.jnj.com/governance/committee.cfm).

The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices & Diagnostics business segments. Each subsidiary within the business segments is, with some exceptions, managed by citizens of the country in which it is located.

Increasingly, leaders at all levels of the organization are engaged Citizenship & Sustainability champions. Each business segment has a Citizenship & Sustainability Committee made up of a diverse group of employees representing various divisions and disciplines that accomplish the work in support of

practices on environment, health, safety, citizenship and sustainability. Representatives from these committees form a Citizenship & Sustainability Working Group that tracks performance and progress against our Healthy Future 2015 goals and assists in other Citizenship & Sustainability strategic efforts such as the development and execution of our recent materiality assessment. An enterprise Citizenship & Sustainability Advisory Committee provides senior leadership support and includes global leaders from each business segment; Worldwide Environment, Health, Safety & Sustainability; Government Affairs and Policy; the office of the Chief Medical Officer; Investor Relations; and the office of the Corporate Secretary. **G4-35** **G4-36**

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

#### Communication with Our Board **G4-49**

Shareholders, employees and others may contact the Board or any of our Directors (including the Lead Director) by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933. Shareholders, employees and others may also contact the Board or any of the Non-Employee Directors by using the online submission form on our website at [www.investor.jnj.com/governance/communication.cfm](http://www.investor.jnj.com/governance/communication.cfm). This communication process has been approved by the independent Directors. **G4-37**

General comments to the Company (including complaints or questions about a product) can be sent using the Contact Us form available at [www.jnj.com](http://www.jnj.com).

Johnson & Johnson holds its annual meeting of shareholders each year on the fourth Thursday of April. A notice of annual meeting and Proxy statement are mailed or delivered electronically to shareholders in mid-March. The Proxy statement and the Company's Annual Report are available on the Company's website at [www.investor.jnj.com/annual-reports.cfm](http://www.investor.jnj.com/annual-reports.cfm).

Advance notice is required of shareholder proposals and other items of business. Under the terms of the Company's By-Laws, a shareholder who intends to present an item of business (other than a proposal submitted for inclusion in the Company's Proxy materials) must provide written notice of such business to the Company. This advance notice and associated deadlines are outlined in the Company's Proxy statement available online at [www.investor.jnj.com/annual-reports.cfm](http://www.investor.jnj.com/annual-reports.cfm).

Topics related to economic, environmental and social performance that were raised through the 2013 reporting period include a shareholder proposal seeking adoption of a policy requiring senior executives to retain significant stock. This proposal and the Board's statement in opposition are presented in the Company's Notice of Annual Meeting and Proxy Statement of March 12, 2014, available online at [www.investor.jnj.com/annual-reports.cfm](http://www.investor.jnj.com/annual-reports.cfm). The majority of votes cast by shareholders were against the adoption of this proposal, as announced the Company's Annual Meeting on April 24, 2014.

**Codes and Principles** G4-56

To help ensure that we conduct business according to the values embodied in Our Credo, we have policies that define what we expect of the people within the Johnson & Johnson Family of Companies throughout the world. These policies and codes can be found on our [Citizenship & Sustainability website](#).

**External Commitments** G4-15

Johnson & Johnson recognizes and subscribes to numerous externally developed economic, environmental and social charters and initiatives; select examples are provided below and on our [Citizenship & Sustainability website](#).

- In 2013, the Carbon Disclosure Project (CDP) named us the S&P 500 health care sector leader for our energy and carbon reduction programs, and we maintained our membership in the CDP Leadership Index for the fourth consecutive year. We also participate in CDP Water, CDP Supply Chain and the Forest Disclosure Project. All our manufacturing and R&D sites maintain ISO14001 certification or are in the process of obtaining it; many have OHSAS 18001 certification.
- As part of our long-standing practices and commitment to Citizenship & Sustainability, we joined the U.N. Global Compact in 2013 and are committed to its principles, many of which have been embedded in our business practices for decades. Details of the Company's position on and approach to each of these principles are presented in the appropriate sections of this report and on our [Citizenship & Sustainability website](#).

## Supply Chain & Supplier Management

G4-12



Johnson & Johnson is proud of the strong, collaborative relationships we have built with our suppliers, many of whom have been working with us for years. We rely on tens of thousands of suppliers to provide the materials, goods and services that the Johnson & Johnson Family of Companies needs to manufacture products, service our customers, and supply our offices and other facilities around the world. Johnson & Johnson follows a procurement approach that is based on Our Credo: to obtain the high quality products and services at a cost that represents the best possible value, while maintaining high ethical standards, and taking our social and environmental responsibilities seriously.

The Johnson & Johnson supply base numbers approximately 100,000, with an annual spend of approximately \$30 billion. Our suppliers are segregated into 14 broad categories by product or service, including: active pharmaceutical ingredients; construction, capital and facilities services; chemicals; professional business services; external manufacturing; fleet, travel, education and meeting services; information technology strategic sourcing; media and advertising services; metals; packaging; plastics; transportation/logistics; and research & development/clinical research organizations. They are further categorized into Segment 1, 2 or 3 suppliers based on a number of factors such as spend, importance and availability of the supplied materials or services to Johnson & Johnson. In 2013, using a standardized enterprise segmentation and alignment process, Johnson & Johnson identified approximately

120 suppliers considered to be Segment 1, representing approximately \$8 billion in spend, and approximately 220 considered to be Segment 2. Supplier management processes applied vary by Segment, with more targeted management effort directed at the Segment 1 suppliers, followed by the Segment 2 suppliers.

Expectations for human rights, business ethics, labor practices, health and safety, and environmental performance are established in our Responsibility Standards for Suppliers, and may also be defined in contracts with suppliers. Standardized terms and conditions exist and help guide the foundation of our formal agreements with suppliers. While Johnson & Johnson does not reward or incentivize supplier performance, we maintain processes to assist our suppliers in assessing, and where necessary, improving their performance.

**Supplier Expectations**

The Company's suppliers are located around the world, including in countries considered to be high risk for labor, human rights and other issues (see table on next page). To better manage these risks, our Procurement Sustainability Initiative (PSI) has been developed to provide a foundation to guide our procurement professionals in their purchasing decisions and to give them a framework to provide guidance to influence our suppliers. Through PSI, we evaluate several non-financial performance factors when contracting with suppliers, seeking to partner with those that are aligned with our sustainability commitments. Across our 14 procurement categories, we look for suppliers that are transparent about their sustainability programs, that can assure us that they are sustainably producing the goods and/or services we are buying, and that can verify the legal and regulatory compliance of their supply chain. We

developed a tool, known as the Sustainability Toolkit for Suppliers, to assist our suppliers in understanding our sustainability commitments and to improve their sustainability processes. We also seek a preference for products or services that demonstrate the following attributes:

- Use of renewable resources
- Use of sustainable practices
- Energy efficiency
- Packaging efficiency
- Transport efficiency
- Made from recycled materials and/or can be recycled or reused at end of life
- Products that do not contain or use in their production any materials listed on the Johnson & Johnson watch list (a compilation of lists of banned and/or restricted materials, according to country and regional legislation).

**High-Risk Countries Considered by Independent Organizations\* to be at Risk for Human Rights Violations:** HR4-HR6

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

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

Johnson & Johnson has a Healthy Future 2015 goal for all Segment 1 suppliers to publicly report on two or more sustainability goals in any of the following goal categories: energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, and community and human rights investment. At the end of 2013, 93 Segment 1 suppliers (or approximately 75 percent) had met this goal. Of the suppliers that have publicly reported goals, the percentage reporting in each of the goal areas is shown in the table below.

SUSTAINABLE GOAL CATEGORY	PERCENTAGE OF SEGMENT 1 SUPPLIERS RESPONDING
Community Investment	48
Energy Reduction	64
Waste Reduction	59
Water Use Reduction	38
Workforce Wellness	41
Workforce Injury/Illness Reduction	41

We are particularly gratified that our efforts have helped a few suppliers to report sustainability goals publicly for the first time. We understand that companies require significant internal review and support before many of them can share this information publicly, although many have programs and goals in place. Our challenge going forward will be to continue to work with and support the remaining strategic suppliers as they strive to meet this goal. As a participant in the Carbon Disclosure Project's (CDP) Supply Chain program, we encourage our suppliers to measure and report their energy use and greenhouse gas emissions. In 2013, 129 of the 156 suppliers we approached chose to participate in the program.



**Supplier Standards**

The decision to create and apply standards to 100 percent of our suppliers was made in 2011, after the success of a similar program targeting our external manufacturing partners. Our Responsibility Standards for Suppliers build on and expand that earlier effort. Implementation across the entire supply chain will take time given the sheer number of suppliers involved. To optimize the impact we believe this program can make, we are prioritizing our suppliers based on risk, importance to our products and spend, and focusing initially on those suppliers identified as strategic to our business. The standards are available at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/supplier-standards](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/supplier-standards) and include provisions to:

- Comply with applicable laws and regulations
- Behave ethically and with integrity
- Integrate quality into business processes



- Respect human and employment rights
- Promote the safety, health and well-being of employees
- Embrace sustainability and operate in an environmentally responsible manner
- Implement management systems to maintain business continuity, performance governance and continuous improvement
- Disclose information associated with the supplier's impact on the environment and social issues.

These standards are designed in minimizing risks in our supply chain. Implementation of these standards began with our external manufacturing partners and active pharmaceutical ingredient (API) manufacturers (numbering approximately 800) and has been expanded to our Segment 1 suppliers. Implementation with our Segment 2 suppliers will follow. To assist our procurement professionals in implementation of these Standards, in 2013 we developed a Supplier Responsibility Guide to assure consistency when implementing these standards.

### Assessment Process

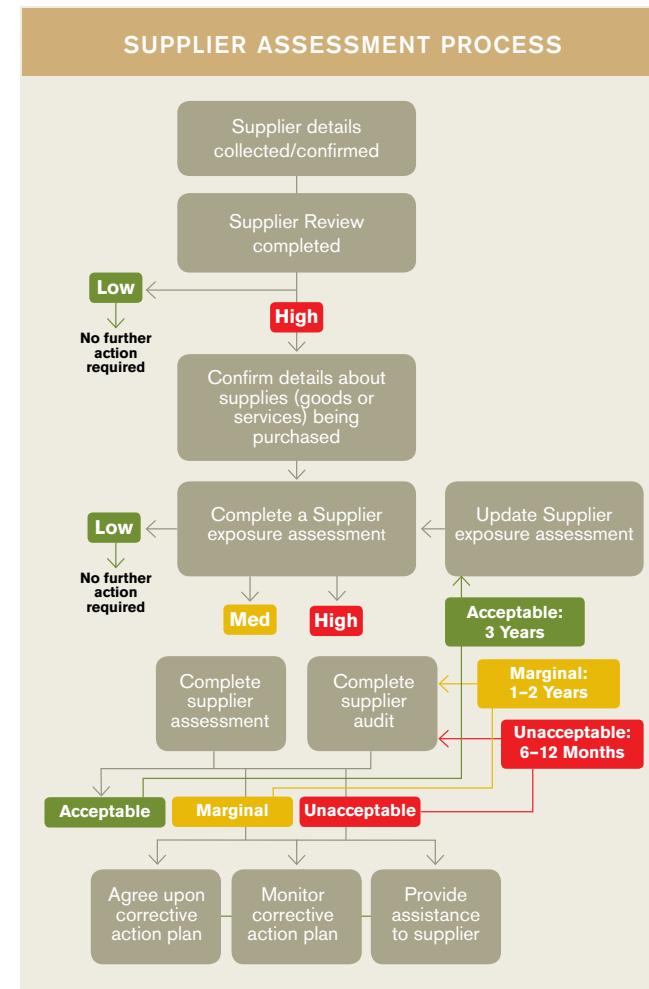
Ongoing assessments of new or existing suppliers are based on the supplier category. External manufacturing sites and API supplier sites receive the most detailed assessment, which may lead to an on-site visit or audit. Assessments may be conducted on the remaining 12 supplier categories for certain factors, but emphasis is based on our "priority" or Segment 1 suppliers and direct material suppliers (chemicals, plastics, packaging and metals).

The level of supplier risk is a primary driver of our supplier assessment strategy, including the type of

assessment, frequency and level of expertise needed to conduct the assessment (see diagram on this page). Our approach, process and tools continue to evolve.

The process begins with an initial review of the supplier, considering supplier location (high-risk country; see page 39), spend with the supplier and product(s) or service(s) supplied. Those rated as high risk by the initial screen are further evaluated using an exposure assessment that looks at the type of operations conducted; the regulatory and physical environment in which the supplier operates; the compliance history for labor, health, safety and environmental performance; incident history; company structure; and Environment, Health & Safety staffing. Rankings of high, medium or low are assigned. An on-site audit is conducted for those ranking high. Suppliers ranked low require no further action. Suppliers ranked medium are asked either to complete a self-assessment, or, in some instances, to have a third-party assessment or onsite audit conducted. Self-assessment and third-party assessments cover Sustainability and Environmental Responsibility, Ethics, Labor & Human Rights, Health & Safety, and Transparency & Disclosure (see table on next page). The completed assessments are reviewed by Johnson & Johnson, and a rating of acceptable, marginal or unacceptable is assigned. If the supplier is rated acceptable, there is no need for further action. A new assessment is not required unless the supplier exposure assessment changes, which is verified every three years. If the supplier is rated marginal, follow-up discussions may be conducted to assure non-conformances are corrected, and a follow-up assessment is completed within 1-3 years. If the supplier is rated unacceptable, follow-up discussions are required and an on-site audit is conducted.

For audits, findings related but not limited to human rights, labor and environmental impacts are communicated to the supplier, and corrective actions



are required and monitored. Follow-up activities with a supplier on assessment findings are prioritized based on the outcome of the audit. If non-conformances to our standards are discovered, we work with the supplier to identify problem areas and strategies to improve performance, which may include ways to prevent recurrence of the problem or ways of mitigating/remediating the impact. If significant non-conformances

are identified that cannot be resolved, the relationship with the supplier may be in jeopardy.

The approximate number of external manufacturers and API suppliers screened in 2013 is shown below. We do not track new suppliers differently from existing suppliers, as our system is design to identify those suppliers with the higher potential risk profile. **EN32 HR10 LA14 SO9**

APPROXIMATE NUMBER OF EXTERNAL MANUFACTURERS AND API SUPPLIERS SCREENED			
	2011	2012	2013
Risk Level/ Exposure Assessment	140	340	180
Self-Assessment	120	90	90
On-site Audit Ethics & Society	40	20	20
On-site Audit Labor & Human Rights	40	20	20
On-site Audit: Health & Safety	50	60	50
On-site Audit: Environment	70	50	40

In 2013, we selected a third-party vendor to evaluate a variety of sustainability elements and score our suppliers, standardizing our third-party assessment tool to supplement our internal assessment tools and methods. Approximately 190 suppliers were evaluated and scored using this process. Johnson & Johnson has determined that our initial desired target rating is being met, on average, for environmental issues. Where the actual rating falls below the Company's desired target rating, such as the average ratings for labor, human rights or fair business practices do, it becomes a supplier-specific task to look individually at their programs and ensure improvement. We continue to work with our suppliers to address the issues identified by the assessment

process. Information on the number and types of findings and corrective actions taken was not compiled at the enterprise level in 2013, but new systems implemented in 2013 should allow the collection of this information in 2014. **EN33 LA15 HR11 SO10**

Topics covered by assessments and audits include, but are not limited to:

<b>Environmental criteria, including:</b>	
Compliance	Air emissions
Waste	Accidental releases
Wastewater and storm water	Community
<b>Human rights criteria, including:</b>	
Child labor	Freedom of association and collective bargaining
Discrimination	Indigenous rights
Forced or compulsory labor	
<b>Labor practices criteria, including:</b>	
Employment practices	Industrial relations
Health and safety practices	Wages and compensation
Incidents (such as of verbal, psychological, physical, or sexual abuse, coercion or harassment)	Working hours
<b>Society criteria, including:</b>	
Transparency	
Anti-corruption	
Fair business	

**Supplier Diversity & Inclusion**

Diverse and small businesses are vital partners. Led by minorities, women, the lesbian, gay, bisexual and transgender (LGBT) community and veteran owners, they represent our customers, patients and consumers that use our products and services. By cultivating a healthy



Johnson & Johnson hosts an annual Supplier Sustainability Awards program to recognize suppliers that value and share a serious commitment to sustainability. In 2013, Kelly Services was recognized for incorporating sustainability concepts into their core services offering through the Company's formal Supplier Management program and for implementing sustainability programs for 12 key tier-2 diverse suppliers within the Johnson & Johnson WORKSENSE™ (temporary labor) program. Kelly Services facilitated communication of the Johnson & Johnson Healthy Future 2015 requirements, championed human rights policy and compliance, and coached these suppliers on developing and publishing documented, measurable sustainability goals for their organizations. In addition, Kelly holds these suppliers accountable for tracking and posting progress against these sustainability goals on their public-facing websites. "By working with our suppliers, we can expand our efforts and increase our influence of sustainable business practices in our supply chain. Kelly Services successes highlight these opportunities," said Marc Carlson, Director, Global Procurement, Contingent Workforce at Johnson & Johnson.

and growing diverse and small supplier base, we are able to uphold Our Credo responsibilities to the customers and communities we serve.

Johnson & Johnson is committed to working with small businesses and diverse suppliers that support our growth objectives by providing innovative solutions to our commercial, supply chain and R&D efforts. Supplier diversity progress is reported to the Johnson & Johnson Executive Committee on a regular basis.

Our Supplier Diversity Program was established in 1998, and it is supported by Healthy Future 2015 goals established to drive continued growth. Our Healthy Future goal for Supplier Diversity & Inclusion in the U.S. was to reach \$1 billion in tier 1 spend by 2011 with certified minority- and women-owned business suppliers and to increase that spend by five percent each year thereafter.

Johnson & Johnson is more than meeting this goal; it is exceeding the Healthy Future 2015 goal targets each year. In 2011, the spend goal was \$1.12 billion and actual spend was \$1.31 billion. In 2012, the spend goal was \$1.18 billion and actual spend was \$1.23 billion. In 2013, the spend goal was \$1.23 billion and actual spend was \$1.36 billion; a 10.3 percent increase over 2012. Furthermore, tier 2 spend in 2013, as reported to us by our suppliers, totaled \$108 million.

Additional 2013 results include:

- Three years as the only health care company member of the Billion Dollar Roundtable
- Tier 1 and Tier 2 diverse spend at 9.0 percent of total U.S. spend
- Over 1,600 certified minority- and women-owned business suppliers with \$1.36 billion spend

- Over 7,000 Small Business suppliers with \$2.7 billion spend
  - Veteran Business supplier spend at over \$75 million
  - LGBT supplier spend at over \$1.5 million
- Tier 2 spend of \$516 million in 2013 compared to \$216 million in 2012
- Recognized by the Women's Business Enterprise National Council among America's Top Corporations (eighth time); the National Minority Supplier Development Council as New York-New Jersey Corporation of the Year (one time); and the National Veteran-Owned Business Association among the Top 10 Best Corporations for Veteran-Owned Business (third consecutive time). In total, Johnson & Johnson was recognized by 23 advocacy groups for its progress in Supplier Diversity & Inclusion.
- Worldwide supplier inclusion strategies are being implemented in the United Kingdom, Switzerland and South Africa.

Diverse and small businesses are vital partners to Johnson & Johnson. We believe that strong, vibrant and growing diverse suppliers are contributors to the economic vitality of local communities. By supporting them, we help lift our communities and help advance the quality of health care globally.

### Supplier Spending EC9

Our strong commitment to supplier diversity has allowed us to enhance our supplier network, support job creation in our local communities, and strengthen ties to the consumers, patients and doctors who benefit from our products and services. We have had an active outreach and advocacy program in place for many years and established a formal Office of Supplier Diversity in 1998.

The following chart presents our spending with local suppliers, by significant business regions. Within each region, the proportion of spending on local suppliers is indicated. Local suppliers are those located within the same country as our operations.

COUNTRY	SPEND WITH LOCALLY BASED SUPPLIERS (\$ US BILLIONS)	PERCENT OF TOTAL SPEND
USA	\$16.57	90
Japan	\$0.61	94
Canada	\$0.67	90
China	\$0.12	43
Germany	\$0.39	78
<b>Total</b>	<b>\$18.36</b>	<b>89</b>

## Human Rights

G4-58



Johnson & Johnson has a responsibility to respect the rights of all people, especially those of the more than one billion people we touch with our products and services every day. We believe our most significant opportunities to impact human rights and our greatest areas of responsibility are human rights in the workplace, access to health care and clinical research ethics. [Our Statement on Human Rights](#) articulates our commitments.

We are committed to respecting human rights as embodied in the [Universal Declaration of Human Rights](#) and its two corresponding covenants, [The International Covenant on Civil and Political Rights](#) and [The International Covenant on Economic, Social, and Cultural Rights](#). We endeavor to ensure that we do not infringe on human rights, avoid complicity in the human rights abuses

of others and comply with the laws of the countries in which we do business.

Our employees around the world are the backbone of our commitment to human rights practices and performance. We respect the dignity and human rights of our employees as well as those working in our external supply chain. In addition to the universal statements of human rights noted above, we follow the principles in the [International Labor Organization's Declaration on Fundamental Principles and Rights at Work](#), including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor. Our commitments are detailed in our [Global Labor & Employment Guidelines](#), our [Policy on Employment of Young Persons](#), our [Standards for Responsible External Manufacturing](#) and our [Policy on Business Conduct](#). Our workplace practices and policies on providing fair compensation, equal opportunity, safe and healthy workplaces and other commitments to human rights reflect our belief that the success of our Company is linked with employee satisfaction and well-being. We foster compliance with these policies on a continual basis through internal training programs, certification processes for external manufacturers and risk-based audit programs. For more information on these topics, visit the [Statement on Human Rights](#) section of our website.

Many of the 60 countries in which Johnson & Johnson operates (a list of our operating locations can be found in [Exhibit 21 of our 2014 10-K filing](#)) are considered by independent organizations to be at risk for human rights violations, including: forced labor, child labor and restrictions on the right to exercise freedom of association or collective bargaining. To further support our commitment to human rights in these operations and in our operations worldwide, Johnson & Johnson joined the U.N. Global Compact in 2013. In addition, Our Credo

and our Policy on Business Conduct are consistent with the principles identified in the U.N. Global Compact. Responsibility for human rights follows our management structure and resides in our local operating companies. Implementation of the many policies, guidelines and practices that inform our commitment to human rights is managed by the relevant corporate and business group functions. [HR4–HR6](#)

Our Vice President of Human Resources reports directly to our Chief Executive Officer and is responsible for overseeing our internal human rights efforts. Compliance is monitored under our global Policy on Business Conduct through individual business units. Our Policy on Business Conduct is communicated across Johnson & Johnson. Compliance training is required of all employees, and compliance with communication, training, and execution of our Policy on Business Conduct is audited. Each business and all senior leaders must certify compliance with our Policy on Business Conduct annually, and results are reviewed by the Corporate Secretary's Office, Internal Audit and the Board's Regulatory, Compliance & Government Affairs Committee. While training data is not currently tracked at the enterprise level, a global data system to gather enterprise wide data is under development. [HR2](#)

Our Global Labor and Employee Guidelines articulate our expectations for labor and employment practices at our sites. These guidelines require open communication with all employees, mandate respect for each employee's right to freedom of association and collective bargaining, prohibit discrimination and forced labor of any kind, and require adherence to and enforcement of child labor laws. Similarly, the Company's policies, procedures and codes of conduct strictly prohibit bribery and corruption in any form, including inappropriate contributions and donations. These policies

apply to every employee, contractor, supplier and service provider, as well as subsidiaries and joint ventures of Johnson & Johnson. [HR4–HR6](#)

Assessments against our Global Labor and Employee Guidelines are conducted on an ongoing basis through local Human Resources and our Global Employee & Labor Relations function. Currently, three regional leaders interact with employees, trade unions and other employee representatives (works councils), and government officials. They have broad oversight and responsibility for monitoring compliance and maintaining relationships with labor unions and works councils. Assessment data is considered confidential. [HR9](#)

Procedures are in place to remedy any non-compliance reported to senior management. All employees, vendors, distributors and customers can anonymously report potential violations through the Credo Hotline. Additionally, anyone can report allegations through other methods within the operating companies or to Internal Audit, the Law Department, Global Security or Human Resources. Hotline access is communicated broadly, and visibility of this access and Hotline functionality are in-scope for financial audits. In the North America and Latin America regions, regional Labor and Employee Relations staffs independently investigate non-compliance in employee relations matters, and verified non-compliant situations are addressed at the respective business unit. In the Asia-Pacific and EMEA regions, investigations are the responsibility of local human resources and are overseen by regional Employee Relations teams. Of the approximately 690 employee relations hotline matters received in 2013, all were addressed. Of these, approximately 90 percent were closed, along with approximately 130 matters pending from 2012. Although additional grievance data is not tracked at the enterprise level, a global system to gather this enterprise data is

under development, but implementation will take several years. [G4-58](#) [EN34](#) [HR12](#) [LA16](#) [SO11](#)

Our Policy on Diversity & Inclusion sets a global standard across the company prohibiting unlawful discrimination and harassment. Appropriate action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline and discharge are free from unlawful discrimination. Such actions are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure. [HR3](#)

In addition, Employee Resource Groups at Johnson & Johnson companies have partnered with the Office of Diversity & Inclusion to create an open forum to exchange ideas and strengthen our ties within the diverse communities we serve. These groups engage almost 12,700 employees across 168 U.S. chapters and 84 non-U.S. chapters.

We also maintain a Policy on the Employment of Young Persons that requires suppliers to abide by specific rules when employing persons under the age of 18 ("young persons") in the manufacture of any product or any component of a product. Our policy extends to all of our affiliates worldwide. The policy mandates that no person between the ages of 16 and 18 shall be employed unless such employment is in compliance with the health, safety and morals provisions of the International Labor Organization Convention 138 Concerning Minimum Age. [HR5](#)

We have a Healthy Future 2015 goal to provide all critical employees, defined as those in positions most

sensitive to human rights infringements, with human rights training. At the end of 2013, greater than 1,500 procurement professionals (or 95 percent) have completed this training. [HR2](#)

Johnson & Johnson also has programs in place addressing occupational safety and health, safe driving, balancing work and family life, and employee wellness. See Workplace Health & Safety ([page 49](#)).

### Human Rights and Suppliers

In 2012, we began implementing our [Responsibility Standards for Suppliers](#) across the entirety of our supply chain. Implementation will take time, due to the sheer number of suppliers. These standards, which previously applied only to our external manufacturing partners, have been extended to all of our suppliers, totaling tens of thousands.

We have a Healthy Future 2015 goal to have all goods suppliers in high-risk countries and any services suppliers in a high-risk country, with greater than \$250,000 in annual spend, confirm awareness of and conformance with the human rights provisions of our policies. This goal captures approximately 90 percent of our spend in high-risk countries, representing approximately 3,500 suppliers. For the purpose of identifying high-risk countries, we have used regulatory requirements within the country pertaining to product safety, application of good manufacturing practices and quality management systems, protection of intellectual property, the enforcement of regulations and the ranking of the country in the Corruption Perception Index produced by Transparency International and the Johnson & Johnson Export Compliance Policy.

All external manufacturing, active pharmaceutical ingredient suppliers, re-packer and sterilizer site

locations (numbering approximately 800) have been assessed, and slightly over 120 were identified as being located in high-risk countries, including Algeria, Brazil, China, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, Panama, Paraguay, Romania, Russian Federation, Thailand, Ukraine and Vietnam. Of those, 88 percent have been confirmed to conform to the human rights provisions of our policies/standards. In 2013, we continued our efforts to assess our Segment 1 suppliers, numbering approximately 120 and representing approximately \$8 billion of our \$30 billion of annual spend. Of these, just over 80 percent have been evaluated to see if they make or sell a service from a high-risk country. Slightly less than 50 have confirmed that they do, and, of these, just under 80 percent have been confirmed to conform to the human rights provisions of our policies and standards. Going forward, we will continue our efforts to assess our Segment 1 suppliers and expand our efforts to our Segment 2 suppliers. For more information on this effort, see "[Working with Our Suppliers](#)" in our Annual Report.

We have standard terms and conditions that are considered for use in tenders and contracts with suppliers, and in particular, with external manufacturers and Segment 1 suppliers. These terms and conditions require compliance with all applicable statutes, laws, ordinances and regulations, including but not limited to those related to business conduct, labor and employment practices, and worker health and safety. The terms and conditions also state that we may terminate the contract in the event of non-compliance with our Employment of Young Persons Policy, supplier's use of any forced labor, or any threats or other willful practices on the part of the supplier that endangers the life or safety of any of its personnel or anyone in its community.

