



# 2016

HEALTH FOR HUMANITY REPORT  
- PROGRESS IN CITIZENSHIP & SUSTAINABILITY -

*Johnson & Johnson*







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




Chairman and CEO Alex Gorsky greeting Adriano Encarnação, Quality Manager, Medical Devices, while in Brazil visiting our Sao Jose dos Campos manufacturing site in Sao Paulo.

# A Message from Our Chairman and CEO

Since 1886 our Company has been inventing the future of health care against one constant backdrop: change. Today, and every day at Johnson & Johnson, we embrace the opportunity to profoundly change the trajectory of health for humanity. One important way in which we advance this aspiration is through our citizenship and sustainability efforts.

Our obligation as a global leader in health care is to responsibly marshal our resources, connect leaders, and partner with organizations around the world to positively impact the lives of people, improve the places in which we live and work, and advance the sustainability of the practices by which we achieve our commitments.

As a better reflection of the scale and depth of our commitments globally, we recently renamed our annual reporting on the social and environmental performance of our business the **Johnson & Johnson Health for Humanity Report**. In addition, following the conclusion of our Healthy Future 2015 Goals, in June 2016 we developed a new, ambitious set of commitments with our newly named **Johnson & Johnson Health for Humanity 2020 Goals**. The Health for Humanity Report, which includes our Health for Humanity 2020 Goals Progress Scorecard, provides data-driven substantiation on how we are fulfilling our bold, mission-centered aspiration to change the trajectory of health for more people, in more places around the world.

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I'm pleased to acknowledge just a few of the many recent achievements from 2016, the first year of our Johnson & Johnson Health for Humanity 2020 Goals:

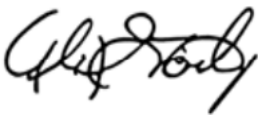
- We continued to advance our pipeline in areas of significant unmet global public health need, including HIV/ AIDs, multidrug-resistant tuberculosis (MDR-TB) and neglected tropical diseases such as roundworm and whipworm.
- As a result of our 100 megawatt (MW) wind power purchase agreement, Johnson & Johnson is expected to meet our original Health for Humanity 2020 Goal of producing or procuring 20 percent of our electricity needs from clean or renewable sources ahead of schedule. Because of this substantial achievement, we increased this goal to 35 percent by 2020.
- We more than tripled the previous year's supplier engagement in our Sustainable Procurement Program, with total enrollment now surpassing 300 suppliers, which represents over 40 percent of spend.
- In one year, we already achieved nearly 50 percent of our five-year target to engage and empower 100,000 employees to take charge of their

health and well-being by using digital health tools. A healthier workforce successively leads to healthier families and communities where we operate.

This report details more about our performance against the Health for Humanity 2020 Goals, our broader citizenship and sustainability efforts, and our commitment to support the **United Nations Sustainable Development Goals (UN SDGs)**. Built on the foundation of our own 2020 Goals, we will harness the power of Johnson & Johnson's approximately 126,400 employees—their heads, hearts, and hands—to help achieve our UN SDG commitments, applying our knowledge and relationships in the quest to forge a healthier and brighter future for people all around the globe.

This Johnson & Johnson Health for Humanity Report outlines how we marshal our resources: our science, our caring, our innovative spirit and, of course, **Our Credo** values in service of our citizenship and sustainability commitments. This important work helps us advance our aspirations to profoundly and positively impact the lives of individuals, families and communities by addressing the greatest health care challenges of today, and to ensure appropriate preparedness for those to come.

Sincerely,



Alex Gorsky  
Chairman and Chief Executive Officer  
Johnson & Johnson


**GRI 102-14, 102-15**





Johnson & Johnson  
**2016**  
YEAR IN BRIEF




  
**VERMOX™ CHEWABLE**  
(mebendazole chewable 500mg tablets)  
approved by the U.S. Food and Drug  
Administration, a milestone in our efforts to  
**safely treat roundworm and whipworm**  
in children too young to swallow  
a solid tablet



More than  
**90%**  
of our global  
workforce engaged  
in our **2016 Global  
Credo Survey**

**50%**  
of our five-year 2020 target  
achieved to engage and  
empower 100,000 employees  
to take charge of their health  
and well-being by using  
**digital health tools**

  
**100 MW**  
wind power purchase agreement concluded,  
helping us meet our renewable energy  
consumption target ahead of schedule. To  
continue challenging ourselves to do more, we  
increased this target from 20% to **35%**  
**renewable energy** consumption by 2020



**2<sup>nd</sup>**  
on the  
**Access to  
Medicines  
Index**  
(up from #3 in 2014)

  
**Global Public  
Health Strategy**  
launched at the opening of  
**on-the-ground** global  
public health operations  
in Cape Town,  
South Africa










  
Partnership with  
**C40 Cities Climate  
Leadership Group**  
announced to help fund programs that will  
link **climate action** with **air quality** and  
**human health** benefits



**\$9.1B**  
invested in **R&D**  
(12.7% of our total  
revenue)

**Tripled**  
the previous year's supplier  
engagement in our  
**Sustainable Procurement  
Program**, with total  
enrollment now surpassing  
**300** suppliers, which  
represents over  
**40%** of spend

Watch our **2016 Year in Brief** video on YouTube

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# Our Citizenship & Sustainability Approach

At Johnson & Johnson we aspire to profoundly **change the trajectory of health for humanity**. This aspiration includes positively impacting patients and all others who use our products, as well as the health of our employees, our communities and the planet. Our citizenship and sustainability approach is inextricably linked to our vision of a world where a healthy mind, body and environment is within reach for everyone, everywhere. It is grounded in **Our Credo** values and in our mission as a health care company, and reflected in how we operate our business.

We’ve been setting five-year goals to improve the sustainability of our business for decades. In 2016, we launched our latest, most comprehensive set of goals yet, which at the time we called our Citizenship & Sustainability 2020 Goals. We recently

renamed this set of commitments our Health for Humanity 2020 Goals to better reflect our bold, mission-centered sustainability aspiration to change the trajectory of health for more people, in more places around the world. While the name of our goals is new, how we organize and focus our efforts is not. We remain focused in three key areas:


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


**Places**—Making the places where we live, work and sell our products healthier, by using fewer and smarter resources.


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


Our efforts under each of these focus areas are supported by measurable


goals, a tracking mechanism, annual target setting and progress reporting including independent review of our data, and a rigorous framework for ongoing assessment of the topics and issues that matter most across our businesses and to our stakeholders. Our data-driven approach allows us to dedicate our resources efficiently and effectively to the issues that are most impactful and important to all stakeholders. Our citizenship and sustainability strategy also includes our commitment to support the **United Nations Sustainable Development Goals** (UN SDGs). We are working to help advance implementation of the UN SDGs across **five key issue areas** where we are uniquely positioned to create sustainable and scalable impact: Global Disease Challenges, Essential Surgery, Women’s & Children’s Health, Health Workforce, and Environmental Health.


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# Citizenship & Sustainability Governance

Starting at the Board of Directors level, the governance of citizenship and sustainability at Johnson & Johnson encompasses our three business segments (Consumer, Pharmaceutical and Medical Devices) and global enterprise functions. **The Science, Technology & Sustainability Committee (STSC)** has general oversight of our citizenship and sustainability strategy and performance. Along with our Johnson & Johnson Executive Committee, the STSC reviews our annual progress against our Health for Humanity 2020 Goals and our overall citizenship and sustainability efforts. Select members of the executive and management committees review the Health for Humanity Report. [GRI 102-27, 102-31, 102-32](#)

Our office of Worldwide Corporate Governance is responsible for raising visibility to citizenship and sustainability issues and activities that span multiple groups across the enterprise, and

for facilitating connections between teams and departments. In partnership with our Environment, Health, Safety & Sustainability, Global Public Health and Global Community Impact teams, Corporate Governance connects and amplifies various activities that contribute to advancing our citizenship and sustainability agenda. [GRI 102-20](#)

To enhance our corporate governance structure, in early 2016 we established the Johnson & Johnson Enterprise Governance Council (EGC). The EGC is comprised of senior leaders who represent our three business segments and our global enterprise functions with line of sight to environment, social and governance (ESG) issues. During 2016, the EGC identified, categorized and prioritized the ESG topics determined to be most relevant to Johnson & Johnson. This body of work served as the foundation of our **2016 Priority Topics Assessment**,

and has led to significant alignment and coordination of internal and external engagement efforts related to key ESG topics relevant to the Company. Another important function of the EGC is to review progress against our Health for Humanity 2020 Goals and United Nations Sustainable Development Goals (UN SDG) commitments. [GRI 102-19, 102-21, 103-3](#)

The Enterprise Governance Council Working Group (EGCWG) is the cross-functional “activation arm” of the EGC that represents key enterprise functions and draws on the expertise of various subject matter experts across the Company, consulting with external advisors for additional specialized insight. The EGCWG was re-chartered in 2016 to more effectively drive focus on the execution of strategic plans for our priority topics. This diverse working group meets six times a year to review the status of priority topic strategic plans and emerging topics or issues

identified through our proprietary global intelligence system that analyzes which stakeholders, platforms and programs have the most impact on reputation. In addition, the EGCWG has accountability for tracking and managing the Health for Humanity 2020 Goals, UN SDG commitments, and our Health for Humanity Report, and works proactively across the enterprise to foster engagement around goal progress and commitments. [GRI 103-3, 102-32](#)

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



# About This Report

Johnson & Johnson's 2016 Health for Humanity Report is our 14th annual report on progress in citizenship and sustainability. Data in this report cover the period between January 1, 2016 and December 31, 2016, unless otherwise noted. [GRI 102-50, 102-52](#) In addition to this customizable print-on-demand version complimented by an [Executive Summary](#), the report is also available as an interactive microsite accessible at [healthforhumanityreport.jnj.com](http://healthforhumanityreport.jnj.com).

The report provides a comprehensive overview of the Company's vision, strategic approach and performance in the environmental, social and governance areas relevant to our business. Reporting on other matters specific to financial performance of the Company and its subsidiaries can be found in our [2016 Annual Report](#).

The content of this report covers Johnson & Johnson's worldwide operations, including those of subsidiaries across our three business segments. Contract manufacturers are excluded from the

scope of this report, unless otherwise noted. There have been no significant changes from the previous reporting period in the scope, boundaries and measurement methods applied. [GRI 102-45](#)

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We participated in GRI's Standards Pioneers Program, and are proud to be among the first companies to adopt the GRI Standards. Please refer to [GRI Content Index](#) for a complete listing of GRI disclosures included in this report. [Our 2016 Priority Topics Assessment](#) process guided the report's structure. The content is organized according to 26 priority topics identified as being most important to our various stakeholder groups. See our [Priority Topics Assessment](#) section for information on boundaries for each priority topic. [GRI 102-46, 102-54, 102-55](#)










The report is also informed by the [UN Global Compact \(UNGC\) Principles](#)

and serves as our annual [UNGC Communication on Progress](#). See [UNGC Index](#) for more information on how we adhere to the 10 UNGC Principles. See [Community Impact & Development](#) section of this report for information on our commitment to support the UN Sustainable Development Goals.

Progress against our Health for Humanity 2020 Goals, and associated data presented in the [2020 Goals Progress Scorecard](#) has been assured by ERM Certification and Verification Services. [GRI 102-56](#) The Independent Assurance Statement [can be found here](#). All other data in the report has been subject to finance verification and internal audit. The financial data and general information about the business presented in Organizational Profile and Economic Performance sections of this report were previously audited for disclosure in our 2016 Annual Report. All other data in this report have been verified by Johnson & Johnson internal audit.

The basis for restatement of previously reported data, relevant calculation methodologies and data limitations are explained in footnotes where applicable. With respect to acquisitions, we begin integrating the environmental, health and safety (EHS), and employee health and wellness data of newly acquired companies into the data reported externally three years after the acquisition, unless otherwise noted. Particularly for EHS data, this grace period allows the new acquisitions to adjust their EHS management and reporting systems to Johnson & Johnson standards. The dates and details of recent acquisitions can be found in Note 20 (Business Combinations and Divestitures) on page 71 of our [2016 Annual Report](#). Where noted, data are adjusted to reflect a divestiture, starting with the year in which that divestiture occurs. For environmental emissions data, divestitures are removed completely from current and historical periods presented. [GRI 102-48](#)



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# Organizational Profile

Johnson & Johnson, through its Family of Companies (“the Company”), is the largest and most diversified health care company in the world. [GRI 102-1](#)

Our more than 230 operating companies employ approximately 126,400 employees in 60 countries (as of year-end 2016), who are engaged in the research and development, manufacture and sale of a broad range of products in the health care field. We utilize over 79,700 suppliers and hundreds of external manufacturers to support the development and manufacturing of our products worldwide. The Company’s product portfolio includes thousands of pharmaceutical, medical device and consumer products and product variations that address health and wellness needs of more than one billion people every day. [GRI 102-4, 102-7, 102-9, 102-45](#)

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

The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the Company resources. This Committee oversees and coordinates the activities of the Company’s three business segments.

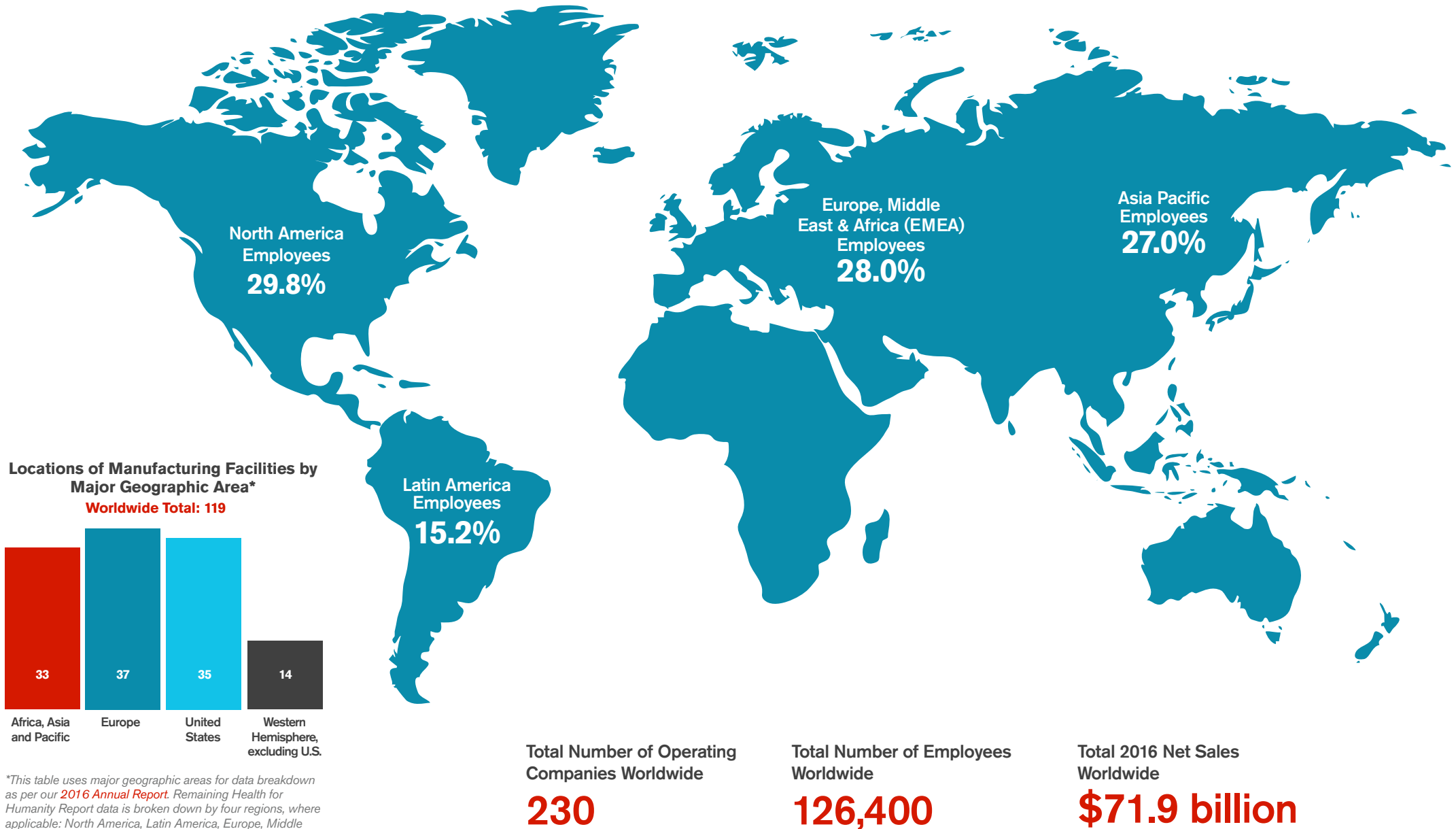
Our worldwide headquarters are located in New Brunswick, New Jersey, USA. We have been listed on the New York Stock Exchange since 1944 under the symbol JNJ. [GRI 102-3,102-5](#)

For changes in our business during the reporting period, please see [Note 20 \(Business Combinations and Divestitures\)](#) on page 71 of our 2016 Annual Report available on our [Investor Relations website](#). [GRI 102-10](#)

For more details about [Our Management Approach](#) and [Johnson & Johnson Enterprise Risk Management Framework](#), please see our [Company website](#).

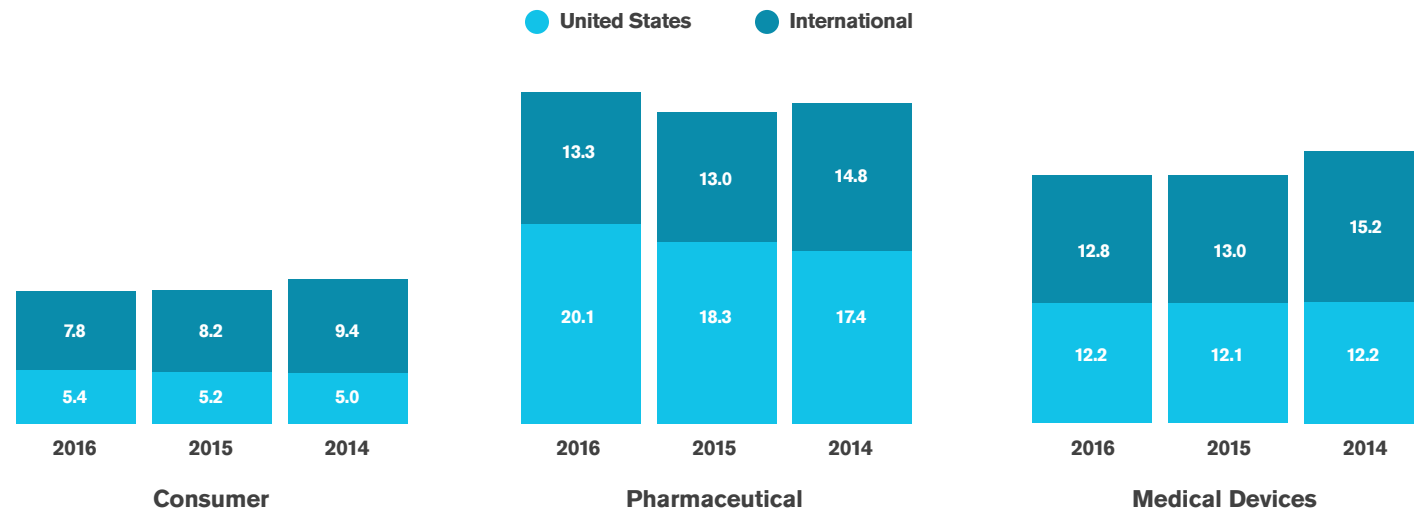


## Organizational Profile

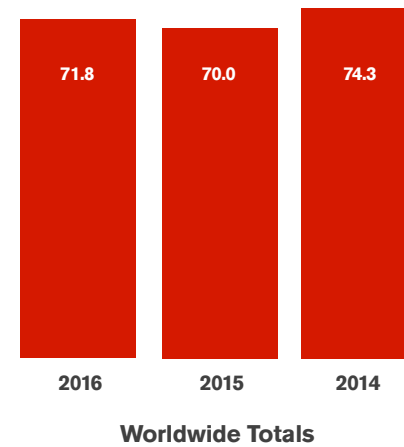


\*This table uses major geographic areas for data breakdown as per our 2016 Annual Report. Remaining Health for Humanity Report data is broken down by four regions, where applicable: North America, Latin America, Europe, Middle East & Africa (EMEA) and Asia-Pacific.

Sales by Geographic Region, by Segment, U.S. and International for 3 years, in thousand dollars



Worldwide Sales, in million dollars



## Johnson & Johnson is organized into three business segments: [GRI 102-2](#), [102-6](#)

### Consumer

The Consumer segment includes a broad range of products used in the baby care, oral care, beauty (previously referred to as skin care), over-the-counter pharmaceutical, women’s health and wound care markets. Baby Care includes the JOHNSON’S® line of products. Oral Care includes the LISTERINE® product line. Major brands in Beauty include the AVEENO®; CLEAN &

CLEAR®; DABAO®; JOHNSON’S® Adult; LE PETIT MARSEILLAIS™; NEUTROGENA®; RoC® and OGX® product lines. Over-the-counter medicines include the broad family of TYLENOL® acetaminophen products; SUDAFED® cold, flu and allergy products; BENADRYL® and ZYRTEC® allergy products; MOTRIN® IB ibuprofen products; and the PEPCID® line of acid reflux products. Major brands in Women’s Health outside of North America are STAYFREE® and










CAREFREE® sanitary pads and o.b.® tampon brands. Wound Care brands include the BAND-AID® Brand Adhesive Bandages and NEOSPORIN® First Aid product lines. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world.

**2016 Sales: \$13.3 billion**

### Pharmaceutical

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



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cancer), and cardiovascular and metabolic diseases (e.g., thrombosis and diabetes). Products in this segment are distributed directly to retailers, wholesalers, hospitals and health care professionals for prescription use. Key products in the Pharmaceutical segment include: REMICADE® (infliximab), a treatment for a number of immune-mediated inflammatory diseases; SIMPONI® (golimumab), a subcutaneous treatment for adults with moderate to severe rheumatoid arthritis, active psoriatic arthritis, active ankylosing spondylitis and moderately active to severely active ulcerative colitis; SIMPONI ARIA® (golimumab), an intravenous treatment for adults with moderate to severe rheumatoid arthritis; STELARA® (ustekinumab), a treatment for adults with moderate to severe plaque psoriasis and active psoriatic arthritis, and for adults with moderately to severely active Crohn’s disease; PREZISTA® (darunavir), EDURANT® (rilpivirine), and PREZCOBIX®/REZOLSTA® (darunavir/ cobicistat), antiretroviral medicines for the treatment of human immunodeficiency virus (HIV-1) in combination with other antiretroviral products; CONCERTA® (methylphenidate HCl) extended-release tablets CII, a treatment for attention deficit hyperactivity disorder; INVEGA® (paliperidone) extended-release tablets, for the treatment of schizophrenia and schizoaffective disorder; INVEGA SUSTENNA®/XEPLION®

(paliperidone palmitate), for the treatment of schizophrenia and schizoaffective disorder in adults; INVEGA TRINZA®/TREVICTA® (paliperidone palmitate), for the treatment of schizophrenia in patients after they have been adequately treated with INVEGA SUSTENNA® for at least four months; RISPERDAL CONSTA® (risperidone long-acting injection), for the treatment of schizophrenia and the maintenance treatment of Bipolar 1 Disorder in adults; VELCADE® (bortezomib), a treatment for multiple myeloma and for use in combination with rituximab, cyclophosphamide, doxorubicin and prednisone for the treatment of adult patients with previously untreated mantle cell lymphoma; ZYTIGA® (abiraterone acetate), used in combination with prednisone as a treatment for metastatic castration-resistant prostate cancer; IMBRUVICA® (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, or blood cancers, and Waldenström’s Macroglobulinemia; DARZALEX® (daratumumab), for the treatment of relapsed/ refractory multiple myeloma; PROCRIT® (epoetin alfa, sold outside the United States as EPREX®), to stimulate red blood cell production; XARELTO® (rivaroxaban), an oral anticoagulant for the prevention of deep vein thrombosis (DVT), which may lead to pulmonary embolism (PE) in patients undergoing hip or knee replacement surgery,

to reduce the risk of stroke and systemic embolism in patients with nonvalvular atrial fibrillation, for the treatment and reduction of risk of recurrence of DVT and PE; INVOKANA® (canagliflozin), for the treatment of adults with type 2 diabetes; INVOKAMET® /VOKANAMET® (canagliflozin/metformin HCl), a combination therapy of fixed doses of canagliflozin and metformin hydrochloride for the treatment of adults with type 2 diabetes; and INVOKAMET® XR (canagliflozin/ metformin hydrochloride extended-release), a once-daily, fixed-dose combination therapy of canagliflozin and metformin hydrochloride extended-release, for the treatment of adults with type 2 diabetes. Many of these medicines were developed in collaboration with strategic partners or are licensed from other companies and maintain active lifecycle development programs.

2016 Sales: \$33.5 billion

## Medical Devices

The Medical Devices segment includes a broad range of products used in the orthopaedic, surgery, cardiovascular, diabetes care and vision care fields. These products are distributed to wholesalers, hospitals and retailers, and used principally in the

professional fields by physicians, nurses, hospitals, eye care professionals and clinics. They include orthopaedic products; general surgery, biosurgical, endomechanical and energy products; electrophysiology products to treat cardiovascular disease; sterilization and disinfection products to reduce surgical infection; diabetes care products, such as blood glucose monitoring and insulin delivery products; and disposable contact lenses.

2016 Sales: \$25.1 billion



# Signature Brands

## Consumer



## Pharmaceutical



## Medical Devices





Participants at our Vital Voices VV100 launch event, kicking off a partnership to provide training and development to women from more than 140 countries who are at the forefront of change and global progress.

# Stakeholder Engagement

As the world's largest and most broadly-based health care company, Johnson & Johnson recognizes the importance of stakeholder engagement. Our Credo, written more than 70 years ago, acknowledges the diversity of stakeholders to whom we are responsible, and is our guide to stakeholder engagement. We foster and maintain 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 civil society leaders in our efforts to advance our vision of health for humanity.










Stakeholder engagement occurs at all levels of the Company, from employees at our manufacturing sites to senior management in our business segments and functional departments, to our Johnson & Johnson Executive Committee

and Board of Directors. Information gained through these interactions throughout the organization is communicated through line management, and as appropriate, to senior management. In addition, for certain stakeholder engagements related to key business segments and functions, we leverage a customer relationship management system to ensure a seamless process around engagements and information-capture. For more information, visit [Corporate Governance](#) page on our website. [GRI 102-21](#)

In determining with whom to engage, we take into consideration a variety of factors for ensuring the most optimal outcome. Some of these factors include: [GRI 102-42](#)

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












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GRI 102-40, 102-43, 102-44

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

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Our stakeholder engagements inform our business decisions, help us to set priorities that guide our business into the future, and help us to understand where our stakeholders think we can lead in addressing emerging societal needs. The level of our engagements spans from collaborations aimed at informing and knowledge exchange, to cooperation on local or targeted issues, and to strategic partnerships with a larger or longer-term focus and commitment.

In 2016, we conducted a refresh of our prior assessment last conducted in 2013/2014. See [Our Priority Topics Assessment](#) for more information. To find a matrix of the stakeholder groups we engage with, how we engage with them, select examples of 2016 engagements and examples of key memberships/ associations, see the table. For more information on our engagements on the front lines of care, see [Global Community Impact](#) page on our website.

## Engagement Efforts in 2016

Following are select examples of our engagement with stakeholders in 2016.

### Environmental Health:

- **C40:** Johnson & Johnson partnered with the [C40 Climate Leadership Group](#)—a network of the world's 90 megacities that are committed to climate leadership and action—to help fund programs that will link climate action with the benefits to air quality and human health.
- **RE100:** RE100 is a collaborative, global initiative of influential businesses committed to 100 percent renewable electricity, working to massively increase demand for—and delivery of—renewable energy. Johnson & Johnson has set an RE100 target to power all of its facilities with renewable energy by 2050. We were the first health care company to join the ranks of other prominent businesses that have made this pledge. RE100 is led by The Climate Group in partnership with the CDP.

- **Medical Society Consortium on Climate and Health:** Johnson & Johnson is a founding sponsor of the Consortium, a program of the George Mason University's Center for Climate Change Communications (4C) that brings together medical associations representing 400,000 clinical practitioners to inform the public, health care community and policymakers about the harmful health effects of climate change.

### Community Impact & Development:










- **Bush Center—Invictus Games on Invisible Wounds:** Johnson & Johnson partnered with the Bush Institute to sponsor the W100, a 100-kilometer bike ride for our Wounded Warrior veterans, to enable rehabilitation through the promotion of physical health, recreation, and family strengthening.
- Through a strategic partnership with [Vital Voices](#), an organization that works with thousands of women leaders from over 140 countries, Johnson & Johnson is providing tailored support to a select group of 100 of the most engaged and visionary members of the Vital Voices Global Leadership Network to help

them achieve their bold and innovative visions for changing their communities and countries. The effort included sharing of best practices across the network and problem-solving among network peers, as well as partnering with Vital Voices to galvanize the larger Global Leadership Network.

- **Women in Science, Technology, Engineering, Math, Manufacturing & Design:** A partnership with the National Center for Women and Information Technology and nine leading academic centers around the world, founded by Johnson & Johnson to help increase the number of undergraduate women enrolling in and declaring majors in the fields of Science, Technology, Engineering, Math, Manufacturing and Design.

### Global Public Health:

- **Bill & Melinda Gates Foundation:** Johnson & Johnson is focused on tackling the most intractable diseases facing our world, working with the Bill & Melinda Gates Foundation's Global Health Division to harness advances in science and technology to save lives in developing countries.

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- **Coalition for Epidemic Preparedness Innovations:** Partnership with the World Economic Forum, the Gates Foundation, the Wellcome Trust and the government of Norway, among other organizations, **to form** a unique public-private partnership with a goal of working together to help fast-track vaccine development for known pathogens before they pose an epidemic threat. In addition, Johnson & Johnson is an active participant in the Alliance for Biosecurity and No More Epidemics, both of which are also focused on pandemic preparedness.

**Innovation:**

- **Africa Innovation Challenge:** A partnership designed to find and support Africa-based entrepreneurs who are developing creative health care products and services. The challenge is focused on three target areas: early child development and maternal health, empowering young girls, and overall family well-being.
- **Innovating Health for Tomorrow:** A pioneering program that addresses the practical issues of innovation and change management for senior health care executives, helping them to re-think the challenges of aging populations, rising expectations and

chronic illness, and to improve the efficiency of health provision.

- **HIV Viral Load Diagnostic:** **Announced a collaboration** with the biotechnology company Cue to develop an HIV viral load test using Cue Lab-In-A-Box proprietary molecular diagnostics platform.

Additional examples of 2016 engagements are captured within our People, Places and Practices report sections.

Externally developed economic, environmental and social charters, principles, and other initiatives to which we subscribe are included in the relevant sections of this report. [GRI 102-12](#)

## Memberships/ Associations

Johnson & Johnson participates with numerous non-governmental and advocacy organizations and industry associations on topics of interest to the Company. [GRI 102-13](#) A list of select memberships and associations follows:

- Advanced Medical Technology Association

- Asia Pacific Medical Technology Association
- Association for the Advancement of Medical Instrumentation
- Biotechnology Industry Organization
- BIO Ventures for Global Health
- California Healthcare Institute
- CDP
- Children Without Worms
- Closed Loop Fund
- Consumer Goods Forum
- Consumer Healthcare Products Association
- Corporate EcoForum
- Council of Supply Chain Manufacturing Professionals
- Healthcare Businesswomen’s Association
- HealthCare Institute of New Jersey
- Healthcare Leadership Council
- National Health Council
- New Horizons Collaborative
- New York University School of Medicine
- Personal Care Products Council
- Pharmaceutical Research and Manufacturers of America
- Pharmaceutical Supply Chain Initiative
- The Business Roundtable

- The Conference Board
- The Sustainability Consortium
- United Nations
- United Nations Global Compact
- United Way—local chapters
- United States Agency for International Development
- U.S. Chamber of Commerce
- World Health Organization

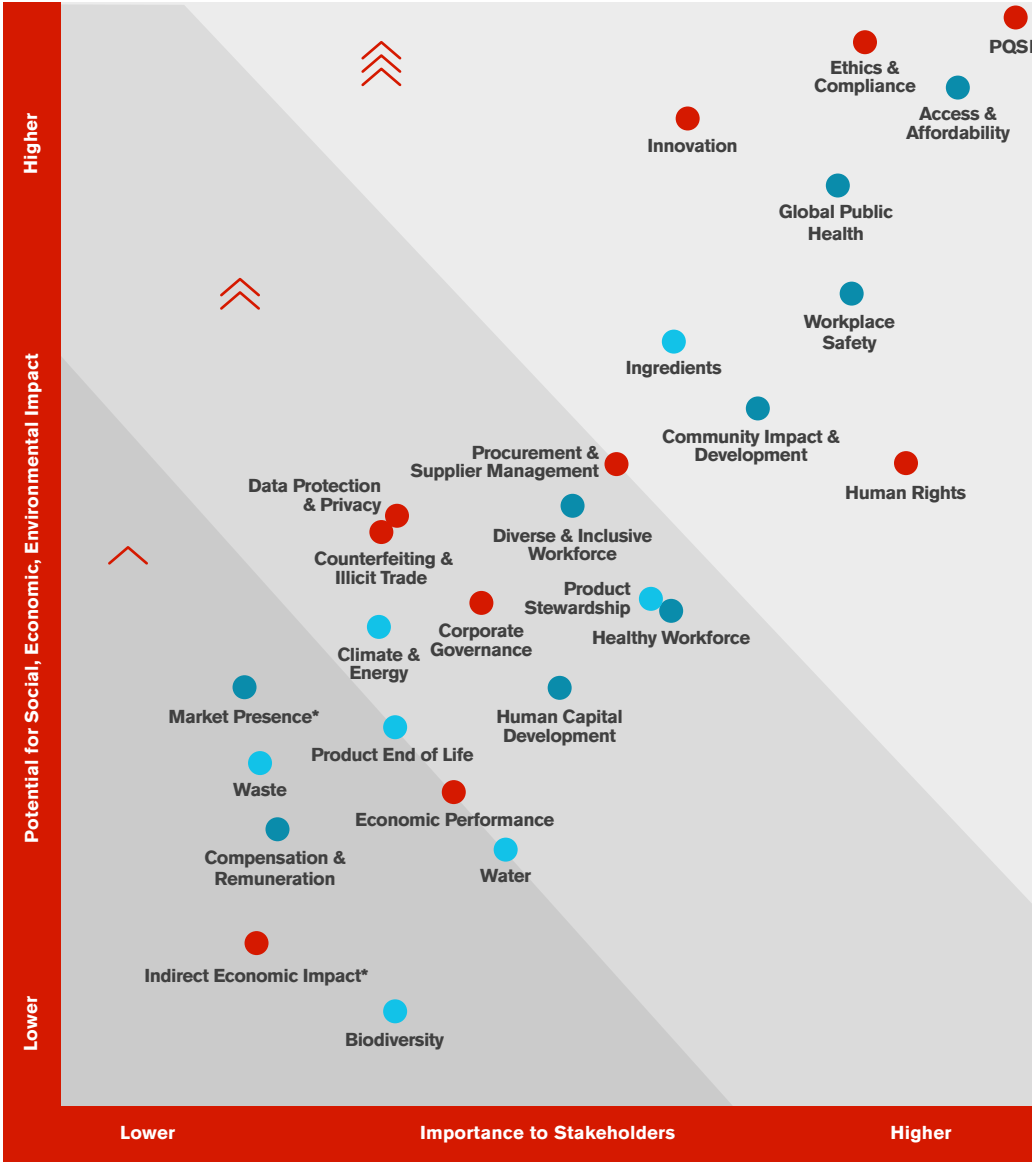


# Our Priority Topics Assessment

The expectations of our stakeholders and the business environment in which we operate constantly evolve. Against this backdrop, our Priority Topics Assessment process helps us identify and prioritize the environmental, social and governance issues that matter most to our stakeholders and our Company. We have been conducting Priority Topics Assessments since 2008; the 2016 assessment was our fourth. We used the stakeholder feedback from this process to inform our reporting so that we communicate our performance and progress more effectively in line with the needs of various stakeholder groups and our own business interests.