## Financial Health & Economic Performance



Johnson & Johnson delivered strong results in 2013, led by the outstanding performance in our Pharmaceutical business, the re-launch and strength of key brands in our U.S. over-the-counter (OTC) and other Consumer businesses and continued progress in integrating Synthes, Inc. into our Medical Devices & Diagnostics (MD&D) segment. Our worldwide sales were \$71.3 billion, an increase of 6.1 percent.

For the past five years, we've consistently invested about 11 percent of sales to support our R&D efforts. That equated to over \$8 billion enterprise-wide in 2013, and by leveraging the power of our enterprise, we are increasing our overall effectiveness and efficiency in the global marketplace.

Our products are making a difference in the care of people around the world, as approximately 70 percent of our sales come from the number one or number two global-market-share position.

With these strong results, we delivered adjusted earnings per share\* growth of 8.2 percent and strong free cash flow\*\* of nearly \$14 billion.

Our total shareholder return of almost 35 percent\*\*\* outpaced nearly every major index we benchmark ourselves against. Johnson & Johnson has delivered 30

\* Excludes special items. See "Reconciliation of Non-GAAP Financial Measures" on page 72 of the 2013 Annual Report.

\*\* Free cash flow is defined as operating cash flow less capital spending.

\*\*\* Including dividends.

consecutive years of adjusted earnings\* increases, and we are one of only six companies in the S&P 100 to have delivered 51 consecutive years of dividend increases.

A complete Analysis of Results of Operations and Financial Condition is provided in our 2013 10K Annual Report available online at <http://www.investor.jnj.com/annual-reports.cfm>.

### Economic Value Retained EC1

A basic indicator of our economic impact is calculated using economic value generated and economic value distributed, as outlined by the Global Reporting Initiative. Our economic value retained is provided in the chart on this page.

### Risks Due to Climate Change EC2

Johnson & Johnson does not have a formal process for assessing risks and/or opportunities from climate change; however, there is an ongoing discussion on this topic among members of Worldwide Environment, Health & Safety; Business Continuity Planning; Government Affairs; Investor Relations; Finance; Legal; and Business Unit Operations.

Those risks posed to Johnson & Johnson by climate change and related policies are considered as part of our continued involvement in the Carbon Disclosure Project. This analysis is included in a complete report filed with CDP and available at [www.cdproject.net](http://www.cdproject.net).

Of the risks to our business related to climate change, the most significant in the next decade is an extreme weather event, such as a hurricane or flood, that would cause the closing of a manufacturing facility, disruption in the supply chain or loss of product inventory. There is also the possibility that climate change could affect the availability of raw materials for our products. There may

	2011	2012	2013
<b>Direct Economic Value Generated</b>			
Revenues	65,030	67,224	71,312
<b>Economic Value Distributed</b>			
Operating, Employee & Other Costs <sup>1</sup>	48,364	48,821	48,898
Payments to Providers of Capital	6,727	7,146	7,868
Community Investments	706	966	993
<b>Economic Value Retained</b>	<b>9,233</b>	<b>10,291</b>	<b>13,653</b>

<sup>1</sup> This line is the total for operating costs, employee wages and benefits, and payments to governments

be new costs incurred due to higher insurance premiums or increased business interruptions stemming from changing weather patterns. However, these costs would likely impact other major industrial entities in a similar fashion. In addition, under current guidance from the U.S. Environmental Protection Agency (EPA), there is limited risk to Johnson & Johnson facilities. Internationally, only three out of 110 Company facilities are currently active under the Kyoto Protocol Criteria.

Though not financially significant, Johnson & Johnson owns and operates several on-site renewable-energy-generation facilities that could generate income from carbon offsets and renewable-energy credits. We are well positioned to compete in an energy- and carbon-constrained economy, based on our successful, ongoing implementation of energy-efficiency, renewable-energy and carbon-reduction projects.

**Defined Benefit Obligations** EC3

Johnson & Johnson sponsors employee-related obligations, among them pension and post-retirement benefits. These include defined benefits (a pension and savings plan), defined contributions (voluntary 401(k)) and termination indemnity plans, benefits that cover most employees worldwide.

At the end of fiscal year 2013, the projected benefit obligation was \$21,448 million, and the fair value of the assets equaled \$20,901 million, for a shortfall of \$587 million. Discretionary contributions are made when deemed appropriate to meet the plan's long-term obligations. For more information, see [Note 10 in our 2013 10-K Annual Report](#).

The U.S. pension plan is provided at no cost to the employees, and all employees aged 21 and over with at least one year of service participate in the plan. Pension plan offerings vary outside the U.S. and do not exist in all countries.

The voluntary 401(k) plan is based on a minimum of a 3 percent, and up to 6 percent, employee contribution from each paycheck, matched at 75 percent by the employer. There is no standing obligation, as funds are disbursed each pay period.

**Tax Credits & Benefits**

The Global Reporting Initiative (GRI) defines financial assistance as direct or indirect financial benefits that do not represent a transaction of goods and services, but which are an incentive or compensation for actions taken, the cost of an asset or expenses incurred. The provider of financial assistance does not expect a direct financial return from the assistance offered. Furthermore, GRI considers that significant financial assistance received

from a government, in comparison with taxes paid, can be useful for developing a balanced picture of the transactions between the organization and government.

In 2013, Johnson & Johnson had an effective tax rate of 10.6 percent. The effective tax rate was 23.7 percent in 2012 and 21.8 in 2011.

The decrease in the 2013 effective tax rate as compared to 2012 was attributable to a tax benefit associated with the write-off of assets for tax purposes associated with Scios Inc., increased taxable income in lower tax jurisdictions relative to higher tax jurisdictions, and the inclusion of two years of benefit of the U.S. Research and Development (R&D) tax credit and the Controlled Foreign Corporation (CFC) look-through provisions. The R&D tax credit and the CFC look-through provisions were enacted into law in January 2013 and were retroactive to January 1, 2012.

During 2013, the Company reached a settlement agreement related to certain issues regarding the U.S. Internal Revenue Service audit related to tax years 2006–2009. As a result of this settlement, the Company adjusted the unrecognized tax benefits relating to these matters, which lowered tax expense. In addition, the Company recorded additional U.S. tax expense related to increased dividends of foreign earnings. The above items resulted in a net gain of \$180 million. Also included in 2013 results were incremental tax expenses associated with the establishment of a valuation allowance of \$187 million related to the Company's Belgian foreign affiliate. The above items had no net impact on the effective income tax rate for the fiscal year ended 2013.

For more information, see [Note 8 in our 2013 10-K Annual Report](#).

**Health-Conscious, Safe Employees\***

It used to be that the greatest threat to global health was infectious diseases—influenza, polio and common infections took the lives of millions. Thankfully, innovations in diagnosis and treatment of such afflictions have reversed this trend.

Today, however, the greatest threat to health is often rooted in our behaviors and lifestyles. Non-Communicable Diseases (NCDs)—or chronic diseases such as diabetes, heart disease, stroke and cancer take the lives of 35 million people annually (according to the World Health Organization\*\*). There is also an economic toll—the World Economic Forum rates NCDs as one of the top three risks to the global economy (estimated to cost \$47 trillion over the next 20 years). However, changes to lifestyle alone can have a huge impact. Employers have begun to see this as a critical issue, not only in terms of subsidized health and disability care,



\* This information is based on data gathered from all Johnson & Johnson locations/operating companies (> 25 employees) worldwide. This represents 100 percent reporting for all Johnson & Johnson sites (> 25 employees) worldwide.

\*\* [www.who.int/nmh/publications/ncd\\_report2010/en](http://www.who.int/nmh/publications/ncd_report2010/en)

but also in terms of productivity and engagement of their employees. Recent employer trends illustrate this as wellness offerings become a key future focus with growing prevalence across all regions.

**Johnson & Johnson Response**

Johnson & Johnson is committed to improving health. Caring for health is at the heart of Our Credo, and nothing illustrates this commitment more than how we care for the health and well-being of our employees. Caring for our employees is a legacy value; in fact, 100 years ago the Company provided medical centers, health education and physical activity resources for its employees.

Today, these values continue to flourish. In 2013, this was evidenced by expansion of our Culture of Health programs, which included innovative offerings such as the ENERGY FOR PERFORMANCE IN LIFE™ program, Health Coaching, the Global Corporate Challenge (walking competition) and a Health e-center with accompanying tools. It also meant applying an enterprise-wide mindset, via leadership endorsement of the Company's One Global Health services organization, which will standardize and optimize health and well-being services delivery for the entire Johnson & Johnson employee population.

To drive these efforts, we have established several Healthy Future 2015 goals:

1. Access to fully implemented Culture of Health programs to greater than 90 percent of the entire Johnson & Johnson employee population;
2. Having greater than 80 percent of the entire Johnson & Johnson population participating in a Health

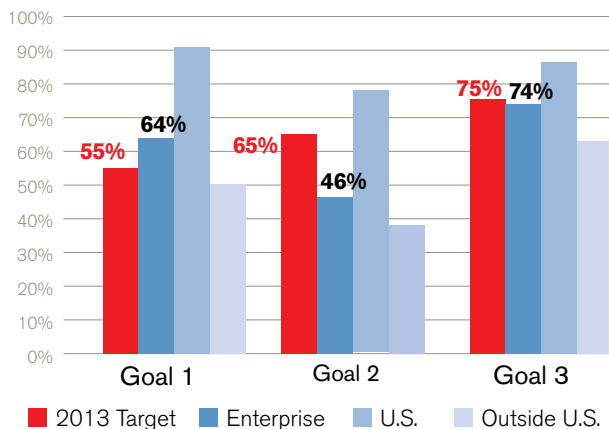
\* 0-2 Health Risks (of the 11 Health Risks measured)

\*\* 100 percent reporting (384 locations)

Risk Assessment (Health Profile or similar) and “knowing their numbers;” and that

3. Greater than 80 percent of the assessed population are considered “low”\* health risk.

This year\*\*, we exceeded our 2013 target (55 percent) for our Culture of Health programs with approximately 84,000 employees (64 percent) having access to the full complement of all 12 programs.

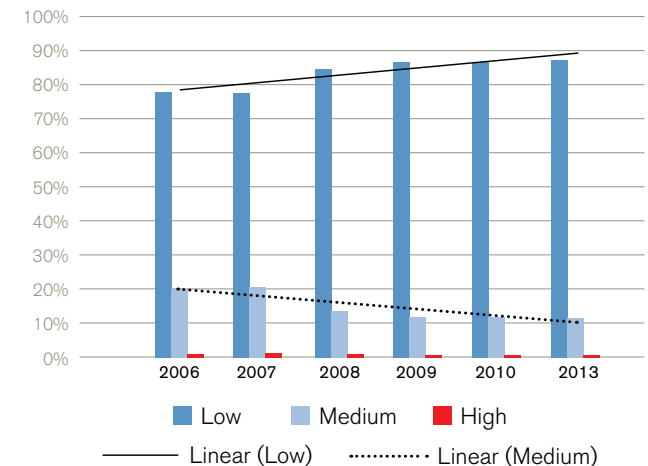


Regarding our second goal, in the U.S., where our Health Profile program has been implemented for many years, we have consistently met this target. However, outside the U.S. (OUS), while not meeting the goal, we have seen steady improvement over time (from 14 percent in 2010 to 38 percent in 2013). We also expect further increases as the Health Profile (or similar) will be accessible to more of the global population (currently reaching 76 percent, with implementation of an OUS “one” health profile website with onboarding of 123 sites in 2013). And in 2013, 74 percent of the assessed population was found to be low risk.

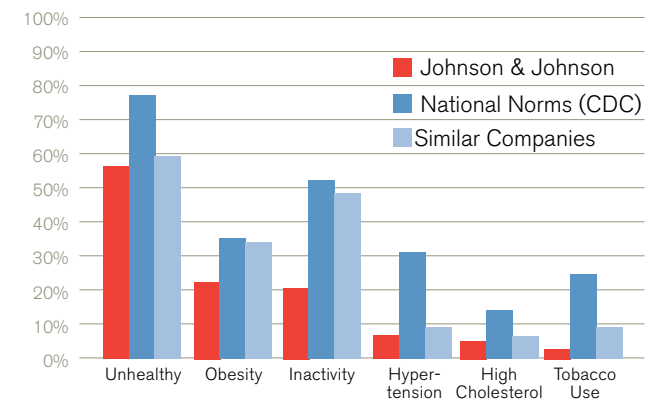
Learn more about employee health programs in our [Corporate Annual Report](#).

**Preventing Non-Communicable Diseases (NCDs)**

In the U.S., where we have consistently been tracking aggregate data over time, we continue to reduce health risks as well as trend significantly better than similar companies (book of business) and the national norms (from the U.S. Centers for Disease Control).



**Note:** 2011/2012 data combined and, for consistency sake (variant from the normal sampling), these data were not included—although the results are similar to 2010.





### Credo Survey Results

Not only does Johnson & Johnson score well in these areas compared to other companies, but our employees score us well, too.

EMPLOYEE CREDO QUESTION	2011	2013
My company helps me in my efforts to achieve health and well-being.	79% Agree	82% Agree

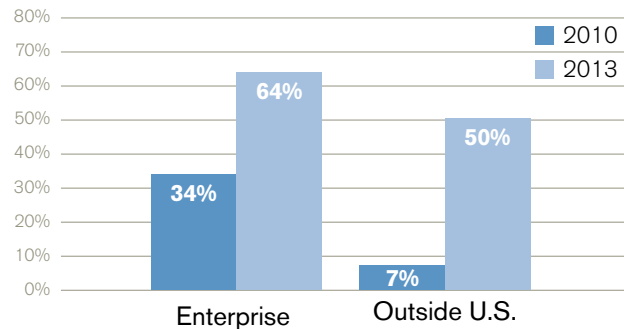
### Driving a "Culture of Health" (COH)

Creating a healthy culture means providing an environment that will nourish well-being and encourage healthy choices. We have defined and measured what this means

In 2013, Johnson & Johnson was one of two multi-national companies to earn the distinguished CEO Roundtable on Cancer GLOBAL accreditation.

by expecting full implementation of 12 distinct programs, including in the areas of tobacco-free work sites, HIV policy, health profile access, employee assistance, exercise facilities, medical surveillance, health promotion, stress and energy management, cancer aware-

ness, healthy eating, return-to-work and travel health. Since measuring the implementation of these programs, we have seen steady progress in their implementation and access for our employees.



### Percentage of Sites Worldwide (n 400) with Full Implementation of 12 COH Programs

CULTURE OF HEALTH PROGRAM	2010	2013
Tobacco Free	70%	77%
HIV/AIDS	50%	79%
Health Profile	52%	78%
EAP	76%	90%
Medical Surveillance	79%	82%
Physical Activity	71%	88%
Health Promotion	66%	85%
Stress & Energy Management	70%	74%
Cancer Awareness	60%	88%
Healthy Eating	54%	84%
Modified Duty	68%	83%
Travel Health	65%	71%

### One Health Organization

Through the Company's newly formed One Global Health Organization, Johnson & Johnson seeks to leverage best employee health care practices and resources while optimizing health programs and services to every corner of the globe. This model has been applied in the U.S. since 1995, as well as via a piloted approach in China and India in 2012. The model's success in these regions has led us to believe that this will accelerate our progress in achieving our Health Future 2015 employee health goals worldwide and strengthen our position towards our future 2020 objectives.

### The One Global Health Organization is committed to:

- Excellence in Service
- Simplification and Standardization, and
- Creating Value

### Protecting Our Employees

Protecting our employees' health while on the job is a top priority. At Johnson & Johnson, this is realized by on-site health care professionals at our major manufacturing and R&D facilities. Work-related injuries and illnesses are immediately cared for and managed for the life of each case. Medical examinations (surveillance) are completed to ensure employees have no unintentional health effects from possible exposures while on the job and to ensure they are fit to perform certain tasks (e.g., able to wear a respirator). Regional regulations often dictate some of these exams. Our health professionals also make the final determination for how an occupational injury/illness case is recorded for the purpose of workplace safety statistics.

It is critical, therefore, that the care provided to our employees is of the highest quality and remains compliant with the local regulations. To this end, in 2013, Johnson & Johnson implemented a Quality Assurance process that provides for a standardized approach to measure the quality of services delivered at our on-site facilities. The score informs the Occupational Health (OH) index, a newly designed internal metric with the intent of measuring the quality, compliance, efficiency and satisfaction of our Occupational Health Services.



**U.S. & Puerto Rico Data**

The following data provide a snapshot of utilization/outcomes from U.S. and Puerto Rico on-site clinics:

CULTURE OF HEALTH PROGRAM	2013
Health Promotions	36%
Clinic Visits	27%
Physical Therapy	6%
Wellness	25%
E4PIL Programs	3%
EAP	3%

**Employee Well-being and Performance**

Health, well-being and performance are interdependent. To this end, we work to ensure an integrated and holistic approach to how we perceive and encourage good health.

This is why we are excited about the ENERGY FOR PERFORMANCE™ program at Johnson & Johnson. This program is a customized “in-house” version of the CORPORATE ATHLETE™ program developed by the Human Performance Institute Division of Wellness & Prevention, Inc. It looks at managing energy through all the dimensions (physical, mental, emotional and spiritual).

Our goal is to have 50 percent of all our employees exposed to this program by 2015.



**In 2013, we exceeded our target to reach 10,000 employees. By training internal trainers, we also have allowed for a cost-effective, regionally based approach.**

**Workplace Health & Safety**



Johnson & Johnson is a large and diverse organization, with employees working in manufacturing facilities, warehouses, R&D centers, laboratories, offices and vehicles. Our safety programs are designed to ensure a safe and healthy workplace for all employees, no matter where they work, and performance is regularly monitored.

The foundation of our program is the Johnson & Johnson Environment, Health and Safety (EHS) Policy. It

The Johnson & Johnson Employee Assistance Program (EAP) provides emotional support services for a variety of situations whether it is one-to-one counseling, or helping an organization with critical incidents and change. In 2013, we maintained 100 percent EAP access for the U.S. and Asia-Pacific regions, 95 percent in EMEA and 93 percent in Latin America. Johnson & Johnson Global EAP usage is 7.8 percent (trending higher than industry standards of 3-4 percent).

establishes our belief that “employee safety is a core value, inseparable from our mission of improving human health” and goes on to note that “we foster a culture of safety for our employees, contractors and key partners.”

We are guided by our EHS Standards, which cover a wide range of safety and health requirements. All Johnson & Johnson manufacturing, R&D, warehouse, distribution center and office buildings must comply with these standards. To monitor our compliance against these Standards (for more details, see [www.jnj.com/caring/citizenship-sustainability/strategic-framework/workplace-health-and-safety](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/workplace-health-and-safety)), we have an established assessment program that includes annual self- and third-party assessments. Finally, we support our sites in obtaining third-party certification to the Occupational Health and Safety Assessment Series management system (OHSAS 18000). In 2013, 28 percent of our sites were so certified.

In 2013, an effort to develop a consistent, standardized approach to safety culture across the enterprise was initiated. Pilots will take place throughout 2014, with full implementation planned by the end of the year. The program is built on three pillars: leadership; safety education and awareness; and processes and habits.

Most of our operating company manufacturing and R&D locations have formal joint management-worker health

and safety committees. Our sales force is represented in health and safety committees through our SAFE Fleet program. In addition, one-third of those working in office settings are represented in health and safety committees through our Office EHS program. Where local collective bargaining agreements exist, requirements for working conditions, including health and safety, are typically incorporated into the agreements. These requirements may include personal protective and safety equipment, health and safety committees and their designated representatives, inspections, complaint processes and training. More information on the Company's commitment to Health and Safety can be found at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/health-conscious-safe-employees](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/health-conscious-safe-employees). LA5 LA8

We have a Healthy Future 2015 goal to achieve a 15 percent improvement in employee safety performance enterprise-wide, as measured by our Lost Workday Case (LWDC) rate, with a goal of <0.09. In 2013, our performance decreased, from an LWDC rate of 0.09 in 2012 to a rate of 0.11 in 2013. The major contributor to the performance decrease was a single incident involving food poisoning at a location in China. Going forward, our challenge will be to integrate our safety programs with our new acquisitions, where LWDC rates are higher than our own.

We continue to focus on the leading causes of LWDC, ergonomics and Slips, Trips and Falls (STF), which were 34 percent and 26 percent of our LWDC rate, respectively.

In ergonomics, the focus is on improving competency and on assuring a thorough identification of the ergonomic risks at key locations. In 2013, we revised and updated our Computer Workstation Risk Assessment Tool and developed standards for our flexible workplaces.

To address STFs, we are continuing StepRight, a two-year campaign initiated in 2013 that includes quarterly communications, using materials created to raise awareness of the causes of STFs. In 2013, the campaign included an employee video contest, and the winning videos became part of the materials made available to our sites. Locations that experience two or more recordable STF injuries per year must develop and implement a fall prevention action plan. The top 10 manufacturing locations with the highest incidence of STF-related LWDCs must also conduct an annual fall prevention site assessment, include fall prevention as part of our Management Awareness and Action Review System (MAARS) joint assessments, and provide quarterly progress reports to the Environment, Health, Safety & Sustainability (EHS&S) Leadership Council. This requirement has been extended to the top five large office locations that have high numbers of STF cases. Our goal is to see a 25 percent reduction in STF injuries by the end of 2014.

Our Serious Injury and Illness Case (SIIC) rate was 0.020 compared to our goal of 0.035; it improved from 0.027 last year and 0.028 the year before, and is at our lowest rate since 2007. The SIIC category includes death, amputation, fracture and hospitalization for more than just observation. It does not include minor first aid or recordable injuries. While we are meeting our SIIC goal, we experienced six fingertip amputations in 2013 (4 employees and 2 contractors). To improve our safety programs and results, we plan to implement several refinements that will strengthen our machine guarding risk assessments and enhance our safety culture.

In 2013, we experienced seven health and safety non-compliances, essentially flat compared to the six experienced in 2012, and we paid fines of \$205,000 for a 2010 safety violation in Venezuela.

LA6

REGION	LOST WORKDAY CASE RATE*	TOTAL RECORDABLE INJURY RATE
Asia-Pacific	0.11	0.22
Europe, Middle East and Africa	0.10	0.38
Latin America	0.07	0.47
North America	0.12	0.74
Worldwide	0.11	0.51

\* Calculated based on calendar days

We track our Lost Workday Case (LWDC) and Total Recordable Injury Rate (TRIR) frequency at an enterprise and regional level, as illustrated in the table above, per our Injury and Illness Recordkeeping and Reporting Guidelines. We do not track absenteeism at an enterprise level. Occupational disease also is not tracked, since these types of diseases are not prevalent due to the high level of external and self-regulated safety protection afforded our employees from any type of exposure that could cause disease (such as asbestos or other cancer-causing substances). We track non-injury type statistics that are classified as "illness," such as mental stress cases, which are included in our total recordable rate. These statistics are not tracked by gender. We have extensive wellness programs for our employees, including education, training, counseling, prevention, risk control and treatment. These are discussed in the [Health-Conscious, Safe Employees](#) section of this report. LA7

Enterprise-wide safety performance is discussed with the Corporate Compliance Committee and the Science, Technology and Sustainability Committee of the Board of Directors. A formal report of safety performance is provided annually to the full Board of Directors.

Johnson & Johnson continues to compare our safety results to two industry benchmarks: ORC HSE Strategies and the Pharmaceutical Safety Group (PSG). ORC

HSE Strategies data include companies from a broad cross section of the global economy, and PSG is based exclusively on 14 companies in the pharmaceutical segment. In this way, we compare ourselves to both our peers and to companies outside of our sector. As of the time of this report, the ORC HSE Strategies Lost Time Injury Frequency Rate (LTIFR) 2013 benchmark was 0.47 (based on the input of 45 companies), and the PSG 2013 benchmark was 0.27. Johnson & Johnson's LTIFR was 0.11 in 2013.

### Contractors

Johnson & Johnson maintains a comprehensive occupational safety program that includes systems to protect contractors working at Johnson & Johnson facilities. We have a Healthy Future 2015 goal to achieve a 15 percent improvement in contractor safety performance at all Johnson & Johnson manufacturing and R&D facilities with a LWDC rate target of 0.12. In 2013, our overall contractor LWDC rate trended downward to a rate of 0.12. No contractor fatalities occurred in 2013. Our challenges include increased outsourcing activities that increase the number of "embedded" contractors on-site, as well as an increase in the number of large capital construction projects. Going forward, we plan to review our existing contractor management program to increase focus on embedded contractors and to review application of the developed Construction Safety Strategy.

The Total Recordable Injury Rate (TRIR) for independent contractors working on-site was 0.38 in 2013, improved from our rate of 0.74 in 2012. In 2013, we experienced an improvement in contractor LWDC rate (0.22 to 0.07) associated with large construction projects managed by Worldwide Engineering and Technical Operations. The Contractor LWDC rates realized across our three manufacturing

segments changed as follows: Consumer (0.03 to 0.06), Medical Devices & Diagnostics (0.09 to 0.16), and Pharmaceutical (0.31 to 0.14). The decline in our pharmaceutical segment can be attributed to the following actions, which were taken in 2013:

- The Contractor LWDC rate became a key EHS metric monitored monthly.
- The Pharmaceutical contractor safety team developed an action plan to improve job safety risk analysis, intensify oversight and further optimize the use of contractor work permits.
- Johnson & Johnson safety expectations were clearly communicated to embedded service contractor management and were supplemented with routine follow up.
- The Johnson & Johnson Step Right program, designed to reduce the incidence of Slip, Trip and Fall injuries (STFs), was extended to contractors.

We have not had a contractor fatality since 2008, and we attribute this success to the additional rigor required by our Contractor Safety Standard and the new actions we have taken in 2013. Part of that additional rigor is requiring best practices sharing across facilities in a common geography, among other actions. This standardization effort, which is being implemented in several locations worldwide, should continue to improve both the efficiency and the effectiveness of the contractor safety approach. In parts of the U.S. and Puerto Rico, we are also using ISNetwork, a contractor evaluation service, to improve our contractor selection process.

### Fleet Safety

The company vehicle is the main workplace for many of our employees; some spend up to 50 percent of their time driving on company business. We are pleased that

since 1995, our crashes per million miles driven (CPMM) rate has decreased by 30 percent. However, our ultimate mission is zero: zero crashes, zero injuries, zero incidents. Key to this mission is driver accountability for safe driving.

Our Healthy Future 2015 goal is to achieve a 15 percent improvement to a target rate of 4.7 CPMM in fleet safety performance worldwide. In 2013, our CPMM increased to 6.14, a six percent increase from 2012 and an 11 percent increase over our 2010 baseline. Our vehicle count increased by three percent, and our Percent of Vehicles in Crashes increased minimally by 0.1 percent (11.55 in 2013 vs. 11.43 in 2012).

Our Injuries Per Million Miles (IPMM) rate increased in 2013 by 29 percent, from 0.07 in 2012 to 0.09, but remains well below our target rate of 0.20. While all regions experienced an increase in their CPMM rates, our Asia-Pacific region did meet its individual target. All regions except Latin America experienced increases in their IPMM rates. Our top crash type was "the other driver hitting the rear of our vehicle," which makes up 21 percent of all crash categories.

In October 2013, we announced a global full-ban mobile phone (and electronic device) policy, effective January 1, 2014. The policy prohibits both hand-held and hands-free mobile phone use while driving a Company owned, leased or rented vehicle. In one of our larger country fleets, speeding continues to be the number one violation. To address high-risk driving behaviors, such as speeding and harsh braking, we are launching in-vehicle-monitoring system pilots in three countries. The objective is to assist our drivers in identifying and improving unsafe driving habits to reduce the risk of crash and/or injury. Approximately 35 percent of collisions between vehicles in motion are due to rear-end crashes (another driver

rear-ending our vehicle and our driver rear-ending the other driver); 21 percent of total crashes (collisions between vehicles in motion,) are due to "the other driver hitting the rear of our vehicle."

Going forward, we will continue to expand our in-vehicle monitoring programs; improve our driver training compliance rate; ensure fleet safety metrics are included in the driver's and manager's performance standards; enhance field manager engagement by providing improved post-incident coaching and performance monitoring tools; and continue to include new and advanced safety features in our fleet selector requirements.

## Labor Practices & Workforce



The Company's greatest asset is our employees, who work in more than 275 operating companies across approximately 60 countries. Our Credo, Global Labor and Employment Guidelines, Global Policy on Diversity and Inclusion, Policy on the Employment of Young Persons, our Standards for Responsible Suppliers and our signing of the U.N. Global Compact reflect the Company's commitment to fundamental rights at work, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor. For more information on Johnson & Johnson policies and practices related to human rights, see the Human Rights section of this report (page 42).

Our [Global Labor and Employment Guidelines](#) ensure that our operating units worldwide follow consistent

### TOTAL PERCENT FULL-TIME AND PART-TIME EMPLOYEES BY GENDER<sup>1</sup>

#### WORLDWIDE

GENDER	PERCENT
Female	47
Male	53

### TOTAL PERCENT FULL-TIME AND PART-TIME EMPLOYEES BY GENDER<sup>1</sup>

#### BY REGION

	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	LATIN AMERICA	NORTH AMERICA
Female	40	50	45	46
Male	60	50	55	54

### TOTAL PERCENT EMPLOYEES BY JOB CATEGORY AND GENDER<sup>1</sup>

#### WORLDWIDE

GENDER	VP+	MGR & DIR	PROF	OTHER	TOTAL
Female	30	42	50	44	46
Male	70	58	50	56	54

### TOTAL PERCENT EMPLOYEES BY JOB CATEGORY AND AGE GROUP<sup>1</sup>

#### WORLDWIDE

GENDER	VP+	MGR & DIR	PROF	OTHER	TOTAL
<30	0	2	21	22	17
30-50	52	77	65	59	66
>50	48	21	14	19	17

principles in labor and employment. The Guidelines require that our policies and actions are in full compliance with the laws and regulations of the countries in which we operate. They address communication with our employees, freedom of association and good faith collective bargaining, while prohibiting unlawful retaliation and discrimination, forced labor, child labor and physical punishment.

<sup>1</sup> Estimated based on existing database platforms; excludes recent acquisitions.

<sup>2</sup> Estimated based on existing database platforms; includes retirees; excludes recent acquisitions.

<sup>3</sup> Includes U.S., Puerto Rico, Canada.

### TOTAL PERCENT NEW EMPLOYEE HIRES BY GENDER<sup>1</sup>

#### NORTH AMERICAN REGION<sup>3</sup>

GENDER	HIRES
Female	45
Male	55

### TOTAL PERCENT NEW EMPLOYEE HIRES BY AGE GROUP<sup>1</sup>

#### NORTH AMERICAN REGION<sup>3</sup>

AGE GROUP	HIRES
<30	23
30-50	63
>50	14

In 2013, our total turnover rate in the North America region was 10 percent; the voluntary turnover rate was approximately 5.6 percent.

### TOTAL PERCENT EMPLOYEE TURNOVER BY GENDER<sup>2</sup>

#### NORTH AMERICAN REGION<sup>3</sup>

GENDER	TURNOVER
Female	47
Male	53

### TOTAL PERCENT EMPLOYEE TURNOVER BY AGE GROUP<sup>2</sup>

#### NORTH AMERICAN REGION<sup>3</sup>

AGE GROUP	TURNOVER
<30	8
30-50	53
>50	39

### WORKFORCE DIVERSITY - U.S. DATA ONLY<sup>1</sup>

	PERCENT OF TOTAL WORKFORCE
Female	47
Male	53
Minority	30
Non-Minority	70
<b>AGE</b>	
<30	8
30-50	61
>50	31

As local laws vary, we ensure that policies, practices and agreements are in place to ensure fair and equitable treatment for all employees across our enterprise. Our [Standards for Responsible Suppliers](#) require external partners, including external manufacturers, to have appropriate policies for the treatment of their employees.

Several global functions support and share responsibility for various aspects of labor practices. These include Global Diversity & Inclusion, which reports to the Chairman and Board of Directors through its Vice President and Chief Diversity Officer, and Human Resources, whose Vice President is a Corporate Officer and a member of the Executive Committee. The Supply Chain Vice President of Human Resources for Johnson & Johnson is responsible for the oversight and implementation of our labor relations policy.

The tables on the previous page show our workforce by several key metrics. [G4-10](#) [LA1](#) [LA12](#)

We currently have 12 Board members, 11 of whom are "independent" under the rules of the New York Stock Exchange; three women (25 percent), 9 men; racial minorities equaled three (25 percent). [LA12](#)

The Johnson & Johnson Family of Companies offers parental leave to our employees in most countries in which we operate in accordance with statutory requirements and/or based on local competitive practices. Wherever possible, we also offer flexibility and flexible work arrangements for employees. These programs, as with all our benefit program offerings, are aligned with Our Credo commitments. [LA3](#)

### Collective Bargaining [G4-11](#)

Employee representation structures vary throughout the world, and Johnson & Johnson is assessing the status of sites with employee representation by region.

The regions are North America, Latin America, Asia-Pacific and Europe/Middle East/Africa (EMEA). In the EMEA region, up to 100 percent of Company sites have the ability to establish an employee representation structure or framework. Where employees choose to establish these structures, management provides support. However, employees at some of the Company's sites have chosen not to establish these employee representation structures. In the North American region, less than 10 percent of employees have employee representation structures in place. We do not currently have information for the Asia-Pacific or Latin American region. Johnson & Johnson and our operating companies also respect employees' choices not to establish a formal employee organization. Our Credo, our Global Labor and Employment Guidelines, our Global Policy on Diversity and Inclusion, and our signing of the U.N. Global Compact require that employees make these decisions free from unlawful discrimination, harassment or retaliation.

Consistent with internationally recognized expectations for business ethics, health and safety, and labor and employment standards, we have established our Global Labor and Employment Guidelines. These Guidelines are available to all employees and are followed by our operating units worldwide. They expressly recognize employees' right to decide if they wish to join associations or labor unions free of coercion, discrimination and retaliation, as well as their right to bargain collectively and each operating company's obligation to bargain in good faith. In addition, all of our employees are expected to adhere to the responsibilities and priorities set forth in Our Credo.

Where workers elect not to bargain collectively, job requirements, performance expectations, compensation and benefits, as well as the aforementioned terms and conditions of employment, are set forth in

comprehensive written policies or individual employment contracts, which are reviewed and implemented at the local operating company level. Where terms and conditions of employment are not regularly bargained, our operating companies consider employee input and feedback received from a variety of sources, including an anonymous Credo survey, our intranet, newsletters, webcasts, town hall meetings, legislative update meetings, quarterly business updates, training sessions, employee surveys, anonymous hotline communications and work councils.

Where workers elect to bargain collectively, working conditions are collectively bargained in good faith. Subjects covered by collective bargaining agreements in effect or negotiated with trade unions include, but are not limited to: wages, hours of work, terms and conditions of employment, work rules, health and safety, grievance and disciplinary processes, organization structures, holidays, vacation, training, active and retired employee benefits, drug testing, seniority, travel expenses, leaves of absence, shift premium pay, overtime pay, overtime administration, bonuses, rest periods, job bidding procedures, severance pay, equal employment opportunity, union dues payments, trade union representation, restructuring and reorganizations, job security, layoffs and recalls.

In addition to addressing these issues during collective bargaining, our operating companies regularly communicate with unions and work councils on these matters. We also assess labor and employee relations through local Human Resources and our Global Employee & Labor Relations function. Local and regional leaders interact with employees, trade unions and other employee representatives (such as work councils), and government officials; regional leaders have broad oversight and responsibility for monitoring compliance and maintaining relationships with labor unions and work councils. Our operating companies consult with trade

unions when required by law, local practice or where a company deems it appropriate.

Furthermore, our Global Labor and Employment Guidelines require that policies and actions are in full compliance with the laws and regulations of the respective countries in which Johnson & Johnson operating companies do business. Significantly, the Board of Directors adopted the Quality and Compliance Core Objective in the first quarter of 2013 (publicly available at [www.jnj.com/sites/default/files/pdf/Core-Objective-Doc-FINAL-28Feb.pdf](http://www.jnj.com/sites/default/files/pdf/Core-Objective-Doc-FINAL-28Feb.pdf)). In part, the Objective affirms our resolve to operate our businesses, sectors, entities and franchises in compliance with applicable laws, regulations and Company policies and standards. The evaluation and compensation of our employees considers the adherence to and furtherance of the Objective. Additionally, new [Leadership and Performance](#) standards have been developed, which are part of a new Performance and Development approach being phased in across operating companies.

Our Performance and Development approach consists of two dimensions of equal weight: Results and Leadership. "Results" are based on a Management by Objectives framework for aligning employees' goals and actions with the goals of their company. "Leadership" is based on our Leadership Imperatives. These two components—Results and Leadership—are weighted equally to provide the basis for annual performance evaluation of all employees, with a strong link between performance and pay.

To ensure an effective transition to this Performance and Development approach, managers are offered training on stakeholder feedback, assessment, performance calibration, as well as clear, candid and actionable communications. To measure the effectiveness of the new approach, key performance indicators have been developed, which are designed to measure clarity and

alignment, leadership accountability, transparency and fairness, and employee growth and development.

#### Minimum Notice Periods LA4

The management of reorganizations and layoffs and the policies associated with them vary depending on the location, nature, size and scale of the restructuring, as well as the qualifications of the employees impacted. Local laws and regulations are followed, as are notice periods incorporated into collective bargaining agreements. Where employees are negatively impacted by operational changes, operating companies have measures in place to help and support impacted employees, including but not limited to severance payments, access to outplacement support and employee assistance programs. These measures may exceed statutory requirements. Additionally, companies may implement other people management strategies, including rigorous control over headcount, to minimize compulsory redundancies where appropriate.

In addition, local operating leaders endeavor to communicate significant plans of operational changes to employees and their representatives, where they are present, in a timely and practical manner in advance of actions being taken. Feedback and suggestions from employees and representatives may be taken into consideration before final decisions are made. Where involvement of employees' representatives is legally required, our operating companies follow established consultation processes to ensure compliance. Where there is no legal minimum notice period, Johnson & Johnson companies attempt to provide notice at the earliest feasible time.

#### Benefits LA2

Johnson & Johnson offers a comprehensive and competitive benefits program to attract and retain

talented employees. Plan provisions may differ for certain part-time employees and by country. In the U.S., the Choices Benefits Program is designed to meet the needs of employees and their families by providing a wide range of health, survivor, disability and retirement options. 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. Under the program, eligible employees may create personalized benefit packages for themselves and their eligible dependents. Benefits offered include:

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

In addition, in the U.S., we provide a base level of life insurance and business travel accident coverage to eligible employees at no cost. The Company also provides a noncontributory pension plan and offers employees the opportunity to participate in a savings plan with a company match. Employees may also be eligible for retiree medical coverage and company-provided retiree term life insurance. Plan provisions may differ for certain part-time employees and also vary by country. Benefits are provided to union employees through

collective bargaining agreements. Additional information is available in [Note 10](#) and [Note 11](#) of our [2013 Annual Report](#) and in the [Financial Health & Economic Performance](#) section of this report.

As the largest health care company in the world, enhancing the health and wellness of our employees is a logical extension of our corporate mission. We believe that promoting employee health and wellness increases productivity and engagement, while decreasing health care costs and providing personal benefits to our workforce. Our Healthy People program provides Employee Assistance, as well as Occupational Health and Wellness and Health Promotion services, all of which have expanded globally since 2005. Additionally, we now offer a full suite of online resources (Digital Health Coaching) through HEALTH MEDIA™ and a unique approach to increasing physical and emotional capacity through the HUMAN PERFORMANCE INSTITUTE™ and OUR ENERGY FOR PERFORMANCE IN LIFE™ programs. Additional information about our Healthy People programs is provided in the Health Conscious, Safe Employees section of this report.

Johnson & Johnson provides a range of benefits to employees impacted by reorganizations. The benefits may include severance payments and access to outplacement support, as well as Employee Assistance programs.

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

## Employee Retention, Development & Recruitment



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

In the Johnson & Johnson Family of Companies, our people are a competitive advantage, and human resource leaders and business leaders jointly own talent management on behalf of the enterprise. Our leaders are accountable for attracting and recruiting talent, managing performance and development, building a pipeline of global and diverse leaders, and creating an environment that embraces diversity and inclusion. We are committed to delivering business value through a high performing, engaged workforce.

### Our Leadership Imperatives

Our Leadership Imperatives clearly articulate a core set of performance and behavioral expectations for all employees to deliver business value. [The Leadership Imperatives](#)—Connect, Shape, Lead, Deliver—foster a common language to ignite the organization around a common purpose of accelerating the pace of innovation and growth. As the new driving force for our talent agenda, the Leadership Imperatives integrate our Talent Practices—Recruitment, Development, Succession Planning, Performance Management, and Reward and Recognition—as a consistent reinforcement to those behaviors. The Leadership Imperatives apply to everyone—across all geographies, businesses, roles and levels—giving all employees a clear and consistent way

to lead the Johnson & Johnson Family of Companies into the future. Topics covered below are all strategically aligned with the Leadership Imperatives.

### Talent Acquisition

The opportunities for development and career advancement are strong components of Global Talent Management. We are focused on effectively acquiring high quality and diverse talent. Our recruiting organization continues to implement recruiting models in countries around the world to focus on university recruiting, diversity, social media platforms and continuing a healthy pipeline of skilled talent. The [Global Job Posting](#) program promotes our commitment to the advancement and development of our employees by providing them transparency in job opportunities within Johnson & Johnson. The Company also has implemented a new employee orientation to help accelerate an employee's entry into the Johnson & Johnson Family of Companies.

The Leadership Imperatives have been integrated into our selection process through two primary vehicles. The first is the Leadership Imperatives Interview Guide tool that provides interviewers with a set of customized questions, translated into 10 supported languages, for the Credo and each of the Leadership Imperatives. The tool allows interviewers to develop custom interview guides through the use of the web-based application or the mobile app. The second vehicle is through the customized Johnson & Johnson Behavioral Based Interview (BBI) training program. The one-day training equips interviewers (both recruiters and hiring managers) with tools and techniques to conduct an effective behavioral-based assessment of a candidate's technical and leadership competencies.



## Talent Development

Talent Development is core to our Talent philosophy. The goal of development is to maximize the potential of the whole self. In alignment with the Leadership Imperatives, we promote a culture of learning and development for all employees, and there is a shared accountability between employee and manager to ensure that opportunities for development are identified and pursued. Since development means different things to different people, the content of each individual development plan will be different. The creation of a development plan starts with the employee, who knows best where they are motivated to grow and learn. Development is approached holistically and consists of identifying and leveraging strengths, as well as areas for improvement. It is a combination of learning from new experiences, learning from others, as well as learning from trainings, courses and materials. Managers help to identify key areas of focus and help to connect the employee with development opportunities (projects, mentors, training, etc.).

Development is an ongoing process that requires regular reflection and feedback on progress throughout the year.

Talent Development has three main objectives:

1. **Accelerate Talent** to prepare for the future
2. **Allow Talent to Achieve their Potential** within their role
3. **Develop Diverse Talent** to help realize their potential and prepare for the future.

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

innovation. Johnson & Johnson encourages employees to seek cross-sector, cross-functional and cross-regional experience; this is facilitated by our global operations around the world. Temporary workers do not participate in Johnson & Johnson learning or leadership development offerings.

Approximately 12,000 employees participated in management and/or leadership training or executive coaching in 2013. For more on our leadership development efforts, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/leadership-development-and-performance-management](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/leadership-development-and-performance-management).

Training is provided, tracked and documented by the operating companies. Employees receive an average of eight hours or more of training per year, although many receive much more. Senior management, high potential employees (below vice president) and other critical positions receive six to seven days of education per year; middle management and front line management receive four to five days of education a year; and vice presidents and above receive eight to 19 days of education per year. Because training records are currently maintained at a local or operational level, we are not able to provide a detailed report on this information on a global level for all employees; however, systems are being implemented that will compile this information across the Johnson & Johnson enterprise within the next several years. **LA9**

Transition assistance programs offered to support employees who are retiring or who have been terminated from employment comply with regulatory or collective bargaining agreement requirements, with many locations providing more than what is required. Offerings may include pre-retirement planning for those contemplating retirement, retraining for those who will continue working,

severance pay, job placement services and assistance (e.g. training, counseling) for those transitioning to a non-working life. **LA10**

## Succession Planning

Succession Planning is a key process that enables us to review the health of our talent pipeline and establish plans to address critical gaps. It also identifies development plans for leaders, including nominations to our Leadership Development Programs. Both internal and external executive pipeline candidates go through an integrated process for selection, assessment, development and onboarding. Insights gained from a standardized executive assessment process inform selection decisions and, for those selected, their executive development plans. Insights from assessment are used to inform the standardized onboarding process and individual transition plan. The combination of these efforts better position executive leaders for success in their new role.

## Performance Management

The Performance Management and Development approach (P&D) at Johnson & Johnson has a focus on conversations between manager and employee that are frequent, meaningful and continuous. Each employee and manager is expected to engage in clear and candid dialogue throughout the year within the "5 Conversations Framework," which consists of the Performance Planning, Midyear, Succession Planning, Year-end and Compensation conversations. For more information on this framework, visit our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/leadership-development-and-performance-management](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/leadership-development-and-performance-management).

The new P&D approach consists of two dimensions: Results and Leadership. The first dimension, Results,

is based on aligning employees' goals and actions with the goals of their company. The second dimension, Leadership, is based on the Leadership Imperatives. The Leadership Imperatives and Our Credo represent the key behaviors that are critical to the future success of the Johnson & Johnson enterprise. These two components provide the basis for annual performance evaluation of all employees. The evaluation on each dimension is based on a four-point rating scale, with a strong link between performance and pay.

Performance is rated on a dual performance scale that independently assesses performance and leadership, and is linked to the leadership imperatives. Performance is directly linked with merit and bonus increases at Johnson & Johnson; and, Leadership is a critical factor in rewarding talent. The transition to the new P&D approach continues to be phased in by level globally. The transition began with 1,200 senior Company leaders in 2012, and continued with 27,000 Directors and Managers in 2013, followed by the rest in 2015. **LA11**

### Retention Rewards and Recognition

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

Johnson & Johnson administers a Global Credo Survey every two years to ensure that: Everyone across our companies is inspired by the goals we set both personally and for the future of our business; we feel connected

with our colleagues and the values we hold ourselves to; and we remain committed to taking the steps necessary to meet the needs of our patients, customers and communities we serve. Our most recent survey had a 96 percent completion rate. The responses are anonymous, but the results are provided to companies, regions and departments to review and address any opportunities for improvement.

In 2010, we established a set of five-year Healthy Future goals, one of which is to achieve a 90th percentile employee engagement rating when compared to external benchmarks. Engagement levels for Johnson & Johnson in total and for each of the business segments exceeded Mayflower Global Norm, according to the most recent survey.

### Grievance Resolution **G4-58**

Johnson & Johnson maintains a variety of mechanisms for collecting and addressing employee grievances and complaints to ensure that workers can raise concerns confidentially. These mechanisms include an employee hotline through which employees can confidentially and anonymously raise their questions and concerns. The Company also has an Open Door policy; employees are encouraged to air their grievances to any manager, regardless of level, within the Company, and those grievances will be addressed.

Additionally, anyone can report allegations through other methods within the operating companies or to Internal Audit, the Law Department, Global Security or Human Resources. Hotline access is communicated broadly, and visibility of this access and Hotline functionality are in-scope for financial audits. Regional Labor and Employee Relations staffs independently investigate noncompliance in employee relations matters, and verified non-compliant

situations are addressed at the respective business unit. Of the approximately 690 employee relations hotline matters received in 2013, all were addressed. Of these, approximately 90 percent were closed, along with approximately 130 matters pending from 2012. Although additional grievance data is not tracked at the enterprise level, a global system to gather this enterprise data is under development and being implemented in 2014.

**EN34 LA16 HR12 SO11**

In addition, the Common Ground program in the U.S. is a three-step process (Open Door, Facilitation and Mediation) through which employees are afforded the ability to have their grievances and complaints confidentially aired and addressed. The program has been recognized both internally and externally as a leading resource in encouraging employees to raise and resolve disputes. The Company also maintains a non-retaliation policy.

### Optimizing Work, Family and Personal Life

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

## Compensation



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

- **Competitiveness:** We compare our practices against appropriate peer companies so we can continue to attract, retain and motivate high-performing employees.
- **Pay for Performance:** Base salary increases, annual bonuses and grants of long-term incentives are tied to performance, including the performance of the individual and his or her specific business unit or function, as well as the overall performance of our company.
- **Accountability for Short- and Long-Term Performance:** We structure performance-based compensation to reward an appropriate balance of short- and long-term financial and strategic business results, with an emphasis on managing the business for long-term results.
- **Alignment to Shareholders' Interests:** We structure performance-based compensation to align the interests of our employees with the long-term interests of our shareholders.

With these guiding principles in mind, our global compensation practices promote fairness across our employee base and business levels commensurate with professional experience and ongoing individual performance.

For 70 years, the Johnson & Johnson Credo has guided us in fulfilling our responsibilities to our customers,

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

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

## Diversity & Inclusion

LA12



People and values are our greatest assets. Every invention, every product and every breakthrough we've brought to human health and well-being has been powered by the people of Johnson & Johnson. Our commitment to diversity and inclusion is deeply rooted in the values instilled by Our Credo and is exemplified in a number of our companies' programs and activities. Our Global Diversity and Inclusion Vision (available at [www.jnj.com/sites/default/files/pdf/Global-Office-Diversity-and-Inclusion.pdf](http://www.jnj.com/sites/default/files/pdf/Global-Office-Diversity-and-Inclusion.pdf)) challenges us to maximize the power of Diversity & Inclusion to drive superior business results and sustainable competitive advantage.

We recognize that differences in age, race, gender, nationality, sexual orientation, physical ability, thinking style and background bring richness to our work environments. Such differences help us connect better with the health needs of people in communities around the world. We believe that attracting, developing and retaining a base of employees that reflects the diversity of our customers is essential to our success. We also believe success hinges on relationships with diverse

professional and patient organizations, civic groups and suppliers. See the Supply Chain & Supplier Management ([page 38](#)) for more information on supplier diversity. For more information, visit [www.jnj.com/about-jnj/diversity](http://www.jnj.com/about-jnj/diversity).

### Employee Resource Groups

Employee Resource Groups (ERGs) at Johnson & Johnson companies have partnered with the Office of Diversity & Inclusion in creating an open forum to exchange ideas and to strengthen the linkage to and within diverse communities. ERGs, formerly known as Affinity Groups, engage almost 12,700 employees across 168 U.S. chapters and 84 non-U.S. chapters. Our 12 enterprise-wide ERGs are uniquely positioned to provide key insights, strategically focused on driving better outcomes on behalf of our people, our marketplace and our communities. For instance, ERGs worked with the Johnson & Johnson Supplier Diversity group in support of Company efforts to become the first health care company to be inducted into the Billion Dollar Roundtable, an elite group of corporations that have achieved spending of at least \$1 billion with diverse suppliers. In 2013, we marked our third year of membership in the Billion Dollar Roundtable.

Another example is the work being done with PFLAG's (Parents, Families & Friends of Lesbians and Gays) Care with Pride campaign, where a five dollar donation is matched dollar for dollar by The Johnson & Johnson Family of Consumer Companies to help bolster PFLAG's anti-bullying initiatives. These efforts include "Cultivating Respect; Safe Schools for All," which places trained PFLAG members directly into schools to give them the support, resources, model policies and programs necessary to stop bullying and harassment of youth in their tracks.

ERGs also:

- Have served as a business resource in attending national recruiting events for diverse talent and in providing leadership development opportunities to employees.
- Support several community patient initiatives through our businesses to drive greater health and wellness education for underserved markets. One such example is the Company's Global Orthopaedics business for joint replacements, which uncovered a unique untapped market opportunity within the U.S. based on insights from two ERGs: HOLA and AALC, to create market-specific education and community outreach pilots and programs for the underserved markets within the African-American and Hispanic communities.

See Labor Practices & Workforce (page 52) for workforce diversity data. **LA12**

## Political Contributions, Public Policy & Lobbying

SO6



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

One aspect of advancing sound public policy is supporting those women and men who serve the public

by seeking elected office. We seek to support candidates who recognize the importance of medical innovation in improving lives and that a fair, free-market system provides the best environment for continued innovation. We also seek to support candidates who recognize the importance of broad access to quality, affordable health care. When selecting candidates for funding, priority is given to candidates' views on issues that concern the businesses of Johnson & Johnson and also the impact of candidates' views on our employees or facilities in a candidate's state or district.

Our contributions are intended to promote the interests of the Company and the patients and customers we serve, and are made without regard to the private political preferences of Company officers and executives.

While U.S. federal law prohibits corporations from making political contributions to federal candidates, companies can establish political action committees that are funded solely through voluntary employee contributions to an employee political action committee, the Johnson & Johnson Political Action Committee (JJPAC). For more about JJPAC, see [www.investor.jnj.com/governance/contributions](http://www.investor.jnj.com/governance/contributions) or the U.S. Federal Election Commission website.

In certain states where permitted, Johnson & Johnson makes contributions to support state election campaigns, state party committees and state ballot measures. All contributions to candidates are made based on the interests of the Johnson & Johnson Family of Companies, as well as the patients and customers those businesses serve.

Outside the U.S., political contributions may be made in Canada and Japan. These contributions are tracked at the local level.

Lists of all PAC and corporate political and ballot measure contributions are updated annually and archived on our Investor Relations website. All political contributions are posted semi-annually at [www.investor.jnj.com/governance/contributions.cfm](http://www.investor.jnj.com/governance/contributions.cfm). Contributions are aggregated to reflect the totals per election for the specified disclosure period. Federal candidates can receive up to \$5,000 in PAC contributions per election. State contribution limits vary. Our latest filings are also found on the U.S. Senate Lobbying Disclosure Act Reports website.

### Public Policy

Johnson & Johnson continues to support the development of sound public policy worldwide. With good policy, we can better serve doctors, nurses, patients and consumers, as well as our employees and our communities around the world.

### Global and U.S. Policy Goals

In all corners of the world and in countries with all types of health and political systems, Johnson & Johnson works with providers, patient groups, governments and other stakeholders to ensure that patients have access to affordable, safe, quality health care that recognizes and values medical innovation. Our global and U.S. policy goals can be found on our website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/global-policy-positions](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/global-policy-positions).

### Our Participation with Trade and Policy Development Organizations

Johnson & Johnson is committed to supporting the development of sound public policy in health care. We work with many organizations across the political spectrum on a variety of policy issues related to health

and other topics that impact patients, consumers and our Company. In the U.S. and elsewhere, this means engaging with stakeholders, policy experts and others to develop well-considered policies that reflect diverse perspectives.

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

Johnson & Johnson does not currently make direct expenditures toward U.S. federal grassroots lobbying communication to the general public.

### Trade Associations G4-16

Following is a selected representative list of trade associations with which Johnson & Johnson participates:

- Advanced Medical Technology Association (AdvaMed)
- AIPM – Association of International Pharmaceutical Manufacturers (Russia)
- AMIIF – Association of the Pharmaceutical Industry of Innovation (Mexico)
- Asia Pacific Economic Cooperation
- AusBiotech
- Biotechnology Industry Organization (BIO)
- California Healthcare Institute (CHI)
- Canada's Research Based Pharmaceutical Companies
- Consumer Healthcare Products Association (CHPA)

- CPIA – Chinese Pharmaceutical Industry Association
- EFPIA – European Federation of Pharmaceutical Industries and Associations
- GAKESLAB (Indonesia Medical Device and Laboratory Association)
- HealthCare Institute of New Jersey (HINJ)
- Healthcare Leadership Council (HLC)
- IFPMA – International Federation of Pharmaceutical Manufacturers & Associations
- IPMG (Indonesia Pharmaceutical & Manufacturing Group)
- JPMA – Japan Pharmaceutical Manufacturer Association
- Medical Technology Association of Australia (MTAA)
- Medical Technology Association of New Zealand (MTANZ)
- Medicines Australia
- National Health Council (NHC)
- OPPI – Organization of Pharmaceutical Producers of India
- Personal Care Products Council (PCPC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- US-ASEAN Business Council
- U.S. Chamber of Commerce

### Positions on Selected Issues

As part of our Healthy Future 2015 goals, we have also set a goal to expand information on our policy perspectives on major issues. Information on our public policy positions for major issues is detailed below:

#### Biosimilars

Biologic medicines are large, complex therapeutic proteins produced by living organisms, typically by

cells in culture. Unlike small-molecule drugs, which are made using predictable “recipes” based on organic chemistry, it's not possible for different manufacturers to make identical biologic products. After a drug patent expires, competitors may come to the market with versions of the originator's product. In the case of small-molecule drugs, these versions are identical to the originators' products and are called generics. However, in the case of biologics, these versions are highly similar—but not identical—to original products, which are why they are known as biosimilars in most parts of the world. Therefore, the regulatory framework governing generic products is not applicable to biosimilars. Johnson & Johnson supports a regulatory framework for the approval of biosimilars as long as the standards and policies are based on sound science, with an understanding of the complexities of biologics. To date, we have supported the policies and requirements established around the world.

### Consumer Product Ingredient Safety

Consumers today are more aware than ever of the ingredients in products they buy. Around the world, people are concerned with making choices that are healthy and environmentally friendly. For this reason, we advocate government policies and standards that ensure decisions about ingredients in personal care products are made on the basis of sound science. According to these principles, we are the first major company to go beyond safety alone, making a major commitment to remove a number of ingredients about which consumers have expressed concern. We have done this to assure consumers' peace of mind when using our products, even though these ingredients are safe by scientific standards and meet all national and international regulations.