The following table summarizes our consolidated list of priority topics and ranking results. The topics are ranked based on both importance to all stakeholders (including Johnson & Johnson), and the potential for social, economic, and/or environmental impact. To learn how we defined the priority topics, [click here](#).

Global Ranking of Priority Topics



● People ● Places ● Practices

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

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## Priority Topics Assessment Process

Our Priority Topics Assessment effort has matured over time, from one prepared mainly to inform the preparation of our Citizenship & Sustainability report in 2008, to a single, enterprise-wide, universal taxonomy and prioritization of topics in 2016 customized for the Johnson & Johnson Family of Companies and reflecting stakeholder input, emerging topics, and Johnson & Johnson’s unique business interests. We took the following steps to implement our 2016 Priority Topics Assessment:

### Topic identification

An external partner was engaged to assist the newly-formed Enterprise Governance Council in identifying key environment, social and governance (ESG) issues and the stakeholders that care about them. The topic identification took into account external standards, stakeholder input received through a wide variety of engagements (see [Stakeholder Engagement section](#) of this report), web research, expert interviews, review of key rating frameworks and ESG indices, past “materiality” assessments, internal expertise,

business risk, and other inputs. Input into the topic list was also sought from a wide cross-section of senior Johnson & Johnson leaders, to ensure it reflected the depth and breadth of our operations and the key associated ESG issues.

The output from this effort was used to inform the Priority Topics Assessment, and serves as a single, enterprise-wide view of risks and opportunities in ESG, reflecting actual and potential economic, environmental, and social impacts (both positive and negative). A total of 26 issues were identified.

### Boundary assessment

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

### Ranking of topics

Twelve key stakeholder groups were identified through an examination of Johnson & Johnson’s value chain (see [Priority Topics & Value Chain](#)). These groups included advocacy groups/trade associations, consumers, customers, employees, government/policymakers, health care providers, investors/socially responsible investors, local communities,

NGOs, quasi-governmental agencies/academic institutions, and suppliers. Contact information for individuals representing each stakeholder group were collected reflecting all regions and three business segments.











































Over 1,500 stakeholders were invited to respond to a survey, asking them to rank the priority topics by importance to them, and by their potential for social, environmental and economic impact. Approximately 25 percent of stakeholders responded; the results of this assessment have been used to rank our priority topics.

The results of the Priority Topics Assessment informs our reporting, our priority topic management, reputation insights, and analytics and communication activities.

# Priority Topics & Value Chain










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



PRIORITY TOPICS	VALUE CHAIN STAGE					
Product Quality, Safety & Reliability						
Ethics & Compliance						
Acess & Affordability						
Global Public Health						
Innovation						
Workplace Safety						
Human Rights						
Ingredients						

PRIORITY TOPICS	VALUE CHAIN STAGE					
Community Impact & Development						
Procurement & Supplier Management						
Diverse & Inclusive Workforce						
Healthy Workforce						
Product Stewardship						
Corporate Governance						
Data Protection & Privacy						
Human Capital Development						
Counterfeiting & Illicit Trade						
Climate & Energy						
Product End of Life						
Water						
Economic Performance						
Compensation & Remuneration						
Waste						
Biodiversity						












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# Progress & Reporting










## Our Health for Humanity 2020 Goals Progress Scorecard

	Goal	Target	Progress in 2016	Notable	Status
People	Develop and deliver innovative, life-changing solutions to address the world's major health challenges.	Expand the database documenting bedaquiline's (SIRTURO®) effectiveness, efficacy and safety profile through collaborative efforts to further increase access.	Multi-country registry with 3,000 (global) patient data launched and a data sharing agreement to share data collected during the Bedaquiline Conditional Access Program developed.		On Track
		Collaborate on Phase 3 trials and make regulatory submissions for EDURANT® (rilpivirine) LA, the first all-injectable depot regimen for HIV.	In collaboration with Viiv Healthcare, initiated Phase 3 clinical trials of the all-injectable regimen (cabotegavir LA from Viiv Healthcare and EDURANT® [rilpivirine] LA from Janssen) with first patients screened in October 2016.		On Track
	Deliver innovative health care access and training programs that impact a billion lives in underserved areas.*	Produce and donate 1 billion doses of VERMOX® (mebendazole) to treat >100 million children per year at risk for intestinal worms, and reduce infections by 26 million over five years through integrated treatment and prevention.	More than 190 million doses of VERMOX® (mebendazole) donated in 27 countries.	<ul style="list-style-type: none"><li>▪ The number of VERMOX® (mebendazole) doses donated is measured through the number of doses shipped.</li><li>▪ There is a time lag of about a year between the time medicines are shipped and received and when treatment information is returned from the field. Therefore, since this is the first year of the 2020 Goal period, we are not reporting the number of children targeted for treatment. We expect this data to be available next year.</li><li>▪ Integrated treatment and preventions programs have been started. However, because of a time lag of approximately two years in reporting the results of the programs, we are not reporting the infection reduction rate this year.</li></ul>	On Track

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# Health for Humanity 2020 Goals Progress Scorecard










	Goal	Target	Progress in 2016	Notable	Status
People	Deliver innovative health care access and training programs that impact a billion lives in underserved areas.*	<b>Deliver HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children;</b> and access to MDR-TB therapy to a cumulative 200,000 patients, potentially curing** 157,000 people with MDR-TB of the disease.	An estimated 20,700 adult patients and 600 child patients received access to HIV/AIDS therapy.	<ul style="list-style-type: none"><li>▪ The estimates of the number of patients who received access are based on the best available therapy access models developed by our Global Public Health Operations team in collaboration with an external partner.</li><li>▪ While the estimated numbers of patients who received access to therapy is low for 2016, we have been observing an overall steady upward trend in access to therapy growth rate since we first started tracking this indicator in 2012. Based on interventions we are implementing to accelerate the rate of growth, by the end of the 2020 Goal period we expect the growth rate to become non-linear with patient numbers increasing at a substantially faster rate than what we report this year.</li></ul>	In Progress
		<b>Deliver</b> HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children; and <b>access to MDR-TB therapy to a cumulative 200,000 patients, potentially curing** 157,000 people with MDR-TB of the disease.</b>	More than 7,000 patients were provided access to MDR-TB therapy with SIRTURO® (bedaquiline).	<ul style="list-style-type: none"><li>▪ Based on our global bedaquiline uptake forecast models, built upon publicly available WHO individual treatment numbers, we predict a non-linear rate of growth in bedaquiline use in the next years. The recent developments in the global MDR-TB area support these predictions, including for example the approval of bedaquiline use in China in 2016; the expansion of bedaquiline approved MDR-TB treatment centers in India from six to more than 140; the adoption of UN General Assembly (UNGA) resolution A/71/L.41 calling for the UNGA to hold the first-ever high-level meeting on the fight against TB in 2018.</li><li>▪ Based on these predictions, we expect the number of patients provided access to MDR-TB therapy with SIRTURO® (bedaquiline) to increase at a substantially faster rate than what we report this year.</li><li>▪ As communicated through the product label, SIRTURO® (bedaquiline) requires up to two years of full course treatment therapy in combination with other TB drugs to observe treatment effectiveness. Therefore, we are not reporting the cure results for the patients who were provided access to SIRTURO® (bedaquiline) in 2016. When we report these results in the future, we will estimate the number of patients cured based on the cure success rate observed in the clinical studies.</li></ul>	In Progress

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

Goal		Target	Progress in 2016	Notable	Status
People	Deliver innovative health care access and training programs that impact a billion lives in underserved areas.*	Together with partners, train 30,000 skilled birth attendants to assist 6 million births.	Together with partners, trained approximately 10,000 birth attendants.	<ul style="list-style-type: none"><li>To calculate the number of births assisted, we will use a conservative estimate that birth attendants in underserved areas will on average attend 200 births over the five-year 2020 Goal period.</li></ul>	On Track
		Support the delivery of 6 million eye care screenings to underserved children and corrective treatments (spectacles) as needed to 100,000 underserved children.	In partnership with Lions Club International, supported delivery of an estimated 2 million eye care screenings and more than 34,000 corrective treatments (spectacles) to underserved children.	<ul style="list-style-type: none"><li>We estimate the numbers for 2016 based on data on delivery of eye screenings and corrective treatments (spectacles provided) in 2015 because the data for 2016 becomes available after our report data collection cut-off date. We intend to provide the actual 2016 data in the next year's report.</li></ul>	On Track
	Collaborate with government, nonprofit and private sector to foster new models of health that improve economic well-being and health care in key emerging markets.	Activate signature partnerships/initiatives for five of our largest Consumer brands to promote the health and well-being of people in need around the world.	Participation criteria for signature partnerships/ initiatives determined and the first of the five brands identified.	JOHNSON'S® Baby Brand was identified as the first of the five brands, with work on activation to begin in 2017.	On Track
		Drive policy thought leadership and strategic engagements to expand health care access and coverage in at least three emerging markets (including Brazil, China, India), and lead three to five pilots to demonstrate the results of these efforts.	<ul style="list-style-type: none"><li>Mexico and the Philippines added to the goal efforts, recognizing local market needs.</li><li>More than 700 engagements conducted with government officials and other partners in Brazil, China, India, Mexico and the Philippines.</li><li>Pilot programs initiated in 2016 in India, Mexico and the Philippines.</li></ul>	<ul style="list-style-type: none"><li>In each of these emerging markets, our teams engage with governments and partners on average three times per week per annum; and of those engagements, at least one-third are to provide thought leadership, including our presence at national meetings and conferences.</li><li>The pilots initiated to demonstrate the results of policy thought leadership and strategic engagement activities are as follows: a program to shape broad policy discussions on Universal Health Care in Mexico; engagement with relevant stakeholders in the Philippines to develop a financial mechanism for health care coverage of major medical expenses; engagement with the government of Telegana State in India to support the development of a state diabetes care strategy.</li></ul>	On Track



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	Goal	Target	Progress in 2016	Notable	Status
Places	Fully integrate sustainable design solutions into our product innovation processes.	New and existing products representing 20% of Johnson & Johnson revenue achieved EARTHWARDS® recognition for sustainable innovation improvements.	New and existing products representing 16% of Johnson & Johnson revenue achieved EARTHWARDS® recognition.		On Track
		Increase the recyclability of our Consumer product packaging to 90+% (on a weight basis) via design and partnerships in five key markets where mature recycling infrastructure exists (U.S., UK, France, Germany, Canada). In three other markets where recycling infrastructure is less mature engage in partnerships to advance material recovery and recycling efforts.	<ul style="list-style-type: none"><li>▪ Determined the baseline for recyclability of our Consumer product packaging in the North America market (U.S. and Canada) to be 79%.</li><li>▪ Continued the efforts to establish the recyclability baseline in the European markets (UK, France, Germany).</li><li>▪ Engaged in recycling-related partnerships with two waste cooperatives in Brazil—Futura and Recicla, to advance development of recycling infrastructure in less mature markets.</li></ul>		In Progress
	Reduce our impacts on climate and water resources.	Reduce absolute carbon emissions 20% by 2020, and 80% by 2050. Produce/procure 35% of electricity from renewable sources by 2020; aspire to power all facilities with renewable energy by 2050.	<ul style="list-style-type: none"><li>▪ CO<sub>2</sub> emissions decreased by 10.4% globally since 2010 (Scope 1 and Scope 2).</li><li>▪ 2% of total electricity consumption generated from renewable sources.</li><li>▪ Long-term power purchase agreement executed with E.ON Climate and Renewables for 100 megawatt (MW) power from their new wind farm in Texas.</li></ul>	<ul style="list-style-type: none"><li>▪ As a result of the 100 MW wind power purchase agreement, we are expected to meet our original Health for Humanity 2020 Goal of producing/procuring 20% of our electricity needs from renewable sources ahead of schedule. Because of this substantial achievement, we increased this goal to 35% by 2020.</li><li>▪ This year’s electricity consumption from renewable sources is entirely from on-site installations.</li><li>▪ We began receiving contracted 100 MW renewable power on January 1, 2017. Therefore, from next year, we intend to report electricity consumption from renewable sources based on a combined total of on-site generation and purchased renewable power.</li></ul>	On Track
		Conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations, and implement resource protection plans at the high-risk sites.	Water risk assessments completed at 100% of 120 manufacturing and R&D locations.	Since not all sites presented the same level of water risk potential, the assessment tool was developed with two levels of review; while some sites were assessed using a streamlined model, most of the sites assessed received a very detailed review of their potential risks.	On Track










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	Goal	Target	Progress in 2016	Notable	Status
Practices	Collaborate with our suppliers to accelerate environmental and social improvements across the value chain.	Enroll suppliers covering 80% of our spend in our Sustainable Procurement Program.	Enrolled suppliers covering approximately 44% of spend in our Sustainable Procurement Program.		On Track
		Consistently achieve benchmark spending with U.S. diverse suppliers and small suppliers, and double the number of countries with established supplier diversity and inclusion programs.	<ul style="list-style-type: none"><li>Achieved benchmark diverse supplier spending at 9.9% and benchmark small supplier spending at 20.6% of total U.S. spend.</li><li>Expanded our supplier diversity and inclusion programs from six countries (Australia, Brazil, Canada, South Africa, Switzerland and the UK) to four additional countries (Belgium, Columbia, Spain, and Mexico).</li></ul>	<ul style="list-style-type: none"><li>The benchmarks against which we evaluate our U.S. diverse and small supplier spending are provided on an annual basis by SB Services, a third-party consulting firm. SB Services derives these benchmarks from the analysis of supplier diversity spending across 40 multinational companies.</li><li>By expanding to four additional countries this year, we are ahead of schedule to meet our 2020 targer of doubling the number of countries with established supplier diversity and inclusion programs.</li></ul>	On Track
	Empower and engage the Johnson & Johnson family of employees to become the healthiest workforce.	Empower and engage employees toward a “personal best” in health and well-being via: training of at least 100,000 employees in the principles of ENERGY FOR PERFORMANCE®***; connecting at least 100,000 employees to their health via innovative digital health tools; and providing access to at least 100,000 employees to both fully implemented healthy eating and fully implemented healthy movement cultures.	<ul style="list-style-type: none"><li>More than 13,000 employees completed ENERGY FOR PERFORMANCE® training.</li><li>54,100 employees engaged in health and well-being via the use of digital health tools.</li><li>A baseline established for providing access to at least 100,000 employees to both fully implemented healthy eating and fully implemented healthy movement cultures.</li></ul>	<ul style="list-style-type: none"><li>When adding 28,000 active employees who completed the ENERGY FOR PERFORMANCE® training prior to January 1, 2016, to the progress against this measure in 2016, we have just under 41,000 employees trained so far. This represents 41% progress toward our 2020 target of 100,000 employees.</li></ul>	In Progress

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

\* ‘Underserved’ refers to populations target are disadvantaged because of ability to pay, ability to access care, ability to access comprehensive health care, or other disparities for reasons of race, religion, language group or social status.  
\*\* The Lancet Respiratory Medicine, Volume 3, Issue 3, March 2015, Pages 201-209 establishes the correlation between sputum culture conversion and treatment success. From the randomized clinical study (C208) SIRTURO® provided a 78.8% culture conversion rate at 24 weeks versus 57.6% for placebo.  
\*\*\* We will count our 28,000 active employees who completed ENERGY FOR PERFORMANCE® training prior to January 1, 2016 towards progress against this target.

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# Assuring Our Disclosures

## Independent Assurance Statement to Johnson & Johnson

ERM Certification and Verification Services (ERM CVS) was engaged by Johnson & Johnson (J&J) to provide limited assurance on the 2016 progress for the Health for Humanity 2020 Goals (2020 Goals) in the Johnson & Johnson 2016 Health for Humanity Report (the Report) as set out below.

Engagement Summary	
Scope of our assurance engagement	Whether progress in 2016 against the 2020 goals as reported in the Health for Humanity 2020 Goals Progress Scorecard (the Scorecard) on pages 21 to 25 of the Report and in the Scorecard on the microsite (www.healthforhumanityreport.jnj.com) is fairly presented, in all material respects, in accordance with the reporting criteria.
Reporting criteria	Health for Humanity 2020 Goals and Targets as defined in the Scorecard. World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol for Greenhouse Gas emissions.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000 Revised).
Assurance level	Limited assurance.
Respective responsibilities	J&J is responsible for preparing the Report and for the collection and presentation of the assured performance information and data.  ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and on exercising our professional judgement.

### Our Conclusion

Based on our assurance activities as described below, nothing has come to our attention to indicate that the progress for 2016 against the 2020 Health for Humanity Goals and Targets as reported in the Scorecard on pages 21 to 25 of the Report is not fairly presented, in all material respects, in accordance with the reporting criteria.










### Our Assurance Activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed assurance procedures as follows:

- A 3-day visit to J&J Corporate Offices in New Brunswick, NJ and a number of conference calls to interview:

- Relevant staff in order to understand and evaluate the systems and processes (including internal review/audit) used for collecting, evaluating and reporting the performance information and data for the Health for Humanity Goals and Targets and the other selected data;
- Management representatives responsible for the Health for Humanity Goals and Targets and the implementation of the related activities undertaken in 2016;
- Finance department staff responsible for the internal verification of the reported performance information for each of the Health for Humanity Goals and Targets;
- A review of the definitions and internal guidelines for each of the selected Health for Humanity Goals & Targets;



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- A high level review of the greenhouse gas (GHG) and renewable energy data to confirm consistency with the findings of our separate GHG and renewable energy verification engagement including completeness and consistency over time and the restatements of the baseline and prior year data;
- A review of samples of underlying documentary evidence and data to support the reported 2016 progress including internal and external documents; and
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The Limitations of Our Engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. In addition, the assured information should be read in conjunction with the boundary and consolidation policies under ‘About this Report’ on page 8 and the disclosures provided under the column ‘Notable’ in the

Scorecard, in particular those relating to changes to the specific wording of some of the Targets and Metrics for the 2020 Goals since these were published in the 2015 Citizenship & Sustainability Report.

Our Observations

We have provided J&J with a separate management report with our detailed findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- The scope of this assurance engagement was revised in accordance with the adoption of the 2020 Goals. The majority of the new goals have 2015 baselines, which were assured as part of the engagement last year, or have a baseline of zero.
- This is the first year of reporting against new five-year Health for Humanity 2020 Goals and Targets. During the assurance process, the wording of some goals was revised to provide goal clarity and/or to ensure that progress against the goal could be reliably measured using metrics that that can be consistently collected and reported to stakeholders, as well as assured, over the full five-year period.

- During 2016, J&J further developed its internal systems for reporting annual performance for the goals, for example by strengthening the document management and retention process. For the coming year we recommend that J&J focuses on improving the consistency of the internal quality assurance processes through an internal guidance document covering procedures and documentation of results and further training of the internal verifiers.



Jennifer Iansen-Rogers  
Head of Corporate Assurance  
14 June 2017



ERM Certification and Verification Services,  
London; [ermcv.com](http://ermcv.com);  
email: [post@ermcv.com](mailto:post@ermcv.com)

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to this client in any respect.





# People

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





Johnson & Johnson

2016 HIGHLIGHTS

# People

More than  
**90%**  
of our global  
workforce engaged  
in our **2016 Global  
Credo Survey**



## Global Public Health Strategy

launched at the opening of  
**on-the-ground** global  
public health operations  
in Cape Town,  
South Africa



We joined more than 80  
companies and organizations  
in signing **the Declaration  
on Combating  
Antimicrobial Resistance**  
at the 2016 World Economic  
Forum in Davos



**31<sup>st</sup> consecutive year**  
on **Working Mother's 100 Best  
Companies** for Working Mothers list



## VERMOX™ CHEWABLE

(mebendazole chewable 500mg tablets) approved by the U.S.  
Food and Drug Administration, a milestone in our efforts to  
**safely treat roundworm and whipworm** in children too  
young to swallow a solid tablet

**50%**

of our five-year 2020 target  
achieved to engage and  
empower 100,000 employees  
to take charge of their health  
and well-being by using  
**digital health tools**














# Access & Affordability





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## Why It Matters

Access to health care, including access to innovative medicines, vaccines and other technologies, is a critically important focus for the global health community. We recognize that economic and health care circumstances differ from country to country and person to person, and we know that cost can be a barrier to access.

As one of the world's foremost global health care companies, Johnson & Johnson has an important responsibility to do all it can to address unmet medical needs. This responsibility includes making our medicines, vaccines and diagnostics accessible to people living in resource-limited settings.

## How We Approach It

We share the goals of the **Access to Medicine Foundation** to enhance access to medicines and spur innovative and effective approaches to confronting today's global health challenges. At Johnson & Johnson we achieve these goals through innovative and effective R&D and philanthropic initiatives.

To meet this responsibility on a global scale we use a wide variety of approaches, appropriate to the specific reimbursement systems and legal guidelines of different countries, that ensure and sustain broader access to our products. We also look for ways to shape the future of clinical trial development to better serve patient populations, especially children.

### Marketed Medicines

Our global approach requires local customization of patient access strategies in three categories:

- We are working with **governments and institutions** where reimbursement for medicines, vaccines and other technologies is available on a large scale to explore innovative approaches that tie reimbursement to health outcomes, reflecting the true value our products bring to patients and the health care system. We also offer services for patients to identify options that may help make our pharmaceutical products more affordable. Additionally, we make financial donations to independent charitable foundations that assist patients who are under-insured and in financial need with treatment-related expenses.

- In **developing or emerging markets**, we use tools such as tiered pricing and partnerships with local organizations to engage stakeholders in helping achieve broad and timely access to our products. This may include setting pricing and distribution mechanisms for patients who are paying for the product themselves, without public health authority or private health insurance availability.
- In addressing needs of **low-resource settings**, our global public health strategy is focused on collaborating via licensing agreements and other partnerships to help register, manufacture and distribute our products. Where needed, we donate our products as well. In many instances, challenges with the delivery of care or products—not the cost or price—create significant barriers to access. To address this, our global public health programs often build capacity and ensure that products can reach people in need.










Responsibility for global market access, commercial strategy operations and global public health access initiatives is managed throughout our Johnson & Johnson Family of Companies and is primarily shared among our

Janssen Global Commercial Strategy Organization and Market Access Organization, and our dedicated enterprise Global Public Health (GPH) organization. GPH is focused on resource-poor settings, forming unconventional partnerships and accelerating the pace of innovation to broaden our reach and deepen our impact. Our access initiatives focus on affordability, availability, appropriate use and adoption. These organizations are directed by members of our Johnson & Johnson Executive Committee.

### Investigational Medicines

In certain cases, we also provide access to medicines not yet approved by government health authorities for patients with serious diseases. These investigational medicines are still being studied, and are also referred to as experimental medicines. Where it is not possible to enroll in a clinical trial, a request for an investigational medicine for an individual patient may be met through **compassionate use**.

In partnership with the New York University School of Medicine's Division of Medical Ethics, we have completed a first-of-its-kind pilot program, the Compassionate Use

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Advisory Committee, an independent external group of physicians, ethicists and patient representatives, to review compassionate use requests and to provide an objective, fair and ethical approach to those requests.

## Our Performance

Johnson & Johnson was ranked #2 on the [Access to Medicines Index \(ATMI\)](#), up from #3 in 2014. ATMI is an independent evaluation that ranks the top 20 research-based pharmaceutical companies on providing access to medicines in developing countries. This achievement is a testament to our long-standing commitment to improving access to medicines in the developing countries.

In the United States, we helped approximately one million patients through the [Janssen CarePath](#) program, and contributed over \$47 million in donations to independent charitable foundations, enabling them to provide assistance with medication-related co-pays.

In China, the launch of ZYTIGA® (abiraterone acetate), a treatment for men with metastatic castration-resistant prostate cancer (mCRPC), has made

the medicine available in more than 100 cities, including Beijing, Shanghai and Guangzhou. We also support the China Primary Health Care Foundation's Patient Access Program, which provides ZYTIGA® (abiraterone acetate) to low-income mCRPC patients.

We continued to roll out a broad access strategy for SIRTURO® (bedaquiline), the development of which continues to be recognized as a major achievement in the treatment of multidrug-resistant tuberculosis (MDR-TB). This access strategy includes working with various organizations and partners, such as the USAID Bedaquiline Donation Program, an important platform for providing access for MDR-TB patients in greatest need living in resource-limited communities. For more information see our [Health for Humanity 2020 Goals Progress Scorecard](#).

We expanded our agreement between Janssen and the Division of Medical Ethics at New York University School of Medicine for the Compassionate Use Advisory Committee (CompAC) from a single medicine under development to additional investigational medicines in development. We believe that working with the external CompAC provides a fair, objective and ethical model to

evaluate each request for access to our investigational medicines and has the potential for wider application across the health care industry.












# Global Public Health



Deworming Campaign, Ivonis Mazzarolo School in Manantay, Pucallpa, Peru



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## Why It Matters

At Johnson & Johnson, we are working toward a world where a healthy mind, body, and environment is within reach for everyone, everywhere. While significant progress has been made to improve the health and well-being of individuals, families and communities in under-served regions around the world, major challenges with both infectious and chronic diseases persist. One important driver, particularly for infectious diseases, is the connection between human health and the health of the environment. This critical inter-relationship underscores our efforts to address challenges presented by **climate change**, which has a major effect on the spread of disease.

## How We Approach It

At Johnson & Johnson Global Public Health We Seek to Overcome Intractable Global Health Challenges

Critical global public health challenges such as multidrug-resistant tuberculosis (MDR-TB), HIV, mental health and others seek new leadership, new ideas, and faster ways of delivering impact. As one of the world's largest health care companies, Johnson & Johnson has a legacy of combining innovation, science, and ingenuity to tackle some of the most pressing public health challenges of the day.

Building on that foundation, we established our enterprise-wide **Global Public Health** (GPH) organization to redefine what it means to do business in low-resource settings. This team is working to form unconventional partnerships and accelerate the pace of innovation needed to broaden our reach and deepen our impact.

Leveraging the resources, capabilities, and competitive spirit that have helped Johnson & Johnson bring good health to a billion people every day, GPH has set big goals. Working with those directly impacted, we aim to make MDR-TB and HIV history, and to wrestle with several other public health challenges.

The idea is not only to discover and develop products, and make them affordable, but also to get traction on how these products will reach and measurably improve the health of patients who need them.

GPH senior leadership includes representatives from our Consumer, Medical Devices, Pharmaceutical and Vision Care business segments, as well as Corporate Affairs (Communications, Corporate Equity and Global Community Impact), Worldwide Government Affairs & Policy, Finance, and Human Resources. Oversight is provided by members of the Johnson & Johnson Executive Committee.










Our **Health for Humanity 2020 Goals** include GPH initiatives to develop a long-acting HIV regimen with EDURANT® (rilpivirine) and to expand the database documenting SIRTURO® (bedaquiline) effectiveness, efficacy and safety profile through collaborative efforts to further increase access. You can also learn more about our efforts to advance the health and well-being of women and children through 2020 Goals dedicated to training skilled birth attendants and supporting improvements in youth eye health.

## Our Performance

In April we announced the official launch of Johnson & Johnson's **global public health strategy** at the **opening of on-the-ground global public health operations** in Cape Town, South Africa. The goal of the new Operations Center is to work in close partnership with local governments and NGOs on the ground to help get the most innovative treatments for such diseases as HIV and multidrug-resistant tuberculosis to the people who need them the most, as well as develop programs designed to improve access to health care for vulnerable communities throughout Africa.

We brought **our HIV expertise** and our consumer human-centered design and research capabilities to DREAMS, an ambitious partnership among the U.S. President's Emergency Plan for AIDS Relief program, the Bill & Melinda Gates Foundation, Johnson & Johnson and others to reduce new HIV infections in adolescent girls and young women by 40 percent in 10 sub-Saharan African countries by 2017.



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Working with public and private partners, we implemented programs to prevent and detect Zika cases, and to provide appropriate care to infected pregnant women.

We joined more than 80 companies and organizations in signing the **Declaration on Combating Antimicrobial Resistance** at the 2016 World Economic Forum in Davos. Building on this commitment, Johnson & Johnson joined 12 pharmaceutical companies in presenting a roadmap that lays out four key commitments they will deliver by 2020 to reduce antimicrobial resistance.

After a priority review by the U.S. Food and Drug Administration (FDA), Janssen received approval for **VERMOX™ CHEWABLE (mebendazole chewable 500mg tablets)** to treat roundworm and whipworm in younger children (≥1 yr old). This approval addresses an unmet need for children too young to swallow a solid tablet. For more information on our goal to address intestinal parasitic infections, see our **Health for Humanity 2020 Goals Progress Scorecard**.

**CaringCrowd®**, our public health crowd funding program, brings together project owners to find donors and people who

want to support global public health. In this first full year of the initiative, the program funded 21 projects from nonprofit organizations.

In partnership with companies representing a broad array of industry sectors, we advanced the Global Health Security Agenda **Private Sector Roundtable** into a functional coalition, which will work to mobilize industry, NGOs, multilateral institutions and governments to help countries prevent, detect and respond to health-related crises, and strengthen systems for health security-related crises, and strengthen systems for health security.












# Community Impact & Development



Johnson & Johnson supports efforts by CARE Ethiopia to mitigate the negative impact of child marriage in Farta district, South Gondar, by improving economic and sexual reproductive health outcomes for every married adolescent girl and increasing community support for girls.



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## Why It Matters

Changing the trajectory of health for humanity requires we put people first. When healthy people and families thrive in healthier communities, everything else will follow. At Johnson & Johnson, we believe in the importance of investing in people on the front lines of care for the world's most vulnerable people, their families and their communities. By galvanizing partners, connecting communities, and leveraging our employees and extensive local reach, we help activate the resources—and resolve—needed to address the world's most pressing health challenges.

## How We Approach It

Johnson & Johnson has a global, regional and local business presence through more than 230 operating companies in 60 countries. The Company's direct business activities have a multiplying effect that ripples through local economies. The Company implements and evaluates programs that drive social impact in areas influencing the health of communities, including strengthening health systems and improving individual health behaviors and outcomes.

Responsibility for community impact and development is held by numerous enterprise, regional, and local Johnson & Johnson teams, particularly: Worldwide Government Affairs & Policy (GA&P) and **Global Community Impact**, as well as **Global Public Health**, addressed elsewhere in this report.

### Worldwide Government Affairs & Policy

Johnson & Johnson GA&P, with worldwide leadership, regional leaders, and country-level colleagues, is responsible for advocating for public policies that expand access to high-quality, affordable health care worldwide and promoting the value of innovation to improve the standard of patient care and support sustainable business growth. Within GA&P, the Global Health Policy organization focuses on health care market dynamics and establishing the Johnson & Johnson perspective on relevant political and government activity. The Regulatory, Compliance & Government Affairs Committee of the Johnson & Johnson Board of Directors provides oversight of GA&P.










In the last several years, Worldwide Government Affairs and Global Health Policy have commissioned and led



On October 5, 2016, Liberty Science Center partnered with Johnson & Johnson, Jersey City Public Schools, FHI 360, and Junior Achievement of New Jersey (JANJ) to hold LSC's first Women in STEM event, a workshop aimed at getting young children — especially girls — interested and excited about careers in science, technology, engineering, math, manufacturing, and design.

more than a dozen econometric studies estimating the economic and social impacts of Johnson & Johnson in select markets to equip the Company for smarter engagement on local health and health policy issues. Among the studies completed, the five countries with the largest economic impact are

the United States, Belgium, France, the United Kingdom and Germany. Economic impact is determined by considering factors such as economic activity associated with our business segments, generation of taxes, the value that Johnson & Johnson adds to its products through in-country activities,

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and the Company’s indirect impact on other sectors of the economy. The studies have also included three of the traditional BRIC emerging markets, Brazil, Russia, and China. Additional econometric studies are in progress, including in India.

The Johnson & Johnson economic footprint reports have been used to support engagements with governments and other stakeholders on key economic and health policy issues by the Company’s senior management as well as GA&P representatives. Particularly, the footprint reports, encapsulating the Company’s physical and manufacturing investments and local job creation, have helped address localization pressures from governments in BRIC markets requiring multinational corporations to make more local investments. [GRI 203-2](#)

Our [Health for Humanity 2020 Goals](#) include a goal to drive policy thought leadership and strategic engagements to expand health care access and coverage in three emerging markets (Brazil, China and India), and lead three-to-five pilot programs to demonstrate the results of these efforts.

### Global Community Impact

Our Global Community Impact (GCI) focus is to support and champion the people on the front lines who are at the heart of delivering care. Every individual we support builds a stronger community. And every community we support builds towards a global state of enhanced human health and well-being. Our work is driven by regional needs, and focuses on having lasting effects on communities around the world.

#### Our Guiding Principles

- We address the world’s most pressing health challenges that affect the most vulnerable people.
- We align with country and community priorities.
- We collaborate with both global and community-based partners to develop effective and sustainable initiatives.
- We encourage engagement of Johnson & Johnson employees, leveraging our unique expertise and extensive local reach.
- We catalyze others to act and advocate for those who do not have a voice.

Our GCI work is managed within guidelines approved by the Johnson & Johnson Executive Committee.

The strategic philanthropy budget is established before the start of each fiscal year, so our giving as a percentage of year-end pretax income varies from year to year, with fluctuations in year-end pretax income. See this yearly figure reported in our [Data Summary](#).