## Payment & Delivery Reform

There is growing interest in the United States in payment and delivery reform centered on value-based payment mechanisms that increase provider accountability for population health management, quality and efficiency. This represents a system-wide shift away from traditional fee-for-service (FFS) payment models toward models based on bundled services such as episode-of-care payments and capitated payments. While these new models provide opportunities as well as risks for Johnson & Johnson companies, our primary concern is whether they will sufficiently balance quality improvement with system savings.

## Regulatory Harmonization

Regulatory harmonization is the convergence of regulatory practices and standards to ensure the safety, effectiveness and quality of health products across different jurisdictions. Johnson & Johnson supports regulatory harmonization to manage divergent, redundant, conflicting and unnecessary regulatory requirements, which can be time-consuming, expensive and impede access to health care products. Global and regional regulatory harmonization initiatives promote innovation, expedite market access, facilitate international trade and align standards and technical requirements. Johnson & Johnson supports regulatory harmonization through training; capacity building; information sharing; implementing harmonized standards, best practices and technical requirements; and minimizing redundant or conflicting regulatory requirements. We also support equal participation by industry and regulators in global and regional harmonization initiatives.

## U.S. FDA Policy

In the U.S., many of the Company's products are approved, cleared for marketing and/or regulated by the U.S. Food & Drug Administration (FDA) under the Food, Drug and Cosmetic Act (FDCA) and the Public Health Service Act (PHSA). We are committed to providing the point of view of our businesses, customers and patients to stakeholders and decision-makers as these laws are amended and updated over time. Our aim is to ensure a health care regulatory environment that protects patients and consumers by promoting innovation, quality and safety. Often, we work together with trade associations to advance sound regulatory policy on behalf of the health care industry and those who rely on our products and services. Key associations include the Pharmaceutical Research and Manufacturers of America (PhRMA), Biotechnology Industry Organization (BIO), Advanced Medical Technology Association (AdvaMed), Consumer Healthcare Products Association (CHPA) and Personal Care Products Council (PCPC).

## Counterfeiting & Supply Chain Security

Counterfeiting of health care products is a serious and growing concern because it causes fake, untested, unapproved and potentially dangerous products to enter the marketplace. Moreover, it can undermine confidence in product safety and effectiveness while putting people's health and lives at risk. Johnson & Johnson is committed to working with governments and regulators to identify opportunities to strengthen laws and enforcement efforts in order to ensure the integrity of distribution channels. Johnson & Johnson believes that federal serialization and so-called "track & trace" legislation is necessary to properly secure the U.S. pharmaceutical supply chain by eliminating varying and conflicting state regulations.

## Governance and Oversight of Government Affairs Activities

Johnson & Johnson policies and positions are developed in coordination with Corporate and operating company leaders through thorough analysis and discussion. General oversight is provided by the Regulatory, Compliance & Government Affairs Committee of the Johnson & Johnson Board of Directors. An advisory committee comprised of employees who are JJPAC participants and who represent U.S. domestic operating companies assists the Company's Government Affairs and Policy team in selecting candidates, committees and state ballot measures to support. Members of senior management approve all JJPAC and corporate political contributions.

As part of its oversight role in government affairs and policy, the Regulatory, Compliance & Government Affairs Committee of the Johnson & Johnson Board of Directors also receives an annual report of the Company's political contribution and lobbying policies, practices and activities. This Committee also receives an annual report of the Company's payments to trade associations of \$75,000 or more, where a percentage of payments may be used for lobbying. The Company's PAC and corporate political spending is audited biennially. Finally, Johnson & Johnson has a code of conduct that prohibits employees from using corporate funds or assets for political purposes unless approved by the appropriate member of senior management.

Questions about contributions should be directed to:

Treasurer  
Johnson & Johnson Political Action Committee  
One Johnson & Johnson Plaza  
New Brunswick, NJ 08933

## Intellectual Property



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

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

We believe that the best way to address the needs of countries facing public health crises is for companies to work with local governments to develop approaches that benefit all involved parties, while continuing to uphold the value of IP in all parts of the world. In addition, Johnson & Johnson recognizes the importance of international efforts that seek to improve and harmonize IP protection throughout the world. We continue to work with international organizations, national governments and regulators in areas surrounding international trade

agreements, national laws and enforcement efforts in order to provide for the integrity of effective and strong IP protection systems globally.

Our approach to IP is outlined on our Citizenship & Sustainability website at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/intellectual-property](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/intellectual-property).

## Data Protection & Privacy



We are strongly committed to protecting the privacy of those who entrust us with their personal information. Our employees, and all those who do business with us, trust and expect that we will protect personal information in accordance with legal requirements and our policies.

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

Privacy complaints are investigated, addressed and monitored by the local operating companies involved with the support of the Privacy organization in collaboration with our IT Security group. The Global Privacy Team oversees privacy incidents and breaches globally, and complaints have to be reported to the Vice President of Corporate Internal Audit in accordance with the Johnson & Johnson Escalation Procedure. **PR8**

## Stakeholder Engagement

G24-G27



As the largest broad-based health care company, Johnson & Johnson recognizes the importance of stakeholder engagement on a daily basis. On any given day, Johnson & Johnson colleagues around the world have engagements with many different stakeholder groups that share our interests in advancing human health and well-being, safeguarding the planet, and leading a strong, responsible business. We believe that business is strengthened by the level of engagement it has within the communities in which it lives and operates, as well as with the various internal and external stakeholders in social, environmental and governance matters.

We foster and maintain ties with the 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. We routinely engage with civic society leaders in our efforts to ensure access to health care for all and nongovernmental organizations, governments and UN groups on advancing maternal and children's health around the world. We believe the uniqueness of each group we interact with affords us the opportunity to gain better perspectives on those we serve so that we can contribute to society in a greater way. We consider a variety of factors before engaging with stakeholders to ensure the most optimal outcome. Some of these factors include:

- The possible alignments of our goals and values with that of the stakeholder group.
- Our ability to improve health conditions.

- Our ability to improve social, environmental or other conditions.
- The opportunity that we and the stakeholder group have to learn from one another.
- The identity, including the composition and values, of the stakeholder group.
- The potential for the stakeholder group to have a positive impact on other stakeholder groups, our customers, the public at large and Johnson & Johnson.
- Our ability to effectively participate in the engagement. Stakeholder engagements are taking place at the majority of our locations, whether at an enterprise level, within our business units, at a specific site or at a product-specific level. These engagements inform our business decisions and our work in communities around the world and help us to set priorities that guide us into the future. They also help us to understand how our stakeholders think we can assist in addressing emerging societal needs.

### Selected Engagements & Collaborations

See the chart on the following page for a select sampling of our stakeholder engagements. Additional engagements can be found at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement).

### Citizenship & Sustainability Materiality Assessment Engagement

In 2013, we conducted a Citizenship & Sustainability materiality assessment to prioritize the issues that are most important to our business and our stakeholders. We identified a group of 11 key representative external stakeholders and asked them to rank the topics for importance of the topic and importance for Johnson & Johnson to address the issue.

Some of these issues include product quality and safety, global health, access to medicine and transparency. Our findings have contributed to how we have structured this year's report. See the Citizenship & Sustainability Materiality Assessment Process ([page 11](#)) of this report for more details.

While the topics, issues and comments from stakeholders vary, we seek to understand and respond to our stakeholders. We are continually expanding the ways in which we obtain feedback from all who use our products and services, including consumers, doctors and hospitals. We use a variety of methods, including direct contact, feedback forms, website links, social networking sites, email, conventional mail, customer surveys, market research and customer call centers. Each of our businesses maintains a website with contact information accessible from our Corporate website.

### Job Creation



Job creation is at the core of economic vitality. Jobs bring opportunity. Higher levels of employment lead to higher consumption levels, which generates greater output of goods and services produced in the local economy, which in turn leads to higher standards of living for community residents. As higher job growth increases economic activity, greater tax revenue is generated for the local government. In 2013, Johnson & Johnson spent \$3.6 billion on additions to property, plant and equipment, a portion of which is related to job creation.

Additionally, a diverse supplier base reflective of our patients and customers that creates jobs in local communities around the world is mutually beneficial and

in line with Our Credo. We are committed to working with small businesses and diverse suppliers that support our growth objectives by providing innovative solutions to our commercial, supply chain and R&D efforts. Our strong commitment to supplier diversity has allowed us to enhance our supplier network, support job creation in our local communities, and strengthen ties to the consumers, patients and doctors who benefit from our products and services.

### Philanthropy



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

We fulfill our mission by developing enduring partnerships that deliver community-based solutions to health challenges. We focus in three strategic areas: saving and improving the lives of women and children, preventing disease among the most vulnerable and strengthening the health workforce. Visit [www.jnj.com/our-giving](http://www.jnj.com/our-giving) to learn more.

In 2010, we made a significant [five-year commitment](#) to the United Nations' (UN) Millennium Development Goals (MDGs) to improve the lives of women and children worldwide, and we are on track to deliver our commitments in five areas by 2015: preventing mother-to-child HIV transmission; making childbirth safer; reaching mothers with life-saving health information through their mobile phones; treating children at-risk for intestinal worms; and preventing reinfection and increasing research and development for new medicines to treat HIV, tuberculosis and other conditions.



## SELECTED ENGAGEMENTS AND COLLABORATIONS\*

## STAKEHOLDER GROUP

## RESULT

**Practice Greenhealth**

Developed the Total Cost of Ownership Tool to identify ways to translate sustainability product attributes into a standard way to measure cost reduction during the procurement process.

**Yale School of  
Medicine**

Janssen Research & Development, LLC, entered an agreement that extends our commitment to sharing clinical trials data to enhance public health and advance science and medicine. Under this agreement, announced in January 2014, YODA will serve as an independent body to review requests from investigators and physicians seeking access to anonymized clinical trials data from Janssen Pharmaceutical Companies of Johnson & Johnson and make final decisions on data sharing.

**Stop TB Partnership  
Global Drug Facility**

Janssen's partnership with them resulted in providing access to bedaquiline for the treatment of pulmonary multi-drug resistant tuberculosis (MDR-TB) as part of therapy in adults who are in need.

**National Minority  
Quality Forum**

Engaged NMQF to develop the Childhood Obesity Index (COI) that maps childhood obesity prevalence across the U.S. down to zip code level and by gender and ethnicity. It is a significant and effective web-based tool available free of charge that facilitates understanding of the problem and helps inform development of programs to address it in every community.

**PATH**

Executed a data sharing agreement with Drugs for Neglected Diseases initiative (DNDi) for preclinical research on flubendazole as a potential new treatment against parasites that cause lymphatic filariasis and onchocerciasis (river blindness); a licensing agreement with PATH on TMC278LA pre-exposure prophylaxis; and in-licensing agreements with Wellcome Trust and Ku Leuven in the field of dengue.

**Business for Social  
Responsibility (BSR)**

In 2013, Johnson & Johnson signed [Guiding Principles on Access to Medicines](#) developed by BSR's Healthcare Working Group to frame industry's approach to expanding access to quality health care globally. Johnson & Johnson is a founding member of the Healthcare Working Group.

\*Additional engagements can be found at [www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement).

The lives of women and children are at increased risk without adequate prenatal care, the presence of a skilled birth attendant or ongoing guidance on the care and nutrition of infants. In 2011, more than 287,000 mothers died from complications in pregnancy and childbirth, and more than three million newborns died in their first month of life. The statistics are staggering, especially because the vast majority of these deaths are preventable.

As part of our MDG commitment, Johnson & Johnson became a founding member in partnerships focused on increasing the number of frontline health care workers with the skills to recognize and quickly address the complications that often arise during and immediately after pregnancy and childbirth. Learn more [here](#).

Johnson & Johnson is also recognized as a global leader in public-private partnerships (PPPs) with groups that focus on maternal, newborn and child health. The Company is one of two private sector partners in the World Health Organization's (WHO) Partnership for Maternal, Newborn and Child Health and participates in nearly a dozen major PPPs.

Some of these partnerships include the United Nations Health Four+ (H4+), which is a first-of-its-kind partnership between private and public institutions. Through this partnership to develop the health care workforce in Ethiopia and Tanzania, we have been able to train birth attendants in emergency obstetrics and newborn care to ensure better outcomes for more mothers and babies. The partners include UNAIDS, the UN Population Fund (UNFPA), UNICEF, the World Bank, UN Women and the WHO.

Helping Babies Breathe trains health care workers in low-resource settings to intervene when newborns have

birth asphyxia, a potentially fatal inability to take the first breath of life. With Save the Children, the American Academy of Pediatrics and the United States Agency for International Development (USAID), our Helping Babies Breathe partnership aims to prevent this condition in Malawi and Uganda. This is an extension of a decade of work to address birth asphyxia, including a partnership in China that saved more than 90,000 babies in the first five years and cut birth asphyxia deaths by half in 360 hospitals. We are now supporting programs to address birth asphyxia in 12 countries.

Survive & Thrive, a Global Development Alliance created in 2012, brings U.S. obstetric, pediatric and midwifery professional associations together with USAID, private sector and civil society organizations in a first-of-its-kind partnership to improve the quality of facility-based maternal, newborn and child health services. Johnson & Johnson is supporting the initial work of this program in Burma, also known as Myanmar, in support of a new U.S. government partnership with that country to lay the groundwork for a peaceful and prosperous future.

Together with our partners, we are able to make life-changing, long-term differences in human health, helping families to survive and thrive.

### Measuring Impact

With a robust strategic giving plan, Worldwide Corporate Contributions is continuing to improve the Company's ability, and that of our partners, to measure and communicate program results. We are interested in the quantitative and the qualitative results of our partnerships around the world. We have embraced "evaluation thinking" within the context of a global corporate giving program and created a cross-discipline sub-team that works to continuously improve the team's ability to

measure outcomes while improving partners' evaluation capacity. Embracing evaluation thinking has improved the Company's practice on many levels, especially in relationships with community partners.

As part of our enterprise's Healthy Future 2015 goals, Johnson & Johnson has committed to raising the standard of measurement and evaluation within the philanthropy programs we support by increasing the capacity of our partners and us to measure program outcomes. In 2013, 90 percent of our partners measured health-related outcomes. To further close the gap with remaining partners, our Worldwide Corporate Contributions team is conducting a pilot in 2014 to provide the necessary funding, consulting resources, training and technical assistance to our nonprofit partners to improve their ability to measure and evaluate the health outcomes within their communities, and to share the knowledge they gain from these studies with the global health field at large.

Johnson & Johnson spearheaded a number of initiatives within 2013 to capture, measure and evaluate data with the intent of being able to spread best practices among pioneering organizations that are changing the landscape of global health.

One of the most recent innovations in the field of global health has been mobile technology used to provide health information (mHealth) to people in developing countries and areas where access to medicine and health information has traditionally been sparse. In its role as an early innovator in the mHealth space, Johnson & Johnson developed the "mHelp" program in partnership with the mHealth Alliance and the Elizabeth Glaser Pediatric AIDS Foundation in 2013 to document and share data and best practices within this groundbreaking field. mHelp will provide NGOs, foreign governments and the private

sector in low- and middle-income countries with data coming from the field to inform these bodies in how to strategize, implement, monitor and sustain mHealth interventions at scale, especially those focused on reproductive health, maternal, newborn and child health, and HIV and AIDS.

In an innovative partnership advancing the fields of microfinance and global health, Johnson & Johnson has developed an initiative with Freedom from Hunger and the Microcredit Summit Campaign to develop a standardized set of indicators that microfinance institutions (MFIs) can use to monitor the progress and impact of their health services over time. With these indicators, MFIs will be able to measure their impact on their clients' knowledge and understanding of health conditions, as well as their ability to save for, afford and pay for health services and products. Named the Health Indicators Project, the goal is to provide these leading partners of the microfinance industry with indicators that can be used in one-off evaluations of specific programs and projects, as well as in routine monitoring of MFI clients. This project currently concentrates on serving women at the bottom of the pyramid in urban and rural areas of India, but provides a model that partners can use to replicate globally.

In 2013, UNFPA recognized Johnson & Johnson for its long-standing partnership and work with hundreds of organizations on more than 700 programs promoting the health and dignity of women and girls in more than 50 countries around the world.

As a global health care company, we are privileged to work with many partners to help address the unmet needs of women and children all over the world.

## Community Involvement & Engagement



As part of our longstanding commitment to Our Credo, we are aware of the responsibility that companies have within the communities they operate. We share the obligation to make our community a better place to live.

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

These efforts are supported by our decentralized business strategy, which meets corporate needs and allows each facility to become a part of its community.

While there is no formal tracking of social impact assessments at the regional levels, the vast majority of our facilities engage within their communities in various capacities based on local needs. **SO1**

In our headquarters community of New Brunswick, New Jersey, the Company has committed its resources and leadership to revitalizing the city. This began with the physical transformation of the city and an identification of priorities in health, human services and education. This commitment continues today with the leadership of Corporate Contributions galvanizing collaborative networks to identify and address priorities impacting residents.

In its focus on health and wellness, several community-based partnerships are making progress in contributing to active and healthy living. In 2013, in a collaborative partnership with the city, New Brunswick Tomorrow, and Rutgers, the State University of New Jersey, New Brunswick Ciclovía was launched. Ciclovía began as part of a community change project, designed by New Brunswick Tomorrow's leadership development program to: 1) improve the health and wellness of residents; 2) build stronger community vitality through the sustainability and vibrancy of the community; and 3) increase social integration.

More than 4,000 people attended the inaugural New Brunswick Ciclovía, providing the opportunity to use the streets as paths for physical activity and also as a space for community building. Through community partners, we envision Ciclovía as being part of the fabric of the health and wellness of community residents. A robust evaluation program was established as part of the strategic planning process with the intent to highlight best practices for making an open streets program operational and to document its impact in the community.

Ongoing efforts in New Brunswick are informed by the longest-running community survey in the U.S. Conducted by the Eagleton Center for Public Interest Polling at Rutgers in partnership with New Brunswick Tomorrow and Johnson & Johnson, it serves to capture perceptions of the quality of life in New Brunswick, as well as reactions to the changes and developments that have occurred as a result of revitalization over the past three-and-a-half decades.

Each survey provides valuable data that guides actions, and data collection at regular intervals over time allows monitoring of progress toward the mission of improving the quality of life in New Brunswick.

Johnson & Johnson uses the survey to understand issues, identify trends and provide insights that can impact other health initiatives we support to effectively meet the needs of residents in our headquarters community. One of the top concerns among the New Brunswick community revolves around food security within vulnerable populations. Johnson & Johnson has taken a leadership role in galvanizing collaborative networks and building capacity of local partners to contribute to healthy and livable communities so that people have access to nutritious, safe, affordable, culturally appropriate food at all times in a socially just, sustainable food system. Our partnership with Rutgers and the City of New Brunswick launched the New Brunswick Community Farmers Market, providing residents with access to affordable and nutritious fresh produce that contributes to healthy eating behaviors to prevent obesity and its consequential diseases. In 2013, the market served over 1,500 customers and, importantly, the number of residents using public assistance vouchers has consistently increased over time and served over 1,000 residents last season.

In our Asia-Pacific region, our local Janssen employees collaborated with the Asia Injury Prevention (AIP) Foundation to promote Helmets for Kids in Vietnam, a program to improve safety on the roads through increased helmet wearing rates in target schools. Helmets for Kids participating schools are located along or near dangerous national highways in low-income communities where the majority of parents are farmers or fishermen. Therefore, it was difficult for them to afford a quality helmet for their children. A high percentage of students ride a bicycle or are driven to school on their parents' motorbike along these dangerous roads.

Nearly 11,000 helmets were provided to students and teachers in the program and more than 10,000

commitment letters were signed by parents from 20 primary schools in Ha Tinh, Quang Binh and Dong Nai provinces. The success of Helmets for Kids created momentum for enhanced road safety initiatives in the three provinces and a solid base for sustaining these initiatives beyond the project duration. All the schools and participating partners reported having learned how to plan and implement road safety activities and become motivated to leverage their own resources to supplement and sustain the impact of these activities in their schools and communities.

Influencing environmental impacts within the community that we work in are considered in our business decisions and actions. We pursue a path of continual improvement to investigate, understand and mitigate environmental risks. For example, in Brazil, "catadores" are people within the community who collect and process waste material for recycling. For many catadores—even those who have organized themselves into cooperatives—life is a dangerous journey that literally revolves around a trash dump. Our Consumer Group developed Project Phoenix, an initiative that helps these recycling cooperatives improve operational processes, document their policies and develop a stronger social infrastructure. The end result is that the cooperatives become more attractive business partners, which means an increased market for their recycled goods and improved living and safety standards for the catadores.

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

efficiently and effectively to our stakeholders within the community.

### Community Hiring Practices

In a global, decentralized business, hiring locally helps us best meet customer needs. Each subsidiary within our business segments is, with some exceptions, managed by citizens of the country where it is located. Our operating companies hire from the communities in which we do business and follow all applicable labor laws and requirements. In most cases, the Johnson & Johnson Family of Companies does not offer visas or work permits. Candidates must be authorized to work in the country they are applying to. Applicants must be fluent in the language of the country where a job is based. **EC6**

### Corporate Contributions

Johnson & Johnson is among the largest corporate donors, having contributed \$993 million in cash and products in 2013 toward nearly 600 programs in more than 50 countries, impacting tens of millions of lives worldwide. Our total cash contribution in 2013 to organizations in the U.S and around the world was \$157 million.

Further, as the health care system continues to evolve, we understand the unmet need of those who are unable to receive the care they need. We believe we have the responsibility within our communities to provide assistance to those who are not able to access medicine. In 2013, through our Johnson & Johnson Patient Assistance Foundation (JJPAF), we provided \$711.3 million worth of prescription products, free of charge, to about 150,000 patients. In the past three years, we have assisted nearly half a million U.S. patients.

We manage our Contributions Program within guidelines approved by the Johnson & Johnson Executive Committee. Our Contributions budget is established well before the start of each fiscal year, so our giving as a percentage of year-end pretax income thus varies from year to year, as fluctuations in year-end pretax income become apparent.

## Volunteerism



Giving back to the communities in which we work and live in is woven into the fabric of Johnson & Johnson. Inspired by Our Credo, the employees of the Johnson & Johnson Family of Companies are committed to making a positive impact in the communities where they live and work. They play active roles in educational, civic, cultural and faith-based organizations around the world. Through their involvement, these dedicated volunteers improve the quality of life in their communities and serve as a reminder of the difference every person can make.

Our Volunteer Support Program serves as a resource for the our employees by creating partnerships and relationships with local nonprofit organizations; coordinating volunteer days for Johnson & Johnson companies, groups and individuals; and recognizing excellence in volunteerism.

One of our key programs is Bridge To Employment (BTE), a global initiative to inspire young people ages 14–18 from disadvantaged communities to stay in school, excel academically, and elevate their career aspirations. Through academic enrichment activities, career readiness and exploration opportunities, and higher education preparation, BTE students are exposed

to various careers in the health industry and motivated to pursue higher levels of academic progress and take the steps necessary to build a better future and achieve their full potential. Johnson & Johnson employee volunteers are mentors for these students, and in 2013, over 250 employees served as mentors with over 4,200 hours of service.

In our Asia-Pacific region, 25 percent of our employees participated in our 2013 June volunteer month, impacting more than 16,700 lives.

Each year, the Johnson & Johnson Family of Companies celebrates the exceptional volunteer achievements of employees through our volunteer recognition programs. Through these programs, the Company awards grants to the nonprofit organizations where these employees volunteer their time.

While many Johnson & Johnson Family of Companies employees around the world participate in meaningful volunteer work in their communities, we are pleased to have recognized 27 of our employees from North America, Asia-Pacific, and Latin America and the Caribbean for their volunteerism.

These recognition grants reward employees who are highly engaged in community volunteer efforts that have a tremendous local impact and reflect Our Credo commitment to the communities in which we live and work.



Medical students Natasha Ramsey (left) and Jeneba Abass-Shereff are graduates of the Bridge to Employment (BTE) program in New Brunswick, New Jersey. Over the last 20 years, BTE has involved Johnson & Johnson employees who volunteer as mentors in programming to help prepare young people for brighter futures.

Learn more at [www.bridge2employment.org](http://www.bridge2employment.org).

# Safeguarding the Planet

- Product Stewardship
- Ingredients
- Sourcing of Raw Materials
- Environmental Responsibility
- Water
- Greenhouse Gas Emissions / Climate Change
- Air Emissions
- Waste Management
- Biodiversity Conservation

Engineering experts, like Ibrahim Khadra, who was involved in building a biomass boiler for CENTOCOR Biologics in Ireland, help Johnson & Johnson devise and implement innovative ways to reduce our carbon footprint.



## Product Stewardship



For more than 127 years, the Company's desire to make a difference has inspired every invention, every product and every breakthrough we have brought to human health. This commitment to serving the needs of others is guided by Our Credo, which shapes our approach to business and defines our responsibilities to society at large. One of the most important responsibilities emphasized in Our Credo is our obligation to the environment:

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

Product stewardship integrates the concept of sustainability into product and packaging development, improvement, transportation, sales, use and disposal. Improving the sustainability profiles of our products and/or packaging has been an integral part of the Company's goal-setting efforts since the early 1990s.

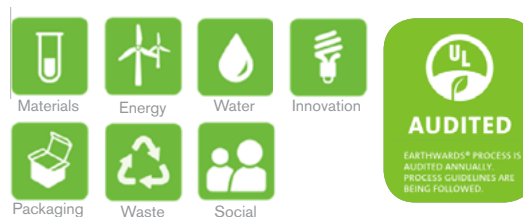
### The Earthwards® Approach

Designing and bringing more sustainable products to market is integral to how we fulfill Our Credo, and the Earthwards® approach defines how we think about and address our environmental and social impacts across product life cycles—from formulation and manufacturing to product use and end of life cycle. Achieving Earthwards® recognition is an honor celebrating our most innovative and improved products. If a product achieves at least three significant improvements, a board of internal and external experts determines if the product warrants Earthwards® recognition. This recognition also motivates us to improve the sustainability of our products by engaging our people in designing sustainable

solutions at every stage of a product's development, and recognizing them for their achievements.

When we launched the Earthwards® process in 2009, we used it to focus our product teams and, as part of our Healthy Future 2015 goals, challenged them to have a total of 60 products achieve the Earthwards® recognition. In 2013, we focused on integrating and expanding the original process across our Company. We will use the Earthwards® approach to drive continuous innovation for every new product in 2014 and beyond.

The Earthwards® approach focuses on improving the social and environmental impacts of our products and targets improvements in seven key areas: materials used, packaging, energy reduction, waste reduction, water reduction, positive social impact or benefit, and product innovation. To improve our performance, we collaborate with internal teams across all three sectors, our suppliers and our customers to identify opportunities across our value chain.



Each product seeking Earthwards® recognition is evaluated against a proprietary scorecard that is updated on a regular basis by a group of product sustainability experts from government, academia, business and environmental nongovernmental organizations (NGOs). Once a product has earned Earthwards® recognition, it must undergo and pass an annual review in order to retain it. Likewise, the Earthwards® process undergoes an annual third-party assurance audit by UL Environment.

### Our Earthwards® Target: Recognizing 60 Products

Our target is to have 60 Earthwards® recognized products in our portfolio by year-end 2015. In 2013, we advanced this target by recognizing an additional 20 products, for a total of 55 products. Each of our three business segments demonstrated a strong commitment to improving the sustainability of its products in 2013. The 20 product additions were comprised of: 15 products from our Consumer segment, four from our Medical Devices & Diagnostics segment and one from our Pharmaceutical segment. Based on this significant progress, we are well on our way to meeting our 60-product target and anticipate achieving it in 2014, a year ahead of schedule.