## Our Performance

In 2016, we marked a decade of Johnson & Johnson partnership with [mothers2mothers](#). Work over the past 10 years has reached 1.3 million HIV-positive women in nine countries. Only 2.1 percent of women in their programs transmitted HIV to their children – a programmatic success that the Joint United Nations Programme on HIV/ AIDS (UNAIDS) equates to virtual elimination of pediatric HIV.










At AIDS 2016, Johnson & Johnson alongside the Elizabeth Glaser Pediatric AIDS Foundation, UNAIDS and the U.S. President’s Emergency Plan for AIDS Relief program launched the “[Start Free, Stay Free, AIDS Free](#)” campaign to carry on the work of the [Global Plan](#), drive implementers and funders, and host governments to end mother-to-child transmission of HIV by 2020.

We launched two new public-private partnerships in 2016 to improve maternal and newborn care. [Born On Time](#) prioritizes the prevention of pre-term birth, now the leading cause of death globally in children under five, with a focus on programs in Bangladesh, Ethiopia and Mali. In Haiti and Liberia, two of the most difficult places in the world to give birth, we are partnering with the United Nations Population Fund on [Safe Birth Even Here](#) to promote safe birth outcomes with the goal of reducing both maternal and infant mortality.

We rolled out [WISTEM2D](#) in the United States, Africa and Europe to help girls between the ages of 5 and 18 to stay on the STEM track. With Johnson & Johnson employees serving as mentors, our goal is to reach 1 million girls by 2020 through after-school programs.

With support from Johnson & Johnson, Women Deliver provided [seed grants](#) to Young Leaders to plan and implement advocacy projects to improve health in their local communities. As a founding partner of the [Young Leaders Program](#), we have increased the advocacy capacity, leadership and engagement of hundreds of young leaders to champion reproductive, maternal, newborn, child, and adolescent health.



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In 2016, the **Johnson & Johnson Corporate Citizenship Trust** celebrated 15 years of partnership with the **Aga Khan Development Network (AKDN)**, helping communities in the developing world improve local capacities in three critical areas: Nursing and Midwifery, Early Childhood Development, and Community Health Care. The AKDN has been a **secondment partner** of the Trust since 2014, and many Johnson & Johnson employees in our Europe, Middle East and Africa region have taken part in AKDN-related secondment programs.

More than 20,000 of our employees **engaged in volunteering** in key programs, including one example with our Johnson & Johnson Diabetes Care programs. We saw our employees throughout the world devote more than 15,000 hours in support of initiatives.

We are among the largest corporate donors, having contributed \$1.2 billion in cash and products toward nearly 500 programs in more than 60 countries, impacting tens of millions of lives worldwide. The Company contributed \$188 million in cash to organizations in the United States and around the world for corporate and operating companies' programs and projects. This included

more than \$13 million allocated through our U.S. Matching Gifts program; Johnson & Johnson double-matched employee contributions in 2016 and made one-for-one contributions for donations from retirees, up to \$10,000, for qualified nonprofit U.S. 501(c)(3) organizations. **GRI 203-1**

Johnson & Johnson companies made \$1 billion in non-cash contributions (product donations are reported at fair market value, which is consistent with the reporting methods of nonprofit organizations). Of these contributions, the Company donated medicines valued at approximately \$697 million to support 2016 operations of the **Johnson & Johnson Patient Assistance Foundation**, enabling the Foundation to provide medicines at no cost to more than 75,000 patients in the United States. The balance of non-cash contributions went to private voluntary organizations that assist medically underserved people in developing countries and provide emergency disaster relief.

## United Nations Sustainable Development Goals

In 2016 the United Nations set a new global agenda for human progress and social impact through 17 Sustainable Development Goals (SDGs) of the **2030 Agenda for Sustainable Development**. Johnson & Johnson is committing to do our part.

Good health plays a fundamental part in all 17 of the SDGs. That is why Johnson & Johnson is taking a holistic,

people-centered approach to develop cross-cutting solutions across five interconnected focus areas in which we are uniquely positioned to create sustainable and scalable impact: Health Workforce, Women's & Children's Health, Essential Surgery, Environmental Health, and Global Disease Challenges.

Our commitment, further broken down into bold, **five-year targets within these five areas**, aims to mobilize and inspire our employees, our customers, our communities, and our global network to solve some of the world's greatest health challenges.



We are dedicating our expertise, ideas, and ingenuity to catalyze efforts to achieve SDG 3: Good Health and Well-being—Ensure healthy lives and promote well-being for all at all ages—which is at the heart of the SDGs and the core of our business.



We focus on the importance of Goal 5: Gender Equality—Achieve gender equality and empowering all women and girls—as critical to improving the health and well-being of individuals and communities around the world.



Our efforts, collaborating with both global and community-based partners to address the world's most pressing health challenges, are founded in the principles of Goal 17: Partnerships for the Goals—Strengthen the means of implementation and revitalize the global partnership for sustainable development.












# Workplace Safety



Our employees at Janssen-Cilag S.p.A. manufacturing plant, Latina, Italy



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## Why It Matters

Our employees are our most valuable asset, and their safety is our responsibility. Our goal is for all employees to arrive home to their families safely, whether they work in manufacturing facilities, warehouses, R&D centers, labs, offices, or travel often in Company vehicles.

## How We Approach It

Johnson & Johnson **Environment, Health & Safety (EHS) Policy**, supplemented by our Environment, Health, Safety & Sustainability (EHS&S) Standards (the Standards), set the expectations for our health and safety efforts around the globe. Everyone—from the plant and field manager, to the production operator and sales representative—is responsible for workplace safety, which is overseen by the Vice President, EHS&S. Enterprise-wide safety performance is discussed with, and reviewed by, the Johnson & Johnson Executive Committee and the Board of Directors. See **EHS&S Governance** for more information on our management approach. We encourage, but do not require, third-party certification to the Occupational

Health and Safety Assessment Series management system (OHSAS 18000).

In 2015, Johnson & Johnson deployed the Safety Culture Roadmap across our internal Supply Chain to individuals and sites around the world. The Safety Culture Roadmap provides methods and tools for our facilities to proactively shape safety culture. Diagnostic assessments that examine leadership, safety education and awareness, as well as processes and habits, are conducted at our manufacturing and some R&D locations. Based on these assessments, the sites develop action plans to address areas of weakness, and initiate improvement activities. Such site “reflection assessments” are repeated every two years to measure improvements and provide organizations with insight into their culture’s performance.

We also manage and track contractor safety. Large capital construction projects follow a formal safety strategy documented in a generic construction safety plan. In many markets, we continue facing a challenge of finding contractors who can meet our requirements.










As part of our traditional safety metrics, we track our Lost Workday Case (LWDC) rate, Serious Injury and Illness



Students of Shallcross Primary School have fun learning about road safety, Durban, South Africa. Photo credit: Jackie Clausen

Case (SIIC) and Total Recordable Injury Rates (TRIR) enterprise-wide, and regionally. To shift our focus towards tracking leading indicators, we added two new metrics – Significant Good Saves<sup>1</sup>/100 employees, with a target of 1.0, and Good Saves/100 employees, with a target of 40. The Good Saves process serves to engage and activate employees and contractors in helping to manage and control risk.

The process for follow-up on reported Good Saves currently takes place at site level, although tools are being developed to enable greater visibility of this information, including the number of Good Saves that have been closed. Closure includes investigation, corrective action implementation, and communication with and feedback to the originator of the Good Save.

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To address risk related to driving, we launched SAFE Fleet over 20 years ago. SAFE Fleet targets sales and service staff who spend nearly half their work hours driving a company-owned/leased or car-allowance vehicle; it also applies to management personnel who are eligible to drive a company vehicle. SAFE Fleet leverages eight core elements to keep drivers and communities safe, including top-down management commitment, worldwide fleet safety standards, training and education, and communication and awareness, among others.

Most of our operating company manufacturing and R&D locations have formal joint management-worker health and safety committees. Our sales and service field employees are represented by Worldwide and Regional Champions and SAFE Fleet teams comprised of local business leaders in all four regions.

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. [GRI 403-4](#)

## Our Performance

In 2016, our manufacturing and R&D sites that completed diagnostic assessments in 2015 focused on action plan implementation. We expanded the Safety Culture Roadmap to additional R&D sites, logistics operations, commercial field operations, and offices with over 500 employees. In 2016, 33 percent of our manufacturing and R&D sites were third-party certified to Occupational Health and Safety Assessment Series.

We exceeded both of our Good Saves<sup>2</sup> targets in 2016, with a Significant Good Save rate of 1.06, and a Good Save rate of 94.86.

The Lost Workday Case (LWDC) rate, remained flat, at 0.08. The leading causes of LWDC continued to be ergonomics and Slips, Trips and Falls, which amounted to 33 percent and 25 percent of our LWDC rate, respectively. We continued to implement our three-year plan developed to address the main sources of ergonomic injuries at Johnson & Johnson offices and in the field, customer logistics services, and acquisitions along with our manufacturing and R&D locations. [GRI 403-2](#)

Lost Workday Case Rate, Serious Injury and Illness Rate, and Total Recordable Injury Rate, by Region			
Region	LWDC	SIIC	TRIR
Asia Pacific	0.06	0.031	0.17
Europe, Middle East and Africa	0.05	0.022	0.39
Global	0.08	0.05	0.44
Latin America	0.04	0.029	0.44
North America	0.13	0.081	0.59










Our Total Recordable Injury Rate (TRIR) fell both enterprise-wide and across all regions. Non-injury type statistics that are classified as “illness,” such as mental-stress cases, are included in our TRIR. We are saddened to have experienced one vehicle-related fatality and four partial-finger amputations in 2016.

The Serious Injury and Illness Rate (SIIC) dropped to 0.05 in 2016 from 0.069 in 2015. As in the previous years, in our SIIC definition we included conditions that put a greater emphasis on the illness side of the metric, such as hearing loss, disability lasting over 180 days, and surgery that addresses cumulative trauma. We do not track absenteeism at an enterprise level. Occupational

disease also is not tracked, since these types of diseases are not prevalent in our workforce. We have extensive wellness programs for our employees; these are discussed in the [Healthy Workforce](#) section of this report. [GRI 403-2, 403-3](#)

Our contractor LWDC rate and TRIR fell in 2016, from 0.18 to 0.13 and from 0.60 to 0.22 respectively. No fatalities occurred in 2016. [GRI 403-2](#) In 2016, we increased contractor oversight, appointed a dedicated global construction safety director, created a steering team to oversee large construction projects, and assigned additional oversight for smaller construction projects.



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Our crashes per Million Miles rate increased from 6.01 to 6.03. In 2016, greater emphasis was placed on preventing serious injuries, and we ended the year with an Injury Per Million Miles rate of 0.08,<sup>3</sup> a slight increase over 2015 but still below our global target of 0.09.

Our health and safety non-compliances fell from 398 in 2015 to 182 in 2016 and we paid no fines for health and safety violations. See the [Ethics & Compliance](#) and [Data Summary](#) sections of this report for five-year data trends.

In 2016, we expanded the use of our telematics coaching programs in the United States and Japan, and expanded telematics into to Mexico and Portugal, with a focus on our high- and medium-risk drivers and new hires. Over 3,750 drivers were involved in telematics during the year. We also prepared the expansion of the Virtual Risk Manager platform that we use in North America to the Europe, Middle East and Africa Region.

We continued to stay involved in two safety-related community outreach projects: Helmets for Kids in Vietnam and Safe Schools in South Africa. In 2016, Johnson & Johnson donated approximately 5,300 helmets to 21 schools in Vietnam. In Durban, South Africa, Janssen continued its sponsorship of the eThekweni Safe Routes to School. The project was implemented in seven primary schools in Durban, and focused on training teachers to help children build skills for getting safely to and from school. In addition, the project supported school travel route risk assessments, which contribute to strengthening the local stakeholder capacity to improve road infrastructure around the schools, including, for example, through installation of cross-walks and traffic-calming measures.

<sup>1</sup>We define a Good Save as an accident that almost happened or an environmental mishap that almost occurred, including near misses, unsafe conditions identified and unsafe behaviors observed that could have resulted in an injury/illness, environmental impact or property damage. A significant Good Save is one determined to have prevented a high risk occurrence.

<sup>2</sup>Includes data from all manufacturing, R&D, warehouse, distribution center and office building locations; unless otherwise noted. For information on how data from acquisitions and divestitures are managed, please see the [About This Report](#) section of this report. Exceptions will be noted in the relevant sections in which they occur.

<sup>3</sup>For information on how data from acquisitions and divestitures are managed, please see the [About This Report](#) section of this report. In the United States, limited data from a subset of Synthes operations are not yet reflected in these numbers. SAFE Fleet data are collected on employees of Johnson & Johnson and its subsidiaries who drive company-owned or leased, and personally owned vehicles for Company business. Employees in the latter category are those who: 1. Drive for Company business as a “regular part” of their job, and 2. Receive a car allowance to purchase their own vehicle, and/or those who are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep, and/or those who receive a regular mileage allowance.














# Diverse & Inclusive Work Force



Finance Manager Yoshihisa Murayama (with daughters Rio and Yui) was the first Johnson & Johnson employee in Japan to take paternity leave in 2006.

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Diversity and Inclusion is an integral part of the way we work at Johnson & Johnson. We embed it in our businesses, promote equal access to opportunity for all our employees, and have leaders who hold themselves responsible for the growth and success of every team member. Our culture allows our employees to change the world, without changing themselves.

WANDA HOPE  
CHIEF DIVERSITY OFFICER

## Why It Matters

Respecting the dignity of our employees and providing equal opportunity for everyone are key tenets of Our Credo. A focus on diversity and inclusion makes us a more dynamic company, where diversity and inclusion shape our way of doing business. We are advancing a culture of belonging where open hearts and minds combine to unleash the potential of the brilliant mix of people at Johnson & Johnson. We are unified by a single purpose: to change the trajectory of health for humanity.

## How We Approach It

Our overall approach to labor practices is reflected in numerous documents, including [Our Credo](#), our [Global Labor](#)

[and Employment Guidelines](#), [Code of Business Conduct](#), [Global Diversity & Inclusion Vision Statement](#), and our Diversity & Inclusion Policy. We also provide a variety of equal employment opportunity, diversity and inclusion, and non-discrimination trainings. For more information on Company policies and practices related to employees and inclusion, see the [Policies and Statements](#) section of our website.

Accountability for labor practices is held by our Human Resources function, and responsibility for implementation and compliance is shared across the enterprise. Our Office of Global Diversity & Inclusion reports to the Executive Vice President, Chief Human Resources Officer, who is a Corporate Officer and a member of the Johnson & Johnson Executive Committee.

### Diverse and Inclusive Workforce

Our [Global Diversity & Inclusion Vision Statement](#) challenges us to maximize the power of diversity and inclusion to drive innovation, superior business results and sustainable competitive advantage. By making diversity and inclusion an everyday behavior, at Johnson & Johnson we open our hearts, minds and arms to the broadest and brightest set of people and partners. Our global Diversity & Inclusion strategy sets out the strategic priorities we have made to enable the Company to address the challenges and opportunities presented by this new diverse world. It is based on three pillars: advancing a culture of inclusion and innovation, building a diverse workforce for the future, and enhancing business performance and reputation.










One key initiative that spans all three strategic pillars is our Employee Resource Groups (ERGs). The 13 ERGs are voluntary, employee-led groups organized around shared identities/affinities and experiences, who look to apply those perspectives to initiatives that create value for all of Johnson & Johnson. These enterprise-wide ERGs are uniquely positioned to provide key insights—ultimately driving better outcomes on behalf of our people,

our marketplace and our communities. They enable us to attract diverse talent at national recruiting events, help provide employee leadership development opportunities, and support several community patient initiatives to drive greater health and wellness education for underserved markets. ERGs also contribute to employee satisfaction, which leads to a more productive organization.

And to further cultivate strength in diversity and inclusion, we have many dedicated leadership skills and capabilities programs focused on women and diverse talent delivered through our Johnson & Johnson Center for Leadership & Learning.

### Benefits

Johnson & Johnson offers a comprehensive and competitive benefits program to attract and retain talented employees. In providing employee benefits around the world, Johnson & Johnson regularly compares the value delivered to that of our competitors and seeks to rank in the upper half among these world-class companies. We assess this competitive view on a country-specific basis. In the United States, Choices Benefits are

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We are determined to foster a supportive culture that respects our employees’ need for flexibility in when, where, and how they meet their work, family, and personal responsibilities.

LISA BLAIR DAVIS  
VICE PRESIDENT, INTERNATIONAL TOTAL REWARDS AND GLOBAL BENEFITS








provided annually to active salaried and non-union hourly employees, as well as to regular and casual part-time employees who are scheduled to work 19 or more hours per week. Employees can create a personalized benefit package for themselves and their eligible dependents.

Benefits include but are not limited to medical, dental, vision, tobacco cessation, flexible spending accounts, life, accident, long-term care, auto and home insurance, disability coverage and a commuter benefits program. 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 by country. Benefits are provided to union employees through collective bargaining agreements. Additional information is available in Notes 9, 10 and 11 of our **2016 Annual Report** and in the **Economic Performance** section of this report. **GRI 401-2**


Johnson & Johnson provides a range of benefits to employees impacted by reorganizations. The benefits can include severance payments and access to outplacement support, as well as Employee Assistance Programs. The benefits employees receive will depend on several factors, including local practices, size and scale of the restructuring, etc., and whether the employees are represented by a third party with whom we would negotiate such benefits.

### Johnson & Johnson Family Benefits:

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

### Our Performance

We reviewed and revised our Diversity & Inclusion strategy, including both an assessment of our current efforts and the development of a new integrated strategic plan, which began rolling out in 2016 and will continue into 2017.

Awards

Named in **2016 America's Top Corporations for Women's Business Enterprises** by the Women's Business Enterprise National Council (WBENC).

For the 31st year, Johnson & Johnson earned a place on *Working Mother's 100 Best Companies for Working Mothers* list.










Named in *Working Mother's* National Association for Female Executives (NAFE) **2016 Top Companies for Executive Women**.

Joining Sandi Peterson, Jennifer Taubert, Johnson & Johnson Company Group Chairman, Pharmaceuticals, The Americas, was named on *Fortune's 2016 Most Powerful Women* list.

Earned one of the highest ratings (95 percent) in the annual **Corporate Hispanic Inclusion Index** administered by the Hispanic Association on Corporate Responsibility (HACR).

Named **#8 in Diversity Inc** 2016 Top 50 Companies for Diversity & Inclusion.



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Based on a belief that family comes first, we offer family benefits that show our strong support for the modern-day family, no matter what shape that family takes. In 2016, we enhanced the following family benefits:

- **Parental leave (United States and global):** offered to employees in most countries in which we operate in accordance with statutory requirements and/or based on local competitive practices. In the United States, this policy was expanded in 2016 to offer all new parents – maternal, paternal and adoptive – the opportunity to take up to eight<sup>1</sup> additional weeks of paid leave during the first year of the family’s birth or adoption, allowing moms who give birth to take up to 17 paid weeks off; and dads and adoptive parents can take up to nine paid weeks. This expanded policy is being extended globally. [GRI 401-3](#)
- **Children with special needs (United States):** speech, occupational, and physical therapies as well as applied behavior analysis benefits for children with pervasive developmental disorders and developmental delays.

- **Breast milk shipping (global):** Temperature-controlled delivery service for moms traveling for business.
  - **Surrogacy assistance benefits (United States):** reimbursements for fertility services (per couple), and for services related to adoption and surrogacy process (per child).
- We estimate that in 2016, our Employee Resource Groups engaged almost 17,400 employees across 251 U.S. chapters and 111 non-U.S. chapters.










As of the end of 2016, we had 11 Board members, 10 of whom are “independent” under the rules of the New York Stock Exchange; 2 (18 percent) women, 9 men; and 1 racial minority (9 percent).

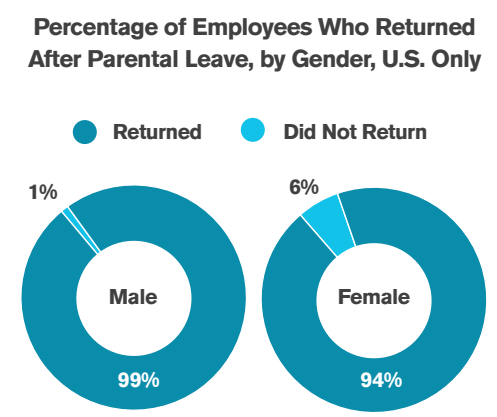
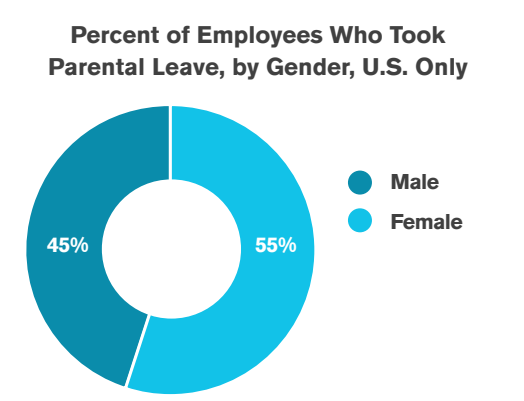
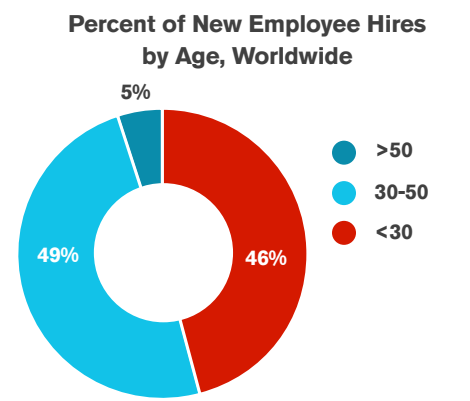
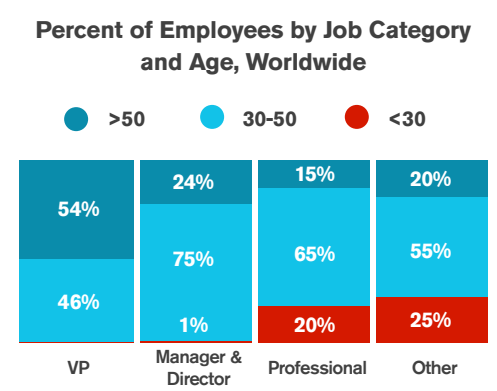
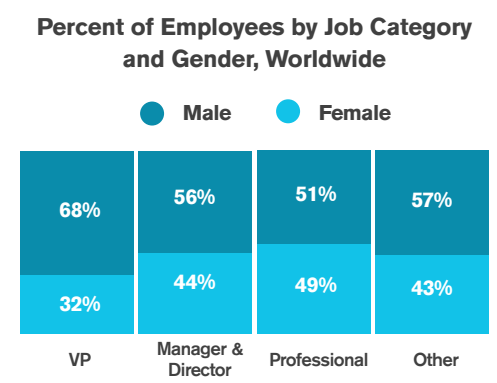
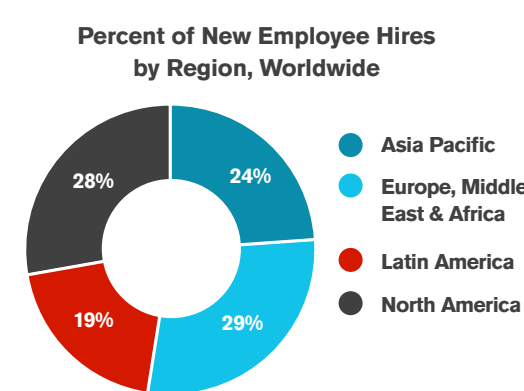
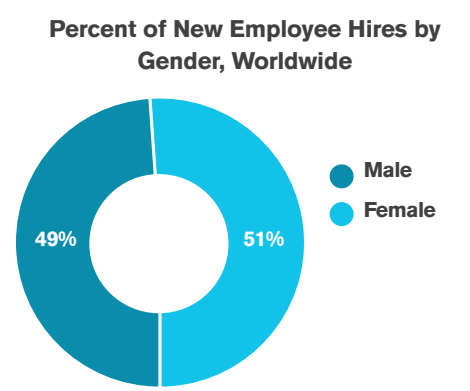
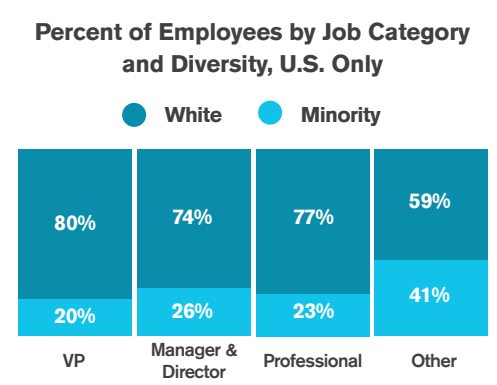
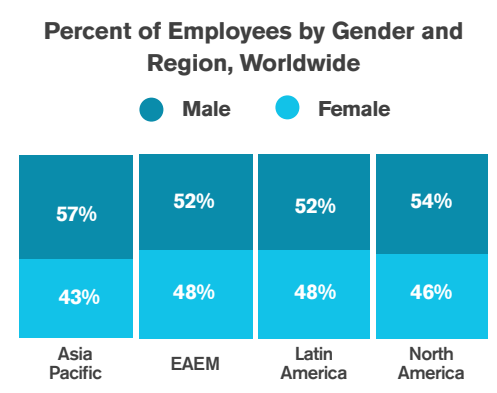
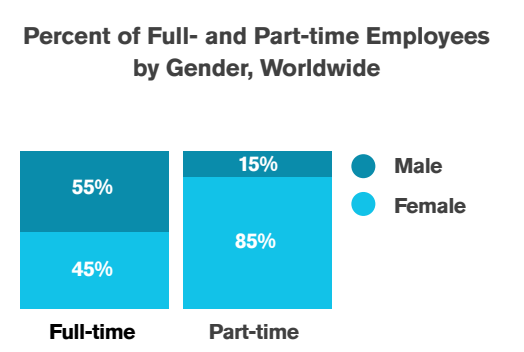
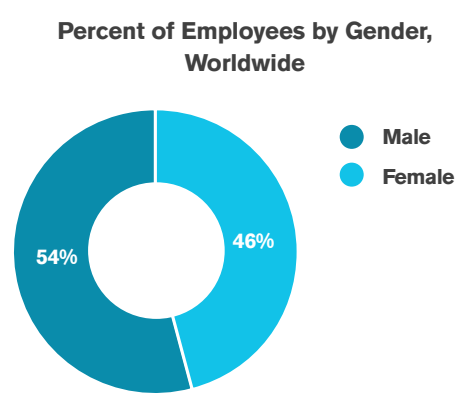
In 2016, we played a leading role in two key women’s leadership events – the **Vital Voices VV100** and the **Fortune Most Powerful Women Summit**.

Workforce diversity data and employee demographics are shown on page 48.<sup>2</sup>

<sup>1</sup>This benefit is in addition to the six-week short-term . disability benefit for new mothers and the one-week work, personal and family paid leave for mothers and fathers, increasing the leave time to 17 weeks for C-section mothers, 15 weeks for non-C-section mothers, and the minimum to nine weeks for fathers, adoptive parents and same-sex parents.

<sup>2</sup>Data from recent acquisitions included. The # and % of employees by job category and diversity (white, minority), worldwide are based on United States only. For this report, the analyses are based on data from the current Human Resources Information Systems (HRIS). Demographic data provided in this report include active Johnson & Johnson employees, including recent acquisitions, students, fixed-term, and undeclared.

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Percent of Employees Who Returned After Parental Leave, U.S. Only

96.91%












# Healthy Workforce



Employees at the Dr. Paul Janssen Research Center on our Beerse facility complex which provides bikes to transverse the campus.



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## Why It Matters

At Johnson & Johnson we believe that good health can change lives. In making the change happen, we start with our employees. They are our most precious resource, and caring for their health and well-being is a key component of our Company's culture. With a vision of having the healthiest workforce, we continue to apply new and innovative approaches to encourage and engage our employees in their own health (or personal best).

## How We Approach It

Johnson & Johnson has a strong track record in advancing the health and well-being of our workforce. We strive to create a culture of health among our employees worldwide, while allowing for individual choice and cultural variations. Expanding upon the prior efforts, our new [Health for Humanity 2020 Goals](#) have the following three areas of focus.

### First Focus Area

Train employees via the principles of ENERGY FOR PERFORMANCE®.

- This training offers an integrated approach to health and well-being with proven results related to improved health, productivity, engagement, and resiliency. Combining the sciences of performance psychology, nutrition, and exercise physiology, the ENERGY FOR PERFORMANCE® course works with participants to drive higher productivity and stronger leadership, while also improving personal health, happiness and fulfillment through lasting, positive behavior changes. Developed by the Johnson & Johnson HUMAN PERFORMANCE INSTITUTE®, the training is unique in that it sees health as multidimensional (spiritual, mental, emotional and physical) and explores how these dimensions interact and impact personal energy levels while aligning to a core mission/purpose.

### Second Focus Area

Supporting and sustaining healthy habits with customizable, scalable digital health tools.

- These tools encourage healthy behavior, with fun and incentives along the way. A key component to engagement is the ability to customize

tools at a personal level. New digital technology allows for this in fun and unique ways while providing easily scalable enterprise-wide solutions. Progress will be measured based on the number of employees who have “connected” to digital health tools (those who have registered and used the program/application, either through participation in challenges or earning points).

### Third Focus Area

Creating an environment and culture that actively supports employees so the healthy choice is the easy choice, via advancing a culture of healthy eating and healthy movement.










- In 2010, we set a 2015 Culture of Health Goal for 90 percent of employees across the globe to have access to a rich and fully implemented set of health programs and services.<sup>1</sup> At the end of 2015, we surpassed this goal. While we are proud of our prior accomplishments, we know we can do more. Therefore, focusing on our top global health risks of unhealthy eating and physical inactivity, we will promote healthy eating choices, and healthy movement through workplace design and practices.

These efforts are overseen by the Vice President of Global Health Services, reporting to the Vice President, Total Rewards, and ultimately to our Executive Vice President, Chief Human Resources Officer. The responsibility for their implementation is owned across the Company.

## Our Performance

Training of our employees on the principles of ENERGY FOR PERFORMANCE® continued in 2016.

To engage our employees in their health via personal digital health tools, we launched Healthy & Me™, a dynamic mobile platform that lets users personally connect with their everyday health and well-being. Unique to Johnson & Johnson, Healthy & Me™ is a customizable way to engage with a range of health and fitness programs, such as an annual health assessment, digital health coaching, and the Johnson & Johnson Official 7-MINUTE WORKOUT® app. These tools utilize trackers to engage and encourage employees and their spouses via incentives such as sweepstakes prizes

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To engage our employees in their health via personal digital health tools, we launched Healthy & Me™, a dynamic mobile platform unique to Johnson & Johnson, that lets users personally connect with their everyday health and well-being.

and/or charitable donations. Available in the United States and in countries where the majority of our employees are located, all global employees will have access to Healthy & Me™ within the next two years.

Leveraging Healthy & Me™, in 2016 we introduced Our Amazing Journey, our first-ever global activity challenge which encouraged employees across the globe to improve their health via increased daily activity levels and engagement with their peers, their loved ones and their own personal health journey. Over the course of 45 days we evidenced unprecedented global employee engagement in this collective health challenge, which has helped to inform the future activities using this dynamic personal digital health tool.

To advance a culture of healthy eating and healthy movement, in 2016 we established a global baseline. Communication and implementation of practices, programs and policies for each of these will roll out in 2017.

To review our year-end progress against these three Health for Humanity 2020 Goals, see the [Health for Humanity 2020 Goals Progress Scorecard](#).

<sup>1</sup>Tobacco-free, HIV policy, health profile, employee assistance, physical activity, healthy eating, medical surveillance, health promotion, stress and energy management, cancer awareness, return-to-work, travel health.












# Human Capital Development



At our campus in Neuss, Germany, housing Consumer and Pharmaceutical businesses.



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## Why It Matters

In today's globalized and interconnected world, we must ensure that we attract and retain employees who are globally-minded, nimble, agile and adaptable. Talent management is a top priority at Johnson & Johnson. We believe that our people are our greatest assets. Each of them contributes a unique set of experiences, skills and cultural background that creates a richness to our Company, and enables us to better serve our diverse customers around the globe.

## How We Approach It

At Johnson & Johnson, enterprise talent management is overseen by both human resource leaders and business leaders who are accountable for attracting and recruiting talent, managing performance and development, building a pipeline of global and diverse leaders, and creating an environment that embraces diversity and inclusion. Human Resources, whose Executive Vice President, Chief Human Resources Officer, is a Corporate Officer and a member of the Johnson & Johnson Executive Committee, oversees Global Talent

Management, Global Benefits, Health Resources and Worldwide Compensation Resources.

Our Leadership Imperatives set the performance and behavioral expectations for all employees, and 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.

Johnson & Johnson promotes a culture of learning and development for all employees, with shared accountability between employee and manager to ensure that opportunities for development are identified and pursued, with a goal to maximize the potential of the individual. Development offerings are designed functionally, span a vast array of topics, and are provided via both on-the-job training and online to all full- and part-time employees globally. Independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action-planning courses are included in the offerings. A new global training data system has been developed and implemented, which will enable tracking of training data at the enterprise level. [GRI 404-1](#)

“

At Johnson & Johnson, we are committed to attracting, inspiring and advancing diverse talent across our Family of Companies. Every innovative idea and product comes from our most valuable resource: our people. This commitment is deeply rooted in our purpose, to change the course of health for humanity.










PETER FASOLO  
WORLDWIDE VICE PRESIDENT, HUMAN RESOURCES

International assignments continue to be used to develop global leadership talent and to foster an agile global mind-set, diversity and innovation. Johnson & Johnson encourages employees to seek cross-segment, cross-functional and cross-regional experience; this is facilitated by the breadth of our global operations around the world. Temporary workers do not participate in Johnson & Johnson learning or leadership development offerings. Transition assistance programs are offered to support employees who are retiring or who have been terminated from employment. [GRI 404-1, 404-2](#)

The Performance & Development (P&D) approach at Johnson & Johnson has its foundation in conversations between manager and employee that

are frequent, meaningful and continuous. Each employee and manager is expected to engage in clear and candid conversation throughout the year within the “5 Conversations Framework,” which consists of the P&D Planning, Mid-Year, Career Planning, Year-End Performance and Compensation conversations.

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

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# Our Performance

Approximately 93,700 employees, or approximately 81 percent of our target population,<sup>1</sup> completed year-end conversations. [GRI 404-3](#)

In June, Johnson & Johnson hosted Development Month, a global initiative to emphasize the importance of ongoing growth and development, and to promote greater awareness of the tools and resources available to support all employees.

The *Let’s Talk* campaign was launched worldwide, encouraging ongoing meaningful professional development conversations.

A pilot was conducted to further promote conversations about development and provide tools to assist in the creation of development plans. The results of this pilot will help to inform the architecture of an enterprise development strategy for all employees.

Engagement levels for the Johnson & Johnson Global Credo Survey were greater than 90 percent.

In 2016, the Global Credo Survey tracked how we are living into Our Credo values and responsibility to stakeholders, including employees. A new Our Voice survey will be launched in 2017, measuring critical topics such as diversity and inclusion, talent development, collaboration, and innovation. These two surveys will alternate every other year.

We implemented a new program globally to enhance Enterprise Leader Development. The program gave every

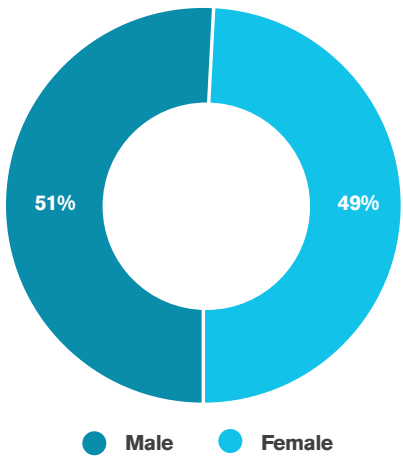
employee promoted to new levels of leadership with one or two spans of influence the opportunity to participate in a multi-week blended learning experience to enhance his or her leadership capability.

Turnover is shown below.<sup>2</sup>

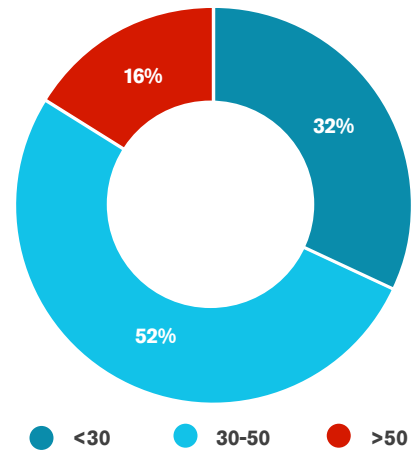
<sup>1</sup>Excludes employees covered under collective bargaining agreements, long term disability, interns, and selected other groups.

<sup>2</sup> Turnover data include retirees.

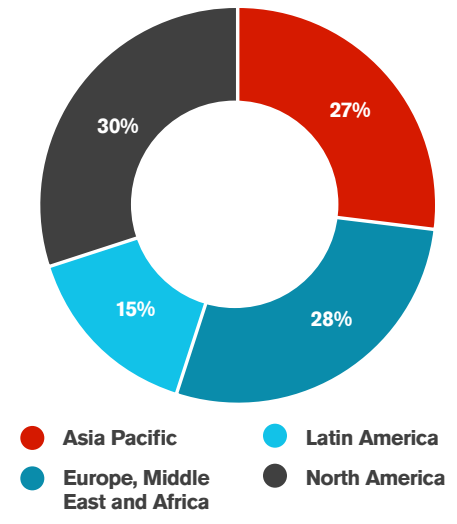
Percent of Gender Representation of Terminated Employees, Worldwide



Percent of Age Representation of Terminated Employees (<30, 30-50, >50), Worldwide



Percent of Regional Representation of Terminated Employees, Worldwide














# Compensation & Remuneration





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## Why It Matters

In advancing our mission to change the trajectory of health for humanity, we have always sought to attract the best and brightest minds. A key tenet of Our Credo is to respect our employees and provide equal opportunity for employment, advancement and development. Guided by Our Credo values, we are also committed to provide fair and adequate compensation.

## How We Approach It

At Johnson & Johnson, our goal is to attract, develop and retain employees who can drive financial and strategic growth objectives and build long-term shareholder value. To achieve these goals, we design our compensation programs, using the following principles:

**Competitiveness:** We compare and benchmark our practices against appropriate peer companies so we can continue to attract, retain and motivate high-performing employees.

**Pay for Performance:** Base salary increases, annual bonuses and grants of long-term incentives are tied to










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

**Accountability for Short- and Long-Term Performance:** We structure performance-based compensation to reward an appropriate balance of short- and long-term financial and strategic business results, with an emphasis on managing the business for long-term results.

**Alignment to Shareholders' Interests:** We structure performance-based compensation to align the interests of our employees with the long-term interests of our shareholders.

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. Accountability for compensation and remuneration is held by our Human Resources function, led by our Executive Vice President, Chief Human Resources Officer, who is a Corporate Officer and member of the Johnson & Johnson Executive Committee.

We are committed to pay equity, including gender pay equity. We conduct pay equity analyses across functions and levels; reviewing hiring and promotion processes and procedures to reduce any potential unconscious bias or structural barriers; and embedding equal pay efforts into broader enterprise-wide equity initiatives. We take these steps as well as identify and promote other best practices to ensure fundamental fairness for all employees. For more information on executive compensation and stakeholder input into remuneration, please see the [Johnson & Johnson 2017 Proxy Statement](#). At this time, non-executive employee compensation data are considered confidential. [GRI 102-38, 102-39, 202-1](#) In 2016, we were one of several companies signing the [White House Equal Pay Pledge](#).

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# Read More Online

We publish more details on many of the topics in this report on our website:

More Resources:		Related Stories	
Global Community Impact	Global Labor and Employment Guidelines	The New Groundbreaking HIV Study You Need to Read About	The Battle to End TB
Global Public Health	Guide for Resolving Employee Disagreements – North America	5 Ways Johnson & Johnson Is on the Fast Track to Helping End AIDS	The Race to Create an Ebola Vaccine
Diversity & Inclusion	Harassment Free Workplace Policy	The Quest to Quash Zika: Meet the Brazilian Scientist Working to Develop a Vaccine	6 Ways Johnson & Johnson is Helping to Create an HIV-Free World
Global Diversity and Inclusion Vision Statement	Statement on Healthiest Workforce	Dengue: A Global Public Health Threat That Deserves Attention	Africa Rising: How Innovation and Collaboration Are Leading to an Exciting Future for the Continent
Employment and Labor Laws and Policies	Policy on Employment of Young Persons	An Important Milestone in the Search for an Ebola Vaccine	Janssen Pharmaceuticals Releases a 2016 U.S. Transparency Report
Compassionate Use & Pre-Approval Access		Johnson & Johnson Launches a New Global Public Health Strategy in Africa	Johnson & Johnson Expands Access to Investigational Medications Through Its CompAC Program
		The HIV Puzzle: How We’re Putting the Pieces Together to Help Stem Infections Among Young Girls and Women	Johnson & Johnson Secures a Top Spot on the 2016 Access to Medicine Index

A woman with brown hair tied back is holding a baby who is laughing joyfully. They are in a grassy field with a sunset in the background. The woman is wearing a dark jacket, and the baby is wearing a colorful striped sweater. The scene is warm and intimate, with the sun low on the horizon creating a soft glow.

# Places

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





Johnson & Johnson

2016 HIGHLIGHTS

# Places



**100%**

of 120 manufacturing  
and R&D sites completed  
**water risk  
assessments**



**8.1%**

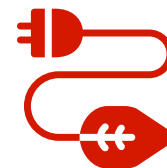
of our total water  
demand met from reusing  
**recycled water**



Partnership with

**C40 Cities Climate Leadership Group**

announced to help fund programs that will link **climate action**  
with **air quality** and **human health** benefits



**100 MW**

wind power purchase agreement  
concluded, helping us meet our renewable  
energy consumption target ahead of  
schedule. To continue challenging  
ourselves to do more, we increased this  
target from 20% to **35% renewable  
energy** consumption by 2020

**16%**










of revenue generated from  
our **EARTHWARDS®**-  
**recognized products**



# EHS&S Governance\*

*\*Applicable to the following Priority Topic Areas: Climate & Energy, Water, Waste, Product End of Life, Product Stewardship, Biodiversity and Workplace Safety*

Our employees at Janssen-Cilag S.p.A. manufacturing plant, Latina, Italy

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As a health care company committed to environmental stewardship, we believe environmental health is an extension of human health, and we have been setting environmental goals for nearly 30 years.

[GRI 103-2](#)

## EHS&S Governance Responsibilities

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

The Johnson & Johnson Executive Committee and the Board of Directors provide oversight, and the EHS&S Council, comprised of the EHS&S leadership team and representatives

from relevant functions and the business segments, provides additional guidance. EHS&S monitors performance and compliance, sets and monitors progress against overall corporate goals, sponsors topic-specific integrated teams, oversees audits, and drives transparency efforts.

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

## EHS&S Policies and Statements

The following policies and statements set our operational expectations:

- [Environment, Health & Safety Policy](#)

- [Climate Friendly Energy Policy](#)
- [Statement on Respecting Biodiversity](#)
- [Johnson & Johnson Principles for Safe Use of Chemicals in Products](#)
- [Responsibility Standard—Forest-Based Materials & Products](#)
- [Impact of Pharmaceuticals and Personal Care Products in the Environment](#)
- [Responsible Palm Oil Sourcing Criteria](#)

## EHS&S Standards

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

## Assurance of EHS Practices

As part of our Management System standard, we require all manufacturing

and R&D sites to achieve third-party certification to ISO 14001. New acquisitions have 36 months to comply with this requirement.

Our EHS Audit program is aligned with other Johnson & Johnson audit programs, and is focused both on compliance and risk. MAKE and R&D sites are assessed every three years; depending upon risk, some sites receive focused audits in between. Offices and warehouses are covered by a separate audit program. Performance is tracked by the EHS&S organization, and by facility business leaders. Closure of findings is tracked at the corporate, facility, business segment, and operating company levels. Aggregated assessment results are reported to our Johnson & Johnson Executive Committee and Board of Directors' Science, Technology & Sustainability Committee.










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





# Ingredients



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## Why It Matters

Creating products and services that help people live longer, healthier, happier lives is what we do. And since environmental health and human health go hand in hand, using more sustainable ingredients that meet people’s growing expectations is part of our process.

While we aspire to improve the sustainability of the ingredients we use, our top priority will always be product safety. Take ingredient diversity, for example. Preserving ingredient diversity is intrinsically linked to sustainable and safe products. While using fewer preservatives is the trend, loss of preservative diversity could lead to overuse of ingredients and less safe products. Regulatory bans and restrictions, as well as stakeholder commitments to eliminate the use of certain preservatives, are reducing the number of safe and effective preservatives available for use in personal care products.

Preservatives are an essential part of baby and beauty personal care products. Without them, everyday products you’ve come to rely on could expire within weeks or even days. In fact, the main reason we include preservatives in some of our products is to ensure their safety and shelf-life. In addition, they protect consumers from harmful bacteria, mold,

and fungus. While we continue to listen to the concerns of our customers and consumers, and to review the ingredients we use, we must balance the concerns raised with the benefits. We are working with stewardship professionals from industry, government, academia and consumer groups to research and ensure the availability of a safe and sustainable preservative palette.

Another example is talc. We continue to use cosmetic talc in our products like JOHNSON’S® Baby Powder because decades of science have reaffirmed its safety. Science, research, clinical evidence and 30 years of studies by international medical experts continue to support the safety of cosmetic talc. Health authorities in the United States and around the world have reviewed the data. Talc is accepted for use in many countries, including the United States, European Union, Canada, Argentina, Brazil, China, India, Israel, South Africa, Turkey, and Indonesia. We take any questions about our products’ safety seriously and, as a result, have dug deep into the evidence and science on talc. To learn more about how, when and why we use talc in our products, visit [FactsAboutTalc.com](#).

To date, we have removed a variety of ingredients from our baby and beauty cosmetic and personal care products to

address consumer preferences, including butylparaben, phthalates, triclosan, perfluorooctanoic acid, styrene, animal-derived fragrances, nitromusks and polycyclic musks, tagetes, rose crystal, diacetyl, cocamide diethanolamine, and toluene.

## How We Approach It

At Johnson & Johnson we want our customers and consumers to feel confident that every product we bring to market is safe, effective and of high quality. Therefore, we have rigorous processes in place to help ensure the safety and quality of every single product we make. Our Ingredient Working Group and Emerging Issues Working Group meet regularly to monitor developments related to ingredients, including questions raised by our customers and consumers.

We are also continually evaluating the materials and ingredients used in our products to respond to consumer preferences or other relevant information. For more general information, see our [Policies and Statements](#). For information related specifically to our personal care products, see our [Safety and Care Commitment](#) website.

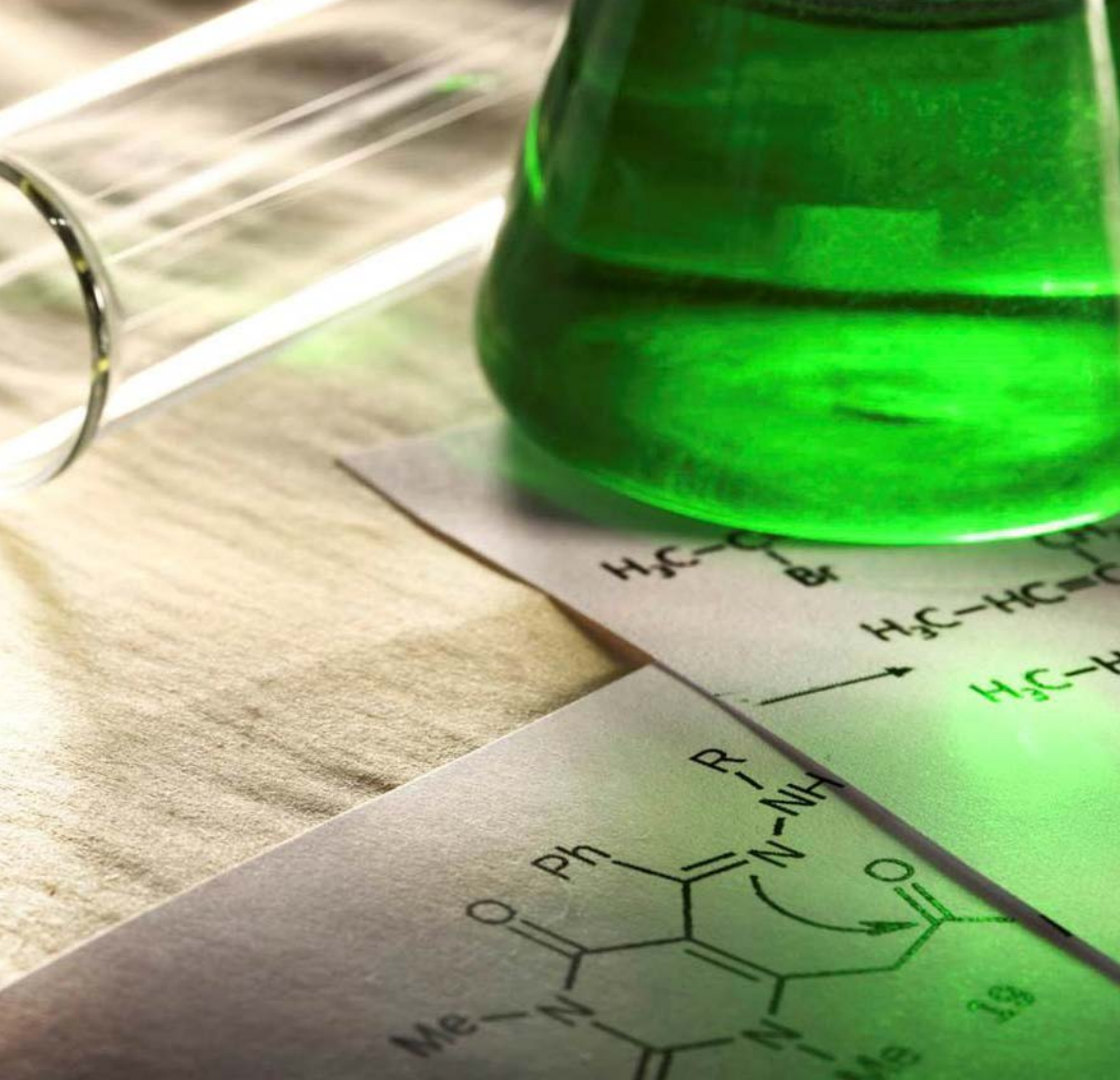
## Our Performance

The Johnson & Johnson Family of Consumer Companies was one of the first to commit to removing polyethylene microbeads from its personal care products globally, and our efforts continued in 2016. We are on track to meet our commitment to remove microbeads from our products globally by the end of 2017.

We are working with the Green Chemistry and Commerce Council to seek new, safe, and effective preservatives. In 2016, we became a sponsor for the [Preservatives Project](#), a competition to be held in summer 2017 to identify ideas for new preservatives for personal care and household products.

Further demonstrating our desire to improve the management of chemicals, Johnson & Johnson was one of several companies [reporting their chemical footprints](#) for the first time through the [Chemical Footprint Project](#), a new initiative for measuring corporate progress to safer chemicals. It provides a metric for benchmarking companies as they select ingredient alternatives and reduce their use of chemicals of concern. The Chemical Footprint Project is the first initiative to measure overall corporate chemicals management performance.



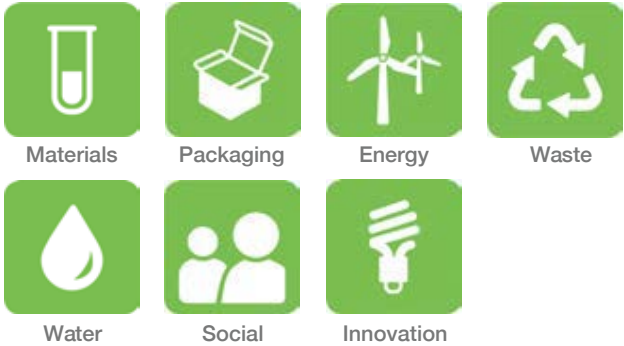


# Product Stewardship





## Moving toward a healthy future



## Why It Matters

We rely on natural resources to make the products that millions of people use every day—everything from life-saving medicines and innovative medical devices to adhesive bandages and baby lotion. But the place from which we’ve been getting those resources—planet Earth—can’t keep up with the demand. If trends continue, by 2030 we will need the equivalent of two Earths to support us.<sup>1</sup> The solution won’t come from simply consuming less. As a business, we aspire to move from linear processes to a circular one. To this end, we must continuously re-imagine how we operate and develop products to eliminate waste and use resources more efficiently.

## How We Approach It

We recognize each of our products has a footprint, whether it is the energy used to operate a medical device or the materials required to package a consumer product. To improve the environmental performance of our products we developed EARTHWARDS®, a process that defines how we address the environmental and social impacts of our products, and engages development teams in designing innovative and more sustainable solutions across a product’s lifecycle from formulation and manufacturing, to product use and end of life. For more information on EARTHWARDS®, see page 34 of our [2015 Citizenship & Sustainability Report](#).

## Select Products that Received EARTHWARDS® Recognition in 2016 include:












- More sustainable ingredients – GAIA score of 88.9
- 31% reduction in primary packaging
- Uses the innovative personal care ingredient NATRASURF™, developed using green chemistry techniques and is the first within Johnson & Johnson to use a metal free pump



- 74.8% reduction in solvent material
- 74.8% reduction in waste from manufacturing
- First drug product in Janssen that utilizes direct solvent reuse
- Part of Janssen Global Public Health HIV Medicines Access and Partnership Program



- 71% less material to meet patient need
- 73% reduction in instrument trays per procedure
- 77% reduction in blue wrap required
- 77% less energy used in sterilization & disinfection of instruments
- 77% less water used for sterilization & disinfection

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As part of our [Health for Humanity 2020 Goals](#), we set a goal to increase the percent of revenue represented by EARTHWARDS®-recognized products.

Using EARTHWARDS®, our internal cross-functional teams collaborate—sometimes with suppliers—to identify and quantify improvement opportunities across our value chain in seven key areas: materials, packaging, energy, waste, water, social and innovation. Using lifecycle thinking, we screen product impacts at the category level; and opportunities to drive improvement are considered at the design, procurement, manufacturing and marketing stages of a product’s development. At the product design stage, we seek opportunities to integrate green chemistry principles, meet consumer preferences for the materials and ingredients used in our products, and implement sustainable packaging solutions. At the end of product life, we’re working to encourage recycling of product packaging and reprocessing of used equipment.

We strive to improve all our products, but only products with the greatest improvements receive EARTHWARDS® recognition. To attain recognition,

a product must achieve significant improvement (10 percent or more) in at least three of the seven improvement categories. The product is then reviewed by a board of internal and external experts to determine if it warrants EARTHWARDS® recognition.

To foster new ideas and generate sustainable innovation, we continue to implement our Sustainability Accelerator Grants Challenge, designed to challenge Johnson & Johnson employees to jump-start the next big sustainability idea that can help more people in more places live healthier lives. The challenge incentivizes employees to submit their ideas in the areas of waste, environmental health, and sustainable product design.

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

## Our Performance

Since 2009, 93<sup>2</sup> products have achieved EARTHWARDS® recognition, representing \$11.5 billion, or approximately 16 percent of

Johnson & Johnson revenue in 2016, a 24 percent increase over 2015. In 2016, 18 new products were recognized.

Our portfolio of EARTHWARDS®-recognized products currently reflects a broad range of improvements, most of which go above and beyond the minimum requirement of 10 percent improvement.

Select products that received EARTHWARDS® recognition in 2016 include: CLEAN & CLEAR® Acne Triple Clear Bubble Foam Cleanser, INTELENCE® (etravirine) and EXPEDIUM VERSE® on page 65.

In 2016, we continued implementation of segment-based product stewardship plans; each business segment has targeted specific areas and projects to pursue, with consistent focus on materials and packaging areas across all three business segments.










Select winners of our 2016 Accelerator Grants Challenge who received funding to foster sustainable innovation include:

- **Consumer, Asia:** Cellular foam structure in packaging, realizing

EARTHWARDS® Recognized Products, 2016	
Consumer	10
Medical Devices	6
Pharmaceutical	2

Category	Number of Improvements 2016	Number of Improvements Cumulative
Energy <a href="#">GRI 302-5</a>	8	50
Innovation	6	28
Materials	19	92
Packaging	15	82
Social	3	37
Waste	2	19
Water	3	19

Reductions Realized From EARTHWARDS® Products That Received Recognition Through the End of 2015 <sup>3</sup>	
Improvement Category	Reduction
Materials (metric tons)	66,779
Packaging (metric tons)	4,488
Waste (metric tons)	689,793
Water (million liters)	214,096,470

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## Awards and Recognitions for Product Stewardship

Recognized by Practice Green Health as a **Champion for Change**

Received the **Sustainability and Social Responsibility Award** from CVS Health, in large part for our product stewardship and partnership efforts

Received two **Environmental Leader Products & Projects Awards**: DePuy Synthes ATTUNE® Knee System and DePuy Synthes LOGICLOCK® Tibial Base

a weight reduction that ultimately reduces corresponding consumption for manufacturing petroleum-based plastics, completed by Consumer R&D’s Global Package Development team.

- **Janssen, Beerse, Belgium:** Qualification of a wool-based packaging insulation solution that is reusable, recyclable, biodegradable, compostable, sustainable, and cost-effective.
- **Janssen, Cork, Ireland:** Apply green chemistry principles to the cleaning processes to remove all halogenated solvents, and reduce solvent consumption and energy requirements.
- **Vision Care, Limerick, Ireland:** Develop a lightweight pallet to reduce the carbon footprint for transportation, be more competitive for airfreight, and eliminate wood.

<sup>1</sup>Global Footprint Network, [footprintnetwork.org/en/index.php/GFN/page/world\\_footprint/](http://footprintnetwork.org/en/index.php/GFN/page/world_footprint/)

<sup>2</sup>Data have been adjusted to reflect divestitures.

<sup>3</sup>Improvements are tracked starting the first full calendar year after a product is recognized.














# Climate & Energy



Jed Richardson, Global Energy Director, (left), and a colleague with a wind turbine on the Texas Panhandle.

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## Why It Matters

At Johnson & Johnson, we believe the health of people and the health of the planet are inextricably linked. Air pollution and a changing climate resulting in extreme weather, droughts, floods, and movement in vector-borne and zoonotic infectious diseases will ultimately impact human health and well-being. This view is well documented by leading health organizations. The World Health Organization even went so far as to declare climate change one of the greatest threats to global health in the 21st century.<sup>1</sup>

## How We Approach It

As the world’s most broadly based health care company, Johnson & Johnson is inspired by this challenge to advocate and create demand for a low-carbon economy. Our **Climate Friendly Energy Policy** acknowledges that in the field of climate science, there is consensus that human activity is contributing to climate change and that a warming climate has the significant potential to impact human health.

We have taken sustained, long-term action to address our energy use and greenhouse gas emissions as detailed below, and we are encouraging our extended supply chain to do the same through our **Sustainable Procurement Program**. We participate in all applicable CDP reporting programs, achieving recognition in 2016 as part of the CDP Disclosure Leadership Index for the seventh consecutive year. See our reports at [cdp.net](http://cdp.net). We also support responsible climate and energy policy around the world, most recently through our Business Backs Low-Carbon USA participation, hosted by [lowcarbonusa.org](http://lowcarbonusa.org).

See **EHS&S Governance** for more information on roles and responsibilities.

### Energy Use/Renewable Energy Use

Johnson & Johnson continues to implement efficiency programs designed to optimize the largest energy-using systems at our most energy-intensive properties. These programs are resulting in significant reductions in both energy and water use worldwide. Details on these programs can be found on page 48 of our **2015 Citizenship & Sustainability Report**. In addition to ongoing energy efficiency programs, we continue our efforts to increase

renewable energy consumption with our aspirational commitment to power all facilities with renewable energy by 2050. See **Health for Humanity 2020 Goals Progress Scorecard** for more information.

### Greenhouse Gas Emissions










We follow the Greenhouse Gas (GHG) Protocol issued by the World Business Council for Sustainable Development and the World Resources Institute, **GRI 302-4** and three of our sites remain subject to the European Union Emissions Trading System program. We track and report our Scope 1 and Scope 2 emissions sources, and we engage with our external supply chain to collect meaningful data on our material Scope 3 emissions sources and collaborate with them on reducing their carbon footprint. We have set a goal to reduce our absolute CO<sub>2</sub> emissions; see for **Humanity 2020 Goals Progress Scorecard** for more information.

Tracking and reporting Scope 3 emissions in a comprehensive and meaningful way remains a challenge because of limitations in the accuracy of measurement systems, as well as availability and quality of data from third parties. The Scope 3 emissions that we track currently include aspects

of our Scope 3 emissions that we can measure with a reasonable degree of accuracy such as employee business travel, non-hazardous waste generated from our operations, electricity-related transmission and distribution losses, and limited downstream (United States only) transportation emissions. We continue to explore areas of opportunity identified through an input/output analysis performed to identify emissions hot spots within our value chain, and we participate in the CDP Supply Chain – Climate Change program. For more information, see the **Procurement & Supplier Management** section of this report.

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

Johnson & Johnson does not own the fleet used to ship our goods. To minimize environmental impacts from goods transport, we work with our transportation providers to optimize our network, using multi-compartment trailers, taking advantage of freight consolidation opportunities, eliminating deadhead miles (the number of miles that are driven from the point of unloading to the point where the new load is ready for pickup), and engaging in cross-shipper moves with other companies that have similar product lines.

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Johnson & Johnson participates in the U.S. Environmental Protection Agency's **SmartWay program**, which helps companies voluntarily increase transportation energy efficiency while decreasing GHG emissions and air pollution. At the same time, the SmartWay Transport Partnership helps freight companies improve fuel efficiency, increase environmental performance and increase supply chain sustainability.

Green Buildings

We require all new buildings and renovations with a cost of at least \$5 million and all new stand-alone buildings of lesser value owned or leased by Johnson & Johnson operating companies worldwide to be LEED-certified. At the end of 2016, Johnson & Johnson counted 31 LEED-certified buildings, inclusive of two new facilities in the United States.

Our Performance

Energy Use<sup>2</sup>

Our purchased energy consumption has decreased five percent, from 13,299 terajoules (TJ) in 2010 to 12,642 TJ in

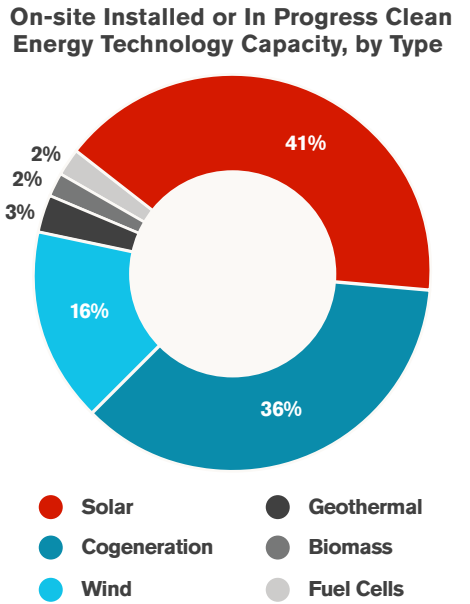
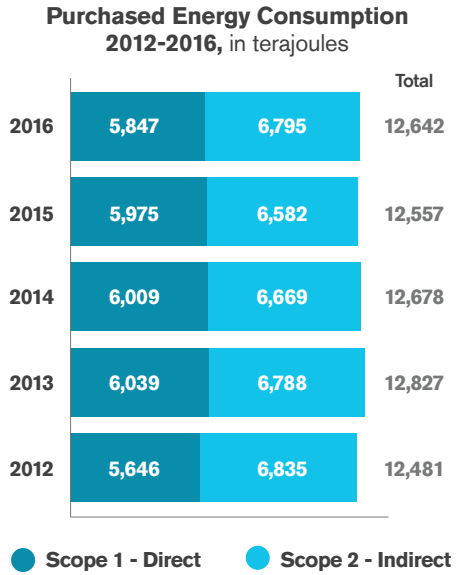
2016; however, we have experienced a slight increase of approximately 85 TJ from 2015 to 2016. For direct and indirect energy consumption, see table entitled “Purchased Energy Consumption.” **GRI 302-1, 302-2** The reduction since 2010 is due primarily to improvements in the efficiency of our utility systems at our largest production facilities. **GRI 302-4**<sup>3</sup> The increase from 2015 to 2016 was due to expansions of our output at some of our largest manufacturing operations globally. Our energy intensity has decreased by 19 percent, from 216 TJ/billion USD in 2010 to 176 TJ/billion USD in 2016.<sup>4</sup> **GRI 302-3** See our **Data Summary** for more detailed data.

Our on-site clean energy installations include solar PV, geothermal, cogeneration, wind, and fuel cell technologies. Of these, we define solar PV, geothermal, and wind installations as renewable energy sources.

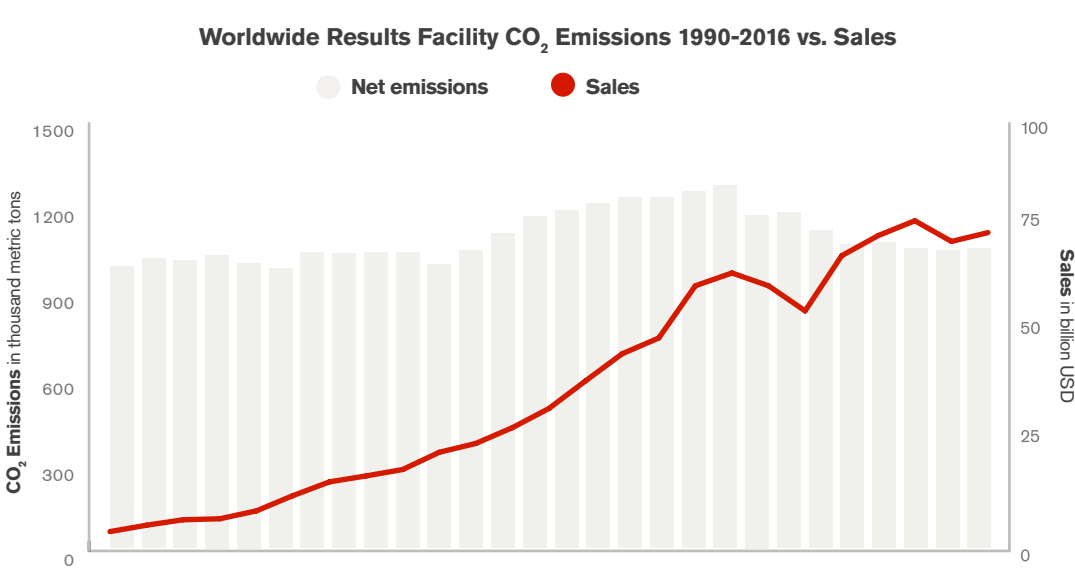
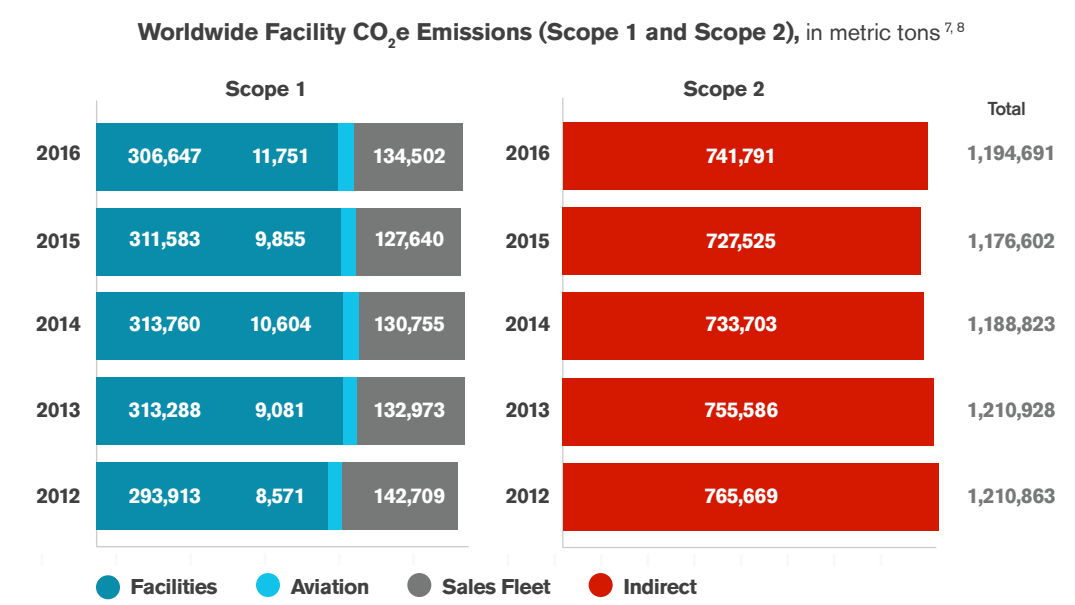
At the end of 2016, our installed or in-progress on-site clean energy technology capacity was over 54 megawatts (MWs). Most notable was the addition of a 3.0 MW wind turbine completed in early 2016 at our Vision Care facility in Limerick, Ireland.