YEAR	EARTHWARDS® RECOGNIZED PRODUCTS (Cumulative count at year-end)
2009	3
2010	9
2011	24
2012	35
2013	55

The improvements, much more than the number of recognitions, reflect the positive impacts that product changes can deliver. Our portfolio of 55 Earthwards® recognized products currently reflects approximately 40 improvements in material selection, 37 improvements in packaging materials, 25 improvements in energy, 15 improvements in waste and five improvements in water usage. The total revenue generation for the Earthwards® portfolio in 2013 was \$8 billion. **EN7** **EN27**

Our Earthwards® products include:

#### Consumer Products (34 products)

- AVEENO® PURE RENEWAL™ Shampoo and Conditioner (two products)
- AVEENO® Clear Complexion BB Cream – Medium & Fair (two products)
- BAND-AID® Brand Adhesive Bandages (four products)
- JOHNSON'S® Naturals (two products)
- NATUSAN® First Touch (three products)
- Neutrogena® Naturals™ (10 products)
- o.b.® Tampons (Europe)
- SUNDOWN®
- Le Petit Marseillais® (eight products)
- LISTERINE® Naturals Antiseptic

#### Medical Devices & Diagnostics (14 products)

- ACUVUE® Advance® Brand Contact Lenses
- ACUVUE® OASYS® Brand Contact Lenses
- ONE TOUCH Ultra® Blue Test Strips
- ONETOUCH® Ultramini Testing Kit
- SURGICEL®
- ValuTrus™ (four products)
- Ortho Clinical Diagnostics VITROS® 3600
- Sterilmed® Trocar
- DePuy Reach Knee System
- Ortho Clinical Diagnostics™ Workstation
- STRATAFIX™ Symmetric PDS Plus

#### Pharmaceuticals (7 products)

- INVEGA® SUSTENNA®/XEPLION® (paliperidone palmitate)
- NUCYNTA® (tapentadol)
- REMINYL®/RAZADYNE® (galantamine)
- SIMPONI® (golimumab)
- STELARA® (ustekinumab)
- ZYTIGA® (abiraterone acetate)
- API Buprenorphine (an active pharmaceutical ingredient)

Some recent highlights of products that have received Earthwards® recognition include:

#### Aveeno® Clear Complexion BB Cream Fair to Light Tint



Uses 25 percent PCR content in bottle

Reduced bottle weight by 23 percent and reduced carbon material by 32 percent\*

Improved shipping efficiency 58 percent by increasing the number of units per pallet from 2604 to 4416\*



\*Compared to previous version of product

#### Sterilmed® Trocar



Use > 50 percent less materials through reprocessing\*\*

> 50 percent reduction in waste at end of life cycle through re-use and energy-from-waste

Support access to life-saving medical devices through product donations to International Aid



\*\*Compared to a new original equipment manufacturer trocar

#### API buprenorphine (base & HCl)



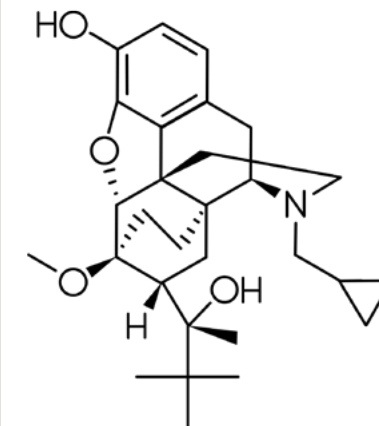
42 percent reduction of Process Mass Intensity\*\*\*

64 percent reduction in raw materials for equipment cleaning\*\*\*

71 percent reduction in water use from 309 to 89 liters/kg API\*

28 percent aggregated reduction in hazardous waste\*\*\*

23 percent energy reduction through elimination of multiple drying processes\*\*\*



\*\*\*Compared to previous API synthesis process



## Our Approach Moving Forward: Improving All New Products

While we are proud of our performance against the Healthy Future 2015 target, we recognize improving 60 products is only our first step. To accelerate a healthy future for all, we must apply the Earthwards® approach to every new Johnson & Johnson product.

In 2014 and beyond, Johnson & Johnson will continue to integrate and expand the Earthwards® approach to drive continuous sustainability improvements and innovation across our Company by:

- Requiring every new product to meet product stewardship requirements and understand life cycle impact areas;
- Inviting every product team to implement and validate improvements; and
- Encouraging the most sustainable products to pursue Earthwards® recognition for their products.

Where we get our ingredients and raw materials from is just as important as the ingredients and materials themselves, and the Johnson & Johnson Family of Companies is committed to assuring the sustainability of our sourcing choices. See *Ingredients and Sourcing of Raw Materials* on [page 75](#) of this report.

One area of focus for The Johnson & Johnson Family of Consumer Companies is supporting the demand for sustainably grown palm oil. We have been members of the Roundtable on Sustainable Palm Oil (RSPO) since 2006 and have a Healthy Future 2015 goal to buy all of our ingredients derived from palm oil from certified sustainable sources by year-end 2015. See *Ingredients and Sourcing of Raw Materials* on [page 75](#) of this report.

We made progress reformulating our iconic baby products in response to the changing expectations of our customers. We also will continue to lead by

working with our suppliers and partners to produce the very best products for families as we work to meet our commitment to make further enhancements to our products by the end of 2015. Learn more about our Safety and Care Commitment at [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com).

In our Medical Devices & Diagnostics (MD&D) segment, efforts continue to remove compounds identified by the Restriction of Hazardous Substances directive in Europe, which bans electrical and electronic equipment containing more than agreed-upon levels of lead, cadmium, mercury, hexavalent chromium, and flame retardants with polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) from being placed on the EU market. Compliance deadlines vary, depending upon the product, and we have target metrics which span across the next few years. Several of our business units have already achieved these limits ahead of schedule, including our LifeScan, Inc. and Ethicon, Inc. businesses. Conflict Minerals are also a topic of interest; see the Conflict Minerals section of this report ([page 77](#)) for more information.

In our Pharmaceutical segment, the use of green chemistry continues to increase yields while reducing waste generation and material use. Fate and effect studies have been completed on all new active pharmaceutical ingredients (APIs); similar studies are being completed for legacy products where there is determined to be risk.

Our goal is to keep the development and production of our active ingredients as efficient and as sustainable as possible by applying the principles of green chemistry. One way that we stay current with developing green chemistry technology and trends is through industry collaboration. In the U.S., Johnson & Johnson has been a long-time member of the American Chemistry Society – Green Chemistry Pharmaceutical Industry

Roundtable (ACS GCPIR), an international pre-competitive partnership that was established by the ACS Green Chemistry Institute. And in Europe, Johnson & Johnson is a member of the Chem 21 project, which is part of the larger Innovative Medicines Initiative (IMI). IMI is Europe's largest public-private partnership aiming to improve the drug development process by supporting a more efficient discovery and development of better and safer medicines for patients. The goal of both the ACS GCPIR and the IMI Chem 21 is to stimulate innovation and to promote integration of green chemistry and green technology principles in the global pharmaceutical industry to reduce the environmental footprint of drug development and production.

### Packaging

As a global producer of thousands of products, the use of paper and paper-based packaging is relevant to Johnson & Johnson and can be thought of in terms of three basic objectives: to optimize the packaging needed to deliver the product; to increase the use of more sustainable packaging materials; and to design for the next life (e.g. recyclability, recovery, reuse). Enterprise-wide, we have global Environment, Health & Safety (EHS) Standards requiring all business units to evaluate all product packaging for sustainable packaging improvements, such as increasing the use of sustainably sourced paper, increasing the post-consumer recycled (PCR) content for paper, plastic and bio-based materials; eliminating the use of polyvinyl chloride (PVC), except in legacy pharmaceutical blister packaging; increasing the recyclability of packaging materials; and reducing the size and weight of packaging.

The Earthwards® approach requires teams to consider product stewardship as part of their efforts to drive excellence in packaging design and process areas, and our packaging choices take into account considerations

such as safety, quality, legal compliance, performance, cost and environmental footprint. Through the use of our Forest Products Purchasing Guidelines and our Global Environmental Packaging Reference Guide, we are working toward increasing the amount of our office paper and paper-based packaging that contains post-consumer recycled content and fiber from credibly certified forests.

While PVC is present in some of our packaging material, it is now used sparingly and we continue our efforts to remove it entirely, except for legacy pharmaceutical blister packages. In 2013, we eliminated an additional 43 tons. Since 2005, Johnson & Johnson has eliminated approximately 3,500 tons of PVC from packaging. The elimination of PVC has been incorporated into our Global Environment, Health & Safety Standards.

The Ethicon STRATAFIX™ suture exemplifies the benefits of applying the Earthwards® approach: By using life-cycle thinking, the STRATAFIX™ product team was able to identify more sustainable packaging solutions and greener alternatives were chosen over historical packaging configurations. Launched in 2013, STRATAFIX™ went to market with 40 percent less packaging materials and 56 percent more recycled content.

### Encouraging Recycling of Product Packaging

We also are working to improve the sustainability of our packaging after it is used.

In 2013, the Johnson & Johnson Family of Consumer Companies launched our CARE TO RECYCLE™ campaign in the U.S., an initiative designed to raise awareness about the importance of recycling products from the bathroom. Our research revealed only one in five Americans consistently recycles in the bathroom, where many Johnson & Johnson personal care products are used. Forty percent of Americans reported they do not recycle bathroom items at all. The CARE TO RECYCLE™ video is



a gentle reminder to recycle items used in the bathroom, and the website ([www.caretorecycle.com](http://www.caretorecycle.com)) provides useful tips and tools to help educate people on recycling and to ultimately increase recycling rates. Going forward, our packaging will carry this gentle reminder, as well.

### Product End of Life and Disposal

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

Given the diverse nature of our business, and the variety of products produced, the weight and volume of products sold by Johnson & Johnson is not considered to be a meaningful metric and is not tracked at the enterprise level. As a result, we are also unable to report the percentage of materials used that are recycled input materials. **EN1 EN2**



**Care To Recycle™**  
How the Smallest Room in the House is Often Overlooked.

**AMERICANS RECYCLE**

- 69% say they consistently recycle.
- Adults 25-44 recycle the least.
- Men and women share recycling responsibilities.
- Consistency in recycling increases with education.
- Recycling is higher in the Northeast and West.

**...BUT NOT IN THE BATHROOM**

- Only 1 in 5 Americans consistently recycle in the bathroom.
- Nearly 40% do not recycle bathroom items at all.
- 22% never thought of recycling in the bathroom.
- 20% didn't know bathroom products are recyclable.

**AND WHY NOT?**

**WHY IS THIS A PROBLEM?**

Because nearly **552 million** 15-oz shampoo bottles could be ending up in U.S. landfills each year.\*

This would fill 1,164 football fields. **OR** That would be over 18,000 tons of plastic.

### Consumer Segment

The Johnson & Johnson Family of Consumer Companies has developed tools that help us manage the impact of our products after use. Many of our consumer products are washed off of the body and enter local wastewater systems, which in turn connect to the broader water supply.

To better understand how our products interact in these water environments, we developed an ingredient assessment tool we call GAIA—the Global Aquatic Ingredient Assessment™ protocol. GAIA analyzes what impact an ingredient might have on an aquatic environment and on the fish and plant life that live there.

Each ingredient we use is evaluated against the GAIA criteria and given a score. By calculating how much of an ingredient is used in a product and the score of that ingredient, each product receives its own score. For products with lower scores, we look to improve the formulation to reduce any potential impact on aquatic life. In 2013, we applied the GAIA protocol to improve six Le Petit Marseillais® products, which received Earthwards® recognition for their improvements in formulations, among other improvements.

Another example is our BAND-AID® Brand Adhesive Bandages. We achieved a more than 10 percent reduction in secondary packaging and a 20 percent weight reduction of tertiary packaging. (Secondary packaging is outside the primary packaging and is often used to group primary packages together; tertiary packaging is used for bulk handling.) The manufacturing process now requires 30 percent less energy compared to the previous process. We also work with a socially responsible local Brazilian cooperative to recover post-consumer recycled content that is used in the outer cartons.

### Pharmaceutical Segment

In the U.S., we conduct voluntary take-back of home-generated auto-injectors related to our immunology business. In Europe and Canada, we comply with host-country directives. Any of our voluntary programs are in addition to our participation in any mandatory regulatory product take-back programs. We do not track the amount

of pharmaceuticals manufactured by Johnson & Johnson that are collected.

Another key issue is pharmaceuticals in the environment, or PIE. For information on this topic, see the [Water](#) section of this report on page 78.

### Life Cycle Assessment

Collaboration with the University of Ghent in Belgium on exergetic life cycle assessment (LCA) is also of note. While LCA determines the total impact of a product, service or organization throughout its life cycle, exergetic life cycle assessments examine the amount of resources extracted from the natural environment throughout a product's life cycle. Such analyses enable researchers to determine the amounts of energy and raw materials that are needed to manufacture a particular product. In November 2013, a scientific article that was a collaboration between Johnson & Johnson and the University of Ghent focusing on one of our LCA studies was published in *Green Chemistry Magazine*.

### Medical Devices & Diagnostics Segment

#### Product Recycling & Reprocessing

Another challenge is finding ways to keep health care accessible and affordable. Our Sterilmed® business reprocesses Single Use Devices (SUDs) and provides them back to customers at a significantly lower cost. As an FDA-registered medical device manufacturer, Sterilmed® provides an affordable solution for hospitals faced with the challenge of reducing costs without compromising patient care. This approach also reduces waste generation by eliminating medical waste that would otherwise end up in landfills.

Using the Earthwards® approach, our goal is to continue to work with our customers to evaluate opportunities to increase the number and quantity of MD&D

products recycled and reprocessed, which will result in cost savings for our customers while increasing the sustainability profiles of our products.

Electronic product take-back is part of this goal. We did experience a reduction in the number of devices taken back in 2013 compared to 2012. Most of the reduction can be attributed to Ortho-Clinical Diagnostics, Inc., which saw a decline in their refurbishment program due to customer preferences.

	2012	2013
Electronic Product Take-Back— Recycled	744,562 lbs	468,078 lbs

Sterilmed® collects devices from a wide array of manufacturers. By collecting over 11 million devices that were bound for landfill or incineration, Sterilmed® is making a significant impact. In 2013, Sterilmed® implemented an improved collection program, which increased the quantity of devices collected. **EN28**

	2012	2013
Sterilmed® Devices Collected (units)	7,170,998	11,342,149
Sterilmed® Devices Reprocessed (units)	5,350,283	5,625,989

### Emerging Issues

The proactive identification of stakeholder concerns is critical to understanding our impacts. The enterprise-wide Emerging Issues Committee identifies, tracks and communicates emerging issues that may impact the ability of the Johnson & Johnson Family of Companies to adequately manage risk and fulfill our responsibilities to our employees, partners, customers and patients,

the public and the environment. In 2013, our focus was on a wide range of issues, including nanotechnology, pharmaceuticals in the environment, bio-monitoring, endocrine disrupting chemicals and emerging chemical policy. We will continue to evaluate and respond to these issues and any new issues that arise in the future.

Currently, we have the following position papers available on [jn.j.com](http://jn.j.com):

[Johnson & Johnson Principles for Safe Use of Chemicals in Products](#)

[Responsible Use of Nanotechnology](#)

[Johnson & Johnson Statement on Conflict Minerals](#)

## Ingredients



While the ingredient-selection process used to manufacture our products affects each of our businesses, our consumers have expressed interest and concern over the ingredients and materials used in our personal care products. Over-the-counter (OTC) medicines, prescription medicines and medical devices and diagnostics are regulated differently than cosmetics, and are designed to treat medical conditions and diseases that may be serious and, in some cases, life-threatening. Because of these differences, the ingredients in those products are regulated differently and covered under policies separate from Our Safety & Care Commitment, which applies mainly to beauty and baby care products regulated as "cosmetics." To address consumer concerns and improve our transparency around how we choose and ensure the safety of ingredients, the Johnson & Johnson Family of Consumer Companies created Our Safety & Care Commitment website. This site is dedicated to helping

consumers better understand all the steps we take to ensure the safety of beauty and baby care products and the ingredients that go into them. Consumers can view our ingredient policies and learn about the rigorous scientific standards of our five-level safety assurance process.

Our safety process begins with sourcing raw materials, partnering only with suppliers who meet our ingredient safety standards and product stewardship principles. Next, we conduct ingredient safety assessments so that we have a full safety profile for each ingredient. The third step is a clinical evaluation of our formulations, to ensure that the ingredients provide a benefit and don't have a negative impact on the consumer. Additionally, our International Ingredients Working Group evaluates new science, safety opinions, and related input on our ingredients. We know safety is not limited to the lab, so in-use testing is conducted, along with ongoing evaluation of our beauty and baby care products and the ingredients they contain. This evaluation is based on new developments in science and changes in government regulations, as well as feedback from our customers.

In 2011, the Johnson & Johnson Family of Consumer Companies made a global commitment to remove formaldehyde-releasing preservatives and reduce traces of 1,4-dioxane from products where present. Although all ingredients used in our baby care products have always been safe for use as directed, we made the decision to reduce or eliminate certain ingredients based on changing consumer sentiment. In 2013, we were pleased to announce that the first phase of this reformulation process was completed; those products that were changed began rolling out globally during 2014. In doing so, we became the first major company to set and meet this public commitment. We also will phase out or restrict several additional ingredients from

our products by 2015. Parabens will be removed entirely from baby products, and in our adult products, parabens will be limited to methyl, ethyl and propyl parabens. These three types of parabens have been extensively studied for safety, and are approved for use in pharmaceutical and food products. Additionally, we will discontinue the use of polycyclic musks in all of our product fragrances by 2015. Lastly, we have stopped developing new products containing polyethylene microbeads and aim to remove them from our products by the end of 2017. For more information, visit [www.safetyandcarecommitment.com](http://www.safetyandcarecommitment.com).

## Sourcing of Raw Materials



Sourcing of raw materials is a complex issue, one that is intricately linked to biodiversity, water resources, human rights, and local community involvement and engagement, to name a few. The question of where our raw materials come from and how they are obtained affects the sustainability of our products. Much of what we purchase to manufacture our products is itself manufactured by others, which means that the sourcing of the original raw material can be several steps removed from our Company.

The Johnson & Johnson Family of Companies approaches the issue of responsible sourcing of raw materials in several ways, reflecting the diverse nature of our business. Our Responsibility Standards for Suppliers state that suppliers are expected to operate in a responsible manner. We encourage them to continually improve the environmental performance of their operations, including natural resource consumption and materials sourcing, and to implement programs

that ensure that products do not contain or use in-production materials listed on the Johnson & Johnson watch list (a compilation of lists of banned and/or restricted ingredients identified by NGOs and, in some cases, by governments, as being potentially harmful to the environment and human health). Our Procurement and Environment, Health, Safety & Sustainability (EHS&S) professionals oversee the implementation of these standards. For more information on our efforts with our suppliers, see the [Supply Chain & Suppliers Management](#) section of this report.

Through our Earthwards® process, we focus on improving the social and environmental impacts of our products by targeting improvements in seven key areas, including materials used in product manufacture. Going forward, the life-cycle impacts of all new products are reviewed at the category level and opportunities to drive improvements are considered at the design, procurement, manufacturing and marketing stages of a product's development. For more information on Earthwards®, see the [Product Stewardship](#) section of this report.

Johnson & Johnson also has active responsible sourcing programs for forest products and palm oil. As a global producer of thousands of products, the use of paper and paper-based packaging is also an area of focus. Since 2005, we have followed the Sustainable Packaging Coalition Guidelines, looking to use packaging that is sourced responsibly, made entirely using renewable energy and recycled after use.

Our Consumer business actively participates on the Consumer Goods Forum (CGF) Sustainability Steering Committee. We supported the CGF's development of a set of Pulp, Paper, and Packaging Sourcing Guidelines. The Guidelines, approved by the CGF Board in 2013, were developed in support of the CGF resolution to

help achieve zero net deforestation by 2020, and are intended to assist companies in the development of their own policies for sourcing pulp, paper and packaging. The Company's Forest Products Sourcing Guidelines are currently under review and will be updated in 2014. The update process will include consideration of the CGF Pulp, Paper and Packaging Sourcing Guidelines, as well as input from several NGOs. More information on the CGF Pulp, Paper and Packaging Guidelines can be found on the [Consumer Goods Forum](#) website.

Johnson & Johnson also participates with the Forest Footprint Disclosure Project, initiated in 2008 and since incorporated into the CDP. The questionnaire asks private-sector companies to disclose aspects of their "forest footprint" based on exposure to five key commodities—soy, palm oil, timber/pulp, cattle products and biofuels—in their operations and/or their supply chains. 2013 was the fourth year that we participated in this program.

### Palm Oil

Johnson & Johnson has a long-standing commitment to environmental stewardship, including a responsibility to promote the responsible management, conservation and protection of the world's forests. Increasing demand for palm oil, used in products from fuel to food, and many household products including personal care products has led to unsustainable production of this otherwise efficient and high-yielding crop—including high rates of deforestation. Johnson & Johnson does not buy palm oil directly. Rather we buy ingredients derived from palm oil like surfactants, emollients and emulsifiers. We are a relatively small consumer of palm oil, representing less than 0.2 percent of the global palm oil output.

We have been members of The Roundtable for Sustainable Palm Oil (RSPO), which was created to

## Supporting Sustainable Business

Johnson & Johnson assisted the Futura Recycling Cooperative in São José dos Campos, Brazil, in becoming the first recycling cooperative in the world to receive certification under the SA8000 standard, a global standard for workplace safety and labor practices. Following achievement of the SA8000 certification, the Futura Cooperative has become a more sustainable business enterprise, with increased demand for its products and increased income for its workers. Johnson & Johnson uses the post-consumer recycled material collected by Futura in our BAND-AID® Brand Adhesive Bandages cartons.

improve the sustainability of palm oil since 2006. In 2011, we announced as part of our Healthy Future 2015 goals, a goal to source all of our ingredients derived from palm oil (e.g. palm oil derivatives), from certified sustainable sources of palm oil. We currently address this goal by purchasing GreenPalm certificates, which provide a financial incentive to the growers certified to the RSPO standard, and have purchased GreenPalm certificates equivalent to 100 percent of our annual palm oil consumption since 2010. We also supported several NGO-led projects to certify smallholders (farmers who own less than 50 hectares of land) in Thailand and Malaysia, and in 2013 purchased GreenPalm certificates directly from these certified smallholders.

While GreenPalm certificates reward positive change in the palm oil market, they do not address the risk of unsustainable palm oil that may be entering our ingredient supply chains. Due to the complexity of the

palm oil derivatives supply chains, having visibility to the actual source of palm oil is a challenge.

To meet this challenge, we became members of The Forest Trust, an international NGO, and we have worked with them to develop palm oil criteria and to map a significant portion of our derivatives supply chain, with the goal of achieving full traceability to the plantation. We are introducing our Responsible Palm Oil Sourcing Criteria, effective May 1, 2014. To learn more about the detailed criteria and implementation plan, click [here](#).

Additionally, as a member of the RSPO, we submit an annual progress report to the RSPO, which is made public on their website.

To learn more about the breadth of the Company's commitment and actions to source palm oil sustainably, visit: [www.jnj.com/caring/citizenship-sustainability/strategic-framework/raw-material-sourcing](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/raw-material-sourcing).

## Conflict Minerals

Rule 13p-1 under the Securities Exchange Act of 1934 requires public reporting companies that manufacture or contract to manufacture products that contain "conflict minerals" (currently defined as tin, tungsten, tantalum and gold, or "3TG") to conduct due diligence on the source and chain of custody of such products and provide disclosure regarding the findings of such diligence. In 2012, Johnson & Johnson formed a cross-functional Conflict Minerals Core Team to understand the usage of 3TG metals in the Johnson & Johnson Supply Chain and to design a due diligence process to attempt to determine which products may contain 3TG from the Democratic Republic of Congo or adjoining countries, and which may be

used to benefit armed groups there. In 2013, Johnson & Johnson published a Statement on Conflict Minerals and conducted a survey of its 568 likely 3TG suppliers to assess their sourcing practices. The Company received responses from 68 percent of these suppliers, and follow-up was initiated where no response was received. For the 2013 reporting period, the Company does not have conclusive information regarding the country of origin of, or facilities used to process, the necessary conflict minerals in any of its in-scope products. For more information, see our [Conflict Minerals Report for the Calendar Year Ended December 31, 2013](#).

## Environmental Responsibility



### Environment, Health & Safety Management Approach

Johnson & Johnson is a large multinational organization, operating in a wide variety of ecosystems of variable health around the world. To minimize the impact of our operations, we set global environmental, health and safety standards for our operating companies. The Johnson & Johnson [Environment, Health & Safety \(EHS\) Policy](#), [Climate Friendly Energy Policy](#), and statements on the [Human Right to Water](#) and [Respecting Biodiversity](#) guide our activities and are made actionable through our detailed Worldwide EHS standards and our long-term Healthy Future 2015 goals. Taken together, these policies and statements encourage us to carefully consider environmental challenges, to undertake initiatives to promote greater environmental responsibility and to seek to continually reduce the environmental impacts. **G4-14 UNGC Principles 7-9**

## Goal-Setting

Our Healthy Future 2015 goals are our most comprehensive to date, setting 32 corporate Citizenship & Sustainability commitments across seven key strategic priorities. Progress is tracked by the Johnson & Johnson Citizenship & Sustainability Working Group and performance is reported to the Executive Committee and Board of Directors. Progress against each of these goals is addressed in the relevant sections of this report.

## Organizational Responsibility

The Environment, Health, Safety & Sustainability (EHS&S) organization is accountable for environmental, health and safety performance and risk. Our operating model uses geography to leverage expert EHS&S knowledge across our manufacturing, R&D, distribution and commercial operations, while continuing to leverage subject matter technical experts across the enterprise, develop strategy, oversee talent management and execute governance. The Executive Committee and the Board of Directors provide EHS&S oversight, and an EHS&S Leadership Council, composed of regional, sector and practice area leaders, provides additional guidance and leadership to drive our EHS&S strategy and EHS performance.

## Management Systems and Standards

Ninety-five percent of our manufacturing and R&D sites continue to maintain third-party certification to the International Standards Organizations (ISO) 14001 Environmental Management System, up from 93 percent last year, and 28 percent (up from 20 percent last year) have achieved third-party certification to the Occupational Health and Safety Assessment Series specification (OHSAS 18001)\*. Achievement of third-party certification

\*Does not include acquisitions that have been part of the Company for less than three years and small R&D sites with limited operations.

to ISO 14001 is required for all manufacturing and R&D sites; however, Company acquisitions have 36 months after the date of acquisition before they must comply with that portion of our Worldwide Environment, Health & Safety (EHS) standards. As of the end of 2013, five sites were not certified; all are acquisitions that are still working to obtain certification.

Johnson & Johnson has worldwide EHS standards that are designed to ensure that all Johnson & Johnson companies achieve and maintain a consistent and high level of EHS performance. These standards address 27 different topics, including EHS Management Systems; Chemical Substances Management; Emergency Preparedness & Response; Contractor Management; Responsible External Supply Chain; Acquisitions & Divestitures; EHS by Design; External EHS Engagement; Air; Water & Wastewater Management; Waste Management - Hazardous and Non-Hazardous; Tank Systems; Energy Management; Noise & Hearing Conservation; Biosafety; Radiation Safety; Employee Well-Being; Occupational Health; Fall Prevention; Fire & Explosion Prevention; Process Safety Management; Machinery & Equipment Safety; Ergonomics; Control of Permit Required Work and Non-Routine Activities; Fleet Safety; Warehouses & Storage Areas; and Environment, Health and Safety Standards for Office Organizations. The standards are reviewed annually, and, if necessary, revised.

To identify and mitigate environmental, health and safety risks, we maintain a global process known as the Management Awareness and Action Review System (MAARS). It provides a framework for all Johnson & Johnson sites to proactively identify and mitigate EHS risks, as well as ensure compliance with legal requirements and the Johnson & Johnson Worldwide EHS Standards. Beginning in 2013, MAARS was extended to stand-alone office and warehouse facilities,

in addition to manufacturing and R&D sites. The process includes annual self-assessment, independent assessment (typically every three years), and corrective action planning and tracking. Performance on these assessments is tracked by Environment, Health, Safety & Sustainability and business leaders of the assessed facility. Closure of findings is tracked at the corporate, sector and facility levels. We continue to implement, track and maintain an incident notification process that alerts management to EHS non-compliances and accidental environmental releases within 72 hours of occurrence.

## Water



Our Statement on Human Right to Water recognizes that everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water, and acknowledges that our actions can impact water quality and quantity. Johnson & Johnson operates in many parts of the world where water quality or water scarcity is of concern, such as India, China, Mexico, Thailand, and parts of Europe and the U.S. The World Resources Institute has predicted areas where water will be of limited availability by 2025. According to this model, in 2013, 35.3 percent of our total water withdrawals occurred in areas predicted to be under water stress (areas with less than 1,700 cubic meters (m<sup>3</sup>/year per person), 22.9 percent of total water withdrawals occurred in areas predicted to be under water scarcity (less than 1,000 m<sup>3</sup>/year per person), and 10 percent were located in areas of extreme water scarcity (less than 500 m<sup>3</sup>/year per person). **EN9**

Sites located in areas predicted to experience water scarcity or water stress are priorities for our water reduction efforts. Examples of key water reduction projects in water scarce areas are highlighted below:

- In Beijing, we implemented a project to increase recycling of water by capturing reverse-osmosis reject water and routing it to the site's utility plant. The site achieved approximately 20 percent reduction in the amount of water used. This is a very strategic reduction because the facility is located in a region where, according to the World Resources Institute, the annual supply of water per person per year is <500 m<sup>3</sup>, which is considered "extreme" scarcity.
- In Cenbo Village, Qingpu District, Shanghai, 200 volunteers including employees and their family members partnered with Shanghai Oasis in a series of water conservation activities. The village is close to Dianshan Lake, the main water source for Shanghai, which supplies 70 percent of the city's drinking water and serves a population of 18 million people.