Total Energy Consumption, by Category, in terajoules		
		Energy Consumption
Purchased	Electricity	6,579
	District Heating/ Cooling	216
	Natural Gas	5,116
	Diesel	631
	Propane	82
	Fuel Oil 6	15
	Biomass	2
Generated On-site	Solar PV	85
	Geothermal	25
	Cogeneration	627
	Wind	60
	Fuel Cells	26

With our Health for Humanity 2020 target relating to energy use, we refined the focus from increasing clean energy capacity under Healthy Future 2015 Goals, to increasing overall renewable energy consumption by 2020. In 2016, approximately two percent of the Company's electricity consumption was from on-site renewable sources.

















**GHG Emissions<sup>5</sup>**

We have realized a 10.4 percent decrease in CO<sub>2</sub> emissions at our facilities globally since 2010. [GRI 305-5](#) In 2016, we realized a 1.5 percent increase in CO<sub>2</sub> emissions, from 1,176,602 metric tons in 2015 to 1,194,691 metric tons in 2016. For Scope 1 and Scope 2 emissions<sup>6</sup>, see table entitled “Worldwide Facility CO<sub>2</sub>e Emissions, Scope 1 and Scope 2.” [GRI 305-1, 305-2](#) For scope 3 emissions, see table entitled “Scope 3 CO<sub>2</sub>e Emissions.” [GRI 305-3](#) The reduction since 2010 is the result of our continuous efforts on energy efficiency and clean energy projects, the electricity grid becoming cleaner across the globe, and our supply chain portfolio optimization. Our emissions intensity (including Scope 1 and Scope 2 emissions) per revenue since 2010 decreased by 23 percent, from 22 MT CO<sub>2</sub> /million USD in 2010 to 17 MT CO<sub>2</sub>/million USD in 2016. [GRI 305-4](#) We do not use carbon offsets to reduce our global emissions footprint. In 2016, our combined CDP disclosure and performance score was an A-, scoring above both the CDP program average and industry group averages.

Our CO<sub>2</sub> reduction capital funding process provides a \$40 million annual budget for energy and GHG reduction projects across the Company. In 2016, 14 new projects were approved and 15 projects were completed, with year-end total spend of \$30.3 million. Over the last 12 years, 213 energy reduction projects were approved and 181 were completed. Together, the completed projects collectively avoided CO<sub>2</sub>

Scope 3 CO <sub>2</sub> Emissions, in metric tons <sup>8</sup>					
	2016	2015	2014	2013	2012
Business Travel	183,525	248,282	235,157	229,317	224,220
Downstream Product Transportation	Avail 2017	52,537	36,246	55,722	63,058
Fuel- and Energy-Related Activities	52,815	53,155	53,204	54,305	—

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Climate change is a big problem that requires big solutions. No one person, no one company, no one government can do it alone. Instead, we must continue to create a global movement of people, companies and organizations all working together to care for our climate like our health depends on it. Because it does.

PAULETTE FRANK,  
VICE PRESIDENT, ENVIRONMENT, HEALTH, SAFETY & SUSTAINABILITY

emissions of approximately 248,000 metric tons per year, which is equivalent<sup>9</sup> to removing approximately 52,300 cars from the road, and saved approximately 50.0 million gallons of water annually. To date, the energy reduction projects completed since 2005 have cost approximately \$370.2 million, and have reduced our annual energy costs by approximately \$69 million through 2016.

**Shipping-Related CO<sub>2</sub> Emissions**  
More than 99.97 percent<sup>10</sup> of the over-the-road transport providers in our U.S. network were members of the U.S. Environmental Protection Agency’s **SmartWay program** in 2016. SmartWay membership was part of the decision criteria for awarding business to our transportation providers.

<sup>1</sup><http://www.who.int/globalchange/global-campaign/cop21/en/>

<sup>2</sup>Includes site-specific data from all Johnson & Johnson-owned and -leased sites over 50,000 square feet, as well as manufacturing and R&D sites under 50,000 square feet, unless otherwise noted. For information on how data from acquisitions and divestitures are managed, please see the **About This Report** section of this report. Energy use, carbon emissions and clean energy capacity data have been adjusted to reflect acquisitions and divestitures.

<sup>3</sup>The types of energy included in the reductions are fuel and electricity. Reductions in energy consumption are calculated by comparing energy consumption before project implementation and expected consumption after implementation. The project data we have are based on engineering estimates when the projects are approved.

<sup>4</sup>Our diverse product portfolio makes it difficult to track an organization-specific metric, so we can only use revenue, square feet or employees as a denominator for energy intensity. Electricity, stationary fuels and district heating and cooling are all included in energy intensity ratio, which also includes energy used at Johnson & Johnson facilities.

<sup>5</sup>Recalculation for Emission Factors: It is standard for reporting on Scope 2 GHG emissions to use electricity factors with a two-year lapse time because of the delay in the availability of grid and country emission factors for a specific year. For this reason, we use the most recent emission factors available when reporting emissions, and then recalculate emissions for prior years when the actual factors become available. The percentage change data for 2016 now reflects both aviation and sales fleet data, which prior to 2016 were reported separately.

<sup>6</sup>Emissions data are adjusted for prior years because of divestitures, acquisitions and updated emissions factors. As a result, data presented here will not correspond to the figures in the 2015 Report or those submitted to CDP in the respective years. For information on how data from acquisitions and divestitures are managed, please see the About This Report section of this report.

<sup>7</sup>Johnson & Johnson does not currently use purchases, sales or transfers of offsets or allowances. Gases covered in these calculations include only CO<sub>2</sub>, as that is how our goal was originally written, but we have calculated methane and nitrous oxide emissions from 2010 forward, and these are included in our new goal. Hydrofluorocarbons (CFCs) are tracked by EHS&S. Perfluorinated chemicals, sulfur hexafluoride and nitrogen trifluoride do not result from our operations. We do not calculate or report biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent separately from the gross direct (Scope 1) GHG emissions. Base year is 2010, included in table. Emissions in base year have been recalculated to adjust for acquisitions and divestitures in accordance with guidance from World Resources Institute Corporate Accounting and Reporting Standard, which we follow. Electricity emission factors are obtained from the International Energy Agency’s CO<sub>2</sub> Emissions from Fuel Combustion Report and the U.S. Environmental Protection Agency (EPA)’s eGRID publication. Fuel emission factors are obtained from the EPA Climate Leaders publication. Global Warming Potentials are obtained from the Intergovernmental Panel on Climate Change Fifth Assessment Report. The chosen consolidation approach for emissions is operational control.

<sup>8</sup>Facility CO<sub>2</sub> emissions numbers were third-party assured in 2010 to 2015, but prior year values are being restated because of electricity grid emission factors and the addition and removal of acquisitions and divestitures, which is in line with guidance from the World Resources Institute Greenhouse Gas Protocol Corporate Standard (WRIGPCS).

<sup>9</sup><https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

<sup>10</sup>2015 value, EPA SmartWay Report














# Product End of Life





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## Why It Matters

We know from our lifecycle assessments (LCAs) of products that they can continue to have impacts after our customer or patient uses them. Whether the product is washed off, metabolized and excreted, or used and discarded along with the packaging, these actions can all have environmental impacts. Johnson & Johnson has had a long history of conducting LCAs to ensure that we better understand and control the impacts from our product and packaging end of life.

## How We Approach It

We have a diverse portfolio of products and services that have unique impacts at end of life. Therefore we assess the end of life impacts of our products and develop category-specific action plans to improve performance over time. When necessary, we also supplement this approach with product-specific lifecycle assessments and other scientific studies (e.g., Environmental Risk Assessments) to refine the action plans. For more information about our management approach, see [EHS&S Governance](#).

### Consumer Products

#### *Personal Care Products in the Environment*

To better understand how our formulations interact with aquatic environments after they are rinsed off the body we continue to use a tool we developed called the Global Aquatic Ingredient Assessment™ (GAIA) protocol. Using GAIA, we can score the potential environmental impacts of our ingredients and our products on a scale of 0 to 100, with 100 having the least amount of environmental impact. For products with lower scores, we explore the opportunities for improving the formulation to reduce any potential impact on aquatic life. For more information, see our [Pharmaceuticals and Personal Care Products in the Environment](#) statement.

#### *Packaging and Recycling*

Our packaging efforts are two-pronged—to increase the recyclability of our packaging, and to reduce the amount of packaging we use. We established a Health for Humanity 2020 Goal seeking to increase the recyclability of our Consumer segment product packaging. And, in less mature markets, we are engaging in partnerships to advance material recovery and recycling efforts. See our [Health for Humanity 2020 Goals Progress](#)

[Scorecard](#) for more information. To assist us in our efforts to reduce the impacts of our packaging, our EARTHWARDS® process includes packaging as one of the targeted areas for improvement.

We continue to help increase consumer recycling of personal care products through our [CARE TO RECYCLE®](#) program, which aims to increase consumer awareness of the recyclability of personal care product packaging, and ultimately increase recycling of those items. In addition, in the United States, we continue to support the Closed Loop Fund, a social impact fund dedicated to improving recycling infrastructure and increasing the recycling of products and packaging.

### Pharmaceutical (Prescription and Over-the-Counter Medications)

#### *Pharmaceuticals in the Environment*

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

are being considered in the United States, Europe and other parts of the world. For more information on how we approach this topic, see our [Pharmaceuticals and Personal Care Products in the Environment](#) statement.










#### *Antimicrobial Resistance*

Antimicrobial resistance (AMR), an adaptation by which bacteria and microbes become resistant to regularly used drugs, is a growing concern. AMR makes common yet life-threatening infections difficult or even impossible to treat. Overuse of antibiotics, or using them in ways different from those prescribed, contributes to growth of resistant bacteria, which renders drugs to treat many infections less effective. We are active in addressing this growing challenge.

### Medical Devices

#### *Extended Producer Responsibility*

Johnson & Johnson complies with Extended Producer Responsibility regulations where they exist around the world, and invests in education programs, important partnerships and other sustainability initiatives, as detailed below, to advance better management of our medical devices products at end of life.

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Johnson & Johnson supports and actively participates in many voluntary takeback programs, and we work with our customers to evaluate opportunities to increase the number and quantity of products that can be recycled and reprocessed. For example, in our Sterilmed, Inc., business, medical devices typically bound for landfills or incineration are collected from surgical suites, reprocessed, and returned. In addition, Johnson & Johnson is a founding member of the Healthcare Plastics Recycling Council, which works with hospitals and other care providers to identify plastics waste streams that are typically disposed of but could be diverted for recycling. We also work with customers to recover electronic durable devices and recycle them after their useful life.

To protect patients, health care practitioners, and waste handlers from sharps injuries, we have committed to designing our self-injected health care products and lancets with safety features that minimize the chance of a needle stick following use of the device.

## Our Performance

### Consumer

In 2016, we determined the baseline recyclability percentage of North America Consumer packaging and identified opportunities for improvements to achieve our 2020 recyclability goal. In addition, our CARE TO RECYCLE® program’s spring activation garnered more than 100 million media impressions, including first-ever TV and retail integrations in efforts to drive consumers’ recycling behavior.

### Pharmaceutical

Johnson & Johnson joined a coalition of partners as a signatory to the Antimicrobial Resistance (AMR) Roadmap, which outlines key commitments that pharmaceutical companies pledge to deliver by 2020 to reduce AMR. The commitments follow the principles identified and agreed upon in the Industry Declaration made at the 2016 World Economic Forum in Davos. The Declaration outlined for the first time how industry and governments can work together to support sustained innovation to address the growing problem of AMR.

In 2016, Johnson & Johnson conducted a review of active pharmaceutical ingredient suppliers to identify antibiotics suppliers and conduct initial risk assessments to determine: how these suppliers treat their wastewater; where they discharge their effluent; and whether mass-balance calculations indicate there is a potential risk associated with wastewater discharges that needs further investigation. We will continue to work with our AMR Roadmap partners to develop science-based discharge limits specifically for antibiotics that can be applied to internal and external manufacturing sites and are protective against formation of resistance.

On the issue of Pharmaceuticals in the Environment, we initiated updates to our **Pharmaceuticals and Personal Care Products in the Environment** statement to address recent developments. We also continued working with the Temple University Water and Environmental Technology Center through a National Science Foundation grant program called the I/UCRC that is intended to drive collaboration between government, academia and industry to advance scientific efforts and translate science into commercial value. Through this collaboration, we published for the first time ecotoxicity data for pharmaceutical

compounds to increase transparency. We also continue to develop new scientific information to evaluate mixtures of endocrine active compounds in water, share our wastewater effluent maturity ladder with the **Pharmaceutical Supply Chain** initiative, and educate our suppliers on good environmental practices.

### Medical Devices<sup>1</sup>

In 2016, we continued our efforts to collect and reprocess medical devices, and to collect electronic devices for recycling. Results are shown in the table below.

Recycling/Reprocessing of Electronic & Medical Devices	
Method of Handling and Unit	Amount
Devices Collected (units)	7,033,932
Devices Reprocessed (units)	3,190,606
Electronic Takeback (lbs., recycled)	327,792

<sup>1</sup>Currently, electronic takeback data is tracked for our Medical Devices business segment in the United States only. We collect and reprocess medical devices (both our own and those manufactured by others) through our takeback efforts, which are then reprocessed and sold by our Sterilmed, Inc. business.














# Water





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## Why It Matters

Clean water is essential for human health. People depend on water for drinking, sanitation, hygiene and the food supply. Yet one in nine people lack access to clean water, and approximately 3.5 million people die each year because of inadequate water supply and the related issues of poor sanitation and hygiene.<sup>1</sup> More than a billion people currently live in water-scarce regions, and as many as 3.5 billion could experience water scarcity by 2025.<sup>2</sup> And as populations continue to increase, climate change is expected to shift precipitation patterns and speed glacial melt, altering water supplies and intensifying floods and drought.

## How We Approach It

Our [Statement on the Human Right to Water](#) recognizes that everyone is entitled to sufficient, safe, accessible, and affordable water, and acknowledges that our actions can impact water quality and quantity. Water scarcity is a concern in many areas of the world where we operate, including India, China, Mexico, Thailand and parts of Europe and the United States.

For many years, we approached this challenge by working to reduce our water usage universally across our business, with significant success. However, water risks vary around the world and are better addressed with locally relevant action plans. With this in mind, we shifted our focus with a new approach—adding a dedicated Health for Humanity 2020 Goal focused on assessing water risk at each of our locations.

Our Environment, Health, Safety & Sustainability (EHS&S) Standard for water and wastewater management (Standard) requires that facilities comply with either the local treatment standards or the Standard, whichever is more stringent. The Standard also sets forth clear responsibilities for addressing water conservation, drinking water supply management and storm water management. For more information about our management approach, see [EHS&S Governance](#).

Johnson & Johnson has been a participant in the CDP Water program since its inception in 2010. Additional information on our water use and risks can be found in our CDP Water submission at [cdp.net](#).

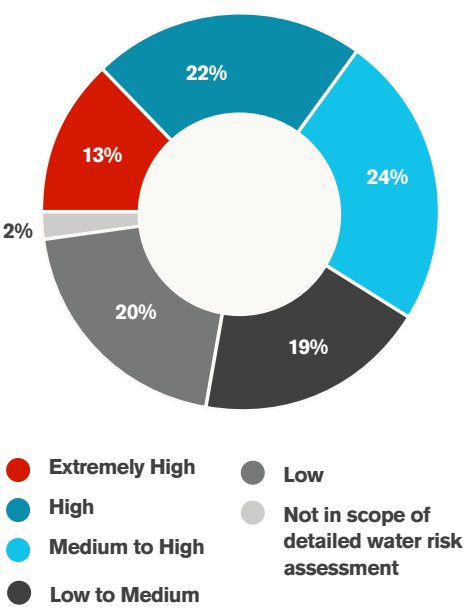
## Our Performance

### Water Risk

In 2016, water risk assessments were completed at all of our 120 manufacturing and R&D sites.










The assessment involved the completion of a site questionnaire, the use of multiple water stress models, and a review of media coverage for water risks (regionally and site-specific). Since not all sites presented the same level of water risk potential, the assessment tool was developed with two levels of review; while some sites were assessed using a streamlined model, most of the sites assessed received a very detailed review of their potential risks. These assessments considered 11 components, which were weighted, including but not limited to wastewater discharges, water stress, watershed health, risk for flood or drought, community needs, regulatory requirements, and our type and level of water use<sup>3</sup> sites are classified into three groups: critical, major, and minor. Those in the critical and major categories are high priority. A high-priority classification means that there are factors affecting the water source, which may impact its reliability or pose other water-related operational risks.

Classification of Johnson & Johnson Sites, by Water Risk



As part of the water risk assessments, Johnson & Johnson has determined the percentage of sites located in water-stressed or water-scarce areas.

Prior to 2016, we conducted water risk assessments using the methodology developed by the World Resources Institute to predict water-stressed or water-scarce areas in 2025. The 2016 water risk assessment included an in-house-designed risk category for

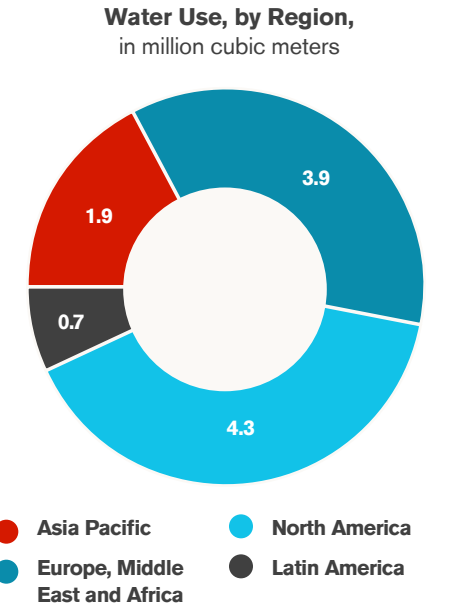
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### Water Use, in cubic meters, and Water Use Intensity, By Business Segment

	Water Use	Intensity
Consumer Segment	3.6	0.271
Medical Devices Segment	3.0	0.120
Non-operating	0.1	—
Pharmaceutical Segment	4.1	0.123

### Water Use Volume, by Source

	Water Use Volume (mil cu³)	Water Use Volume (by percent)
Groundwater	2.3	21.3
Gray Water	0.1	0.5
Municipal	8.2	76.1
Rainwater	0.01	0.6
Surface Water	0.1	1.1
Other	<0.05	0.5
Total	10.8	



### Water Discharge Volumes, in million cubic meters

	Amount
Irrigation	0.16
Ocean	0.09
Surface Water	2.33
Wastewater Treatment Plant	5.30
Other	0.22

water stress, which is a combination of several assessment criteria, including a number of water stress models (EFETAC, AqueductWRF, EarthStat) and site-specific data. Additionally, as part of our water risk assessment, we considered, as one factor, whether the water sources we use could be significantly affected by withdrawal of water in the next five years. [GRI 303-2, 306-5](#) This assessment considered the size of the water source, whether it is designated as a protected area, its biodiversity value, and its importance to local communities, among other factors.

### Water Use

Over the past decade, Johnson & Johnson has set goals to reduce water usage. We have made substantial progress in reducing our water use, realizing an absolute reduction of 9.6 percent from 2010 to 2016, including a slight increase in 2016. At the end of 2016, our water use volume<sup>4</sup> was 10.8 million cubic meters. Water use decreased in the Consumer and Pharmaceutical business segments, but increased in the Medical Devices segment. Regionally, water use remained steady. Water use increases are mainly driven by higher production

volumes. Reductions can be attributed to site-specific water conservation measures or to energy efficiency projects that have water savings co-benefits. Our water use by region, as well as water use and water intensity by business segment are shown in the chart to the left.










Our water sources have not significantly changed in the past year, and are shown in the chart. [GRI 303-1](#)

Recycling water is one way to reduce demand on limited water resources. In 2016, we reused 0.880 million cubic meters of recycled water, meeting approximately 8.1 percent of our total water demand, an 18.0 percent increase since 2015. This increase is explained by significant increase in the use of recycled water at sites in India, Colombia, Puerto Rico and the United States. [GRI 303-3](#)

### Water Discharge

In 2016, our water discharge volume was approximately 8.1 million cubic meters.<sup>4</sup> Discharge volumes by discharge locations are shown in the chart above.

Discharges are monitored, as required, to demonstrate compliance with the applicable water quality standards.

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In 2016, our wastewater discharge contained a total of 28 metric tons of biological oxygen demand (BOD-5) and 88 metric tons of chemical oxygen demand. These indicators essentially remain unchanged since 2015.

<sup>1</sup><http://unesdoc.unesco.org/images/0021/002154/215492e.pdf>

<sup>2</sup><http://www.wri.org/our-work/topics/water>

<sup>3</sup>Methodologies used included a Water Supply Stress Index (EFETAC), a Baseline Water Stress Index and Groundwater Stress Index (Aqueduct), a Water Depletion Index (WRF Water Gap), an Aridity Index (WRF), and Earth Statistics (Water Gap 3).

<sup>4</sup>Baseline and performance have been adjusted to reflect acquisitions and divestitures. Additionally,our Vistakon Limerick site implemented a project to reduce energy consumption and GHG emissions by activating a once-through non-contact cooling water loop in 2010. Given the location of the operation, and type of water use, we did not require this site to report this water in their water use volumes or water discharge volumes. Their adjustment represents the volume of water they discharge to surface. Our Zuchwil Synthes Switzerland site now has the same technology in place, and therefore a similar adjustment has been made for this site. As this was only identified for the 2016 data, adjustments have been made for prior year published data (2013–2014–2015).

# Johnson & Johnson Water Risk Assessment Tool



## Site-specific information

- EDGE database
- Site responses to questionnaire

## Water risk models

- Leverage 6 water stress models and 21 model outputs per site to quantify risk

## Media

- Identify extent of media coverage for water risks (regionally and site-specific)

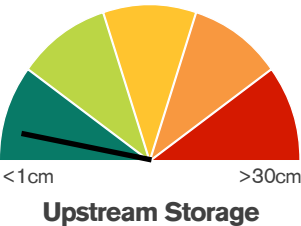
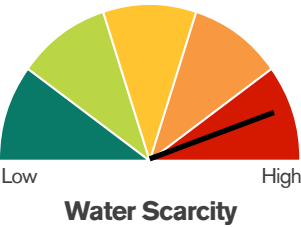
## Inputs used to define water risk in 5 risk categories:

- 1. Current and projected future water stress
- 2. Occurrence of and resiliency to floods and droughts
- 3. Site wastewater management and watershed health
- 4. Total water use and cost
- 5. Reputation

## Generate water risk profile and overall water risk score for each Johnson & Johnson site

Rank sites based on overall water risk scores, and prioritize for risk reduction

Water risk summary developed for each site, highlighting biggest risks







# Waste



## Why It Matters

According to the Global Footprint Network,<sup>1</sup> every year since 1971, humanity has demanded more from nature than it can regenerate, causing an ecological deficit. Just as a business cannot continue to operate at a financial deficit for an extended period and hope to survive, we can't expect natural systems to operate at a deficit and continue to provide the same level of services. To break this cycle, we are changing our thinking about managing waste, in order to deliver value to our customers, while respecting the limits of the Earth's finite resources.

## How We Approach It

The concept of a circular economy is not new to Johnson & Johnson; we have been systematically reducing the raw materials we use, and finding alternatives to landfill disposal of our waste streams for years. We have set goals to reduce the amount of waste disposed since 2005. Our waste reduction efforts continue, and we are going one step further, as we seek to increase the diversion rates of waste from our manufacturing practices.

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

## Our Performance

### Waste Generation and Disposal

Over the past year, our total waste generated<sup>2</sup> increased from 171.7 million kilograms in 2015 to 177.9 million kilograms in 2016, an increase of 3.6 percent, reflecting an increase in our non-hazardous waste amounts, and a small decrease in hazardous waste generation. The increase in non-hazardous waste generated was due primarily to a few locations where wastewaters previously treated on-site had to be transported off-site, and due to non-routine remediation activity.

Our off-site waste disposal increased by 4.5 percent, from 80.0 million to 83.6 million kilograms, reflecting a decrease in hazardous waste disposal off-site, and an increase in nonhazardous waste off-site disposal. In 2016, we established a baseline of our non-hazardous wastes currently being reused or recycled, at 69 percent.

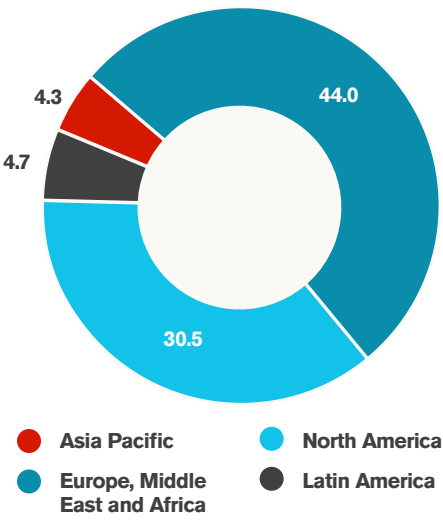
### Hazardous Waste Disposed On- and Off-site, by Type

	On-site	Off-site
Biological/Chemical Treatment	0	2,664.0
Energy Recovery	0	14,802
Incinerated	15.0	7,350
Landfilled	0	5,347
Recycled	2,180	19,326
Reused	231	260
Other	0.1	217.2

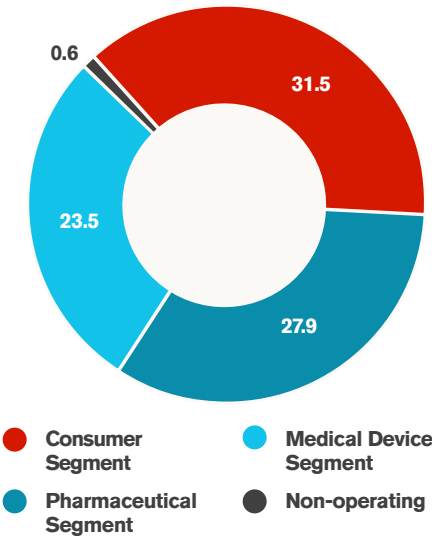
### Non-Hazardous Waste Disposed On- and Off-site, by Type










	On-site	Off-site
Biological/Chemical Treatment	19.6	8,357
Energy Recovery	0	19,246
Incinerated	472	4,823
Landfilled	0	14,200
Recycled	235	67,176
Reused	367	4,072
Other	0	6,558

Waste Disposed Off-site, by Region, in million kilograms



Waste Disposed Off-site, by Business Segment, in million kilograms



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At our Janssen site in Geel, Belgium, we have set the stage to pilot “Plant on a Truck,” a system treatment method that will remove toxic components, recycle valuable components, and eliminate the need for incineration of waste streams, thereby closing material loops, and realizing significant hazardous waste and wastewater reductions. The team driving the “Plant on a Truck” concept, one of our 2016 Sustainability Accelerator Grant recipients, are featured L to R: Chris Koch, Frank Peeters, Benny Ghoos, Johan Van den Eynde, Bert Verstappen and Geert van der Vorst.

Total Waste Generated, 2012-2016, in million kilograms					
	2016	2015	2014	2013	2012
Hazardous Waste Generated	52.4	55.8	58.1	51.0	48.9
Non-hazardous Waste Generated	125.5	115.9	117.9	117.6	108.4
Total Waste Generated	177.9	171.7	176.0	168.5	157.3

Going forward, this baseline will be used to measure progress against our effort to achieve an 80 percent recycling rate for these wastes. **306-2**

### Environmental Remediation

Johnson & Johnson is remediating contamination at 18 current or former facilities. In 2016, we spent approximately \$5.2 million remediating these facilities.

<sup>1</sup>Global Footprint Network National Footprint Accounts, 2017 Edition downloaded from <http://data.footprintnetwork.org>

<sup>2</sup>Includes data from all manufacturing and R&D locations, including Johnson & Johnson Indonesia, which was not covered in 2015 data. For information on how data from acquisitions and divestitures are managed, please see the About This Report section of this report. Exceptions will be noted in the relevant sections in which they occur. Data have been adjusted to reflect divestitures and acquisitions.














# Biodiversity





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## Why It Matters

Biodiversity is the variety of life, and according to the [Harvard School of Public Health](#), matters profoundly to human health. The roles that individual species and supporting ecosystems play in providing food, fuel, and medicinal compounds, air, water and soil purification services, and natural regulation of infectious disease, are critical to human health. Greater species diversity is imperative to ensuring sustainability for all life forms, and healthy ecosystems can better withstand and recover from a variety of disasters. As biodiversity loss increases, concern is growing about the related health consequences, according to the [World Health Organization](#).

## How We Approach It

As a global manufacturer, Johnson & Johnson has the potential to impact biodiversity in two main areas of our value chain – the facilities where we make our products, and upstream in the places from which we source feedstocks for our ingredients. The impacts from our facilities tend to be

minimal because our manufacturing and R&D facilities are primarily located in industrialized areas, away from natural or protected areas. Our wastewater and waste streams are managed in compliance with our internal standards and all applicable regulations. In addition to complying with our standards and regulations, we undertake thorough water risk assessments to understand our potential impacts on aquatic biodiversity. Finally, many of our sites also participate in local biodiversity activities within their communities.

To minimize potential sourcing impacts, we have established internal practices to guide our behavior and to ensure we are operating in compliance with the objectives of international agreements such as the [Convention on Biological Diversity](#) and the [Nagoya Protocol on Access and Benefit Sharing](#). For more information on our existing approach, see [Respecting Biodiversity](#) in our Policies and Statements, and [EHS&S Governance](#).

We also manage potential upstream impacts through our responsible sourcing practices for palm oil derivatives and forest-based products.

Our overall goal is full implementation of our responsible sourcing standards and verification of conformity to those standards in high priority areas. For more information, see [Responsibility Standard—Forest-Based Materials & Products](#), [Responsible Palm Oil Sourcing Criteria](#), and the [Procurement & Supplier Management](#) section of this report. [GRI 304-2](#)










## Our Performance

### Facilities

In 2016, water risk assessments were conducted at all manufacturing and R&D locations. Included in these assessments were criteria for water stress and watershed health (including inputs classifying threats to amphibians, watershed pollution, biodiversity threat, and ecosystem vulnerability, using input from several external models and tools). The resulting ranking describes the general threat to freshwater biodiversity in the area around the facility. The Johnson & Johnson sites tend to be located in industrial areas where biodiversity impacts are minimal.










While our processes and programs aim to limit potential biodiversity impacts, many of our operations have ongoing efforts to protect and restore local habitats on or near their facilities. Examples of these efforts in 2016 include: [GRI 304-3](#)

- Johnson & Johnson (specifically Johnson & Johnson Santé Beauté France JJSBF) participates in a partnership with the Conservatoire National du Littoral in France to protect the environment and preserve biodiversity in the area, where conservatory orchards maintain valuable landscapes or natural environments rich in biodiversity. JJSBF also participates with the Conservatoire National du Littoral in one of its projects to preserve the littoral.
- At our DePuy Synthes site in West Chester, Pennsylvania, 2016 projects included stream cleanup, pollinator garden plantings and tree planting events, and a sustainability workshop series with Penn State University Master Gardeners (2016 Sustainability Accelerator Grants Challenge Winner).

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- As part of our 10-year commitment to enhance wildlife habitat and natural resource protection, at our Skillman, New Jersey, facility, through its participation in the NJ Audubon Corporate Stewardship Council and the U.S. Fish and Wildlife Service Partners for Fish and Wildlife Program, the site has implemented an Integrated Pest Management Plan, completed natural mulching of all trees and shrubs, established no-mow and no-spray areas, installed bluebird and kestrel houses, established a designated bird sanctuary, and completed planting along stream banks.
  - At our Ft. Washington, Pennsylvania, site, an on-site wetlands area continues to be maintained by the Pennsylvania Department of Transportation, providing floodwater storage and stream recharge as well as wildlife habitat for local species. Under a partnership with the Wissahickon Valley Watershed Association, 24 acres of formerly fine lawn areas converted to tall grass and seeded wildflower meadows continue to be maintained.
  - Each year our Dominican Republic site, in coordination with the Ministry of the Environment, conducts endemic tree planting activities to restore areas that have been deforested.
  - Our site in Cali, Colombia, has a biodiversity program that includes a nursery garden inside the facility, producing different tree species to be planted periodically to support the biodiversity of the area and site. Additionally, the site participates in annual tree planting campaigns in the Farallones National Park Cali and in the rural area of Dapa Yumbo.
- For progress on our responsible sourcing practices, see the [Procurement & Supplier Management](#) section of this report.



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# Read More Online

We publish more details on many of the topics in this report on our website:

More Resources:	Related Stories
Johnson & Johnson Climate Friendly Energy Policy	5 Ways Johnson & Johnson Is Helping to Build a Healthier Planet by 2020
Statement on the Impact of Pharmaceuticals and Personal Care Products in the Environment	Palm Oil Traceability: How Johnson & Johnson is Making Progress
Johnson & Johnson Principles for Safe Use of Chemicals in Products	Caring for the Planet Like Our Health Depends on It: Johnson & Johnson Partners with the C4o Cities Climate Leadership Group
Responsibility Standard – Forest-Based Materials & Products	How Johnson & Johnson Is Leading the Way with Sustainable Innovation
Responsible Palm Oil Sourcing Criteria	
Statement on Respecting Biodiversity	
Johnson & Johnson Environment, Health and Safety Policy	

A photograph of two male scientists in a laboratory. They are both wearing white lab coats, safety glasses, and purple nitrile gloves. The scientist on the right is holding a small glass vial up to the light to inspect its contents. The scientist on the left is looking at the vial. In the background, there are various pieces of laboratory equipment, including a rack of test tubes and some tubing. A semi-transparent white box containing text is overlaid on the lower left portion of the image.

# Practices

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



Johnson & Johnson

2016 HIGHLIGHTS

# Practices

**Tripled**

the previous year's supplier engagement in our **Sustainable Procurement Program**, with total enrollment now surpassing **300** suppliers, which represents over **40%** of spend



**America's Top  
Corporation for  
Women's Business  
Enterprises**

on Women's Business  
Enterprise National Council list  
(Platinum Level)

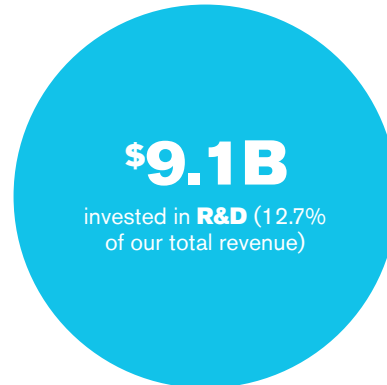
**1<sup>st</sup>**

on *Barron's* 2016  
**World's Most  
Respected  
Companies** list



**2<sup>nd</sup>**

on the  
**Access to  
Medicines Index**  
(up from #3 in 2014)



**No significant  
regulatory findings**

identified in over 505  
regulatory inspections of our  
internal sites conducted by  
worldwide health authorities

**Collaboration  
with an HP Inc.  
subsidiary**

announced to create  
personalized health care  
solutions with  
**3D printing  
technologies**



**\$9.1B**










invested in **R&D** (12.7%  
of our total revenue)





# Product Quality, Safety & Reliability



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## Why It Matters

At Johnson & Johnson we care deeply about patients and consumers, doctors and nurses, mothers and fathers. High product quality and safety are critical to the people we serve. In addition, from a business perspective, they help us retain their loyalty, protect our strong reputation and ensure we have a healthy and future-ready, thriving business. Product quality and safety are not only our top business priorities, but also obligations embedded in Our Credo-driven culture. In living up to Our Credo commitment “In meeting their needs, everything we do must be of high quality.”

## How We Approach It

High quality requires a focus on prevention of deficiencies, prompt recognition and correction of those that do occur, and a process for continuous improvement.

For the benefit of our customers, we continue to look at quality and safety throughout all phases of product lifecycles. Health and safety impacts,

as well as product performance, are assessed for all product categories in each business segment throughout the world. These assessments may lead to voluntary product field actions when prudent, based on our quality policies and standards. [GRI 416-1](#)

The Johnson & Johnson Quality & Compliance organization ensures the consistent implementation of our Quality Policy and Quality Policy Standards across the Johnson & Johnson Family of Companies. The Johnson & Johnson Quality Policy governs our operating companies to help ensure they design, make and deliver our products in a consistent way.

All employees around the world are expected to follow the [Johnson & Johnson Quality and Compliance Core Objective](#) in developing their annual Goals & Objectives, reinforcing that everyone is responsible for quality and compliance.

### Measuring Compliance

Operating in a state of consistent compliance is essential for all sites in the Johnson & Johnson Family of Companies. A closed-loop, independent audit approach is in place to help ensure facilities and










external manufacturing sites operate in compliance with our Quality Policy and Quality Policy Standards, as well as health authority requirements.

We have a clear and systematic process in place to remediate compliance gaps and minimize their impact on the customer experience. Results, status, and progress are all reported to business leaders and the Johnson & Johnson Family of Companies’ governing bodies to help them support their sites’ efforts to achieve compliance in a timely manner. Regular updates on this topic are provided to the Regulatory, Compliance & Government Affairs Committee of the Board of Directors.

Our quality and continuous improvement approach also includes a Management Review Process. This process requires the executive management of each of our operating companies to drive quality improvements by reviewing its Quality System every six months to ensure its suitability, adequacy and effectiveness.

Decisions on quality matters are made through the Quality organization and medical safety decisions are made through the Office of the Chief

In 2016, Johnson & Johnson's Animas Corporation was notified through the [Johnson & Johnson Vulnerability Disclosure program](#) of a cybersecurity issue with the OneTouch® Ping® insulin pump system, specifically that a person could potentially gain unauthorized access to the pump through its unencrypted radio frequency communication. The probability of unauthorized access was determined to be extremely low; however, Johnson & Johnson worked with the appropriate regulatory authorities and security experts to ensure patient safety and security. Johnson & Johnson sent notifications to both patients and health care professionals notifying them of the risk and actions they could take to mitigate it. The steps taken by Johnson & Johnson and our Animas Corporation in response to this issue were recognized by the U.S. Food and Drug Administration (FDA) as the proactive and collaborative behavior they are looking to see from medical device manufacturers and the security research community, utilizing an approach intended to best protect patients.

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## Continuous Improvement Examples

**Quality Excellence in Execution**, a program designed to reinforce quality culture and performance, was deployed across more than 100 manufacturing sites delivering significant reduction in manufacturing-related field actions, quality holds, and non-conformances over the last three years. Deployment continues with recently acquired businesses and the Johnson & Johnson Deliver organization.

**The Johnson & Johnson Proactive Supplier Quality Programs** are designed to prevent quality issues, identify quality risks and improve quality performance of our supply base. One of our programs is the Supplier Quality Academy which provides training for our suppliers and supplier-facing employees on strategic competencies that deliver overall quality and performance of the end-to-end supply chain. We have also deployed the Supplier Quality Excellence in Execution program to accelerate supplier maturity development and quality performance.

Medical Officer. When escalated, independent Quality Review Boards (Quality, Medical Affairs, Medical Safety, Regulatory representation) within each business unit make decisions independent of commercial considerations to ensure products in the market continue to meet their defined requirements.

Resulting from these efforts, Johnson & Johnson is achieving an integrated and proactive approach to quality and continuous improvement.

Additionally, we are exploring new ways to continue fostering our proactive quality culture and use our expertise to engage in leadership roles with external stakeholders for collaboration on future regulations. This will ensure the Company continues to deliver safe and effective products to improve the lives of our patients and customers.

## Our Performance

In over 505 regulatory inspections of our internal sites conducted by worldwide health authorities, no significant regulatory findings were identified.

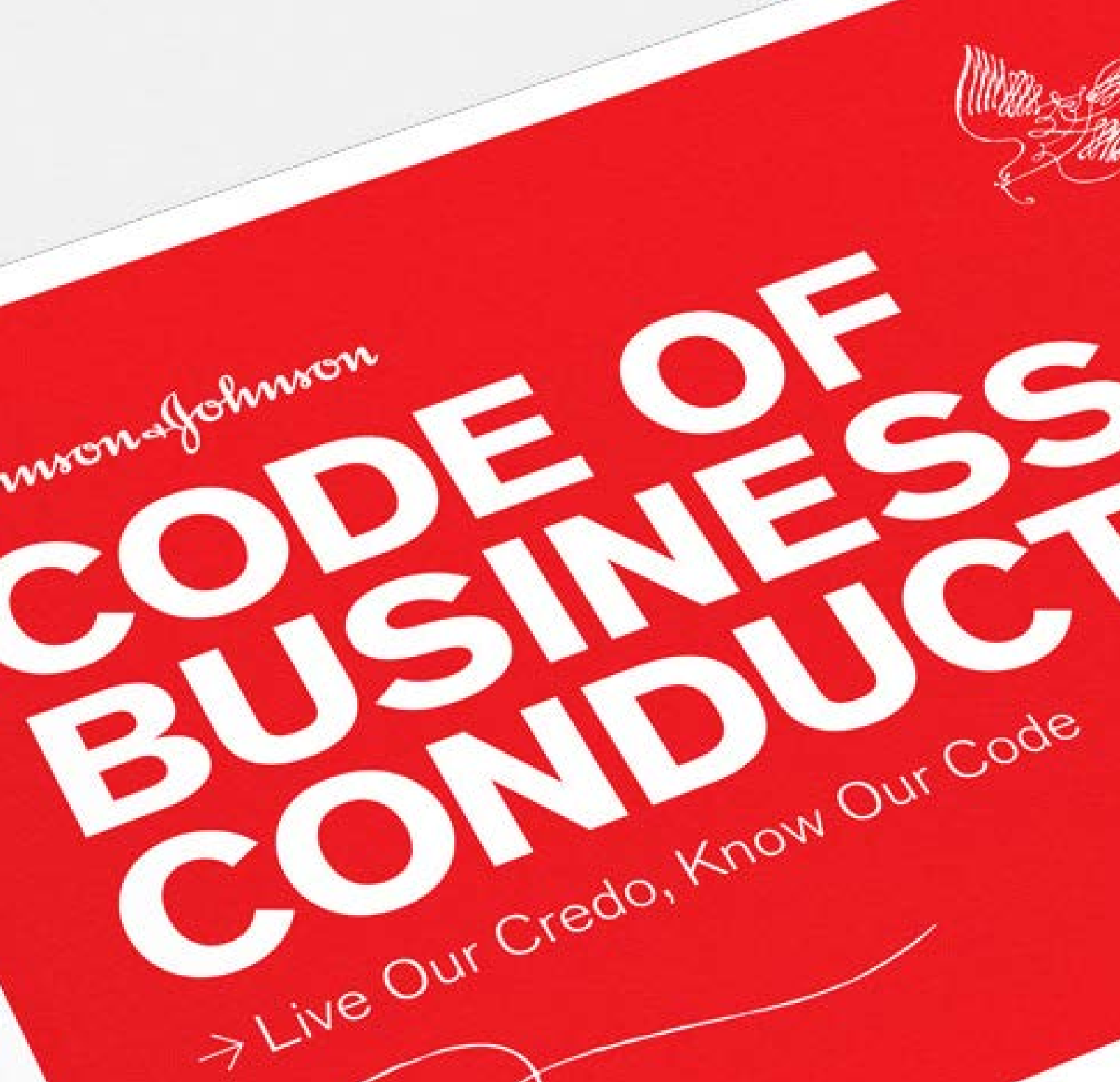
From 179 independent audits completed at our internal sites, the majority resulted in no critical findings. We put corrective actions to independent audit findings in place and tracked them to successful completion. The independent audit program was expanded in 2015 to include priority external manufacturing sites. In 2016, the program included 200 audits at our external sites. Findings and associated corrective actions are being tracked to successful completion.

We attained more than 35 percent reduction in the total field actions regarding recalls of product from the U.S. marketplace compared to 2015.

In May 2016, Johnson & Johnson brought back the landmark Kilmer Conference—the premier global forum on sterility assurance and sterilization—with more than 300 pharmaceutical and medical device leaders attending from across industry and health authorities. The primary focus for this event was on connecting Sterility Assurance end-to-end of the supply chain; innovation; and developing talent for the future. Johnson & Johnson hosted eight **Kilmer Conferences** between 1976 and 2003, helping to **shape the field** of sterility assurance and sterilization










on which the company was founded. Conference proceedings are available in a searchable e-book format on the Association for the Advancement of Medical Instrumentation **website**.





## Ethics & Compliance



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## Why It Matters

Johnson & Johnson is committed to legal compliance and upholding the highest ethical standards in every aspect of our business and in every market where we operate. By conducting business with integrity, we sustain the trust of our patients, health care providers, customers, partners and the communities we serve; and reinforce shareholder and investor confidence in the long-term health of our business. Above all, as a Company guided by Our Credo values, we believe acting ethically and responsibly is the right thing to do.

## How We Approach It

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

Our Company has comprehensive policies, procedures and required training that help employees comply

with laws and regulations. The Johnson & Johnson Law, Health Care Compliance & Privacy (HCC&P), Quality & Compliance, Environment, Health, Safety & Sustainability (EHS&S), Human Resources and Finance departments are available to help all employees navigate the laws and regulations that impact our work. [GRI 102-17](#)

Additional details concerning policies and procedures that define what we expect of our people and our business partners throughout the world can be found in our [Policies and Statements](#). [GRI 102-16](#)

### Compliance

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

When this is not the case, information is reported internally within the organization to senior management and, as appropriate, also shared with the Johnson & Johnson Executive Committee, the Board of Directors and/or the external auditors. When public disclosure criteria are met, anticompetitive behavior, antitrust claims, product liability claims, and lawsuits that cover customer health and

safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings. See Note 21 on page 73 of our [2016 Annual Report](#). [GRI 205-3, 206-1, 416-2, 417-2, 417-3, 419-1](#)

### Environment, Health, Safety & Sustainability Compliance










Our operating model takes advantage of the local knowledge of our EHS&S professionals in the markets where we operate, while continuing to leverage technical expertise across the enterprise, develop strategy, oversee talent management and execute governance. For more information on our management approach, see [EHS&S Governance](#).

The EHS&S categories of non-compliance were expanded in 2014 to include non-compliances associated with areas such as fire codes, food service, elevators and boilers. The areas being managed and reported as part of our compliance program now reflect a more inclusive and holistic view of our operations, going beyond the traditionally reported areas of EHS&S compliance. Our aim is to achieve zero accidental releases, regulatory non-compliances and fines.

In 2016, we experienced 17 accidental releases and 144 environmental non-compliances. None of the accidental releases were considered to be significant, as defined by the Global Reporting Initiative disclosure [306-3](#).

Non-Compliances and Accidental Releases, 2012—2016 <sup>1</sup>					
	2016	2015	2014	2013	2012
Accidental Releases — number of events	17	30	24	7	8
Environmental Non-Compliances — number of individual findings	144	77	72	45	29
Health & Safety Non-Compliances — number of individual findings	182	398	192	7	6

<sup>1</sup>Includes data from all manufacturing, R&D, warehouse, distribution center and office buildings locations. Beginning in 2014, we included several new EHS&S categories of non-compliance such as non-compliances associated with fire codes, food service, elevators and boilers.

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A total of 182 health and safety non-compliances were also recorded. The increase in EHS&S non-compliances over the past year were due in part to an increase in wastewater non-compliances, which tend to fluctuate because of operational activities, and an increase in product stewardship non-compliances, most of which were associated with our increased governance of this program and were self-reported. Over 60 percent of the EHS&S non-compliances occurred in the newly added categories. No fines were paid for EHS&S violations in 2016. [GRI 306-3; 307-1](#)

Anti-Corruption

The Law Department and HCC&P are responsible for setting enterprise-wide standards with respect to anti-corruption laws and interactions with health care professionals.

The Finance organization is responsible for assuring appropriate accounting controls are in place at all levels of the organization to ensure accuracy over financial reporting, including the investigation of potential fraudulent financial activity or results. The Finance 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 209 financial control audits at operating companies in 2016. In addition, Internal Audit and HCC&P conducted 66 and 35 audits, respectively, for compliance with our Foreign Corrupt Practices Act and Health Care Compliance controls. Generally, 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. The scope and frequency of such monitoring is determined based on the local operating company requirements and local conditions. [GRI 205-1](#)

Our policies require anti-corruption training for employees with relevant job responsibilities, with a significant emphasis placed on ensuring completion of training by all applicable employees.

The training covers all aspects of the Health Care Business Integrity Guide, including charitable contributions, donations, third-party intermediary (e.g., distributors) and cross-border interactions, all of which are deemed as high-risk activities. In 2016, Johnson & Johnson operating companies met the training goal (as captured in our metrics management tool), with training completed by more than 88,000 applicable employees worldwide. [GRI 205-2](#)

Adherence to anti-corruption laws and interactions with health care professionals are verified through ongoing independent audits and operations testing conducted by Internal Audit and HCC&P. Information on these audits and 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, which determines appropriate action to take, including commencement of for-cause investigations.

Many incidents and allegations are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this










information is reported externally in our public filings if it meets the criteria for requiring public disclosure. [GRI 205-3](#)

Ethical Marketing

Johnson & Johnson markets a broad range of health care products from our Consumer, Pharmaceutical and Medical Devices business segments throughout the world. We do not sell or market products that are banned within markets that have restrictions such as those referenced above. [GRI 102-2](#)

Products developed and commercialized through our Pharmaceutical and Medical Devices businesses meet all applicable laws regarding package inserts, 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. [417-1](#) Ingredients are listed for all products; however, we do not include sourcing information of components. Directions for proper disposal are included where necessary.



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The Company is committed to marketing all products responsibly to honor the trust that consumers place in us in choosing our products and to ensure efficient markets. Lawsuits, claims regarding commercial and other matters, governmental investigations, and other legal proceedings arise from time to time in the ordinary course of business. Legal proceedings that involve Johnson & Johnson and its subsidiaries and meet criteria for requiring public disclosure are reported externally in our public filings, available on our [Investor Relations](#) website. [GRI 206-1](#)

**Bioethics**

In 2016, Johnson & Johnson relaunched its global, company-wide [Bioethics Committee](#) to further enhance the expertise and capabilities available to aid in bioethical decision-making. The committee provides an expert forum for consultation on bioethical issues and proactively championing bioethical decision making across the enterprise.

**Humane Care and Use of Animals**

In addition, at Johnson & Johnson it is our policy is to minimize the use of animals in laboratory research when assessing the safety and efficacy of our products.










Over time, the use of animals in our research has decreased significantly. In 2016, Johnson & Johnson as a global enterprise—across our Consumer, Pharmaceutical and Medical Devices business segments—discontinued the use of live animals for the sole purpose of sales training.

For more information see [Our Guideline on the Humane Care and Use of Animals](#).



# Innovation



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## Why It Matters

At Johnson & Johnson we believe that innovation is at the heart of human progress. As the world’s most broadly based health care company, we view innovation as a critical engine of our long-term business success. We rely on the transformative power of scientific knowledge, technology and collaboration to uncover innovative solutions to some of the biggest medical challenges of our time, including global pandemics, obesity, and the health issues linked to environmental degradation.

## How We Approach It

Johnson & Johnson began as an innovative startup in 1886 and has since built a strong track record in delivering innovative products that meet patients’ needs in every market where we operate.

From achieving scientific breakthroughs in tackling the world’s most pressing health challenges, to applying innovative thinking in product design to reduce environmental footprint, to exploiting latest technologies in

the workplace that improve health and productivity of our employees, innovation is deeply ingrained in our culture at Johnson & Johnson.

Our unique approach to innovation combines several characteristics: a strong internal focus on research and development, strategic partnerships to harness the external opportunities for innovation, and emphasis on geography — specific health care solutions that account for differences in patient and customer needs across the world.

Guided by Our Credo, innovation at Johnson & Johnson starts with the patient needs. In each of our business segments, we prioritize the product pipeline based on the opportunity to address unmet medical needs and improve the lives of patients and consumers. We also consider the potential for commercial success. Recognizing that the best ideas can come from anywhere, we combine internal scientific strength with strategic external collaboration in the following R&D efforts:

- Attracting teams of best scientists to world-class Johnson & Johnson R&D locations around the world;

“

The way we are approaching innovation goes beyond products and services. We are innovating how we go to market, how we reach new consumers, and how we use technology to drive better outcomes and deliver long-term value to patients, consumers and customers around the world.










ALEX GORSKY,  
CHAIRMAN AND CEO

- Establishing presence in major research hubs with four Johnson & Johnson Innovation Centers on three continents;
- Creating strategic collaborations with entrepreneurs to develop breakthrough solutions in our three business segments through eight JLABS facilities across the United States and in Canada: JLABS facilities have incubated more than 200 companies to date and are currently home to over 140 companies advancing biotech, pharmaceutical, medical device, consumer and digital health programs;
- Focusing on late-stage opportunities and M&A activity that contribute to our robust pipeline of innovative products through our three business segment Business Development teams.

In addition to this more traditional R&D focus, we are working to redefine what it means to innovate in low-resource settings by forming unconventional partnerships and accelerating the pace of socially beneficial innovation needed to deepen our impact. For example, in partnership with governments and civil society organizations, we are tackling some of the most serious public health challenges, such as multidrug-resistant tuberculosis and HIV/AIDS.

Beyond the lab, our approach to fostering innovation extends to our business strategy and employee development efforts. As the world of health care intersects more rapidly with the world of high technology, Johnson & Johnson is shaping this transformation in the industry by establishing “best-in-breed”



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technology partnerships and making equity investments in health tech. Our **enterprise health tech strategy** guides us towards building a flexible, secure digital business, developing smart products and creating new models of engagement.

## Our Performance

In 2016, our R&D investments totaled \$9.1 billion, which represents 12.7 percent of total revenue and demonstrates our commitment to Our Credo stakeholders that we manage the company for the long term.

As part of ongoing portfolio management, we announced the engagement in a process to evaluate potential strategic options for the Johnson & Johnson Diabetes Care Companies, specifically LifeScan, Inc., Animas Corporation, and Calibra Medical, Inc. Strategic options may include the formation of operating partnerships, joint ventures or strategic alliances, a sale of the businesses, or other alternatives either separately or together.

Johnson & Johnson **announced collaboration with an HP Inc. subsidiary** to create personalized health care solutions with 3D printing technologies,

with the collaboration focused on improving outcomes, increasing satisfaction and reducing costs for patients, consumers and health care providers.

### Examples of Business Segment Innovation Achievements Follow:

#### Consumer

With a repeatable insight-led innovation model for our Consumer business segment that led to more than 100 new products launched in 2016, we are proud of the support and endorsement by hospitals, health care professionals and consumers.

Also in 2016, our Johnson & Johnson Health and Wellness Solutions, Inc. announced a collaboration with Plug and Play Tech Center, a global investor and technology accelerator, to support innovative, early-stage companies developing direct-to-consumer solutions that enhance wellness.

#### Medical Devices

Our surgical intervention solutions improve outcomes and reduce costs through sustainable behavioral change with our collaboration among Johnson & Johnson Health and Wellness

Solutions, DePuy Synthes and IBM Watson Health, and through new models of engagement, such as the 2016-announced strategic collaboration between LifeScan, Inc. and WellDoc Corporation to advance mobile solutions that can empower Type 2 diabetes patients with real-time data and information to improve their health outcomes.

A dynamic example of our efforts to change the state of global surgery innovation is **Verb Surgical Inc.**—a recent collaboration between Ethicon and research company Verily Life Sciences LLC. By combining Ethicon’s expertise in minimally invasive tools and Verily’s vast knowledge of technology, Verb Surgical aims to create a comprehensive surgical solutions platform that can help advance the field of robotic-assisted surgery.

#### Pharmaceutical

Johnson & Johnson was ranked #2 on the **Access to Medicines Index (ATMI)**, up from #3 in 2014. ATMI is an independent evaluation that ranks the top 20 research-based pharmaceutical companies on providing access to medicines in developing countries. This achievement is a testament to our long-standing commitment to improving access to medicines in the developing countries

Janssen won the International **Prix Galien Award** for in recognition of our accomplishment in developing a groundbreaking therapy for multidrug-resistant tuberculosis.

Through the **WIPO Research Initiative**, Janssen provided access to its molecular library on a case-by-case basis to researchers globally to identify molecules that are potentially active against neglected tropical diseases and other diseases prevalent in the developing world. Janssen entered into multiple bilateral agreements in 2016 to address disease such as Chagas disease and Dengue Fever.

Janssen hosted the \$85 million **DREAMS Innovation Challenge**—which aims to identify and support innovative ideas to reduce HIV infections in adolescent girls and young women in 10 sub-Saharan African countries—and directly funded three challenge winners, whose projects will reach 15,000 adolescent girls and young women in two countries in 2017 and 2018.

A public-private partnership of some of the world’s leading health organizations announced that data from a Phase 1 study of a preventive Ebola vaccine regimen have been published in *JAMA*:

*The Journal of the American Medical Association*. The results suggest that the regimen was well tolerated by healthy volunteers and immunogenic (produced an immune response). Among the findings, 100 percent of participants in the study achieved an initial antibody response to Ebola, which was sustained eight months following immunization.

The findings from a two-year study **published in *Nature*** in 2016, in which Janssen participated as co-author, suggest that combining therapeutic vaccination with immune stimulation could be a potential way to achieve a **functional cure** for HIV infection, a strategy to suppress HIV infection long-term without the need for life-long antiretroviral therapy.

To support the African innovation community to accelerate clinical innovation by Africans for Africa, we announced a **partnership** with the University of Cape Town’s Drug Discovery and Development Center.

## Growing Through Insight-Led Innovation, Endorsed by Professionals










 <div><b>#1</b> Allergist Recommended</div>	 <div><b>#1</b> Brand of OTC Pain Reliever Hospitals Use</div>	 <div><b>#1</b> Dermatologist Recommended</div>
 <div><b>#1</b> Dentist Recommended Mouthwash</div>	 <div><b>#1</b> Pediatrician Recommended Brand of Ibuprofen</div>	 <div><b>#1</b> Hospital Recommended</div>
 <div><b>#1</b> Recommended by Doctors and Moms</div>	 <div><b>70</b> Years Relied on by Doctors</div>	 <div><b>70</b> Years Recommended by Dermatologists</div>



# Human Rights





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## Why It Matters

At Johnson & Johnson, Our Credo guides our business and social practices with a strong focus on the people, customers, and communities we serve. Respect for human dignity and individual rights are some of the fundamental values embodied in Our Credo. As a global company, we have a responsibility to uphold these values everywhere we operate.

## How We Approach It

We believe our most significant opportunities to impact human rights—and therefore, our greatest areas of responsibility—are in the areas of human rights in the workplace, clinical research ethics, and improving access to health care. Several Johnson & Johnson policies and statements address how we protect human rights. Our [Statement on Human Rights](#) acknowledges our commitment 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 also follow the principles in the [International Labor Organization's Declaration on Fundamental Principles and Rights at Work](#). Our commitments for respecting human rights in the workplace are detailed in: [Global Labor & Employment Guidelines](#), [Policy on Employment of Young Persons](#), [Responsibility Standards for Suppliers](#), and [Human Trafficking Policy](#). Our [Global Labor and Employment Guidelines](#) articulate our expectations for labor and employment practices at our sites, including preventing forced labor, discrimination and child labor, among other topics. We conduct assessments against our Global Labor and Employee Guidelines on an ongoing basis through local Human Resources and our Global Employee & Labor Relations function. We consider assessment data confidential. [GRI 406-1](#)

In regard to clinical research ethics, we have [Ethical Code for the Conduct of Research and Development](#) and the statement on [Conducting Clinical Trials](#). These policies outline how we ensure protection of human rights of trial participants. Our research practices

are also consistent with external standards and guidelines, such as the [Good Clinical Practice Guidelines of the International Conference on Harmonization](#), the [World Medical Association's Declaration of Helsinki](#) and the [Belmont Report](#).

### Internal Human Rights Efforts

The internal human rights efforts of our Company are overseen by the Executive Vice President of Human Resources, Chief Human Resources Officer, reporting directly to the Chairman and CEO. Following our management structure, responsibility for meeting our internal human rights commitments resides in our local operating companies, managed by the relevant corporate and business group functions.










Compliance with internal and external human rights commitments is also monitored under our global [Code of Business Conduct](#) through individual business units. Code of Business Conduct training is required every two years, starting with 2016, of all employees and contingent workers. Each business and all senior leaders must annually certify compliance with our Code of Business Conduct. Results are reviewed by the Corporate

Secretary's Office, Internal Audit and the Board of Directors' Regulatory, Compliance & Government Affairs Committee. [GRI 412-1](#)

### Grievances

Procedures exist to remedy all reported employee-related concerns and grievances, regardless of topic. All employees can anonymously report potential violations through Our Credo hotline, to Human Resources, within each operating company locally, including using the Open Door process, and in North America, the [Common Ground](#) process. In all other operating regions, an appeal process to re-open grievances exists under certain conditions. In all countries in our Asia Pacific region, we have a grievance resolution policy that explains how employees can raise complaints, and details manager responsibilities to act. We communicate hotline access broadly, and visibility of this access and hotline functionality are in scope for financial audits.

In the Americas and Asia Pacific, Employee Relations staff independently investigates non-compliance in employee relations matters, and verified non-compliant situations are addressed

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by the respective business unit. In the Europe, Middle East and Africa region, investigations are the responsibility of local human resources and are overseen by regional employee relations teams. We address concerns raised through the Open Door process locally, and do not track them at an enterprise level. Concerns raised through the hotline are reported at an enterprise level.

Collective Bargaining/Minimum Notice Periods

Johnson & Johnson provides the freedom to establish a formal employee organization or representation structure across the enterprise and our operating companies, and company sites can establish an employee representation structure or framework except where prohibited by law. Representation structures vary globally enterprise-wide.

Regarding minimum notice periods, 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 operating leaders endeavor to communicate significant plans of operational changes to

employees and their representatives, where they are present, in a timely and practical manner in advance of actions being taken. Many of our collective bargaining agreements contain negotiated provisions covering severance or separation pay and benefits. Where there is no legal minimum notice period, Johnson & Johnson operating companies attempt to provide notice at the earliest feasible time. [GRI 402-1](#)

Human Rights in the Supply Base

Responsibility for our efforts on human rights in the supply base rests with our Chief Procurement Officer. Our [Procurement organization](#) publishes and implements our [Responsibility Standards for Suppliers](#), which detail what we expect of our suppliers. Many of the 60 countries in which we operate<sup>1</sup> are considered by independent organizations to be at risk for human rights violations, including forced labor, child labor and restrictions on the right to exercise freedom of association or collective bargaining. See page 68 of our [2015 Citizenship & Sustainability Report](#) for the full listing of countries at high risk of human rights violations, as defined by independent organizations. [GRI 407-1; 408-1; 409-1](#)

Human Trafficking

Johnson & Johnson strictly prohibits employees, subcontractors, subcontractor employees and agents from engaging in human trafficking-related activities. These activities include engaging in sex trafficking, procuring commercial sex acts (even if this practice is legal in the jurisdiction where it transpires), using force, fraud or coercion to subject a person to involuntary servitude, or obtaining labor from a person by threats of serious harm to that person or another person, among others. Please see our [Human Trafficking Policy](#) for more information.

Conflict Minerals

Rule 13p-1 under the Securities Exchange Act of 1934 requires public reporting companies that manufacture or contract to manufacture products containing “conflict minerals” (defined as tin, tungsten, tantalum and gold [3TG]) to conduct due diligence on the source and chain of custody of those conflict minerals to help determine whether they originated from the Democratic Republic of Congo (DRC) or adjoining countries and directly or indirectly financed or benefited armed groups in those countries. As indicated in our [Statement on Conflict Minerals](#), we are taking steps










to determine the use, country of origin and source of 3TG in our global product portfolio. Based on our due diligence efforts for the 2016 reporting period, we do not have conclusive information regarding the country of origin or facilities used to process the necessary conflict minerals in the Johnson & Johnson Family of Companies' products. For more information, see our [Conflict Minerals Report](#) for the calendar year ended December 31, 2016.

Our Performance

Internal Human Rights Efforts

Code of Business Conduct training is required of all employees and contingent workers, and is offered in 25 languages as of the end of 2016. Each business and all senior leaders must certify compliance with our Code of Business Conduct annually, and results are reviewed by the Corporate Secretary’s Office, Internal Audit and the Board’s Regulatory, Compliance & Government Affairs Committee. [GRI 412-1](#)

We assigned Code of Business Conduct training to 129,861

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employees and 2,703 contingent workers with a completion rate for the training of 78 and 84 percent respectively, representing approximately 8,700 hours of training on human rights in 2016. [GRI 412-2](#)

As part of our Healthy Future 2015 Goals, we provided all critical employees, defined as those in positions most sensitive to human rights infringements, with human rights training. This training continued to be offered in 2016 and will be refreshed in 2017 as one of the objectives of a newly formed cross-functional team devoted to human rights in the supply base.

As of the end of 2016, employees were represented by labor unions or work councils at approximately one third of our sites around the world. [GRI 102-41](#)

Human Rights in the Supply Base

We continued to reinforce our management approach to human rights issues in the supply base with the goal of creating a more comprehensive enterprise-wide framework. Specifically, under the guidance and oversight of the newly-formed Enterprise Governance Council, we re-assessed our human rights

policies and processes to identify gaps and opportunities for improvement. This work provided additional insight for the revision of our [Responsibility Standards for Suppliers](#) that continued in 2016. The revised Standards will align closely with the relevant provisions from the UN Guiding Principles on Human Rights. To develop a robust implementation plan for the revised Standards, we established an internal working group represented by Global Community Impact, Environment, Health, Safety & Sustainability, Legal, and Procurement functions. Among other activities, this plan will include a refreshed internal human rights training to launch in 2017.

In our global Sustainable Procurement team, we added dedicated resources focused on human rights issues. We prioritized our supplier categories for risk, including human rights risks, with our External Manufacturers, Active Pharmaceutical Ingredient suppliers and Construction, Capital and Facilities Services suppliers emerging as a higher priority, and undertook a review of our assessment tools, like EcoVadis, to ensure robust coverage of our Responsibility Standards for Suppliers.

As a member of the Board of the

Consumer Goods Forum (CGF), we endorsed the [CGF Forced Labor Resolution and Priority Industry Principles](#) passed in 2016, and are working to embody these principles into the revisions of our Responsibility Standards for Suppliers along with additional exceptions for human rights and conflict minerals.

<sup>1</sup>A list of our operating locations can be found in Exhibit 21 of our [2016 10-K filing](#).














# Procurement & Supplier Management



Our Janssen chemical manufacturing facility, Geel, Belgium



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## Why It Matters

In today's business environment, sustainable procurement practices are increasingly driving companies' purchasing decisions, policies and reputation. With operations in 60 countries around the world and a complex, extensive value chain, at Johnson & Johnson we have a truly global reach in our ability to influence the sustainability practices in our supply base. We are committed to engaging and **partnering with suppliers** who are transparent about their sustainability goals, can assure us that they are responsibly producing the goods and/or services we are buying, and can verify the legal and regulatory compliance of their supply chain. Together, we work to accelerate environmental and social improvements across our value chains.

## How We Approach It

At Johnson & Johnson we partner with approximately 80,000 suppliers. We organize these suppliers into 30

categories grouped into five families, including:

- Supply Chain Materials and Products
- Supply Chain Services (Construction, Capital and Facilities Services, and Logistics)
- R&D
- Business Services, and
- Marketing. [GRI 102-9](#)

In 2016, we established our Citizenship Center of Excellence (CoE) to help us leverage our supplier relationships for the greater global good, going well beyond what would be expected of traditional procurement organizations. The Citizenship CoE strengthens our approach to advancing citizenship and sustainability in our supply base by strategically connecting the existing programs within the Procurement functions, including Sustainable Procurement Program (SPP) and Global Supplier Diversity & Inclusion (GSDI) among others.

Executive leadership and sponsorship are provided by our Chief Procurement Officer; Vice President, Procurement Citizenship; Head of Sustainable Procurement; Head of GSDI; and our GSDI teams.



Today, the impact that companies have on individuals, the environment and society are the criteria that consumers and patients use to make decisions about who they want to do business with. That is critically important as we look to the future – and we recognize the responsibility we have across our entire supply base. By using our procurement leverage, influence and market position, we are able to partner with our suppliers to create innovative solutions to some of today's most pressing issues, and to strengthen our Company.










LEN DECANDIA  
CHIEF PROCUREMENT OFFICER, JOHNSON & JOHNSON

### Sustainable Procurement

Our Sustainable Procurement Program (SPP) combines the focus on supplier compliance with legal and regulatory requirements with our aspiration for our suppliers to achieve world-class supplier sustainability. With respect to the latter, we have an ambitious target to enroll suppliers covering 80 percent of spend in our SPP by 2020 (see [Health for Humanity 2020 Goals](#)). To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in SPP, targeting the top 40 percent of spend in 2016. Suppliers within the annual percentage spend target are required to participate in the SPP. Participating suppliers must conform to our Responsibility Standards for Suppliers and fulfill one

or more of four requirements listed below, determined for each supplier category by category leadership:

- **Transparency:** publicly reporting two or more sustainability goals and track progress over time
- **Disclosure to Action:** annual participation in CDP Supply Chain disclosure
- **Continuous Improvement:** achieving a high performers assessment score (using industry standard methods)
- **Leadership:** implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute

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A supplier’s conformance to our Responsibility Standards is measured through completion of an EcoVadis assessment.