### Water Usage **EN10**

Johnson & Johnson has a Healthy Future 2015 goal to achieve a 10 percent absolute reduction in water use, with our 2010 consumption as a baseline. At the end of 2013, our water use volume was down slightly over 2012, to slightly less than 11.2 million cubic meters, a reduction of approximately 2.5 percent compared to our 2010 baseline volume. While we realized reductions in our Medical Devices & Diagnostics and Pharmaceutical segments, these are being offset by increases in our Consumer segment, where enhanced quality procedures for our manufacturing and production have resulted in increased water use. Regionally, water use is lower in the Americas, but has increased in our EMEA and Asia-Pacific regions. We continue to explore opportunities to recycle water within our operations. In 2013, we used 0.73 million cubic meters of recycled water, meeting approximately seven percent of our total water demand.

Our water sources remain unchanged and are shown in the following chart: **G4-EN8**

WATER SOURCE	PERCENT OF TOTAL WATER USED
Municipal	81
Groundwater	17
Rainwater	< 1
Gray Water	< 1
Surface Water	< 1
Other	< 1

Johnson & Johnson continues to participate in the Carbon Disclosure Project's (CDP) water disclosure process; additional information on our water use and risks can be found in our CDP Water submissions at [www.cdproject.net/en-US/Results/Pages/overview.aspx](http://www.cdproject.net/en-US/Results/Pages/overview.aspx).

### Water Conservation Efforts

Each of our facilities has a role to play in meeting our water use reduction goals. Tools have been developed to assist our manufacturing operations to identify, assess and prioritize water projects, and to capture water savings, financial savings and water quality improvements. We do face water-reduction challenges in some of our facilities, especially where we make products that have water as a major component, where production rates are increasing or where water use is essential to ensuring product quality. Going forward, we will continue to look for water reduction opportunities across the enterprise, with a particular focus on our facilities in water-stressed areas. Some highlights from our 2013 efforts are listed below.

### Water Conservation at Janssen Biologics: EMEA Region

The facility has an ongoing water conservation and management program that is reviewed annually. Past initiatives on-site have included installation of a rainwater collection system and recovery of treated wastewater effluent for chemical makeup and cleaning operations at the WWTP (Wastewater Treatment Plant). In 2010, Janssen Biologics initiated a rainwater harvesting and water recovery program which reached its full potential in 2012. All of the site's utilities water comes from rainwater harvesting, reducing potable water usage by 25 percent or 24,000m<sup>3</sup>/annum. This is happening during a phase of production increases on the order of 200 percent. Additional water projects implemented at the site include: recovering and reusing gray water to reduce the purchase of municipality potable water; reducing potable water treatment and water management energy costs by minimizing the volume of water treated in the WWTP; and well water abstraction. The water conservation practices and use of well water and rainwater allows the site to operate without using water from the municipal supply.

At Janssen in Puebla, Mexico, our facility redirected water from the reverse-osmosis systems into non-productive activities, reducing the water consumption at the site by about two percent.

### Water Discharge

In 2013, our water discharge volume was approximately 7.8 million cubic meters, discharged as follows: 74 percent to wastewater treatment plants, 22 percent to surface water bodies, less than two percent to the ocean, less than one percent sub-surface and the remainder to a variety of other destinations. Discharges are

monitored, as required, to demonstrate compliance with the applicable water quality standards. Water discharge quality data is being included in this report for the first time. In 2013, we discharged a total of 71 metric tons of biological oxygen demand (BOD-5) and 327 metric tons of chemical oxygen demand (COD). **EN22**

Our EHS standard for water and wastewater management requires that facilities comply with either the local treatment standards or the Johnson & Johnson Environment, Health & Safety (EHS) standards, whichever is more stringent. Sites conduct annual water inventories, and annually review wastewater sources to identify opportunities to decrease wastewater generation or contaminants if they are production and/or research facilities. Our EHS standards also set forth clear responsibilities to address water conservation, drinking water supply management and storm water management.

### Pharmaceuticals in the Environment

Pharmaceutical residues in the environment (PIE) are of increasing interest to the media, regulatory agencies and non-governmental organizations. In general, PIE are found in water bodies, where they are the result of excretion of medicines by humans.

PIE have been shown to survive conventional industrial and municipal wastewater treatment processes. Because of this, the United States Environmental Protection Agency is considering whether regulation of PIE is necessary. They have updated the list of chemicals that they may examine to determine if such regulation should be developed, and they have issued a Federal Register proposal to add hormones to the list of unregulated contaminants that water companies must monitor.

Johnson & Johnson is monitoring this issue and has published several studies examining the safe exposure



concentration levels for these compounds. In Europe, limits have been proposed on three active pharmaceutical ingredients (APIs); additional materials are being considered for regulation.

The Janssen Pharmaceutical Companies of Johnson & Johnson closely monitor scientific insights and regulatory measures by authorities in this area, and actively contribute to a better understanding of this topic. We support further scientific research to better understand the impact of trace amounts of pharmaceutical and other compounds on the environment, while taking action to be a positive force in helping to reduce pharmaceuticals in the environment. Janssen is committed to environmentally responsible operations and to working with regulatory authorities around the world to ensure that the environment is protected.

Steps being taken to minimize the environmental impacts of PIE include: conducting Environmental Risk Assessments for all new drug compounds; collecting environmental risk assessment data for all major pharmaceutical products, including a prioritized list of legacy products; working with others in industry, academia and other non-governmental organizations to further the scientific research to achieve a better understanding of this issue; working closely with regulatory and environmental agencies to ensure that the potential impacts of pharmaceuticals on human health and on the aquatic environment are understood and minimized; and partnering with a wide range of stakeholder groups that share our commitment to safeguarding the environment based on sound science and effective actions.

Johnson & Johnson is also committed to reducing or eliminating the small amounts of active pharmaceutical ingredients discharged in the wastewater from our manufacturing sites. To avoid pharmaceutical actives from being directed to our wastewater treatment systems, cleaning practices are being adjusted or filter systems

enhanced. Wastewater is thoroughly treated before being discharged into the environment by either a company-owned system or an off-site municipal wastewater treatment system—often our wastewater is treated by both systems. Monitoring of our pharmaceutical manufacturing wastewaters for pharmaceutical residues and potential toxicity to aquatic species is conducted, and if needed, action is taken to reduce any concentrations to acceptable levels.

We continue to support the work that the National Science Foundation and several universities are doing to assess methods for testing and treating pharmaceuticals in wastewater. For more information, see [www.jnj.com/caring/citizenship-sustainability/strategic-framework/pharmaceuticals-in-the-environment](http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/pharmaceuticals-in-the-environment).

## Greenhouse Gas Emissions/Climate Change



### Climate Policy & Initiatives

Johnson & Johnson takes the risks associated with climate change seriously and is active in shaping responsible climate and energy policy around the world. We are signatories of the Bali, Poznan, Copenhagen, Cancun and 2 Degree Climate Change communiqués that called on world leaders to sign climate agreements. In 2013, we announced a recommitment to our long-standing partnership with the World Wildlife Fund's (WWF) Climate Savers program, reaffirming our pledge to combat climate change.

Johnson & Johnson participates in all of the CDP's (formerly known as the Climate Disclosure Project) programs: the Climate Change program, the Water

program, the Supply Chain program and the Forest program (see our reports at [www.cdproject.net](http://www.cdproject.net)). In 2013, CDP named us the S&P 500 health care sector leader for our energy and carbon reduction programs, and we maintained our membership in the CDP Leadership Index for the fourth consecutive year. Our performance compared to that of our peer companies is presented in the CDP's S&P 500 Climate Change Report 2013. We track and report most of our Scope 1 & 2 emissions sources, but we continue to face challenges in collecting meaningful Scope 3 emissions data. We currently provide for emissions from business travel and non-hazardous waste disposal.

We also continue to participate with the CDP's Supply Chain program, encouraging our suppliers to measure their energy use and greenhouse gas emissions and report them publicly on our behalf. In 2013, 129 of the 156 suppliers that we requested to participate in the CDP Supply Chain Program did so, up from 35 participating suppliers in 2009.

Johnson & Johnson has taken multiple steps to reduce its energy footprint. Our [Climate Friendly Energy Policy](#) acknowledges that in the field of climate science, there is consensus that human activity is causing climate change and that a warming climate has the significant potential to impair human health.

We have Healthy Future 2015 goals to reduce CO<sub>2</sub> emissions, increase the amount of on-site clean or renewable energy capacity, and to improve the energy efficiency of our sales fleet. We continue to follow the Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development and the World Resources Institute. We are also subject to the European Union Emissions Trading System program at three of our sites.

## Energy Use

Our energy use has decreased from 13,274 billion British Thermal Units (BTUs) in 2010 to 12,852 billion BTUs in 2013, with an increase of approximately 331 billion BTUs from 2012 to 2013. Our energy intensity in BTUs/U.S. dollar revenue ratio was 180 in 2013, compared to 186 in 2012. The increase in energy use from 2012 to 2013 is due to production increases at some of our largest manufacturing facilities. However, while total energy use increased year to year, we offset that increase by 0.4 percent by making energy efficiency upgrades at three facilities and installing a solar photovoltaic system at another. [EN5](#) [EN6](#)

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

Project COLD, in its second year, is an effort launched to take advantage of state-of-the-art control technology that allows us to continuously optimize our chilled water systems to maximize efficiency. Project COLD has been

[EN3](#)

2013 ENERGY CONSUMPTION IN TERAJOULES*			
	DIRECT	INDIRECT	TOTAL
2008	6,778	7,311	14,089
2009	6,480	7,034	13,514
2010	6,866	7,139	14,005
2011	6,543	6,936	13,479
2012	6,360**	6,850	13,210***
2013	6,773	6,786	13,559

\* Billion BTU = 1.055 Terajoules

\*\* From non-renewable sources. (Clean or renewable energy generated on-site represents approximately four percent of total energy use. Clean energy includes solar photovoltaic and cogeneration systems.)

\*\*\* The increase in energy use in 2013 was mainly due to increased production.

completed at six sites to date, and another 20 are in progress. The projects completed to date are averaging a four-year financial return on investment and all the potential projects have the possibility of reducing each site's annual CO<sub>2</sub> emissions by six to eight percent. As discussed in prior reports, we have eliminated the purchase of voluntary carbon offsets or renewable energy credits (RECs) as a pathway to reduce our carbon emissions, opting instead for greenhouse gas (GHG) emission reductions based on improved energy efficiency, conservation and utilization of clean or renewable energy. Voluntary offsets, RECs and "green" power based on RECs will not be purchased and used as offsets for Scope 1 or Scope 2 emissions. While we will not use voluntary offsets or RECs, we will make use of offsets that are part of a compliance system used to meet legally required national or regional obligations. Also, for the reporting of our goals, the direct long-term purchases (Power Purchase Agreements, PPA's) of electricity from renewable sources and renewable fuels will be considered carbon-free, so long as the environmental attributes are bundled with the energy and the carbon offset from those sources are "retired" by the Johnson & Johnson affiliate and not double-counted in any other compliance or voluntary system. We have recalculated our 2010 baseline without voluntary offsets or RECs.

We continue to make progress against our Healthy Future 2015 goal to increase our on-site clean or renewable energy technology capacity to 50 megawatts (MWs). To date, we are on track to meet our goal, with 47.6 MWs of on-site clean or renewable energy capacity — 40.0 MWs installed and 7.6 MWs approved or under construction—including two 3MW wind turbines completed in May 2014 in Ireland.

The Solar Energy Industries Association® (SEIA), the national trade association for the United States solar industry, named Johnson & Johnson to its 2013 list of

the Top 25 Companies by Solar Capacity. Our Company was ranked seventh overall, based on our U.S. solar photovoltaic capacity of 17.43 MW, which creates enough renewable energy to power over 2,100 average U.S. homes per year.

SOLAR ENERGY INDUSTRIES ASSOCIATION TOP 25 COMPANIES BY SOLAR CAPACITY	CAPACITY IN MEGAWATTS 1000 KW=1 MW
Walmart	89.43
Costco	47.06
Kohl's	44.72
Apple	40.73
IKEA	35.08
Macy's	20.78
<b>Johnson &amp; Johnson</b>	<b>17.43</b>
McGraw-Hill	14.11
Staples	13.66
Campbell's	12.20
U.S. Foods	11.28
Bed Bath & Beyond	11.27
Kaiser Permanente	10.28
Volkswagen	9.60
Walgreens	8.86
Target	8.39
Safeway	7.02
FedEx	6.97
Intel	6.87
L'Oreal	6.84
General Motors	6.70
Toys "R" Us	5.68
White Rose Foods	4.89
Toyota	4.37
Dow Jones & Company, Inc.	4.10



Two 3-megawatt wind turbines were completed at our facilities in Ireland in early 2014, helping to keep us on track to meet our [Healthy Future 2015 goal](#) for onsite clean or renewable energy capacity.

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

Our Healthy Future goal is to achieve a 20 percent absolute reduction of our facility carbon dioxide emissions by 2020 from a baseline of 2010 without voluntary offsets or renewable energy credits. Over the past year, we realized a 0.8 percent increase in CO<sub>2</sub> emissions, from 1,187,926 metric tons in 2012 to 1,197,191 metric tons in 2013, while realizing a six percent increase in global revenue. Against our baseline emissions of 1,269,713 metric tons in 2010, this is a 5.7 percent reduction in CO<sub>2</sub> emissions, of which 4.8 percent is a direct result of Company initiatives to reduce emissions. The remaining 0.9 percent reduction is due to the electricity grid becoming cleaner across the globe. Our emissions intensity per revenue since 2010 has decreased by over 19 percent, from 20.6 MT CO<sub>2</sub>/million USD in 2010 to 16.8 MT CO<sub>2</sub>/million USD in 2013. **EN19**

Our CO<sub>2</sub> reduction capital funding process provides a \$40 million annual budget for energy and greenhouse gas reduction projects across the Company. Over the last nine years, 161 energy reduction projects have been approved, and 131 have been completed. These completed projects will collectively reduce CO<sub>2</sub> emissions by approximately 181,500 metric tons per year. In 2013, 22 new projects were approved and 31 projects were completed, with year-end total spend of \$37.6 million. To date, completed energy reduction projects since 2005 have reduced our energy costs by approximately \$50 million. **EN18**

**EN15** **EN16**

WORLDWIDE CO <sub>2</sub> EMISSIONS VS. SALES (SCOPE 1 AND SCOPE 2)					
In thousand metric tons					
YEAR	DIRECT	INDIRECT	TOTAL	OFFSETS	NET
2010	356	913	1,269	0	1,269
2011	340	868	1,208	0	1,208
2012	330	857	1,187	0	1,187
2013	351	846	1,197	0	1,197

\* We collect 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.

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

SALES FLEET CO <sub>2</sub> EMISSIONS	
In thousand metric tons	
YEAR	EMISSIONS
2008	211
2009	196
2010	187
2011	179
2012	170
2013	157

Currently, the Scope 3 emissions tracked include employee business travel and waste generated, top right. Moving forward, we are continuing an initiative to collect data associated with our Scope 3 value chain emissions. The data collection process is extremely complex, so we have decided to perform an input/output analysis in an attempt to identify emission hot spots within our value chain. We will continue to evaluate the impact and business case for this exercise. **EN4**

**EN17** **EN30**

CO <sub>2</sub> EMISSIONS (SCOPE 3) EMPLOYEE TRAVEL AND WASTE GENERATED		
In thousand metric tons		
YEAR	EMPLOYEE BUSINESS TRAVEL	WASTE GENERATED
2008	258	178
2009	168	145
2010	219	181
2011	233	147
2012	224	153
2013	229	148

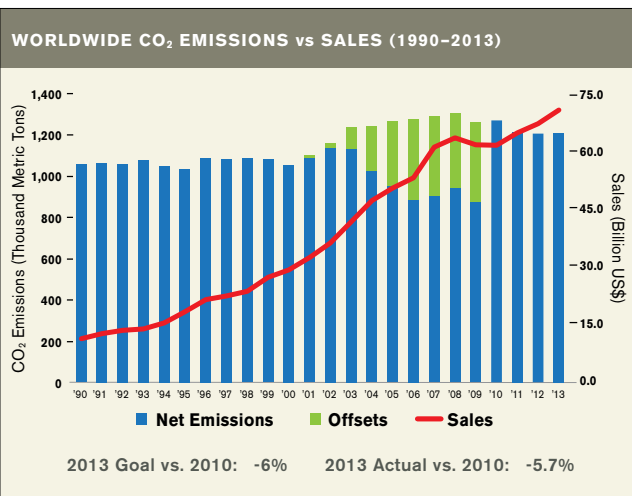
CO <sub>2</sub> PROJECTS FUNDING PROGRAM	
Projects Approved	161
Approved Spending, in millions of dollars	\$338
Average Internal Rate of Return	19%
Projects Complete	131
CO <sub>2</sub> reduction/year, in metric tons	181,543

SPENDING ON CO <sub>2</sub> REDUCTION PROJECTS (in millions of dollars)	
2005	\$21.4
2006	\$26.4
2007	\$38.3
2008	\$12.0
2009	\$44.0
2010	\$56.4
2011	\$48.2
2012	\$22.2
2013	\$37.6

EN19

CO <sub>2</sub> REDUCTION PROJECTS SINCE 2005	
Energy Efficiency	109
Solar Photovoltaic/Thermal	29
Cogeneration	14
Geothermal/Biomass	6
Wind	2
Fuel Cell	1

Through year-end 2013, 131 projects have been completed, resulting in over 320 gigawatt hours (1,152 terajoules) of cumulative energy savings per year. It should be noted, however, that some of these projects have left the portfolio as facilities have been closed or sold.



**Ozone Depleting Substances (ODS)**

We have eliminated chlorofluorocarbons (CFCs) from use in our facilities. We recognize that hydrochlorofluorocarbon (HCFC) gases, currently the most readily available substitute for CFC use, can have implications for global warming; therefore, we will be eliminating the use of HCFCs by the end of 2025 or earlier where required by government regulations.

In selecting 2025 as our target to complete HCFC phase-out, we are balancing our concerns about ozone protection and climate change. By 2025, we expect that new technologies will have been developed and commercialized, offering viable replacement options for both HCFCs and CFCs. As part of our plans to phase our HCFC use, all Johnson & Johnson manufacturing sites are required to prepare an HCFC phase-out plan by the end of 2014. In 2013, emissions of ODS were 3.98 tons, or 5,032 tons CO<sub>2</sub> equivalent. We do not produce, import or export ODS. **EN20**

**Transportation-Related CO<sub>2</sub> Emissions**

Johnson & Johnson has a Healthy Future 2015 goal to realize a 20 percent improvement in fleet emissions efficiency for our global inventory of over 28,000 owned or leased vehicles. Progress against this goal is measured using calculations based on vehicle manufacturer or government vehicle fuel efficiency ratings, such as the Corporate Average Fuel Economic Standards published by the U.S. Environmental Protection Agency.

At the end of 2013, average global CO<sub>2</sub> emissions per vehicle were 149 g/km, representing a 15.8 percent reduction in CO<sub>2</sub> from the 2010 baseline of 177g/km. **EN30** Our five-year goal is to reduce our CO<sub>2</sub> emissions to 142 g/km. Assuming a constant rate of CO<sub>2</sub> emissions reductions going forward, we are on track to achieve our goal. These results were driven by a significant increase in the use of hybrid vehicles globally in 2013, which produce fewer CO<sub>2</sub> emissions than standard combustion vehicles. Specifically:

- In the U.S. alone, the percentage of hybrid vehicles in the Johnson & Johnson fleet increased from 14 to 34 percent.

- There was also a significant increase in hybrids in the Asia-Pacific region during 2013, adding nearly 500 hybrid vehicles to its fleet. This increase was driven by policy decisions to replace traditional vehicles with hybrids in the Japan Medical and Pharmaceutical businesses.
- The EMEA region has significantly reduced CO<sub>2</sub> emissions as a part of its Fleet2010 initiative, which included country-level CO<sub>2</sub> capping thresholds and has resulted in a 15 percent reduction in CO<sub>2</sub> emissions from 2010 to 2013.

**Johnson & Johnson Sales Fleet Efficiency**

SALES FLEET EFFICIENCY	
YEAR	GRAMS OF CO <sub>2</sub> PER KILOMETER
2010	177
2011	170
2012	161
2013	149

**Shipping-Related CO<sub>2</sub> Emissions**

Johnson & Johnson does not own the fleet used to ship our goods; instead, we work with asset and non-asset based providers to transport our goods. The Johnson & Johnson Global Transportation Organization manages 100 percent of goods transport for North America, as well as imports/exports into and out of the U.S. Regional transportation teams are used to manage our international transportation activities in the EMEA, Asia-Pacific and Latin America regions.

To minimize environmental impacts from goods transport, we work with our transportation providers to optimize our network, using multi-compartment trailers, taking advantage of freight consolidation opportunities, eliminating deadhead miles (the number of miles that

are driven from the point of unloading to the point where the new load is ready for pickup) and engaging in cross-shipper moves with other companies that have similar product lines. We have increased intermodal usage by over 15 percent in the past year on our target lanes, and we have reduced our annual carbon emissions by over 10,000 tons in 2013 as a result of these expansion efforts.

In the U.S., Johnson & Johnson participates in the U.S. Environmental Protection Agency's SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing greenhouse gas emissions and air pollution. At the same time, the SmartWay Transport Partnership helps freight companies improve fuel efficiency, increase environmental performance and increase supply chain sustainability. There are more than 40 over-the-road transport providers in our U.S. network, and over 98 percent of them are currently members of the program. The SmartWay membership is part of the decision criteria for awarding business to our transportation providers. In 2013, Johnson & Johnson was one of five "Large Shippers" to be honored with a SmartWay Excellence Award by the U.S. Environmental Protection Agency.

### Green Buildings

Green building design and construction at Johnson & Johnson is driven by our Policy on Sustainable Design and Construction, which requires that sustainability be incorporated into the design and construction of new buildings and major renovations, and that it be applied to all projects with a cost of at least \$5 million and to all new stand-alone facilities owned or leased by Johnson & Johnson companies worldwide. The policy establishes an enterprise minimum design standard based on the Leadership in Energy & Environmental Design (LEED) standard.

SUSTAINABLE WORKPLACE						
AFFILIATE	LOCATION	RATING SYSTEM	TYPE	LEVEL	DATE	BUILDING AREA (SQ. FT.)
Janssen	Titusville, N.J.	LEED	Existing Building 2.0	Silver	8/04	472,553
J&J PRD	La Jolla, Calif.	LEED	New Construction 2.0	Certified	4/05	150,000
McNeil	Ft. Washington, Pa.	LEED	Commercial Interiors 2.0	Silver	12/06	50,000
McNeil	Las Piedras, Puerto Rico	LEED	Existing Building 2.2	Certified	9/09	482,642
J&J PRD	Springhouse, Pa.	LEED	New Construction 2.2	Gold	11/09	150,000
Corporate	New Brunswick, N.J.	LEED	Existing Buildings: O&M	Gold	12/09	448,200
Janssen	Geel, Belgium	LEED	New Construction 2.2	Certified	1/11	82,505
J&J Medical, China	Suzhou, China	LEED	New Construction V3	Silver	1/11	52,635
J&J Consumer, China	Shanghai, China	LEED	New Construction V3	Silver	2/11	68,847
J&J Consumer, Philippines	Manilla, Philippines	LEED	Commercial Interiors 2.0	Gold	10/11	74,271
J&J Medical, China	Suzhou, China	LEED	Commercial Interiors 2.0	Gold	10/11	21,528
Lifescan	Inverness, Scotland	LEED	New Construction V3	Gold	10/11	14,500
J&J Sales & Logistics	Mooresville, Ind.	LEED	New Construction V3	Gold	1/12	1,050,000
J&J India	Chennai, India	LEED	New Construction	Gold	3/12	20,600
Centocor, US	Horsham, Pa.	LEED	Commercial Interiors V2009	Silver	12/12	27,494
J&J Family of Companies	Zug, Switzerland	LEED	Commercial Interiors V2009	Platinum	03/13	271,000
McNeil	Ft. Washington, Pa.	LEED	New Construction V3	Gold	06/13	345,700
Centocor, US	Horsham, Pa. (200)	LEED	Existing Buildings	Gold	12/13	92,374
Centocor, US	Horsham, Pa. (850)	LEED	Existing Buildings	Gold	12/13	89,718
Centocor, US	Horsham, Pa. (800)	LEED	Existing Buildings	Silver	12/13	107,675
<b>Total</b>						<b>4,072,602</b>
J&J Building Area						52,134,082*
Sustainable Workspace Percentage						7.8%

\*Includes all manufacturing and R&D buildings, and Johnson & Johnson buildings over 50,000 sq. ft.

At the end of 2013, Johnson & Johnson had 20 LEED certified buildings, with five new facilities, the Zug complex in Switzerland, the McNeil Facility in Fort Washington, Pennsylvania, and three Centocor buildings in Horsham, Pennsylvania, joining the list in 2013. The Zug, Switzerland, location is the first Johnson & Johnson facility to achieve Platinum certification (see the feature story on the [Zug Complex in our Annual Report](#)). Our portfolio of Green Buildings appears on page 85.

## Air Emissions



Relative to air emissions, our primary focus is on greenhouse gas emission sources. We also monitor emissions of nitrous oxides (NOX), sulfur oxides (SOX), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM) and refrigerants into the atmosphere (see Air Emissions chart above). Our air emissions are well below those of peer companies in our sector. We continue to enhance our data collection accuracy and anticipate that our data may be revised over time as this process continues.

## Waste Management



Our Healthy Future 2015 goal is to achieve a 10 percent absolute reduction in total waste disposed off-site using 2010 total off-site waste disposal as a baseline. We have focused on total waste, rather than on separated types of waste, because it allows our companies to apply their waste reduction efforts strategically, relative to their own operations. Our total waste disposed off-site fell by 5.7 percent since 2010, from 81.1 to 76.5 million kilograms.

### AIR EMISSIONS (in tons)

EMISSION TYPE	2008	2009	2010	2011	2012	2013
Sulfur Dioxide*	165	138	146	133	114	116
Nitrous Oxides*	285	271	277	260	251	268
Hazardous Air Pollutants**	Not reported	Not reported	55	53	38	55
Volatile Organic Compounds**	Not reported	Not reported	1,020	1,402	1,217	1,051
Particulate Matter**	Not reported	Not reported	169	136	127	213
Refrigerants	Not reported	Not reported	10.9	10.6	9.51	8.42
Ozone-Depleting Substances	Not reported	Not reported	4.8	3.3	4.0	4.0

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

In 2013, our hazardous waste generation increased by just over 12 percent from 2012 (from 29.7 thousand kg to 33.3 thousand kg), and our non-hazardous waste generation decreased by just under four percent from 2012 (from 44.9 to 43.2 thousand kgs.). Total waste generation increased 2.5 percent from 2012 (74.6 to 76.5 thousand kgs.).

In 2013, we launched several new projects to continue our waste reduction efforts, including an initiative in North America with a waste management vendor to assist in optimizing recycling for trash. We also continue to identify opportunities to recycle waste streams as an alternative to disposal.

### Environmental Remediation

Johnson & Johnson is remediating contamination at 18 current or former facilities. In 2013, we spent \$5.5 million remediating these facilities.

### HAZARDOUS WASTE DISPOSED (in thousands of kilograms)

	2013 ON-SITE	2013 OFF-SITE
Recycled	2,749	13,871
Reused	362	448
Landfilled	0	4,795
Incinerated	0	6,741
Energy Recovery	0	19,638
Biologic Autoclave	6	59
Biological/Chemical Treatment	393	1,913
Other	0	127

### NON-HAZARDOUS WASTE DISPOSED (in thousands of kilograms)

	2013 ON-SITE	2013 OFF-SITE
Recycled	8	63,033
Reused	1,175	8,830
Landfilled	0	16,063
Incinerated	0	4,095
Energy recovery	0	18,857
Biological/chemical treatment	38	4,164
Other	0	54

## CARE TO RECYCLE™

In October 2013, our Consumer Segment launched our CARE TO RECYCLE™ campaign in the U.S., a new initiative designed to raise awareness about the importance of recycling products from the bathroom. The CARE TO RECYCLE™ video is a gentle reminder to recycle products used in the bathroom, and the campaign website ([www.caretorecycle.com](http://www.caretorecycle.com)) provides people with useful tips and tools on how to be a better recycler.

## Biodiversity Conservation



Biodiversity refers to the variety of life on earth. As defined by the United Nations Convention on Biological Diversity, it includes diversity of ecosystems, genes and species, as well as the ecological practices that support that diversity. Serious threats to biodiversity, such as development, are increasing, and concern about global biodiversity loss has emerged as an issue with potentially negative health, societal and economic consequences.

As a health care company, Johnson & Johnson respects the importance of conserving biodiversity. We also believe that preserving biodiversity and ensuring the sustainable and fair use of biological resources is an important and shared responsibility. Our position statement, Respecting Biodiversity, along with other biodiversity information is available on our website at [www.jnj.com/sites/default/files/pdf/biodiversity\\_august2010.pdf](http://www.jnj.com/sites/default/files/pdf/biodiversity_august2010.pdf).