Supplier assessments under SPP run in tandem with our Environment, Health, Safety & Sustainability (EHS&S) risk management program for suppliers. While the process to enroll suppliers in our SPP is prioritized on supplier spend, the EHS&S risk management program prioritizes supplier engagement based on a supplier’s EHS&S risk profile. The respective teams work together closely to integrate our supplier assessment processes for increased efficiency and better risk mitigation.

Under the EHS&S program, as a starting point the suppliers are screened for risk of non-compliance with relevant EHS&S standards. The criteria used for this review are the suppliers’ geographic location and the types of products/services they provide (see Responsible External Supply chart). Suppliers determined as low priority in the initial review require no further immediate action. Suppliers categorized as high priority undergo a formal EHS&S risk assessment through an EcoVadis assessment. Depending

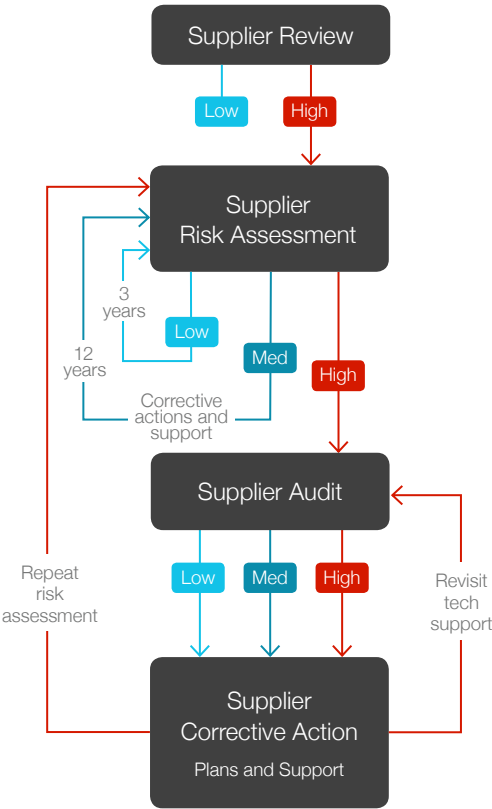
on the findings, the risk assessment may trigger a supplier site audit. All suppliers who are external manufacturers, active pharmaceutical ingredients (API), biologics suppliers, and in some cases, strategic R&D suppliers or chemicals suppliers, are automatically designated as high priority and must complete EcoVadis assessments at the site level. All new external manufacturers and API or biologics suppliers located in a “high risk” country are automatically subject to a site audit.

Supplier assessments conducted by EcoVadis through participation in the SPP or EHS&S risk management program, follow the same assessment process. All site audits are conducted using the audit protocol and checklist developed by the Pharmaceutical Supply Chain Initiative (PSCI). We identify audit findings in the areas of suppliers’ Management Systems, Ethics, Labor/Social Responsibility, Environmental Compliance and Health & Safety Compliance. We categorize findings as critical, major and minor, and communicate them to each supplier along with our expectations that they must implement time-bound corrective actions and demonstrate improvement. [GRI 308-1, 414-1, 414-2](#)

The Sustainable Procurement and EHS&S teams use the final assessment score to rank suppliers as low, medium or high risk. Where the individual supplier score falls below our minimum rating, we request that the supplier institute a formal improvement program. If we discover non-conformances, we work with the supplier to identify problem areas and develop strategies to improve performance. If significant non-conformances cannot be resolved, the relationship with the supplier may be terminated.

We maintain processes to assist our suppliers in assessing and, where necessary, improving their performance. Assistance is provided through follow-up visits and business reviews with direct coaching and guidance, and in part through our [Sustainability Toolkit for Suppliers](#) and supplier relationship management engagement. While the [Responsibility Standards for Suppliers](#) set the standard expectations, additional expectations may also be defined in supplier contracts. Assistance is also offered to suppliers through Johnson & Johnson’s membership in PSCI in the form of supplier capability building conferences, webinars and tools available on the PSCI website.










Supplier Assessment Process



Supplier Diversity

At Johnson & Johnson we believe that [supplier diversity](#) is equally important as the diversity of our own workforce; supplier diversity plays a major role in the success of our businesses and

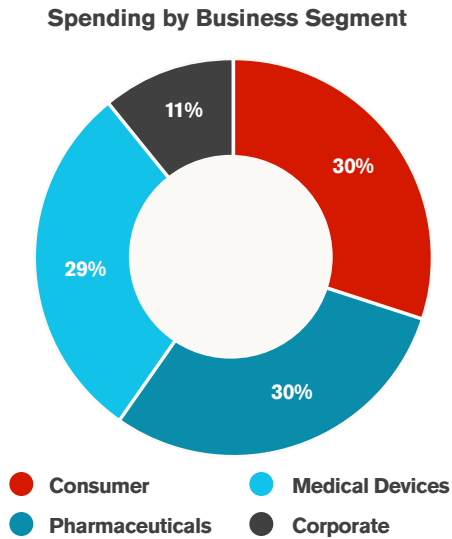
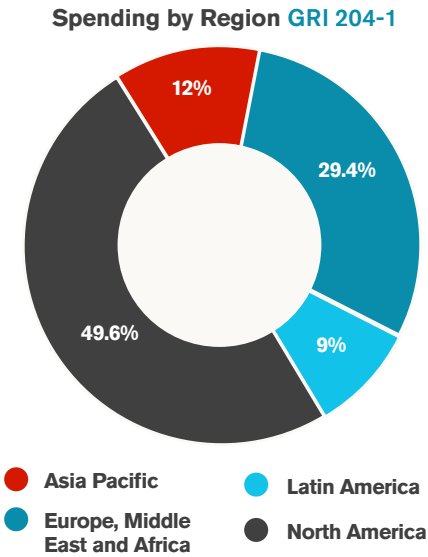


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it is a vital part of our Procurement function. Through our GSDI organization, we have been investing in diverse supplier development, education, and collaboration for nearly 20 years.

Our GSDI Program provides qualified small and diverse businesses with a pathway to become an official provider of goods or services for Johnson & Johnson. Suppliers that qualify for this program include: Certified Minority-Owned Businesses, Small and Large; Certified Small Disadvantaged Businesses; Small Veteran-Owned and Service Disabled Veteran-Owned Businesses; Certified Women-Owned Businesses, Small and Large; Certified Gay/Lesbian-Owned Businesses, Small and Large and Small, Certified HUBZone Businesses.

As we expand our diverse supplier programs beyond the United States, we are also establishing systems to track the success of these global programs. For more information about the expansion efforts of our diverse supplier community, see [Health for Humanity 2020 Goals Progress Scorecard](#). And, for more information on our Supplier see [Supplier Diversity](#) page on our Company website.



**Responsible Sourcing**

We maintain a set of expectations for purchased products such as packaging, office paper, printed marketing materials and wood-based furniture (see [Responsibility Standard—Forest-Based Materials & Products](#)), and for palm oil (see [Responsible Palm Oil Sourcing Criteria](#)). Processes have been established to implement our responsible sourcing standards, and to measure conformance.

**Our Performance**

In 2016, we counted an annual procurement spend of approximately \$29<sup>1</sup> billion. Procurement spend by business segment and by region is shown at left.

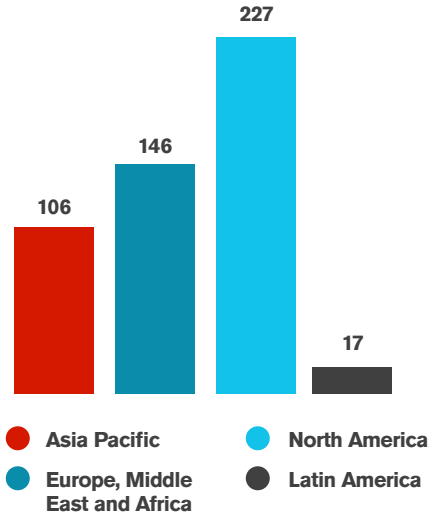
**Sustainable Procurement**










At the end of 2016, we more than tripled our supplier engagement compared to 2015, with approximately 44 percent of spend, or \$12.8 billion, representing 328 suppliers enrolled in our Sustainable Procurement Program (SPP). Of these, 307 completed EcoVadis assessments in 2016, with the remaining suppliers under assessment; 228 joined the SPP in 2016. The number of suppliers completing EcoVadis

assessments increased to 435 when site level assessments of select supplier categories are added at the request of our Environment, Health, Safety & Sustainability (EHS&S) group. [GRI 308-1; 414-1](#) Additionally, 196, or approximately 60 percent, of the suppliers in our SPP met our target of having two or more publicly reported sustainability goals.

The total number of EcoVadis assessments completed in 2016 is just under 500, which indicates that some suppliers may receive more than one assessment. The regional distribution of these assessments is shown below.

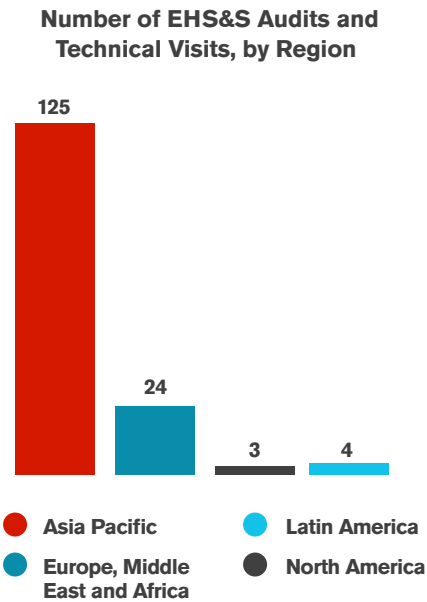
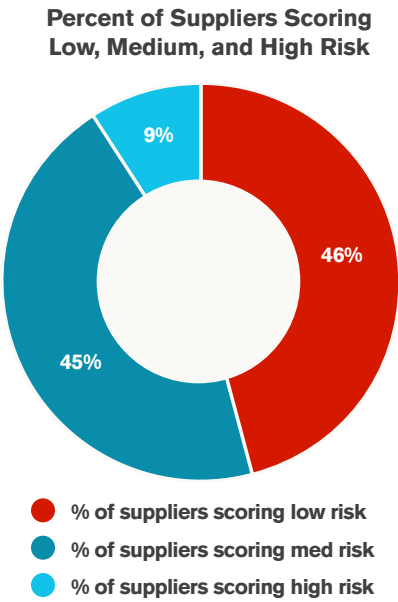
**Number of EcoVadis Assessments Completed in 2016, by Region**



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Of these, approximately 46 percent were designated as low risk and, 45 percent as medium risk, and nine percent (43 sites) as high risk. [GRI 414-2](#)

Under the EHS&S risk management program, our EHS&S team completed 156 audits and technical visits<sup>2</sup> of suppliers identified as potentially high risk, including those identified as high risks prior to 2016. The regional breakdown of audits and technical visits is shown in the table below:



By the end of 2016, 82 critical findings were identified during the audits, and out of 43 sites initially designated as high risk, 31 sites were confirmed to be high risk as a result of audits. The critical findings primarily fell into the following categories: fire safety, process safety management, and chemical safety/industrial hygiene. Supplier category managers are regularly kept informed of the risk levels identified and corrective activities being implemented using a standardized risk reduction scorecard that is published

quarterly. [GRI 308-1, 308-2](#) A total of six suppliers reported serious EHS&S incidents all of which were fire-related.

**CDP Supply Chain Program Participation**

Of the 244 suppliers invited to participate in the CDP Supply Chain — Climate Change program, 225, or 92 percent, chose to do so, representing the highest number of suppliers invited and greatest participation rates to date. Additionally, 79 were invited to participate in CDP Supply Chain — Water program, and 46, or 58 percent, participated. Notably, 2016 was the first time CDP took steps to evaluate the ability of organizations to engage with their suppliers on climate change, and provide them with a Supplier Engagement Rating. In 2016, Johnson & Johnson received a score of A- on this rating.

**Supplier Recognition and Training**

In 2016, our SPP hosted a Supplier Sustainability Awards event to recognize 10 suppliers for their efforts across four categories, as detailed in the table. Prior to the awards event, the suppliers joined representatives from

**Johnson & Johnson Supplier Sustainability Awards**

**Most Improved CSR—CDP**

Recognizing those suppliers with the greatest improvement in CDP disclosure

**Most Improved CSR—EcoVadis Score**










Recognizing suppliers with the greatest improvement in EcoVadis

**Rising Star Award**

Recognizing noteworthy new commitments to aligning with Johnson & Johnson's Responsibility Standards

**Supplier-Enabled Johnson & Johnson Sustainability**

Recognizing the maturity of supplier's overall CSR program and significant benefits or impacts to Johnson & Johnson

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Johnson & Johnson’s Procurement, Risk, and EHS&S teams as well as external partners for an interactive workshop titled “Sustainability through the Lens of Risk and Value Creation.” The workshop and awards event emphasized the importance of sharing our sustainability values with our suppliers as key partners in this collaborative effort.

Also in 2016, our efforts with Pharmaceutical Supply Chain Initiative (PSCI) continued. As a member of PSCI, we support the initiative’s “vision of better social, environmental and economic outcomes in the communities where we buy.” Through PSCI we can more effectively share knowledge and expertise across our industry. We invited many of our suppliers to a PSCI training and capability-building event in China, during which we explored responsible business practices and conducted supplier training on a range of key topics including: chemical hazard assessment, process safety management, green chemistry, industrial hygiene, responsible labor practices, business ethics, and environmental compliance.

Supplier Diversity

In 2016, we achieved diverse U.S. supplier spending and small U.S. supplier spending of \$1.301 billion and \$2.692 billion, respectively. Compared to 2015, our overall diverse and small supplier spending slightly declined, due in part to the completion of several major one-time projects, supplier optimization efforts and a decrease in overall procurement spending. For more information on the related 2020 Goal, see [Health for Humanity 2020 Goals Progress Scorecard](#).

Our spending with U.S. lesbian, gay, bisexual, transgender (LGBT) suppliers was \$1 million, and spending with veteran- and disabled-owned veteran business suppliers was \$77.8 million. In partnership with WeConnect International and other partners, we announced a commitment at the Global Citizen Summit to increase women-owned business spend and women-owned small business spend by \$100 million, over the next three years.

While in the early stages, we are now able to start reporting spend in some of our markets outside of the United States, including Europe, Middle East

Supplier Diversity Partnerships:

Johnson & Johnson is a corporate member of many supplier diversity and inclusion advocacy organizations, including but not limited to the following:

Since 2003

- The National Minority Supplier Development Council\*
- The Women’s Business Enterprise National Council (WBENC)\*\*

Since 2004










- The National Veteran-Owned Business Association\*

Since 2011

- Minority Supplier Diversity U.K.
- WeConnect International
- The Billion Dollar Roundtable
- The Diverse Manufacturing Supplier Chain Alliance\*\*\*
- The U.S. Hispanic Chamber of Commerce\*
- The U.S. Gay and Lesbian Chamber of Commerce
- Diversity Alliance for Science
- Health Care Supplier Diversity Alliance

*\*Top Corporation Recognition*  
*\*\*First-Time Top Corporation Platinum Level Recognition (2016 WBENC “Top Corp” Award)*  
*\*\*\*Founding member*



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## Supplier Diversity Awards:

Recognized by the **National Minority Supplier Development Council (NMSDC)** in the “Global Link” category for our robust supplier diversity and development program

Named in the **“America’s Top Corporations for Women’s Business Enterprises”** by the WBENC, and awarded Platinum Level for the first time (recognized for the 11th time, and for the eighth consecutive year)

Named in the **“Military-Friendly Supplier Diversity Programs”** (for the sixth time) by the National Veteran-Owned Businesses Association (NaVoba) in its 2016 Customer and Agency Awards

Listed in the **“Top Supplier Diversity Program for Hispanics”** (by *Hispanic Network Magazine* for the sixth year)



As one of Johnson & Johnson’s suppliers, we appreciate the opportunity to have a conversation and share the progress around our responsibility and sustainability efforts on an ongoing basis, and the encouragement from a forward-looking client like Johnson & Johnson to continue aggressively driving our ESG strategy forward.

RANJEET K. LAUNGANI  
SENIOR VICE PRESIDENT, NIELSEN

and Africa, and Australia. Diverse spend with Tier 1 suppliers in these markets was \$24.5 million in 2016.

For the sixth consecutive year, Johnson & Johnson maintained membership in the Billion Dollar Roundtable, an exclusive group of 24 companies that advance corporate best practices for supplier diversity and who spend at least \$1 billion dollars (Tier I) annually with certified minority and women-owned businesses.

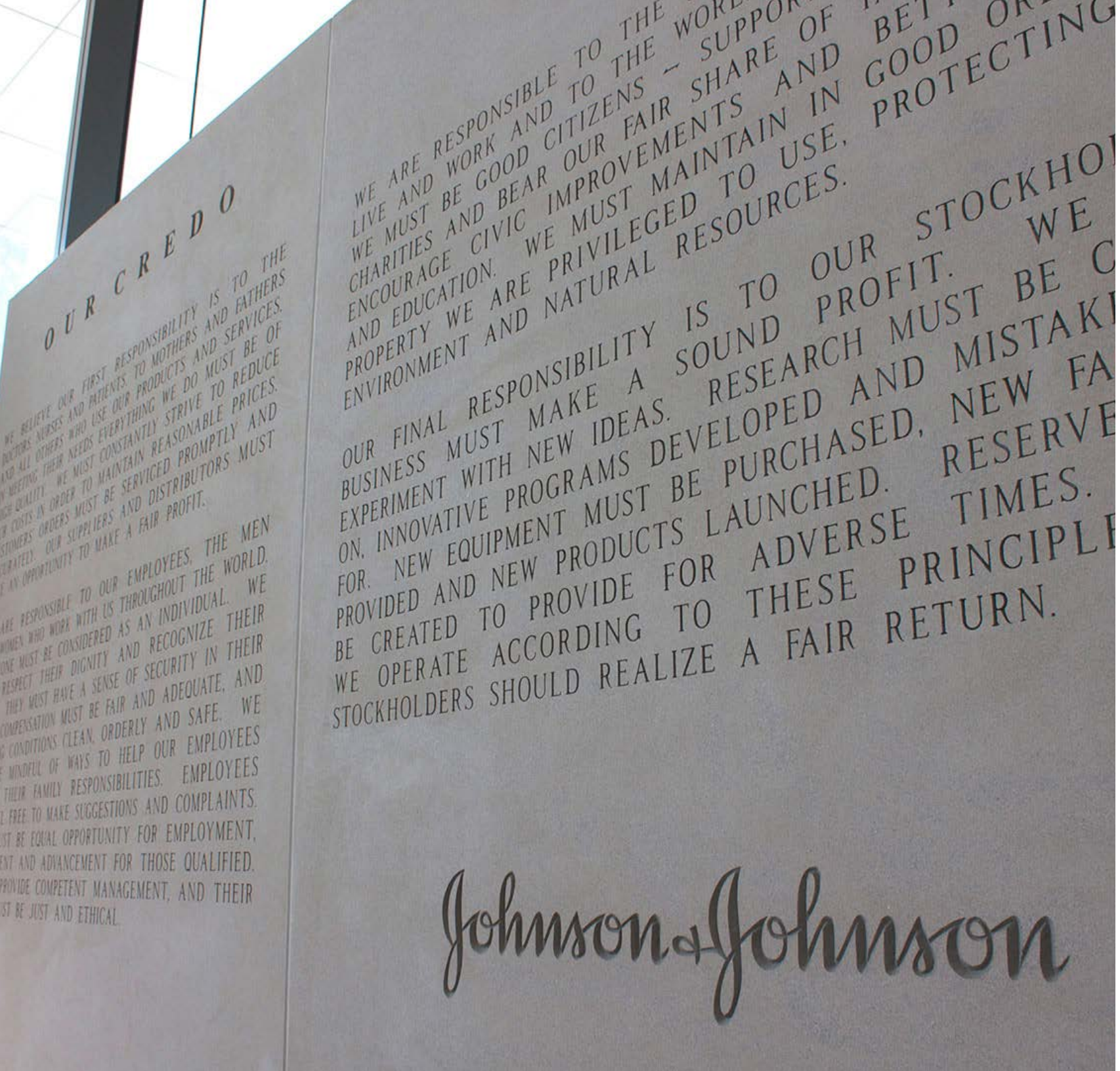
**Responsible Sourcing – Forest Materials**  
Our goal is to fully implement our responsible sourcing standards for forest products and ingredients derived from palm oil, including verification of conformance to our standards for high-priority sources by 2020. At the end of 2016, 58 percent of our packaging, 46

percent of our marketing materials, and 61 percent of our furniture was verified by Johnson & Johnson to conform to our standards. Over 80 percent of office paper was verified to contain recycled content and/or certified content and slightly less than 70 percent is Forest Stewardship Council certified.

In 2016, 58 percent of our derivatives were Roundtable on Sustainable Palm Oil (RSPO) certified. Twelve (12) percent of our palm oil derivatives were sourced from RSPO-certified segregated sources and one percent from RSPO-certified mass balance sources. Forty-six (46) percent of our palm oil derivatives were covered by RSPO Greenpalm certificates. We also advanced our goal to achieve greater transparency in our palm oil derivative supply chains with 60 percent of our supply traceable to mills.

<sup>1</sup>Reflects spend data available as of 03/31/17.










<sup>2</sup>A technical visit is a follow-up visit to the initial audit.



# Corporate Governance





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## Why It Matters

Good corporate governance built upon ethical values, careful risk management strategy and compliance with laws and regulations, is a foundational element of a successful business. At Johnson & Johnson, we are committed to good governance practices designed to take a long-term perspective on shareholder value that takes into account Our Credo values, our relationship with society as a whole and the interests of many diverse stakeholders. We believe governance done well strengthens management accountability, inspires public trust, fosters responsible decision-making and agility in execution, and helps us to fulfill Our Credo obligations.

## How We Approach It

Our Board of Directors, our highest governance body, is a diverse group of individuals who are elected by our shareholders each year. Among the six standing committees of the Board of Directors—each composed of non-employee (independent) directors—there are three that primarily share responsibility for oversight of environment, social and governance topics, including regulatory, compliance, quality and corporate governance matters, and policies, programs and practices on environment, health, safety and sustainability: the Regulatory, Compliance & Government

Affairs Committee, the Nominating & Corporate Governance 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. [GRI 102-27, 102-29](#)

Our [Enterprise Risk Management Framework](#) provides an overview of our enterprise-wide approach to risk management, and illustrates examples of how this approach is implemented within the organization. Johnson & Johnson business leaders are accountable for managing risks affecting their businesses. As appropriate, issues are escalated to their leadership, including apposite members, of the Johnson & Johnson Executive Committee, the Triage Committee, the Johnson & Johnson Compliance Committee, or the Regulatory, Compliance & Government Affairs or Audit Committees. See page 15 of the Enterprise Risk Management Framework for additional information on Governance & Oversight. Our Board of Directors provides oversight of senior leadership’s management of the various risks the Company faces. Also see Risk Oversight on page 20 of the Johnson & Johnson [2017 Proxy Statement](#). [GRI 102-30](#)

Further details about our Board of Directors and various Committees of the Board, as well as our corporate documents, [Principles of Corporate Governance](#), and other corporate

governance materials, are available on the [Corporate Governance](#) section of our website. See pages 15 through 27 of the [Johnson & Johnson 2017 Proxy Statement](#) for information about our Corporate Governance. [GRI 102-28, 102-18,102-22,102-23](#)

We believe that transparency and disclosure are critical to earning and retaining the trust of our stakeholders. We disclose information through a variety of ways, including our financial disclosures, the publication of our annual Health for Humanity Report, and participation in voluntary efforts such as the CDP (formerly the Carbon Disclosure Project), among others. Learn more about our disclosures to health care providers in the United States and those for our Janssen pharmaceutical business in Europe, Middle, East and Africa. Additional details on our disclosures related to political contributions and public policy engagements [can be found here](#).

Shareholders, employees and others may contact the Board or any of our Directors (including the Lead Independent Director) by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933, or via email at [LeadDirector@its.jnj.com](mailto:LeadDirector@its.jnj.com), or by using the online submission form on our [Corporate Governance](#) website. General comments to the Company (including complaints or questions about a product) should be sent via the [Contact Us](#) form on our website. [GRI 102-21,102-33,102-34](#)

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

Advance notice is required of shareholder proposals, proxy access director nominees 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 or a Director candidate nominated for inclusion in the Company’s Proxy materials) must provide written notice of such business to the Company. This advance notice and associated deadlines are outlined in the Company’s [Proxy Statement](#).










Topics related to economic, environmental and social performance that were raised through the 2016 reporting period included a shareholder proposal seeking a policy for an independent Board Chairman. This proposal and the Board’s statement in opposition are presented in Item 6 of the Company’s [Notice of Annual Meeting and Proxy Statement](#) of March 15, 2017, available online. The majority of votes cast by shareholders were against the adoption of this proposal, as announced at the Company’s Annual Meeting on April 27, 2017, and reported in our subsequent [Form-8K](#) filing. [GRI 102-21](#)





# Data Protection & Privacy



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## Why It Matters

Transparency, protection, availability and integrity of personal data, as well as appropriate use, are vital considerations with implications for our ability to conduct business, build and maintain trust, and remain compliant with laws and regulations. It is incumbent upon Johnson & Johnson to protect the privacy of those who entrust us with their personal information. Our employees, health care professionals, patients, consumers, 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.

## How We Approach It

While there are varying legal requirements throughout the world relating to privacy compliance, Johnson & Johnson uses a Privacy Framework that constitutes a baseline applicable to all our operating companies that process Personal Information.

This Privacy Framework sets forth mechanisms and procedures designed

to assist Johnson & Johnson companies in complying with their privacy obligations. This Framework describes the basic privacy principles and organizational compliance standards. Each Johnson & Johnson operating company is responsible for complying with all applicable privacy obligations. Obligations may derive from:

- Country or local laws and regulations;
- Johnson & Johnson Corporate policies applicable to the processing of Personal Information such as, Privacy Policies and guidance issued by the Privacy organization in collaboration with the Law Department, Information Security Policies for the protection of information, and the Records & Information Management (RIM) Policy and Standards for preservation of data;
- Policies specific to a Johnson & Johnson operating company; and
- Contractual or other agreements by which a Johnson & Johnson operating company is bound, including privacy statements and consents.

The Privacy Framework self-assessment programs and the Information Security Risk Management (ISRM) programs support the implementation of the privacy principles in Johnson & Johnson










across the enterprise. Entities within the Johnson & Johnson Family of Companies assess the implementation of the Privacy Framework safeguards and controls in their organizations. The Privacy Self-Assessment Program has supported the implementation of these measures. The company Information Security Policies, which are managed and updated regularly by ISRM, set forth global security standards. ISRM provides processes and tools to identify compliance with these policies in support of having controls in place for the protection of personal information, both within internal Johnson & Johnson systems and when entrusted to third parties.

All our Johnson & Johnson companies are bound by inter-affiliate data transfer agreements with respect to personal data collected and processed, and are therefore required to comply with the data privacy and security standards, when data are being transferred within the group. Similar guarantees are in place with our vendors who collect and process personal data on behalf of Johnson & Johnson operating companies. The data transfer agreements meet the strict standards of, among others, the European Standard Clauses.

Privacy complaints are investigated, addressed and monitored by the operating companies involved with the support of the Privacy organization in collaboration with IT Risk Management and the Law Department. Both the Global Privacy and the ISRM teams oversee privacy and security incidents and breaches, and recommend remediation where necessary or appropriate. Significant issues are required to be reported to executive management in conformance with the Johnson & Johnson Escalation Procedure.

Because of various legislative updates to privacy laws and the introduction of the General Data Protection Regulation in Europe, the Global Privacy Compliance Framework is being updated to reflect these new requirements.

The Global Privacy Team (GPT) and ISRM teams are further strengthening the embedding of privacy reviews and privacy risk assessments in our organizations, reinforcing a formal breach notification and escalation process, strengthening the audit, monitoring and testing strategy, reinforcing the formal training requirements and ensuring the vendor selection and contracting process address both privacy and security requirements.

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In addition, we consistently monitor the environment and update our local Privacy Policies in accordance with new requirements or changes in the law of the countries in which we operate.

Responsibilities for privacy compliance span many organizations within Johnson & Johnson, and are comprised of the following:

- **Oversight:** The Johnson & Johnson Executive Committee, Regulatory, Compliance & Government Affairs Committee of the Board of Directors, Chief Compliance Officer and Compliance Committee; each oversee compliance of Johnson & Johnson operating companies across a wide range of topics, including Privacy.
- **Privacy Compliance Program Management and Guidance:** Through the Chief Privacy Officer and the GPT, Johnson & Johnson Health Care Compliance & Privacy (HCC&P) manages a privacy compliance program and framework and guides operating companies with respect to their compliance with privacy obligations.
- **Operational Management:** Operational management at each Johnson & Johnson operating

company is accountable for establishing and implementing privacy compliance for that Johnson & Johnson operating company's operations.

- **Resources:** The GPT assists operating companies with designating privacy resources, taking into account their local requirements and the risk environments.
- **Support:** Other Johnson & Johnson organizations and departments support HCC&P and the operational management teams of operating companies in complying with privacy obligations.

Policies and procedures for the processing of Personal Information are established as follows:

- **Policies on Privacy:** In close collaboration with the Law Department, HCC&P establishes Privacy Policies and supporting procedures, guides, and tools (including, for example, privacy assessment tools, and template notices, consents, and contractual provisions), which each Johnson & Johnson operating company is required to implement

considering its own business activities, Personal Information collection and processing activities, and risk.










- **Other Johnson & Johnson Corporate Policies:** The ISRM organization has established and periodically reviews and updates both Information Security Policies and RIM Policies and Standards. The Information Security Policies provide a robust set of requirements for the protection of information assets, including Personal Information, supporting compliance with legal and regulatory obligations while also addressing evolving cyber threats. Each Johnson & Johnson operating company is required to comply with these policies when transmitting, storing or processing Personal Information.
- **Additional Local Policies:** Johnson & Johnson operating companies may establish additional policies, standards, procedures, guides, or tools to address their own specific Privacy requirements.





# Counterfeiting & Illicit Trade



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## Why It Matters

In today's global marketplace, illicit trade of health care products is a serious and growing concern that can undermine confidence in product safety and effectiveness, put people's health and lives at risk, and impact financial performance. Fraudsters and criminals profit by targeting high-value, leading brands while disregarding the health and safety of patients and consumers. The risk involves both counterfeit (fake) products and genuine products that are diverted from the legitimate, authorized supply chain and those that are tampered with, extending shelf-life or otherwise misleading the consumer about product quality.

## How We Approach It

The Johnson & Johnson Family of Companies take a strategic and holistic approach to identifying, managing and mitigating the risks associated with illicit trade. Johnson & Johnson's dedicated Global Brand Protection (GBP) team works in conjunction with its internal partners in Supply Chain, Global Security, Quality & Compliance, the Law

Department, Worldwide Government Affairs and local operating companies both to respond to known issues and to proactively implement preventive measures throughout the end-to-end supply chain.

These measures include product security features, market monitoring, employee education and training, and various other best practices designed to enhance supply chain safety and security. GBP also partners closely with leading universities, police and government agencies, trade organizations, vendors, online marketplaces and other multinational companies to increase the overall effectiveness of Johnson & Johnson brand protection programs and to advance the state of the art in brand protection.

Our approach is outlined in our [Statement on Counterfeit Health Care Products](#).

## Our Performance

A long-term project to integrate brand protection requirements into routine regulatory and compliance audits of

external manufacturing sites launched in 2016, resulting in 177 sites being audited. The audit program is global and cross-segment in scope, and enables issue identification and resolution of potential supply chain vulnerabilities from a brand protection standpoint.

GBP partnered with Quality & Compliance, Global Security and the Trademark organization within the Law Department to develop a new Quality Standard Operating Procedure (SOP) for managing incidents related to counterfeiting and other forms of illicit trade. This SOP is designed to improve the timeliness and effectiveness of our response to suspected illicit product incidents.

The risk of counterfeiting and illicit trade on the Internet continues to increase, and in 2016, GBP expanded its online market monitoring programs with a continued focus on high-risk products and markets.

Johnson & Johnson Supply Chain was honored for [innovative tracking, tracing and serialization systems](#) that protect against infiltration by counterfeit drugs at every stage of the manufacturing and distribution process. The [2016 Supply Innovation Award](#) was presented by the Council of Supply Chain Management

Professionals in partnership with SupplyChainBrain, the world's most comprehensive supply chain information resource site.

As part of Supply Chain's Value Beyond Compliance initiative, GBP partnered with the Supply Chain Visibility team and leveraged serialization technology and GBP's Brand Inspector mobile application to pilot a monitoring program designed to identify suspected illicit products in the pharmaceutical product returns stream at a site in the United States. The pilot was successful and will support a business case for potential expansion of the program in 2017.












# Economic Performance



Chairman of the Board and CEO Alex Gorsky speaking at our Johnson & Johnson Annual Meeting of Shareholders.



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## Why It Matters

Around the world, strategic investments in health not only deliver better health and improve well-being for more people, but also bolster economies, create jobs, and enhance local communities and their development. In other words, investing in health is a vital economic and societal catalyst. As the largest and most diversified health care company in the world, it is Our Credo obligation to “be good citizens – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education.”

## How We Approach It

At Johnson & Johnson, we believe that advances in health care can be amplified and accelerated through collaborations with businesses, governments, multinational organizations, philanthropic organizations, patient associations and academia. By working together, our respective platforms and expertise can maximize the social and economic returns on our existing health investments.

Johnson & Johnson and its subsidiaries (the “Company”) have approximately 126,400 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Johnson & Johnson is a holding company, which has more than 230 operating companies conducting business in virtually all countries of the world. The Company’s primary focus is products related to human health and well-being. Johnson & Johnson was incorporated in the State of New Jersey in 1887.

The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This Committee oversees and coordinates the activities of the Company’s three business segments: Consumer, Pharmaceutical and Medical Devices. Within the strategic parameters provided by the Committee, senior management groups at U.S. and international operating companies are each responsible for their own strategic plans and the day-to-day operations of those companies. [GRI 103-2](#) Each subsidiary within the business segments

is, with limited exceptions, managed by residents of the country where located. [GRI 202-2](#)










### Economic Value Generated and Distributed [GRI 201-1](#)

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 performance against this indicator is provided in the chart below.

<sup>1</sup>The content in this table has been subject to internal audit verification. See [About This Report](#) for more information.