We are not presently engaged in bio-prospecting; however, we have a few limited activities with business partners searching for and studying new natural products on our behalf. Initial screening of this sort requires a small sample size and does not negatively impact the

environment; nonetheless, we remain committed to engaging in conversations about protecting the interests of the owners of these materials.

Opportunities to reduce our impact on the environment exist all along our value chain, from minimizing our own environmental impacts to supporting our external manufacturers and suppliers in their efforts to do the same. Johnson & Johnson has manufacturing, R&D, warehousing and office locations around the world, and, like most large manufacturing companies, we have air emissions, water use and wastewater discharges, waste generation, construction and transportation activities associated with these locations. All operations are conducted in accordance with applicable laws and regulations and in compliance with our worldwide EHS Standards, which provide the minimum acceptable performance for Johnson & Johnson facilities. Environmental, health and safety risks are identified, assessed and managed locally. **EN12** **EN13**

Using the World Business Council for Sustainable Development Water Tool, we have determined that some of our sites are located in areas identified by Conservation International as biodiversity hot spots. The Conservation International biodiversity hot spots are broad regions rather than a set of specific locations, providing information that a selected regional location is one where biodiversity concerns may exist. We believe that Johnson & Johnson sites that were found to be sited within Conservation International biodiversity hot spots are located in Brazil, Colombia, Dominican Republic, Greece, India, Israel, Italy, Japan, Malaysia, Mauritius, Mexico, Puerto Rico, South Africa, Spain, Thailand, the United States and Venezuela; however, we have not worked with Conservation International to specifically assess these sites with regard to biodiversity. We do, however, maintain a Global Information System (GIS) database that enables us to locate our sites relative

to sites identified under the RAMSAR Convention, an intergovernmental treaty that embodies the commitments of its member countries to maintain the ecological character of their Wetlands of International Importance and to plan for the “wise use,” or sustainable use, of all of the wetlands in their territories. **EN11** **EN13**

Many of our sites continue to be engaged in biodiversity projects in their local areas. While biodiversity is a global concern, most impacts occur on a local or regional level. See next page for some of our examples.



## BIODIVERSITY EXAMPLES

## SUSTAINABLE WORKPLACE

PROJECT LOCATION	BUSINESS	BIODIVERSITY RESOURCES AFFECTED	PROJECT DESCRIPTION
Ireland	Janssen Biologics	Irish Hare Habitat	Our Janssen Biologics facility utilizes 30 acres of a 70-acre site in County Cork, Ireland. The site implemented a Biodiversity Action Plan, resulting in an increase in population of the Irish Hare, a species of high conservation concern in Ireland, from just a few animals in 2006 to a healthy population of over 24 animals in January 2014.
Korea	Johnson & Johnson Korea	Miho Stream & Miho Jonggae	Johnson & Johnson Korea has an ongoing environmental campaign, started in 2009, to enhance employee and community awareness and understanding about the importance of environmental biodiversity conservation. In partnership with the local nonprofit, KFEM (Korea Federal Environmental Movement), and local residents, the site has focused on increasing understanding of the Miho stream and Miho Jonggae, an endangered native species. Activities include awareness campaigns, habitat tours, cultural linkages, and preservation activities.
United States	Johnson & Johnson Information Technology Facilities & Ethicon, Inc. Somerville, N.J.	River-Friendly Business Certifications	These sites have obtained River-Friendly status in accordance with the New Jersey Water Supply Authority (NJWSA) River-Friendly Business Program. The goal of this external program is to protect and improve local water resources. To achieve the certification, sites must work to improve across four environmental categories—water quality and non-point source pollution management, water conservation, native habitat and wildlife enhancement, and education and outreach.
United States	Neutrogena Corporation, Los Angeles, Calif.	Wetland Cleanup and Restoration	Neutrogena employees in the Los Angeles area spent a day cleaning up the Ballona Wetlands site and removing non-native plant species. The Ballona Wetlands are located 10 minutes from Neutrogena's headquarters and are an important animal refuge and natural resource that is important for conserving water. Over 500 pounds of non-native ice plants and 175 pounds of trash were removed from the wetlands as part of this effort.
China	Johnson & Johnson China Ltd.; Shanghai Johnson & Johnson Ltd.; Johnson & Johnson Medical China Ltd.; Shanghai Johnson & Johnson Pharmaceutical Ltd.; Beijing Dabao Cosmetics Ltd. (DaBao); Johnson & Johnson Emergency Marketing Innovative Center	Water Conservation	In 2011, Johnson & Johnson China initiated a partnership with the nonprofit group Oasis in Cenbo village, Qingpu district, Shanghai, which is close to Dianshan Lake. The partnership helps support natural farming, which is defined as utilizing agricultural practices that do not use herbicides, pesticides, fertilizers and other chemical substances. Natural farming helps reduce pollution of water sources, conserves biodiversity, and builds a system of community-supported agriculture as well as biodiversity conservation. This is important for the ongoing health of the local lake and river, and especially for the habitat of aquatic birds in the area. The sites also have undertaken additional projects, including cleaning the river of trash, assisting with farming operations, planting peanuts, seeding beans, water sampling and testing of the lake and local rivers, setting captive fish free and providing the area with increased knowledge about the local environment.
Brazil	Johnson & Johnson de Brasil Indústria Comércio de Produtos para Saúde Ltda.  Johnson & Johnson sites in New Jersey and Pennsylvania	Coastal Cleanup with Ocean Conservancy	The Ocean Conservancy began as a small organization with a simple purpose: to fight for a healthy ocean with a focus on doing something about trash in our oceans and along our shorelines. Since 1986, the International Coastal Cleanup has been one of the hallmarks of Ocean Conservancy work, growing from 12 sites along the Texas coast to more than 6,000 sites in more than 100 countries. With the help of the more than nine million volunteers, they have been able to remove over 145 million pounds of debris in just under three decades. Johnson & Johnson sites in Latin America have participated since 2007, with between several hundred volunteers each year. Our sites in New Jersey and Pennsylvania also provide volunteers for the annual New Jersey Coastal Cleanup.
France and United States	Johnson & Johnson Consumer France, Issey-les-Moulineaux; and Ethicon, Inc., Somerville, N.J.	Honeybee Hosting	The problem of disappearing honeybees in Europe and the U.S. is well known, although the understanding of colony collapse, one of the causes of honeybee loss, is not well understood. Two Johnson & Johnson facilities help preserve honeybees by hosting honeybee hives on their properties. In both facilities, the hives are installed in courtyards where they are visible to the employees. Harvested honey has been used by the cafeteria and sold to employees for home use.

# Healthy Future 2015

## Citizenship & Sustainability Goals Progress

Cumulative, unless otherwise noted

### Safeguarding the Planet

#### MEASUREMENT / TARGET

#### PROGRESS

Facility CO <sub>2</sub> – 20 percent absolute reduction in facility carbon dioxide emissions (by 2020)	Approximately 5.7 percent absolute reduction
Clean energy – Increase on-site renewable and clean-technology energy capacity to 50 megawatts	47.6 megawatts installed or in progress
Fleet CO <sub>2</sub> – 20 percent improvement in vehicle fleet emissions efficiency	15.8 percent reduction
Water Consumption – 10 percent absolute reduction in water consumption at manufacturing and R&D locations	2.5 percent absolute reduction
Waste Disposal – 10 percent absolute reduction in total waste disposed at manufacturing and R&D locations	5.7 percent absolute reduction
Products and packaging evaluated for sustainability improvements, with 60 achieving Earthwards® recognition	55 products have received Earthwards® recognition

### Advancing Global Health

#### MEASUREMENT / TARGET

#### PROGRESS

One research partnership and three licensing agreements finalized to address diseases of the developing world	Executed a data sharing agreement with DNDi for preclinical research on flubendazole as a potential new treatment against parasites that cause lymphatic filariasis (elephantiasis) and onchocerciasis (river blindness); a licensing agreement with PATH on TMC278LA pre-exposure prophylaxis; and in-licensing agreements with Wellcome Trust and Ku Leuven in the field of dengue
90 least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing	112 countries have our compounds available either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration
All our products that address diseases of the developing world achieve WHO prequalification	Our TB medicine is included in World Health Organization (WHO) interim policy guidance on the treatment of MDR-TB issued in June 2013. Five (out of eight) formulations of our HIV antiretroviral medicines have already achieved WHO prequalification
Provide 200 million doses of mebendazole per year to children infected with intestinal worms	161 million doses provided to affected children in 16 countries in 2013
Register a new triple-combination therapy for HIV and finalize a generics licensing agreement	New triple-combination therapy registered in U.S. and EMEA in 2011; five generics licensing agreements signed for our HIV medicine, rilpivirine, also in 2011

# Healthy Future 2015

## Citizenship & Sustainability Goals Progress

Cumulative, unless otherwise noted

### Engaged, Health-Conscious Employees

#### MEASUREMENT / TARGET

#### PROGRESS

90th percentile employee engagement when compared to external benchmarks

Engagement levels for Johnson & Johnson in total and for each of the business segments exceed Mayflower Global Norm

90 percent of employees have access to "Culture of Health" programs

64 percent have access to "Culture of Health" programs

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

46 percent have completed a health risk assessment and know their key health indicators

80 percent of measured employee population health risks are characterized as "low risk"

74 percent of employees characterized as "low risk"

15 percent improvement in employee safety vs. 2010  
(Lost workday case rate target of 0.09)

0 percent improvement in lost workday case rate

15 percent improvement in contractor safety vs. 2010  
(Lost workday case rate target of 0.12)

15 percent improvement in lost workday case rate for contractors

15 percent improvement in fleet safety vs. 2010  
(Auto crashes per million miles target of 4.7)

6.14 in CPMM  
(an increase of 11 percent)

### Supplier Sustainability

#### MEASUREMENT / TARGET

#### PROGRESS

All strategic suppliers have two or more publicly reported sustainability goals

Approximately 75 percent of strategic suppliers have two or more publicly reported sustainability goals

\$1 billion in spend with diverse suppliers by 2011; five percent increase per year thereafter

Achieved \$1.36 billion in spend in 2013, a 10 percent increase vs. 2012

All suppliers in high-risk countries confirm awareness of and conformance with the human rights provision of our policies

88 percent of external manufacturers and active pharmaceutical ingredients suppliers confirmed conformance; 79 percent of strategic suppliers confirmed conformance

All critical employees receive human rights training

Greater than 1,500 procurement professionals, or 95 percent, have received training

All palm oil and palm oil derivatives are sourced from certified sustainable sources

Working to find/and or develop new Certified Sustainable Palm Oil derivative sources, but until then we will continue to purchase GreenPalm certificates and fund projects to grow capacity at farm level. In 2013, purchased sustainable GreenPalm certificates equivalent to 100 percent of our palm oil usage.

# Healthy Future 2015

## Citizenship & Sustainability Goals Progress

Cumulative, unless otherwise noted

### Advancing Community Wellness

#### MEASUREMENT / TARGET

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

Report the number of people reached by these initiatives

#### PROGRESS

Seven various disease-related programs in nine countries

More than 4.9 million people reached in 2013

### Philanthropy Measurement

#### MEASUREMENT / TARGET

Increase number of major philanthropic programs measuring health-related outcomes

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

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

#### PROGRESS

100 percent of 86 programs measure health-related outcomes; developed monitoring and evaluation logic models for all major programs

90 percent (208 of 230 programs) measure and report health-related outcomes

### Transparency and Collaborations

#### MEASUREMENT / TARGET

All major brand websites share product sustainability information

Major stakeholder engagements and new collaborations reported publicly

JNJ.com/responsibility shares Company policy perspectives on major issues

Economic and sustainability reporting enhanced online and provided for key markets

#### PROGRESS

43 percent of major brands share product sustainability information on their websites

Work in progress

Company policy perspectives are shared on JNJ.com/responsibility

Work in progress

## 2013 DATA SUMMARY TABLE

EMPLOYEE HEALTH AND SAFETY	UNIT	2008 (unless otherwise noted)	2009	2010	2011	2012	2013
Tobacco use <sup>1</sup>	Percentage of profiled employees	12 <sup>2</sup>	3.9	3.8	3.6	3.5	3.2
High blood pressure (above 140/90) <sup>1</sup>	Percentage of profiled employees	12 <sup>2</sup>	6.3	6.1	6.4	6.3	6.9
High cholesterol (above 240 mg/l) <sup>1</sup>	Percentage of profiled employees	19 <sup>2</sup>	5.3	5.7	6.2	5.8	5.8
Inactivity (< 30 minutes/day, 4 days/week) <sup>1</sup>	Percentage of profiled employees	39 <sup>2</sup>	20.4	20.8	20.9	21.2	21.2
Employee satisfaction (Our Credo survey)	Percentage of respondents satisfied	NA <sup>3</sup>	80	84	87	85	87
Training hours	Average number of hours per employee	Not reported	Not reported	8	8	8	8
Serious injury/illness rate	Incidents per 100 employees	0.072 <sup>5</sup>	0.034	0.037	0.028	0.027	0.020
Lost workday case rate	Incidents per 100 employees	0.31 <sup>5</sup>	0.12	0.11	0.11	0.09	0.11
Fleet car accidents	Crashes per million miles driven	8.76 <sup>5</sup>	5.75	5.53	5.94	5.82	6.14
Ergonomic injuries	Percentage of lost workday cases	48 <sup>5</sup>	32	29	30	33	34
Contractor lost workday case rate	Incidents per 100 contractors	–	–	–	0.14	0.17	0.12
Safety non-compliances	Number of findings	NA	10	3	9	6	7
Safety fines paid <sup>4</sup>	U.S. dollars	NA	2,200	5,500	7,311	648	205,000
ENVIRONMENT	UNIT	2008	2009	2010	2011	2012	2013
Environmental non-compliances <sup>4</sup>	Number of findings	20	50	57	30	29	45
Environmental fines paid <sup>4</sup>	U.S. dollars	164,100	6,630	0	5,000	3,500	0
Accidental releases <sup>4</sup>	Number of events	15	16	10	9	8	7
OHSAS certifications <sup>4</sup>	Percentage of manufacturing/R&D facilities with certification	Not tracked	Not tracked	31	30	25	28
ISO 14001 certifications <sup>4</sup>	Percentage of manufacturing/R&D facilities with certification	100	99	99	99	93	95
Energy use	Billion BTUs <sup>6</sup>	13,354	12,810	13,274	12,766	12,521	12,852
Facility CO <sub>2</sub> emissions <sup>7</sup>	Thousand metric tons	1,306	1,200	1,269	1,208	1,187	1,197

<sup>1</sup> U.S. data. Participation rate is 78.4 percent. <sup>2</sup> 1995–1999 average. <sup>3</sup> Not applicable. <sup>4</sup> Does not include acquisitions that have been part of the company for less than three years. <sup>5</sup> 1995 data. <sup>6</sup> 3.412 BTU/Kwhr.

<sup>7</sup> Total, excluding renewable energy credits.

ENVIRONMENT (cont.)	UNIT	2008	2009	2010	2011	2012	2013
On-site clean or renewable energy capacity	Megawatts	9.8	15.1	27.4	38.7	45.5 <sup>8</sup>	47.6 <sup>8</sup>
On-site solar capacity	Megawatts	Not tracked	4	12	18	19	20
CO <sub>2</sub> fleet emissions	Average emissions per vehicle (g/km)	Not calculated	Not calculated	177	170	161	149
CO <sub>2</sub> project capital spent	Energy/CO <sub>2</sub> project spend, \$MM	12	44.0	56.4	48.2	22.2	37.6
CO <sub>2</sub> project results	Cumulative CO <sub>2</sub> emissions avoided annually, thousand metric tons	71.7	99.8 m <sup>3</sup>	119.1	138.4	145.9	181.5
Water use <sup>4</sup>	Million m <sup>3</sup>	11.5	10.8	11.5	11.2	11.2	11.2
Recycled water use <sup>4</sup>	Million m <sup>3</sup>	---	0.8	0.77	0.69	0.59	0.73
Wastewater discharged <sup>4</sup>	Million m <sup>3</sup>	---	---	---	8.12	8.19	7.81
Non-hazardous waste disposed <sup>4</sup>	Million kg	52.3	42.6	52.9	43.1	44.9	43.2
Hazardous waste disposed <sup>4</sup>	Million kg	29.3	24.6	28.2	30.2	29.7	33.3
Waste site remediation <sup>4</sup>	Number of active remediation sites	21	16	17	18	17	18
Sulfur dioxide emissions	Tons	165	138	146	133	114	116
Mono-nitrogen oxides (NOx) emissions	Tons	285	271	277	260	251	268
Hazardous air pollutant emissions <sup>4</sup>	Tons	Not reported	Not reported	55	53	38	55
Volatile organic compound emissions <sup>4</sup>	Tons	Not reported	Not reported	1,020	1,402	1,217	1,051
Particulate matter emissions <sup>4</sup>	Tons	Not reported	Not reported	169	136	127	213
Refrigerant emissions <sup>4</sup>	Tons	Not reported	Not reported	10.98	10.55	9.51	8.42
Greener products	Cumulative number of Earthwards <sup>®</sup> products	Not applicable	4	10	26	36	55
LEED buildings	Number certified	Not applicable	---	9	12	15	20
Suppliers participating in CDP, at JNJ request	Number	Not applicable	35	66	96	139	129
SUPPLIERS AND DIVERSITY	UNIT	2008	2009	2010	2011	2012	2013
Women on the Board of Directors	Number and percent of board	2 / 20 percent	3 / 27 percent	3 / 27 percent	3 / 25 percent	3 / 23 percent	3 / 25 percent
Women in work force	Percent of employees	Not reported	Not reported	Not reported	44.9 <sup>9</sup>	47.5 <sup>10</sup>	46.5 <sup>10</sup>
Women in management	Percent of employees	Not reported	Not reported	Not reported	38.8 <sup>9</sup>	40.3 <sup>10</sup>	41.8 <sup>10</sup>
M/WBE spend	U.S. dollars, millions	----	860	1,065	1,303	1,234	1,357

<sup>4</sup> Does not include acquisitions that have been part of the company for less than three years. <sup>8</sup> Online or in progress. <sup>9</sup> Data available for U.S. only. <sup>10</sup> Data are from our North American region.

SUPPLIERS AND DIVERSITY (cont.)		UNIT	2008	2009	2010	2011	2012	2013
Small Business spend	U.S. dollars, millions		----	3,070	3,106	3,149	2,731	2,700
Number of M/WBE suppliers	Total number		----	2,400	2,500	2,200	1,700	1,600
Veteran-owned business spend	U.S. dollars, millions		----	84	112	103	101	85
LGBT spend	U.S. dollars, millions		----	1.3	1.4	1.7	1.6	1.5
M/WBE supplier spend	Percent total spend			7.8	8.6	8.2	8.4	8.3
OPERATIONS AND STATISTICAL DATA <sup>11</sup>		UNIT	2008	2009	2010	2011	2012	2013
Sales	U.S. dollars, millions		63,747	61,897	61,587	65,030	67,224	71,312
	Percent change over previous year		4.3	(2.9)	(0.5)	5.6	3.4	6.1
Net earnings <sup>12</sup>	U.S. dollars, millions		12,949	12,266	13,334	9,672	10,853	13,831
	Percent change over previous year		22.4	(5.3)	8.7	(27.5)	12.2	27.4
Share price (end of calendar year)	U.S. dollars		59.83	64.41	61.85	65.58	70.10	91.59
R&D	U.S. dollars, millions		7,577	6,986	6,884	7,548	7,665	8,183
	As percent of sales		11.9	11.3	11.1	11.6	11.4	11.5
Operating companies	Number (approximate)		250	250	250	250	275	275
Employees	Number (approximate)		118,700	115,500	114,000	117,900	127,600	128,100
Effective income tax rate	Percent of income		23.5	22.1	21.3	21.8	23.7	10.6
Advertising costs	U.S. dollars, billions		2.9	2.4	2.5	2.6	2.3	2.5
	As percentage of sales		4.5	3.9	4.1	4.0	3.4	3.5
Charitable contributions	Total U.S. dollars, millions		510.3	588.1	603.3	706.1	966.3	993.0
	As percentage of pretax income		3.0	3.7	3.6	5.7	7.0	6.4
	Non-cash		365.5	461.5	495.3	587.1	835.0	835.5

<sup>11</sup> Additional information available in the 2013 Johnson & Johnson 10-k report. <sup>12</sup> Net earnings attributable to Johnson & Johnson.

# Recognitions

## World's Most Admired Companies

*Fortune* recognized Johnson & Johnson as 19th most admired company overall and number one in Pharmaceuticals.

## The World's Most Reputable Companies

The Reputation Institute ranked Johnson & Johnson as the 16th most reputable company in the United States.

## Global Access to Medicines Index

Johnson & Johnson ranked number two on this biennial index in 2012, which measures pharmaceutical company factors affecting access to medicines such as R&D activities, pricing schemes, and patents and licensing policies.

## The Harris Interactive Reputational Quotient (RQ)

In 2014, Johnson & Johnson ranked number 16 on this survey. The RQ focuses on six areas that influence reputation and consumer behavior: social responsibility, emotional appeal, financial performance, products and services, vision and leadership, and workplace environment.

## World's Most Respected Companies

The financial weekly *Barron's* conducts an annual survey of institutional investors, rating the 100 largest public corporations (based on market capitalization) in order of the respect they have garnered from these institutions. Johnson & Johnson ranked 13th this year and has been included on this list since its inception eight years ago.

## Top Companies for Women Executives

The National Association for Female Executives selected Johnson & Johnson to the Top 50 Companies for Women Executives list in 2013

## 100 Best Companies for Working Mothers

*Working Mother* magazine again named Johnson & Johnson to this list, marking our inclusion every year since the list was launched 27 years ago. Our inclusion recognizes our family-friendly policies for flexible work, child care, maternity and paternity leave and elder care, among others.

## Top 50 Companies for Diversity®

Johnson & Johnson ranked ninth overall. This Diversity, Inc. list is based on CEO commitment, human capital, corporate communications and supplier diversity.

## Top 50 Companies for Latinas

In 2013, *LATINA Style* magazine recognized Johnson & Johnson as the ninth best company for Latinas to work for in the United States.

## Best Places to Work for Gay, Lesbian, Bisexual and Transgender Equality

Johnson & Johnson again earned the top rating of 100 percent in this annual survey administered by the Human Rights Campaign Foundation. The Equality Index recognizes employer treatment of gay, lesbian, bisexual and transgender employees and consumers.

## 25 Best U.S. Corporations for Veteran-Owned Businesses

Johnson & Johnson was named one of the 10 Best U.S. Corporations for Veteran-Owned Businesses for 2014 by the National Veteran-Owned Business Association.

## 100 Best Corporate Citizens

*CRO Magazine* ranked Johnson & Johnson number two in 2014, up from number 17 last year.

## CEO Cancer Gold Standard™ Accredited

Johnson & Johnson has been accredited for the past consecutive nine years and was one of the first companies to meet the accreditation requirements for the CEO Roundtable on Cancer Prevention Gold Standard accreditation process. The roundtable was formed to make continual progress in the elimination of cancer.

## FTSE4Good Index

Johnson & Johnson has been independently assessed according to FTSE4Good criteria and has met requirements to be part of the index. The designation identifies companies that meet globally recognized corporate responsibility standards.

## Dow Jones Sustainability Index, North America

Johnson & Johnson stock has been included in this index since 2000. The DJSI family follows a best-in-class approach to identify industry leaders.

## U.S. Hispanic Chamber of Commerce

Johnson & Johnson was recognized as a U.S. Hispanic Chamber of Commerce Million Dollar Club member for the fifth consecutive year, a recognition provided to companies that invest a minimum of \$25 million in spend with Hispanic-owned business enterprises.

## Best Global Green Brands

Johnson & Johnson was ranked number six by Interbrand's 2013 Best Global Green Brands report.



# United Nations Global Compact

## Communication on Progress 2013

G4-14

In July 2013, Johnson & Johnson became a member of the United Nations Global Compact (UNGC), a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. We are committed to the UNGC principles, many of which have been embedded in our business practices for decades.

Our Citizenship & Sustainability Annual Report provides detailed information on our corporate responsibility strategy and performance for fiscal year 2013.

### HUMAN RIGHTS

#### UNGC PRINCIPLES

#### JOHNSON & JOHNSON APPROACH

#### LEARN MORE...

#### CROSS REFERENCE TO GRI INDICATORS

1. Support and respect the protection of internationally proclaimed human rights.

Our commitment to respect human rights is embodied in several of our policies and statements, including: Policy on Business Conduct, Statement on Human Rights, Global Labor & Employment Guidelines, Policy on Employment of Young Persons, and Standards for Responsible External Manufacturing.

Human Rights  
[Pages 42–44](#)

HR4–6  
LA14–15

2. Make sure that business is not complicit in human rights abuses.

Labor Practices  
[Pages 52–55](#)

LA2, LA4, LA12

Supply Chain & Supplier  
Management  
[Pages 38–42](#)

HR10, HR11  
LA14–15  
SO9, SO10

### LABOR STANDARDS

#### UNGC PRINCIPLES

#### JOHNSON & JOHNSON APPROACH

#### LEARN MORE...

#### CROSS REFERENCE TO GRI INDICATORS

3. Uphold freedom of association and the effective recognition of the right to collective bargaining.

Our Statement on Human Rights incorporates references to the key labor issues identified in the UNGC, including prohibition of child labor, forced labor, human trafficking and discrimination. Our Global Labor and Employee Guidelines articulate our expectations for labor and employment practices at our sites. These guidelines require open communication with all employees, mandate respect for each employee's right to freedom of association and good faith collective bargaining, prohibit discrimination and forced labor of any kind, and require adherence to and enforcement of child labor laws. Our workplace practices and policies on providing fair compensation, equal opportunity, safe and healthy workplaces and other commitments to human rights reflect our belief that the success of our Company is linked with employee satisfaction and well-being. We foster compliance with these policies on a continuing basis through internal training programs, certification processes for external manufacturers and risk-based audit programs.

Human Rights  
[Pages 42–44](#)

HR4

4. Support elimination of all forms of forced and compulsory labor.

Labor Practices  
[Pages 52–55](#)

HR6

5. Support effective abolition of child labor.

Supply Chain & Supplier  
Management  
[Pages 38–42](#)

HR5

6. Elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

## UNGC PRINCIPLES

## JOHNSON &amp; JOHNSON APPROACH

## LEARN MORE...

CROSS REFERENCE  
TO GRI INDICATORS

7. Businesses are asked to support a precautionary approach to environmental challenges.

For 128 years, the Company's desire to make a difference has inspired every invention, every product and every breakthrough we have brought to human health. This commitment to serving the needs of others is guided by Our Credo, which shapes our approach to business and defines our responsibilities to society at large. One of the most important responsibilities emphasized in Our Credo is our obligation to the environment: "We must maintain in good order the property we are privileged to use, protecting the environment and natural resources."

Product Stewardship  
[Pages 70–75](#)

EN7, EN27, EN28

8. Undertake initiatives to promote greater environmental responsibility.

Our commitment to the environment is embodied in several of our policies and statements, including: Environment, Health & Safety (EHS) Policy, Climate Friendly Energy Policy, Statement on the Human Right to Water and Respecting Biodiversity.

Ingredients  
[Page 75](#)

Sourcing of Raw  
Materials  
[Pages 75–77](#)

9. Encourage the development and diffusion of environmentally friendly technologies.

We incorporate environmental performance goals throughout our operations and regularly report on our progress, seeking continuous improvement in energy efficiency, emissions reductions, resource conservation, and waste reduction. We strive to minimize the environmental impact of our products—from design through disposal—and we collaborate with others to develop innovative ways that technology can help address long-term sustainability challenges.

Environmental  
Responsibility  
[Pages 77–78](#)

G4–14

As a global company, we work to exercise far-reaching influence with regard to sourcing of materials and set a goal for our most important, or Segment 1, suppliers to publicly report on two or more sustainability goals in any of the following goal categories: energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, and community and human rights investment.

Water  
[Pages 78–80](#)

EN8–10, EN22

Greenhouse  
Gas Emissions/  
Climate Change  
[Pages 80–86](#)

EN3–6,  
EN15–20, EN 30

Air Emissions  
[Page 86](#)

EN21

Waste Management  
[Pages 86–87](#)

EN23

Biodiversity Conservation  
[Page 87](#)

EN11–13

Supply Chain & Supplier  
Management  
[Pages 38–42](#)

EN32, EN33

ANTI-CORRUPTION

UNGC PRINCIPLES

JOHNSON & JOHNSON APPROACH

LEARN MORE...

CROSS REFERENCE  
TO GRI INDICATORS

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

The ethical principles embodied in Our Credo are the lenses through which our employees make many business decisions each day. To help ensure that we conduct business according to these principles, we have an extensive list of policies and procedures that define what we expect of our people and our business partners throughout the world. Details are provided on our Citizenship & Sustainability website, [www.jnj.com/caring/citizenship-sustainability](http://www.jnj.com/caring/citizenship-sustainability).