Economic Value Generated and Distributed, 2012-2016, <sup>1</sup> in million USD					
	2016	2015	2014	2013	2012
Direct Economic Value					
Revenues	71,890	70,074	74,331	71,312	67,224
Economic Value Distributed					
Community Investment	1,194	1,040	1,080	993	966
Operating, Employee & Other Costs	49,040	50,786	52,459	48,898	48,821
Payments to Providers of Capital	9,347	8,725	8,301	7,768	7,146
Economic Value Retained	12,309	9,523	12,491	13,653	10,291










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# Read More Online










We publish more details on many of the topics in this report on our website:

More Resources:		Related Stories	
Innovation at Johnson & Johnson	Procurement Code of Conduct	How Johnson & Johnson’s Supply Chain Made Strides in 2016	JLABS @ Toronto Debuts in the MaRS Discovery District
Corporate Governance	Responsibility Standards for Suppliers		
Johnson & Johnson Code of Business Conduct	Sustainability Toolkit for Suppliers	Johnson & Johnson Launches an Africa Innovation Challenge for Budding Healthcare Entrepreneurs	Why It Really Does Take a Village to Make the World a Healthier Place
Financial Conflicts of Interest Policy	Ethical Code for the Conduct of Research and Development	How Women at Johnson & Johnson Are Changing Healthcare As We Know It	Impact in Asia: How Johnson & Johnson Is Helping to Create Healthier Societies — One Country at a Time
Statement on Intellectual Property	Conducting Clinical Trials		
Responsible Interaction with Health Care Professionals	Guideline on The Humane Care & Use of Animals	How Johnson & Johnson Is Harnessing the Power of Science and Technology to Change Healthcare	The Neonatal Resuscitation Program: How a Partnership Between the U.S. and China Saved Thousands of Babies
Human Trafficking Policy	Johnson & Johnson Consumer Inc., Safety & Care Commitment	Evarrest®: The Little Patch That Can Help Surgeons in a Big Way	8 Reasons Why the World Is a Far Better Place Today For Girls Around the Globe
Statement on Human Rights	Responsible Use of Nanotechnology		
Statement on Conflict Minerals	Johnson & Johnson Quality and Compliance Core Objective	The Yale Open Data Access Project: How Johnson & Johnson Is Leading the Way on Clinical Data Transparency	OneTouch Ping® Insulin Delivery System Remains Safe and Reliable
Statement on Counterfeit Health Care Products	Johnson & Johnson Statement on Privacy		

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


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## CDP Disclosures

CDP, formerly the Carbon Disclosure Project, runs a global environmental data disclosure system. Johnson & Johnson has participated in the CDP reporting for many years. Current reporting is completed for several of the CDP's reporting programs, including Climate Change, Water, and Forest programs. We also participate in the Supply Chain – Climate Change, and Supply Chain – Water programs. See our reports at [cdp.net/en](https://www.cdp.net/en)










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# JJCCT Annual Report

The Johnson & Johnson Corporate Citizenship Trust (Trust) is responsible for managing Johnson & Johnson's Global Community Impact programs and activities across Europe, the Middle East and Africa (EMEA). The Trust is part of the Johnson & Johnson Global Community Impact Group which manages four geographical regions (EMEA, North America, Latin America and Asia Pacific) with the purpose to support and champion the people on the frontlines who are at the heart of delivering care. The Trust is a registered charity and a Company limited by guarantee and funded by the Johnson & Johnson Global Community Impact Group, and Johnson & Johnson Operating Companies in EMEA.

For more information, visit the [JJCCT website](#).

To access JJCCT's annual report, please [click here](#).

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# UNGC Index

## United Nations Global Compact

In July 2013, Johnson & Johnson became a member of the United Nations Global Compact (UNGC), a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment, and anti-corruption.

We continue to remain committed to the UNGC principles, many of which have been embedded in our business practices for decades.












Alex Gorsky  
Chairman and Chief Executive Officer  
Johnson & Johnson










This report provides Johnson & Johnson's annual **United Nations Global Compact Communication on Progress**, including detailed information on our implementation of the 10 UNGC Principles. The index below indicates the location of information about our adherence to UNGC principles within our 2016 Health for Humanity Report.

	UNGC Principles	Johnson & Johnson Approach	Learn More	Cross-Reference to GRI Indicators
Human Rights	<div>1. Support and respect the protection of internationally proclaimed human rights.</div> <div>2. Make sure the business is not complicit in human rights abuses.</div>	<p>Our commitment to respect human rights is embodied in several of our policies and statements, including:</p> <p><b>Code of Business Conduct</b></p> <p><b>Statement on Human Rights</b></p> <p><b>Human Trafficking Policy</b></p> <p><b>Statement on Human Right to Water</b></p> <p><b>Global Labor and Employment Guidelines</b></p> <p><b>Harassment Free Workplace Policy</b></p> <p><b>Policy on Employment of Young Persons</b></p> <p><b>Responsibility Standards for Suppliers</b></p>	<p><b>Human Rights</b></p> <p><b>Diverse &amp; Inclusive Workplace</b></p> <p><b>Ethics &amp; Compliance</b></p> <p><b>Procurement &amp; Supplier Management</b></p>	<p><b>Human Rights:</b> GRI 102-16, 41; GRI 103-2; GRI 402-1; GRI 406-1; GRI 407-1; GRI 408-1; GRI 409-1; GRI 412-1-3</p> <p><b>Diverse &amp; Inclusive Workforce:</b> GRI 401-1-3; GRI 405-1; GRI 102-8</p> <p><b>Ethics &amp; Compliance:</b> GRI 102-16-17; GRI 205-1-3; GRI 206-1; GRI 306-3; GRI 307-1; GRI 415-1; GRI 416-2; GRI 417-1-3; GRI 419-1</p> <p><b>Procurement &amp; Supplier Management:</b> GRI 102-9; GRI 204-1; GRI 309-1-2; 414-1-2</p>
Labor Standards	<div>3. Uphold freedom of association and the effective recognition of the right to collective bargaining.</div> <div>4. Support elimination of all forms of forced and compulsory labor.</div> <div>5. Support effective abolition of child labor.</div> <div>6. Elimination of discrimination in respect of employment and occupation.</div>	<p>Our <b>Statement on Human Rights</b> incorporates references to the key labor issues identified in the UNGC including prohibition of child labor, forced labor, human trafficking and discrimination. Our <b>Global Labor and Employment Guidelines</b> 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 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 advance compliance with these policies on a continuing basis through internal training programs, certification processes for external manufacturers and risk-based audit programs.</p>	<p><b>Product Stewardship</b></p> <p><b>Ingredients</b></p> <p><b>Climate &amp; Energy</b></p> <p><b>Product End of Life</b></p> <p><b>Water</b></p> <p><b>Waste</b></p> <p><b>Biodiversity</b></p> <p><b>Procurement &amp; Supplier Management</b></p>	<p><b>Product Stewardship:</b> GRI 302-5</p> <p><b>Climate &amp; Energy:</b> GRI 302-1-4; GRI 305-1-7</p> <p><b>Water:</b> GRI 303-1-3; GRI 306-1, 306-5</p> <p><b>Waste:</b> GRI 306-2, 306-4</p> <p><b>Biodiversity:</b> GRI 304-2-3</p> <p><b>Procurement &amp; Supplier Management:</b> GRI 102-9; GRI 204-1; GRI 308-1-2; GRI 309-1-2; 414-1-2</p> <p><b>General Disclosures:</b> GRI 102-11</p>



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UNGC Principles		Johnson & Johnson Approach	Learn More	Cross-Reference to GRI Indicators
Environment	<p>7. Businesses are asked to support a precautionary approach to environmental challenges.</p> <p>8. Undertake initiatives to promote greater environmental challenges.</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>For more than 130 years, the Company's vision to change the trajectory of health for humanity has inspired every invention, every product or service and every breakthrough to benefit health we've developed. This commitment to serving the needs of others is guided by <b>Our Credo</b>, which shapes our approach to business and defines our responsibilities to society. 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."</p> <p>Our commitment to the environment is embodied in several of our policies and statements, including:</p> <p><a href="#">Environment, Health &amp; Safety Policy</a></p> <p><a href="#">Climate Friendly Policy</a></p> <p><a href="#">Impact of Pharmaceuticals and Personal Care Products in the Environment</a></p> <p><a href="#">Johnson &amp; Johnson Principles for Safe Use of Chemicals</a></p> <p><a href="#">Respecting Biodiversity</a></p> <p><a href="#">Responsibility Standard – Forest-Based Materials &amp; Products</a></p> <p><a href="#">Responsible Palm Oil Sourcing Criteria</a></p>	<p><a href="#">Product Stewardship</a></p> <p><a href="#">Ingredients</a></p> <p><a href="#">Climate &amp; Energy</a></p> <p><a href="#">Product End of Life</a></p> <p><a href="#">Water</a></p> <p><a href="#">Waste</a></p> <p><a href="#">Biodiversity</a></p> <p><a href="#">Procurement &amp; Supplier Management</a></p>	<p><b>Product Stewardship:</b> GRI 302-5</p> <p><b>Climate &amp; Energy:</b> GRI 302-1-4; GRI 305-1-7</p> <p><b>Water:</b> GRI 303-1-3; GRI 306-1, 306-5</p> <p><b>Waste:</b> GRI 306-2, 306-4</p> <p><b>Biodiversity:</b> GRI 304-2-3</p> <p><b>Procurement &amp; Supplier Management:</b> GRI 102-9; GRI 204-1; GRI 308-1-2; GRI 309-1-2; 414-1-2</p> <p><b>General Disclosures:</b> GRI 102-11</p>
	Anti-Corruption	<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The ethical principles embodied in Our Credo are the lenses through which our employees make many business decisions each day. To help ensure that we conduct business according to these principles, we have an extensive list of policies and procedures that define what we expect of our people and our business partners around the world.</p> <p>To further instill the importance of adhering to Our Credo values in how we engage with stakeholders, employees are required to participate in training on our <b>Code of Business Conduct</b> ("Code") every other year, in addition to affirming that they have read the Code upon joining the Company. The Code and all training is available in 26 languages to better reflect our global, diverse workforce.</p> <p>Our policies require anti-corruption training for employees who may present a compliance risk to the Company and place a significant emphasis on the training requirements to ensure compliance.</p> <p>In 2016, more than 88,000 applicable employees completed this training.</p>	<p><a href="#">Ethics &amp; Compliance</a></p> <p><a href="#">Corporate Governance</a></p> <p><a href="#">Human Rights</a></p>

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# GRI Content Index










## GRI Content Index

At Johnson & Johnson we are committed to transparent reporting on environmental, social and governance topics most relevant to our Company. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. To find the information relating to each of the GRI disclosures included in this report, see our GRI Content Index table below. For more information about the disclosures, visit [Global Reporting Initiative](#) website.

REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
A Message from Our Chairman and CEO						
Core	GRI 102	General Disclosures	102-14	Statement from senior decision-maker	A Message from Our Chairman and CEO	Additional information throughout report
	GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	A Message from Our Chairman and CEO	Additional information throughout report
Our Citizenship & Sustainability Approach; Governance						
Core	GRI 102	General Disclosures	102-19	Delegating authority	Citizenship & Sustainability Governance	
	GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	Citizenship & Sustainability Governance	
	GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	Citizenship & Sustainability Governance	
	GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Citizenship & Sustainability Governance	
	GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	Citizenship & Sustainability Governance	

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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Our Citizenship & Sustainability Approach; Governance (cont.)						
	GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	Citizenship & Sustainability Governance	
	GRI 103	Management Approach	103-3	Evaluation of the management approach	Citizenship & Sustainability Governance	Also Included within topic areas, as appropriate
Organizational Profile						
Core	GRI 102	General Disclosures	102-1	Name of the organization	Citizenship & Sustainability Governance	
Core	GRI 102	General Disclosures	102-2	Activities, brands, products, and services	Organizational Profile; Ethics & Compliance	
Core	GRI 102	General Disclosures	102-3	Location of headquarters	Organizational Profile	
Core	GRI 102	General Disclosures	102-4	Location of operations	Organizational Profile	
Core	GRI 102	General Disclosures	102-5	Ownership and legal form	Organizational Profile	
Core	GRI 102	General Disclosures	102-6	Markets served	Organizational Profile	
Core	GRI 102	General Disclosures	102-7	Scale of the organization	Organizational Profile	
					2016 Annual Report	
Core	GRI 102	General Disclosures	102-9	Supply chain	Organizational Profile	












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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Organizational Profile (cont.)						
Core	GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	Organizational Profile	
Core	GRI 102	General Disclosures	102-11	Precautionary principle or approach	UNGC Index, #7	For more than 130 years, the Company's desire to make a difference has inspired every invention, every product and every breakthrough we have brought to human health. This commitment to serving the needs of others is guided by Our Credo, which shapes our approach to business and defines our responsibilities to society at large. One of the most important responsibilities emphasized in Our Credo is our obligation to the environment: "We must maintain in good order the property we are privileged to use, protecting the environment and natural resources."
Stakeholder Engagement						
Core	GRI 102	General Disclosures	102-12	External initiatives	Stakeholder Engagement	Examples of external initiatives also appear throughout report.
Core	GRI 102	General Disclosures	102-13	Membership of associations	Stakeholder Engagement	
Core	GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	










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Stakeholder Engagement (cont.)						
Core	GRI 102	General Disclosures	102-40	List of stakeholder groups	Stakeholder Engagement	
Core	GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
Core	GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	Stakeholder Engagement	
Core	GRI 102	General Disclosures	102-43 102-44	Approach to stakeholder engagement Key topics and concerns raised	Stakeholder Engagement	
Core	GRI 102	General Disclosures	102-44	Key topics and concerns raised	Stakeholder Engagement	
Priority Topics Assessment						
Core	GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	Our Priority Topics Assessment	
Core	GRI 102	General Disclosures	102-47	List of material topics	Our Priority Topics Assessment	
Core	GRI 102	General Disclosures	102-49	Changes in reporting	Our Priority Topics Assessment	
Core	GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	Our Priority Topics Assessment	
Core	GRI 103	Management Approach	103-2	The management approach and its components		See Economic Performance, and “How We Approach it” for each material topic. For Grievances, see Human Rights.

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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
About this Report						
Core	GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	About This Report	
Core	GRI 102	General Disclosures	102-48	Restatements of information	About This Report	
Core	GRI 102	General Disclosures	102-49	Changes in reporting	About This Report	
Core	GRI 102	General Disclosures	102-50	Reporting period	About This Report	
Core	GRI 102	General Disclosures	102-51	Date of most recent report	About This Report	
Core	GRI 102	General Disclosures	102-52	Reporting cycle	About This Report	
Core	GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	Post a comment on the 2016 Health for Humanity Report microsite by signing in with your social account	
Core	GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	
Core	GRI 102	General Disclosures	102-55	GRI content index	GRI Content Index	
Core	GRI 102	General Disclosures	102-56	External assurance	About This Report	
Product Quality, Safety & Reliability						
Core	GRI 416			Management Approach Disclosure	Product Quality, Safety & Reliability; How We Approach it	
	GRI 416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Product Quality, Safety & Reliability	












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Ethics and Compliance						
Core				Management Approach Disclosure	Ethics & Compliance; How We Approach it	
Core	GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	Ethics & Compliance	
	GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	Ethics & Compliance	
	GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	Ethics & Compliance	
	GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Ethics & Compliance	
	GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Ethics & Compliance	
	GRI 206	Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Ethics & Compliance	
	GRI 306	Effluents and Waste	306-3	Significant spills	Ethics & Compliance	
	GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Ethics & Compliance	
	GRI 415	Public Policy	415-1	Political contributions	Political Contributions	

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


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Ethics and Compliance (cont.)						
	GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ethics & Compliance	Confidential. When public disclosure criteria are met, anticompetitive behavior, antitrust claims, product liability claims, and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings.
	GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	Ethics & Compliance	
	GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Ethics & Compliance	Confidential. When public disclosure criteria are met, anticompetitive behavior, antitrust claims, product liability claims, and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings.

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




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Ethics and Compliance (cont.)						
	GRI 417	Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	Ethics & Compliance	Confidential. When public disclosure criteria are met, anticompetitive behavior, antitrust claims, product liability claims, and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings.
	GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Ethics & Compliance	
Access & Affordability						
Core				Management Approach Disclosure	Access & Affordability; How We Approach it	
Global Public Health						
Core				Management Approach Disclosure	Global Public Health; How We Approach it	
Innovation						
Core				Management Approach Disclosure	Innovation; How We Approach it	



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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Workplace Safety						
Core				Management Approach Disclosure	EHS&S Governance Workplace Safety; How We Approach it	
	GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Workplace Safety	
	GRI 403	Occupational Health and Safety	403-3	Workers with high incidence or high risk of diseases related to their occupation	Workplace Safety	
	GRI 403	Occupational Health and Safety	403-4	Health and safety topics covered in formal agreements with trade unions	Workplace Safety	
Human Rights						
Core				Management Approach Disclosure	Human Rights; How We Approach it	
Core	GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	Human Rights	Also Included within topic areas, as appropriate
Core	GRI 102	General Disclosures	102-41	Collective bargaining agreements	Human Rights	
	GRI 103	General Disclosures	103-2	Grievances	Human Rights	

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


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Human Rights (cont.)						
	GRI 402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes		Specific timeframes requested by this indicator are not available. Given the complex and decentralized nature of our organization, this information is not tracked.
	GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human Rights	Confidential. We conduct assessments against our Global Labor and Employee Guidelines, which include our expectations related to nondiscrimination, on an ongoing basis through local Human Resources and our Global Employee & Labor Relations function. We consider assessment data confidential.
	GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights	
	GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights	
	GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights	
	GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights	

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Human Rights (cont.)						
	GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	Human Rights	
	GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		This information is not tracked.
Ingredients						
Core				Management Approach Disclosure	EHS&S Governance Ingredients; How We Approach it	
Community Impact & Development (includes elements of Indirect Economic Impact)						
Core				Management Approach Disclosure	Community Impact & Development; How We Approach it	
	GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Community Impact & Development	
	GRI 203	Indirect Economic Impacts	203-2	Significant indirect economic impacts	Community Impact & Development	
	GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Community Impact & Development	Specific information requested is not currently tracked across the enterprise, and local assessments are considered confidential.












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Community Impact & Development (includes elements of Indirect Economic Impact) (cont.)						
	GRI 413	Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities		This information is not currently tracked across the enterprise.
Procurement & Supplier Management						
Core	GRI 102	General Disclosures	102-9	Supply chain	Procurement & Supplier Management	
Core				Management Approach Disclosure	Procurement & Supplier Management; How We Approach it	
	GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	Procurement & Supplier Management	Specific details requested are not available at this time.
	GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Procurement & Supplier Management	We use a risk-based approach when assessing our suppliers.
	GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	Procurement & Supplier Management	
	GRI 414	Supplier Environmental Assessment	414-1	New suppliers that were screened using social criteria	Procurement & Supplier Management	We use a risk-based approach when assessing our suppliers.
	GRI 414	Supplier Environmental Assessment	414-2	Negative social impacts in the supply chain and actions taken	Procurement & Supplier Management	

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


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Diverse & Inclusive Workforce						
Core				Management Approach Disclosure	Diverse & Inclusive Workforce; How we approach it	
	GRI 401	Employment	401-1	New employee hires and employee turnover	Diverse & Inclusive Workforce	
	GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diverse & Inclusive Workforce	
	GRI 401	Employment	401-3	Parental leave	Diverse & Inclusive Workforce	
	GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diverse & Inclusive Workforce	
Core	GRI 102	General Disclosures	102-8	Information on employees and other workers	Diverse & Inclusive Workforce	A significant portion of Johnson & Johnson’s activities are performed by workers who are not employees. Significant seasonal variations do not occur in these numbers.
Healthy Workforce						
Core				Management Approach Disclosure	Healthy Workforce; How We Approach it	

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Product Stewardship						
Core				Management Approach Disclosure	EHS&S Governance	Product Stewardship; How We Approach it
	GRI 302	Energy	302-5	Reductions in energy requirements of products and services	Product Stewardship	
Corporate Governance						
Core				Management Approach Disclosure	Corporate Governance	How We Approach it
Core	GRI 102	General Disclosures	102-18	Governance structure	Corporate Governance	
	GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance	
	GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	Corporate Governance	
	GRI 102	General Disclosures	102-23	Chair of the highest governance body	Corporate Governance	
	GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	Johnson & Johnson 2017 Proxy statement	
	GRI 102	General Disclosures	102-25	Conflicts of interest	Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers	

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




GRI Content Index						
REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Corporate Governance (cont.)						
	GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	Johnson & Johnson 2017 Proxy statement	
	GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Corporate Governance	
	GRI 102	General Disclosures	102-28	Evaluating the highest governance body's performance	Corporate Governance	
	GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance	
	GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	Corporate Governance	
	GRI 102	General Disclosures	102-33	Communicating critical concerns	Corporate Governance	
	GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	Corporate Governance	
Data Protection & Privacy						
Core				Management Approach Disclosure	Data Protection & Privacy; How We Approach it	
	GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Not available at this time; this information is considered confidential.












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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Human Capital Development						
Core				Management Approach Disclosure	Human Capital Development; How We Approach it	
	GRI 401	Employment	401-1	New employee hires and employee turnover	Human Capital Development	
	GRI 404	Training and Education	404-1	Average hours of training per year per employee	Human Capital Development	
	GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital Development	
	GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital Development	
Counterfeiting & Illicit Trade						
Core				Management Approach Disclosure	Counterfeiting & Illicit Trade; How We Approach it	
Climate & Energy						
Core				Management Approach Disclosure	EHS&S Governance Climate & Energy; How We Approach it	
	GRI 302	Energy	302-1	Energy consumption within the organization	Climate & Energy	

GRI Content Index						
REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Climate & Energy (cont.)						
	GRI 302	Energy	302-2	Energy consumption outside of the organization	Climate & Energy	
	GRI 302	Energy	302-3	Energy intensity	Climate & Energy	
	GRI 302	Energy	302-4	Reduction of energy consumption	Climate & Energy	
	GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	Climate & Energy	
	GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Climate & Energy	
	GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	Climate & Energy	
	GRI 305	Emissions	305-4	GHG emissions intensity	Climate & Energy	
	GRI 305	Emissions	305-5	Reduction of GHG emissions	Climate & Energy	
	GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)	Data Summary Table	
	GRI 305	Emissions	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Data Summary Table	
Product End of Life						
Core				Management Approach Disclosure	EHS&S Governance Product End of Life; How We Approach it	

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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Water						
Core				Management Approach Disclosure	EHS&S Governance	Water; How We Approach it
	GRI 303	Water	303-1	Water withdrawal by source	Water	
	GRI 303	Water	303-2	Water sources significantly affected by withdrawal of water	Water	
	GRI 303	Water	303-3	Water recycled and reused	Water	
	GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	Water	
	GRI 306	Effluents and Waste	306-5	Water bodies affected by water discharges and/or runoff	Water	
Economic Performance (includes elements of Market Presence)						
Core				Management Approach Disclosure	Economic Performance	How We Approach it
	GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Economic Performance	

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REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Economic Performance (includes elements of Market Presence)(cont.)						
	GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change		Those risks posed to Johnson & Johnson by climate change and related policies are not considered to be significant. However, such risk analysis is included as part of our continued involvement in the CDP. This analysis is included in a complete report filed with CDP and available at www.cdp.net.
	GRI 201	Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	2016 Annual Report	Johnson & Johnson sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide. Plan descriptions and the fair value of plan assets can be found in Note 10 “Pensions and Other Benefit Plans” of our 2016 Annual Report.
	GRI 201	Economic Performance	201-4	Financial assistance received from government	2016 Annual Report	(See Note 8 to the Consolidated Financial Statements for further information regarding income taxes.)
	GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	Economic Performance	



GRI Content Index						
REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Compensation & Remuneration						
Core				Management Approach Disclosure	Compensation & Remuneration; How We Approach it	
	GRI 102	General Disclosures	102-35	Remuneration policies	Compensation & Remuneration	
	GRI 102	General Disclosures	102-36	Process for determining remuneration	Compensation & Remuneration	
	GRI 102	General Disclosures	102-37	Stakeholders' involvement in remuneration	Compensation & Remuneration	
	GRI 102	General Disclosures	102-38	Annual total compensation ratio	Compensation & Remuneration	
	GRI 102	General Disclosures	102-39	Percentage increase in annual total compensation ratio	Compensation & Remuneration	
	GRI 202	Market Presence	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Compensation & Remuneration	Wage information is considered confidential.
	GRI 405	Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	Compensation & Remuneration	Wage information is considered confidential.
Waste						
Core				Management Approach Disclosure	EHS&S Governance Waste; How We Approach it	
	GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	Waste	










GRI Content Index						
REQUIRED FOR CORE	GRI STANDARD NUMBER	GRI STANDARD 2016 TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	LINK	REASON FOR OMISSION/ EXPLANATION
Biodiversity						
Core				Management Approach Disclosure	<a href="#">EHS&amp;S Governance</a> <a href="#">Biodiversity</a> ; How We Approach it	
	GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas		Not available. While assessments have been conducted that include some elements of this indicator, the information is not directly applicable, and has not been compiled.
	GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">Biodiversity</a> <a href="#">Procurement</a>	
	GRI 304	Biodiversity	304-3	Habitats protected or restored	<a href="#">Biodiversity</a>	
	GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not available. This information is not tracked.

# Data Summary

## Data Summary

See below for the summary of key performance data from this report. For information on data timeframe, boundaries and assurance, please see [About This Report](#).

METRIC	UNIT	2016	2015	2014	2013	2012
Serious injury/illness rate <sup>1, 2, 3</sup>	Incidents per 100 employees	0.05	0.069	0.059	0.020	0.027
Lost workday case rate <sup>1, 3</sup>	Incidents per 100 employees	0.08	0.08	0.11	0.11	0.09
Fleet car accidents <sup>4</sup>	Injuries per million miles driven	6.03	6.01	5.95	6.14	5.82
Ergonomic injuries <sup>1,3</sup>	Percentage of lost workday cases	33	33	25	34	33
Contractor lost workday case rate <sup>3</sup>	Incidents per 100 contractors	0.13	0.18	0.16	0.12	0.17
Safety non-compliances <sup>1, 3, 5</sup>	Number of findings	182	398	192	7	6
Safety fines paid <sup>1, 3</sup>	U.S. dollars	0	675	7,488	205,000	648
Environmental non-compliances <sup>1,3</sup>	Number of findings	144	77	72	45	29
Environmental fines paid <sup>1, 3</sup>	U.S. dollars	0	3,800	416,195	0	3,500
Accidental releases <sup>1, 3</sup>	Number of events	17	30	24	7	8
OHSAS certifications <sup>3, 6</sup>	Percent of manufacturing/R&D facilities with certification	33	37	30	28	25
ISO 14001 certifications <sup>3, 6</sup>	Percent of manufacturing/R&D facilities with certification	94	96	95	95	93
Energy use <sup>3, 7 ,14</sup>	Terajoules	12,642	12,557	12,678	12,827	12,481










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METRIC	UNIT	2016	2015	2014	2013	2012
Facility CO <sub>2</sub> e (MT) <sup>3, 15</sup>	Metric tons	1,194,691	1,176,602	1,188,823	1,210,928	1,210,863
On-site clean or renewable energy capacity, installed or in progress	Megawatts	54.4	54	55.7	47.68	45.58
CO <sub>2</sub> project capital spend	Energy/CO <sub>2</sub> project spend, \$MM	30.3	26.5	34.4	37.6	22.2
CO <sub>2</sub> project results	Cumulative CO <sub>2</sub> emissions avoided annually, thousand metric tons	247.6	228	213.9	181.5	145.9
Water use <sup>3,6,7,8</sup>	Million m <sup>3</sup>	10.83	10.74	11.30	11.31	11.04
Recycled water use <sup>3,6</sup>	Million m <sup>3</sup>	0.88	0.75	0.79	0.74	0.59
Wastewater discharged <sup>3,6,7,8</sup>	Million m <sup>3</sup>	8.1	8.58	8.46	8.27	8.04
Non-hazardous waste disposed <sup>3,6,7,9</sup>	Million kg	53.18	45.27	45.24	45.11	44.77
Hazardous waste disposed <sup>3,6,7,9</sup>	Million kg	30.38	34.70	38.48	33.20	29.43
Waste site remediation <sup>3</sup>	Number of active remediation sites	18	21	22	21	21
Total waste disposed off-site <sup>3,6,7,9</sup>	Million kg	83.56	79.98	83.72	78.31	74.20
Total waste generated <sup>3,6,7,9</sup>	Million kg	177.92	171.67	175.95	168.50	157.27
Sulfur dioxide emissions (SO <sub>2</sub> ) <sup>3, 6, 7, 10</sup>	Metric tons	68	63	65	54	52
Mono-nitrogen oxides (NO <sub>x</sub> ) emissions <sup>3, 7, 10</sup>	Metric tons	292	287	289	288	270
Hazardous air pollutant emissions <sup>3, 7, 11</sup>	Metric tons	54	53	55	53	36



METRIC	UNIT	2016	2015	2014	2013	2012
<b>Volatile organic compound emissions</b> <sup>3, 7, 11</sup>	Metric tons	878	1,299	1,367	1,069	1,244
<b>Particulate matter emissions</b> <sup>3, 7, 11</sup>	Metric tons	182	156	150	211	125
<b>Refrigerant emissions</b> <sup>3, 7, 11</sup>	Metric tons	12.91	10.24	8.43	7.47	8.96
<b>Ozone depleting substances</b> <sup>3, 7, 11</sup>	Metric tons	3.6	3.6	2.1	3.5	3.5
<b>Greener products</b> <sup>7</sup>	Cumulative number of EARTHWARDS® products	93	80	73	52	33
<b>LEED buildings</b> <sup>7</sup>	Number certified	31	29	25	20	15
<b>Suppliers participating in CDP Supply Chain - Climate Change program, at Johnson &amp; Johnson request</b>	Number of suppliers	225	181	173	139	129
<b>Women on the Board of Directors</b>	Number	2	3	3	3	3
<b>Women on the Board of Directors</b>	Percent <sup>12,13</sup>	20	27	23	25	23
<b>Women in workforce</b>	Percent of female employees <sup>12,13</sup>	46.0	45.4	45.4	46.5	47.5
<b>Minority/Women-Owned Business Enterprise spend</b>	U.S. dollars, millions	1,301	1,391	1,522	1,357	1,234
<b>Small business spend</b>	U.S. dollars, millions	2,692	2,951	3,200	2,700	2,731
<b>Number of Minority/Women-Owned Business Enterprise suppliers</b>	Total number	1,260	1,900	1,500	1,600	1,700
<b>Veteran-Owned Business spend</b>	U.S. dollars, millions	78	90	82	85	101

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METRIC	UNIT	2016	2015	2014	2013	2012
Lesbian/Bisexual/Gay/Transgender-Owned Business spend	U.S. dollars, millions	1.0	1.3	2.4	1.5	1.6
Minority/Women-Owned Business Enterprise supplier spend	Percent of Minority/Women-Owned Business Enterprise spend	9.9	9.7	11.8	8.3	8.4
Operations & Statistical Data						
Sales	U.S. dollars, millions	71,890	70,074	74,331	71,312	67,224
Sales	Percent change over previous year	2.6	5.7	4.2	6.1	3.4
Net Earnings	U.S. dollars, millions	16,540	15,409	16,323	13,831	10,853
Net Earnings	Percent change over previous year	7.3	5.6	18	27.4	12.2
Market price per share (year-end close)	U.S. dollars, millions	115.21	102.72	105.06	92.35	69.48
R&D expense	U.S. dollars, millions	9,095	9,046	8,494	8,183	7,665
R&D expense	As percent of sales	12.7	13	11.4	11.5	11.4
Operating companies	Number (approximate)	230	250	265	275	275
Employees	Number (approximate)	126,400	127,100	126,500	128,100	127,600
Effective income tax rate	Percent of income	16.5	19.7	20.6	10.6	23.7

# Data Summary

METRIC	UNIT	2016	2015	2014	2013	2012
Advertising costs	U.S. dollars, billions	2.4	2.5	2.6	2.5	2.3
Advertising costs	As percent of sales	3.3	3.6	3.5	3.5	3.4
Charitable contributions	Total U.S. dollars, millions	1,194	1,040	1,080.4	993	966.3
Charitable contributions	As percent of pretax income	6.0	5.4	5.3	6.4	7
Charitable contributions	Non-cash	1,006	877	908.7	835.5	835

<sup>1</sup>Includes data from all manufacturing, R&D, warehouse, distribution center and office building locations, unless otherwise noted.

<sup>2</sup>In 2014, the Serious Injury and Illness Case rate definition was changed to include continuous impairment and surgical intervention.

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

<sup>4</sup>In the United States, limited data from a subset of Synthes operations are not yet reflected in these numbers. SAFE Fleet data are collected on employees of Johnson & Johnson and its subsidiaries who drive company-owned or -leased, and personally owned vehicles for Company business. Employees in the latter category are those who: 1. Drive for Company business as a "regular part" of their job, and 2. Employees who receive a car allowance to purchase their own vehicle, and/or those who are reimbursed for vehicle expenses such as fuel, maintenance, insurance and other miscellaneous charges associated with vehicle upkeep, and/or those who receive a regular mileage allowance.

<sup>5</sup>Tracking of non-compliance expanded in 2014 to include several new categories not captured in previous reporting (fire code, food service, elevators, and health clinics).

<sup>6</sup>Includes data from all manufacturing and R&D locations.

<sup>7</sup>Data have been adjusted to reflect acquisitions and divestitures.

<sup>8</sup>Our Vistakon Limerick site implemented a project to reduce energy consumption and GHG emissions by implementing a once-through non-contact cooling loop in 2010. Given the location of the operation, and type of water use, we did not require them to report this water in their water use volumes, or water discharge volumes. Their adjustment represents the volume of water they discharge to surface. Our Zuchwil Synthes Switzerland site now has the same technology in place, and therefore a similar adjustment has been done for this site as well. As this was only identified for the 2016 data, adjustments have been made for prior year published data (2013-2014-2015).

<sup>9</sup> Includes data from Johnson & Johnson Indonesia which was not included in 2015 data.

<sup>10</sup>Calculated.

<sup>11</sup>Calculated/measured.

<sup>12</sup>2012 and 2013 data are from our North American region.

<sup>13</sup>2014-2016 are Global data.

<sup>14</sup>Includes site-specific data from all Johnson & Johnson-owned and leased sites over 50,000 square feet, as well as all manufacturing and R&D sites, including those under 50,000 square feet, unless otherwise noted.

<sup>15</sup>Emissions data are adjusted for prior years due to divestitures, acquisitions and updated emissions factors. As a result, data presented here will not correspond to the figures in the 2015 Report or those submitted to CDP in the respective years.

Advanced Nursing Studies participant doing practical work at the Tandale Health Clinic in Dar, Tanzania

Photo credit: Sala Lewis

*Johnson & Johnson*

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