Our policies require anti-corruption training for employees who may present a compliance risk to the Company and place a significant emphasis on the training requirement to ensure compliance.

In 2013, more than 89,597 employees completed this training. The total includes 49,584 employees outside the U.S. who completed anti-corruption training and 40,013 U.S. employees for whom U.S. Health Care Compliance Awareness Training, which includes anti-corruption principles, was provided.

Ethical Performance  
[Pages 32–34](#)

Human Rights  
[Pages 42–44](#)

S03–S05  
HR2, HR9  
LA16

## Global Reporting Index

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-1	Statement from the most senior decision maker of the organization	Chairman's letter, <a href="#">page 2</a>
G4-2	Description of key impacts, risks, and opportunities	Chairman's letter, <a href="#">page 2</a> Successes and Challenges, <a href="#">page 4</a>
G4-3	Name of the organization	Organizational Profile, <a href="#">page 9</a>
G4-4	Primary brands, products, and/or services section	Organizational Profile, <a href="#">page 9</a>
G4-5	Location of organization's headquarters	Organizational Profile, <a href="#">page 9</a>
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Organizational Profile, <a href="#">page 9</a> <a href="#">Form 10K Annual Report: Item 2. Properties</a> <a href="#">Form 10K Annual Report: Exhibit 21, Subsidiaries</a>
G4-7	Nature of ownership and legal form	Organizational Profile, <a href="#">page 9</a>
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Organizational Profile, <a href="#">page 9</a>
G4-9	Scale of the reporting organization	Organizational Profile, <a href="#">page 9</a>
G4-10	Total workforce by employment type, gender, employment contract and region	Labor Practices and Workforce, <a href="#">pages 52-53</a>
G4-11	Percentage of employees covered by collective bargaining agreements	Labor Practices and Workforce, <a href="#">pages 52-53</a>
G4-12	Describe the organization's supply chain	Organizational Profile, <a href="#">page 9</a> Supply Chain Management, <a href="#">pages 12 and 38</a>
G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	Organizational Profile, <a href="#">page 10</a>
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	UNGC, Principle 7, <a href="#">page 96</a> Environmental Responsibility, <a href="#">page 77</a>
G4-15	Externally developed economic, environmental, and social charters	Governance: External Commitments, <a href="#">page 38</a>
G4-16	Memberships in associations	Political Contributions, Public Policy & Lobbying: Trade Associations, <a href="#">page 60</a>
G4-17	Operational structure: List all entities in the consolidated financial statements	Organizational Profile, <a href="#">page 9</a> <a href="#">Form 10K Annual Report: Item 2. Properties</a> <a href="#">Form 10K Annual Report: Exhibit 21, Subsidiaries</a>

## Global Reporting Index (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-18	Process for defining report content and the Aspect Boundaries	Citizenship & Sustainability, <a href="#">page 11</a> Materiality Assessment Process, <a href="#">page 13</a>
G4-19	List Material Aspects Identified	Citizenship & Sustainability, <a href="#">page 11</a> Materiality Assessment Process, <a href="#">page 13</a>
G4-20	Aspect Boundary within the organization	The aspect boundaries for each material issue are shown by the use of icons next to the header for each topic
G4-21	Aspect Boundary Outside the organization	The aspect boundaries for each material issue are shown by the use of icons next to the header for each topic.
G4-22	Explanation of the effect of any restatements	Form 10K Annual Report: Consolidated Financial Statements
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Materiality Assessment Process, <a href="#">page 13</a> Form 10K Annual Report: Item 2. Properties Form 10K Annual Report: Exhibit 21, Subsidiaries
G4-24	List of stakeholder groups engaged by the organization	Stakeholder Engagement, <a href="#">page 62</a> <a href="http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement">http://www.jnj.com/caring/citizenship-sustainability/strategic-framework/stakeholder-engagement</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement, <a href="#">page 62</a>
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement, <a href="#">page 62</a>
G4-27	Key stakeholder topics and concerns and organization response	Stakeholder Engagement, <a href="#">page 62</a>
G4-28	Reporting period	Report Profile, <a href="#">page 10</a>
G4-29	Date of most recent previous report	Report Profile, <a href="#">page 10</a>
G4-30	Reporting cycle	Report Profile, <a href="#">page 10</a>
G4-31	Contact point for questions regarding the report or its contents	Report Profile, <a href="#">page 10</a>
G4-32	Report the 'in accordance' option the organization has chosen, and GRI Index	GRI Index, <a href="#">page 99</a> Report Profile, <a href="#">page 10</a>
G4-33	Policy and current practice with regard to seeking external assurance for the report	Report Profile, <a href="#">page 10</a>

## Global Reporting Index (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-34	Governance structure of the organization	Governance, <a href="#">page 36</a>
G4-35	Process for delegating authority for economic, environmental and social topics	Governance; Governance Structure, <a href="#">page 37</a>
G4-36	Responsibility for economic, environmental and social topics	Governance; Governance Structure, <a href="#">page 37</a>
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Stakeholder Engagement, <a href="#">page 62</a> Governance; Governance Structure, <a href="#">page 37</a>
G4-38	Composition of the highest governance body and its committees	Governance; Governance Structure, <a href="#">page 36</a>
G4-39	Indicate if Chair of highest governance body is also an executive officer	Governance; Governance Structure, <a href="#">page 36</a>
G4-40	Process for nomination and selection of highest governance body	Governance; Governance Structure, <a href="#">page 36</a>
G4-41	Processes in place for highest governance body to ensure conflicts of interest are avoided	<a href="#">Johnson &amp; Johnson 2014 Proxy Statement</a> ; <a href="#">Nominating and Governance Committee</a>
G4-42	Roles for development, approval, and updating of organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	<a href="#">Johnson &amp; Johnson 2014 Proxy Statement</a> : <a href="#">Corporate Governance</a>
G4-43	Measures taken to develop and enhance highest governance body's collective knowledge of economic, environmental and social topics	Citizenship & Sustainability, <a href="#">page 11</a> Strategic Leadership, <a href="#">page 29</a>
G4-44	Processes for evaluating highest governance body's own performance	<a href="#">Johnson &amp; Johnson 2014 Proxy Statement</a> : <a href="#">Corporate Governance</a>
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Citizenship & Sustainability, <a href="#">page 11</a> Strategic Leadership, <a href="#">page 29</a>
G4-46	Highest governance body's role in reviewing effectiveness of organization's risk management processes for economic, environmental and social topics	Citizenship & Sustainability, <a href="#">page 11</a> Strategic Leadership, <a href="#">page 29</a>
G4-47	Frequency of highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Citizenship & Sustainability, <a href="#">page 11</a> Strategic Leadership, <a href="#">page 29</a>
G4-48	Highest committee or position that formally reviews and approves organization's sustainability report and ensures all material aspects are covered	Citizenship & Sustainability, <a href="#">page 11</a> Strategic Leadership, <a href="#">page 29</a>
G4-49	Process for communicating critical concerns to highest governance body	Governance; Communication with Our Board, <a href="#">page 37</a>

## Global Reporting Index (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-51	Linkage between compensation for members of highest governance body, senior managers, and executives, and organization's performance	Governance; Communication with Our Board, <a href="#">page 37</a>
G4-52	Process for determining remuneration	<a href="#">Johnson &amp; Johnson 2014 Proxy Statement: Compensation Decision Process</a>
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Governance; Codes and Principles, <a href="#">page 38</a> Ethical Performance, <a href="#">page 32</a>
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines Ethical Performance, <a href="#">page 32</a>	Ethical Performance, <a href="#">page 32</a>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Human Rights, <a href="#">page 42</a> Employee Recruitment, Development & Retention; <a href="#">page 55</a> Grievance Resolution, <a href="#">page 57</a> Ethical Performance, <a href="#">page 32</a>

## Quality &amp; Safety of Products

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<b>Customer Health &amp; Safety DMA</b> • Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Quality & Safety of Products; Quality & Compliance, <a href="#">page 29</a>
PR1	Percentage of significant products and services categories subject to such procedures	Quality & Safety of Products; Quality & Compliance, <a href="#">page 30</a>
	<b>Product Service &amp; Labeling DMA</b> • Organization-wide practices in place to assess and maintain customer satisfaction	Product Quality & Safety; Customer Satisfaction, <a href="#">page 29</a>
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Quality & Safety of Products; Product & Service Labeling, <a href="#">page 31</a>

## Quality &amp; Safety of Products (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
PR5	Results of surveys measuring customer satisfaction	Product Quality & Safety; Customer Satisfaction, <a href="#">page 31</a> <i>Results of customer satisfaction surveys are not shared publicly for competitive reasons</i>
PR6	Sale of banned or disputed products	Product Quality & Safety; Marketing Communications, <a href="#">page 31</a>

## Access to and Affordability of Health Care

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Global Health

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Ethical Performance

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<b>Anti-Corruption DMA</b> <ul style="list-style-type: none"> <li>Describe risk assessment procedures for corruption</li> <li>Describe management processes to prevent corruption</li> </ul>	Ethical Performance; Anti-Corruption, <a href="#">pages 32-34</a>
S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Ethical Performance; Anti-Corruption, <a href="#">pages 32-33</a> Human Rights; Assessment Process, <a href="#">page 40</a>
S04	Communication and training on anti-corruption policies and procedures	Ethical Performance; Anti-Corruption, <a href="#">pages 32-33</a> Supply Chain & Supplier Management, <a href="#">page 37</a>
S05	Confirmed incidents of corruption and actions taken	Ethical Performance; Anti-Corruption, <a href="#">pages 32-33</a> Supply Chain & Supplier Management, <a href="#">page 38</a>
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Ethical Performance; Ethical Marketing, <a href="#">page 34</a>



## Product Pipeline

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Compliance

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN24	Total number and volume of significant spills	Compliance; <a href="#">Environmental &amp; Safety Compliance, page 35</a> Supply Chain & Supplier Management; Assessment Process, <a href="#">page 40</a>
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Compliance; <a href="#">Environmental &amp; Safety Compliance, page 35</a>
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance; <a href="#">Compliance with Laws &amp; Regulations, page 34</a>
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Compliance; <a href="#">Compliance with Laws &amp; Regulations, page 34</a>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Compliance; <a href="#">Compliance with Laws &amp; Regulations, page 34</a>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, (advertising, promotion, and sponsorship), by type of outcomes	Compliance; <a href="#">Compliance with Laws &amp; Regulations, page 34</a> , and <a href="#">Online</a>
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Compliance; <a href="#">Compliance with Laws &amp; Regulations, page 34</a> , and <a href="#">Online</a>

## R&D and Clinical Trials

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Supply Chain Management

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<b>Procurement Practices DMA</b> <ul style="list-style-type: none"> <li>• Actions taken to identify/ adjust procurement practices that cause or contribute to negative impacts</li> <li>• Describe policies and practices used to select locally-based suppliers</li> <li>• Describe policies and practices used to promote economic inclusion</li> </ul>	Supply Chain & Supplier Management: Supplier Diversity & Inclusion, <a href="#">page 41</a>  Supply Chain & Supplier Management: Supplier Spending, <a href="#">page 42</a>
G4-12	Describe the organization's supply chain	Supply Chain & Supplier Management: <a href="#">pages 38–42</a>
EC9	Proportion of spending on local suppliers at significant locations of operation	Supply Chain Management: Supplier Spending, <a href="#">page 42</a> , and <a href="#">Online</a>
	<b>Freedom of Association /Collective Bargaining DMA</b> <ul style="list-style-type: none"> <li>• Describe the policy or policies which may be considered likely to affect employees' decisions to join a trade union, or to bargain collectively.</li> </ul>	Human Rights, <a href="#">page 42</a> Supply Chain & Supply Chain Management, <a href="#">page 38</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Human Rights, <a href="#">page 43</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights, <a href="#">page 43</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights, <a href="#">page 43</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
	<b>Supplier Assessment for Environmental, Labor Practices, Human Rights and Society DMAs</b> <ul style="list-style-type: none"> <li>• Describe the systems used to screen new suppliers using environmental criteria</li> <li>• Describe processes used, such as due diligence, to identify and assess significant actual and potential negative environmental impacts</li> <li>• Describe how the organization identifies and prioritizes suppliers for assessment</li> <li>• Describe actions taken to address the significant actual and potential negative environmental impacts identified</li> <li>• Describe how expectations are established and defined in contracts</li> <li>• Scope, frequency, current implementation of assessment and audit, and which parts of the supply chain have been certified and audited</li> <li>• Describe the systems in place to assess the potential negative impacts of terminating a relationship with a supplier</li> </ul>	Supply Chain & Supplier Management, <a href="#">page 42</a>
EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain & Supplier Management; Assessment Process, <a href="#">pages 40–41</a>

## Supply Chain Management (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supply Chain & Supplier Management: Systems are being established that will allow reporting
LA14	Percentage of new suppliers that were screened using labor practices criteria	Supply Chain & Supplier Management; Assessment Process, <a href="#">pages 40–41</a>
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supply Chain & Supplier Management: Systems are being established that will allow reporting
HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain & Supplier Management; Assessment Process, <a href="#">pages 40–41</a>
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supply Chain & Supplier Management: Systems are being established that will allow reporting
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supply Chain & Supplier Management; Assessment Process, <a href="#">pages 40–41</a>
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supply Chain & Supplier Management: Systems are being established that will allow reporting

## Product Stewardship

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN1	Materials used by weight or volume	Given the diverse nature of our business, and the variety of products produced, the weight and volume of products sold by Johnson & Johnson is not considered to be a meaningful metric and is not tracked at the enterprise level
EN2	Percentage of materials used that are recycled input materials	Product Stewardship, <a href="#">page 73</a>
EN7	Reductions in energy requirements of products and services	Product Stewardship: Our Earthwards® Target—Recognizing 60 Products, <a href="#">page 70</a> and <a href="#">Online</a>
EN27	Extent of impact mitigation of environmental impacts of products and services	Product Stewardship: Our Earthwards® Target—Recognizing 60 Products, <a href="#">page 70</a> and <a href="#">Online</a>
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Product Stewardship, <a href="#">page 74</a> and <a href="#">Online</a>

## Innovation

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Human Rights

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Human Rights Investment DMA</b></p> <ul style="list-style-type: none"> <li>Describe strategies for extending applicable policies and procedures to external parties, such as joint ventures and subsidiaries.</li> <li>Describe the use of human rights criteria or clauses in contracts, including the types of clauses and the types of contracts and agreements in which they are commonly applied (such as investments, joint ventures).</li> </ul>	Human Rights, <a href="#">page 42</a> and <a href="#">Online</a>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Human Rights, <a href="#">pages 42–44</a>
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human Rights, <a href="#">pages 43–44</a>
HR3	Total number of incidents of discrimination and corrective actions taken	Human Rights, <a href="#">page 44</a>
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Human Rights, <a href="#">pages 43–44</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights, <a href="#">page 43–44</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights, <a href="#">pages 43–44</a> Supply Chain & Supply Chain Management, <a href="#">page 39</a> Labor Practices & Work Force, <a href="#">page 52</a>
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	<a href="#">Page 43</a> , and <a href="#">Online</a>
EN34	Number of Grievances about environmental impacts filed, addresses, and resolved through formal grievance mechanisms	Human Rights, <a href="#">page 44</a>
LA16	Number of Grievances about labor practices impacts filed, addresses, and resolved through formal grievance mechanisms	Human Rights, <a href="#">page 44</a>
SO11	Number of grievances about society filed, addressed, and resolved through formal grievance mechanisms	Human Rights, <a href="#">page 44</a>
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Human Rights, <a href="#">page 44</a>

## Transparency

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Financial Health/Economic Performance

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EC1	Direct economic value generated and distributed	Financial Health & Economic Performance, <a href="#">page 45</a> and <a href="#">Online</a>
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Financial Health & Economic Performance, <a href="#">page 45</a> and <a href="#">Online</a>
EC3	Coverage of the organization's defined benefit plan obligations	Financial Health & Economic Performance, <a href="#">page 46</a> and <a href="#">Online</a>

## Product Ingredients/Materials

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Workplace Health & Safety

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<b>Occupational Safety &amp; Health DMA</b> <ul style="list-style-type: none"> <li>Describe programs related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programs involve education and training, counseling, prevention and risk control measures, or treatment</li> </ul>	Health Conscious, Safe Employees, <a href="#">page 46</a> Workplace Health & Safety, <a href="#">page 49</a>
LA5	Percentage of the total workforce represented in formal joint management-worker health and safety committees that help to advise on occupational health & safety programs.	Workplace Health & Safety, <a href="#">page 50</a>
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Workplace Health & Safety, <a href="#">page 50</a>
LA7	Workers with high incidence or high risk of diseases related to their occupation	Workplace Health & Safety, <a href="#">page 50</a> Health Conscious, Safe Employees, <a href="#">page 46-49</a> <a href="#">Online</a>

**Workplace Health & Safety (cont.)**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
LA8	Health and safety topics covered in formal agreements with trade unions	Workplace Health & Safety, <a href="#">page 50</a> and <a href="#">Online</a>

**Market Access**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

**Public-Private Partnerships**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

**Stakeholder Engagement**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-24	List of stakeholder groups engaged by the organization.	Stakeholder Engagement, <a href="#">page 62-63</a> and <a href="#">Online</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement, <a href="#">page 62-63</a> and <a href="#">Online</a>
G4-26	Organization's approach to stakeholder engagement	Stakeholder Engagement, <a href="#">page 62-63</a> and <a href="#">Online</a>
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Stakeholder Engagement, <a href="#">page 64</a>

**Health-Conscious, Safe Employees**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		<a href="#">Online</a>

## Labor Practices &amp; Workforce

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Employment DMA</b></p> <ul style="list-style-type: none"> <li>Describe actions taken to determine and address situations where work undertaken within the organization's supply chain does not take place within appropriate institutional and legal frameworks.</li> <li>Describe actions taken to determine and address situations where persons working for suppliers are not provided the social and labor protection that they are entitled</li> <li>Describe actions taken to determine and address situations where working conditions in the organization's supply chain did not meet international labor standards or national labor law</li> <li>Describe actions taken to determine and address situations where work undertaken within the organization's supply chain is inadequately remunerated Describe actions taken to determine and address situations where work undertaken within the organization's supply chain is inadequately remunerated</li> <li>Describe actions taken to determine and address situations of disguised employment relationships where workers in the organization's supply chain are falsely considered to be self-employed or where there is no legally recognized employer</li> </ul>	Supply Chain & Supplier Management, <a href="#">page 38–42</a> and <a href="#">Online</a>
G4-10	Total workforce by employment type, gender, employment contract and region	Labor Practices and Workforce, <a href="#">page 52</a>
G4-11	Percentage of employees covered by collective bargaining agreements	Labor Practices and Workforce, <a href="#">page 52</a>
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Labor Practices & Workforce; Benefits, <a href="#">pages 52– 53</a> and <a href="#">Online</a>
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Labor Practices & Workforce; Benefits, <a href="#">page 54</a> and <a href="#">Online</a>
LA3	Return to work and retention rates after parental leave	Labor Practices & Workforce; <a href="#">page 53</a> and <a href="#">Online</a>
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Labor Practices & Workforce; Minimum Notice Periods, <a href="#">page 54</a> and <a href="#">Online</a>
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Labor Practices & Workforce; <a href="#">pages 52–53</a> and <a href="#">Online</a>

## Employee Recruitment/Development/Retention

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Grievance Mechanisms – DMA</b></p> <ul style="list-style-type: none"> <li>Describe the availability and accessibility of grievance mechanisms and remediation processes related to environmental, labor, human rights and society issues</li> </ul>	Employee Recruitment, Development & Retention: Grievance Resolution, <a href="#">page 57</a> and <a href="#">Online</a>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Employee Recruitment, Development & Retention: Grievance Resolution, <a href="#">page 57</a>

## Employee Recruitment/Development/Retention (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
LA9	Average hours of training per year per employee by gender, and by employee category	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 56</a> and <a href="#">Online</a>
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 56</a> and <a href="#">Online</a>
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 57</a>
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Employee Recruitment, Development & Retention: Grievance Resolution, <a href="#">page 57</a>
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 57</a>
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 57</a>
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Employee Recruitment, Development & Retention: Talent Development, <a href="#">page 57</a>

## Sourcing of Raw Materials

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Water

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN8	Total water withdrawal by source	Water: Water Usage, <a href="#">page 78–79</a> and <a href="#">Online</a>
EN9	Water sources significantly affected by withdrawal of water	Water: Water Usage, <a href="#">page 78</a> and <a href="#">Online</a>
EN10	Percentage and total volume of water recycled and reused	Water: Water Usage, <a href="#">page 78</a> and <a href="#">Online</a>
EN22	Total water discharge by quality and destination	Water: Water Discharge, <a href="#">page 79</a> and <a href="#">Online</a>



## Intellectual Property

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

## Environmental Responsibility

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Environmental Responsibility: Environment, Health & Safety Management Approach, <a href="#">page 77</a>

## Strategic Leadership

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-43	Measures taken to develop and enhance highest governance body's collective knowledge of economic, environmental and social topics	Strategic Leadership, <a href="#">page 29</a>
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Strategic Leadership, <a href="#">page 29</a>
G4-46	Highest governance body's role in reviewing effectiveness of organization's risk management processes for economic, environmental and social topics	Strategic Leadership, <a href="#">page 29</a>
G4-47	Frequency of highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Strategic Leadership, <a href="#">page 29</a>
G4-48	Highest committee or position that formally reviews and approves organization's sustainability report and ensures all material aspects are covered	Strategic Leadership, <a href="#">page 29</a>

## Political Contributions/Lobbying

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<b>Public Policy DMA</b> <ul style="list-style-type: none"> <li>Describe the significant issues that are the focus of participation in public policy development and lobbying.</li> <li>Provide the organization's core position for each of the identified issues, and describe any significant differences between lobbying positions and stated policies, sustainability goals, or other public positions</li> </ul>	Political Contributions/Lobbying: Positions on Selected Issues, <a href="#">page 60</a>
G4-16	Memberships in associations	Political Contributions, Public Policy & Lobbying: Trade Associations, <a href="#">page 60</a>
SO6	Report the total monetary value of financial and in-kind political contributions made directly and indirectly by country and recipient/ beneficiary	Political Contribution/Lobbying, <a href="#">page 59</a> and <a href="#">Online</a>

## Compensation

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Equal Remuneration DMA</b></p> <ul style="list-style-type: none"> <li>Describe the legal and socio-economic environment that provides opportunities for, and barriers to, gender equity in the workforce. This may include women's workforce participation rates, their participation at highest governance level, and equal remuneration</li> </ul>	Labor and Workforce Practices, <a href="#">page 52</a> Positions on Selected Issues, <a href="#">page 60</a> and <a href="#">Online</a>
LA13	Ratio of basic salary and remuneration of women to men <sup>1</sup>	Labor Practices and Workforce, <a href="#">page 52</a>

## Greenhouse Gas/Climate/Energy Use

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Emissions DMA</b></p> <ul style="list-style-type: none"> <li>Explain whether the organization is subject to any country, regional, or industry regulations and policies for emissions. Provide examples of such regulations and policies.</li> <li>Identify whether offsets are used to meet the target. Specify the type, amount, criteria or scheme of which they are part.</li> </ul>	Greenhouse Gas/Climate; Climate Policy & Initiatives, <a href="#">page 80</a> Greenhouse Gas/Climate; Energy Use, <a href="#">page 81</a> and <a href="#">Online</a>
	<p><b>Energy DMA</b></p> <ul style="list-style-type: none"> <li>Describe whether the organization is subject to any country, regional, or industry regulations and policies for energy.</li> </ul>	Greenhouse Gas/Climate: Climate Policy and Initiatives, <a href="#">page 80</a> and <a href="#">Online</a>
EN3	Energy consumption within the organization <sup>2</sup>	Greenhouse Gas/Climate: Energy Use, <a href="#">page 81</a> and <a href="#">Online</a>
EN4	Energy consumption outside of the organization	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 83</a> and <a href="#">Online</a>
EN5	Energy intensity <sup>2</sup>	Greenhouse Gas/Climate: Energy Use, <a href="#">page 81</a> and <a href="#">Online</a>
EN6	Reduction of energy consumption <sup>2</sup>	Greenhouse Gas/Climate: Energy Use, <a href="#">page 81</a> and <a href="#">Online</a>
EN15	Direct greenhouse gas (GHG) emissions (Scope 1) <sup>2</sup>	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 83</a> and <a href="#">Online</a>
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2) <sup>2</sup>	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 83</a> and <a href="#">Online</a>
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3) <sup>2</sup>	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 83</a> and <a href="#">Online</a>

<sup>1</sup> Due to the complex nature of the Company's various employee databases and payroll systems and differences in how employees are compensated in different countries, the Company is not able to reliably calculate this information, nor is it legally required to do so. <sup>2</sup>Third-party verified

## Greenhouse Gas/Climate/Energy Use (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN18	Greenhouse gas (GHG) emissions intensity <sup>2</sup>	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 83</a> and <a href="#">Online</a>
EN19	Reduction of greenhouse gas (GHG) emissions <sup>2</sup>	Greenhouse Gas/Climate: Facility CO <sub>2</sub> Emissions, <a href="#">page 84</a> and <a href="#">Online</a>
EN20	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas/Climate: Ozone Depleting S ubstances, <a href="#">page 84</a> and <a href="#">Online</a>
EN30	Transportation of products, goods and materials	Greenhouse Gas/Climate: Transportation-Related Emissions, <a href="#">pages 83–84</a> and <a href="#">Online</a>

## Governance

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
G4-15	Externally developed economic, environmental, and social charters	Governance: External Commitments, <a href="#">page 38</a>
G4-34	Governance structure of the organization	Governance, Governance Structure, <a href="#">page 36</a>
G4-35	Process for delegating authority for economic, environmental and social topics	Governance; Governance Structure, <a href="#">page 37</a>
G4-36	Responsibility for economic, environmental and social topics	Governance; Governance Structure, <a href="#">page 37</a>
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Governance; Governance Structure, <a href="#">page 37</a>
G4-38	Composition of the highest governance body and its committees	Governance; Governance Structure, <a href="#">page 36</a>
G4-39	Indicate if Chair of highest governance body is also an executive officer	Governance; Governance Structure, <a href="#">page 36</a>
G4-40	Process for nomination and selection of highest governance body	Governance; Governance Structure, <a href="#">page 36</a>
G4-49	Process for communicating critical concerns to highest governance body	Governance; Communication with Our Board, <a href="#">page 37</a>
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Governance; Codes and Principles, <a href="#">page 38</a>

<sup>2</sup>Third-party verified

**Diversity & Inclusion**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Labor Practices and Workforce, <a href="#">page 52</a> and <a href="#">Online</a>

**Product and Financial Donations**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

**Philanthropy**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
None		

**Air Emissions**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN21	NOX, SOX, and other significant air emissions <sup>2</sup>	Air Emissions, <a href="#">page 86</a> and <a href="#">Online</a>

**Waste**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
EN23	Total weight of waste by type and disposal method	Waste Management, <a href="#">page 86</a>

**Community Involvement & Engagement**

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Local Communities DMA</b></p> <p>Describe:</p> <ul style="list-style-type: none"> <li>• References and statements regarding the collective rights of local communities</li> <li>• How both women and men are engaged in local communities</li> <li>• How works councils, occupational health and safety committees or other independent employee representation bodies are empowered to deal with, and have dealt with, impacts on local communities</li> </ul>	<p>Community Involvement &amp; Engagement, <a href="#">page 66</a></p> <p>Labor Practices &amp; Workforce, <a href="#">page 52</a></p>

<sup>2</sup>Third-party verified

## Community Involvement &amp; Engagement (cont.)

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Community Involvement & Engagement, <a href="#">page 66</a>
EC6	Proportion of senior management hired from the local community at significant locations of operation	Community Involvement & Engagement: Community Hiring Practices, <a href="#">page 67</a>

## Data Protection and Privacy

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data <sup>3</sup>	Data Protection & Privacy, <a href="#">page 62</a>

## Biodiversity Conservation

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	<p><b>Biodiversity DMA</b></p> <ul style="list-style-type: none"> <li>Describe the organization's strategy for achieving its policy on biodiversity management.</li> </ul>	Biodiversity Conservation, <a href="#">page 87</a> and <a href="#">Online</a>
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation, <a href="#">page 87</a> and <a href="#">Online</a>
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation, <a href="#">page 87</a> and <a href="#">Online</a>
EN13	Habitats protected or restored	Biodiversity Conservation, <a href="#">page 87</a> and <a href="#">Online</a>

## Job Creation

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	None	

## Volunteerism

PROFILE DISCLOSURE	DESCRIPTION	CROSS REFERENCE/PAGE
	None	

<sup>3</sup>Many such allegations are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria requiring public disclosure.

## Our Credo

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

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

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

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