

2010 Responsibility Report



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About This Report

This report details Johnson & Johnson's sustainability activities and progress as of December 2010. It is our eighth annual Sustainability Report and 14th year reporting environmental progress. In preparing this report, we considered feedback from our contact mailbox (responsibility@its.jnj.com), the social investment community, non-governmental organization and multiple stakeholder engagements, and senior company leadership.

In consideration of this feedback, we continue to evolve our reporting. Our 2010 reporting process includes an Executive Summary Report (print and online), our 2010 Responsibility Report (available only online, as a PDF, for the first time) and, new in 2011, our Johnson & Johnson Responsibility website (www.jnj.com/responsibility). The Executive Summary provides our progress against our *2010 Healthy Planet Goals* and presents our new generation of goals, *Healthy Future 2015*. The 2010 Responsibility Report presents additional information on our goals and an update on our most material issues; it has been informed by a materiality assessment, conducted to better guide the decisions we make regarding communication around our sustainability performance. Finally, the website provides a holistic picture of our sustainability approach and performance.

The primary audience for this report and our dedicated website are our external stakeholders, an extremely broad and diverse group. The Company has a variety of other mechanisms by which it shares sustainability progress internally.

As with past reports, information presented here represents the manufacturing and research & development facilities operated by the Johnson & Johnson Family of Companies. No external manufacturing is included in our data. As we engage further with our supply chain on sustainability topics, additional information on these efforts will continue to be incorporated into our reports. There have been no significant changes from previous reporting periods in the scope and boundary of this report or in the measurement methods applied.

On the Cover: Sara Snow, an Indianapolis-based TV host and green-living expert, continues to be environmentally conscious with her choices for her child, like using JOHNSON'S® NATURAL® baby products. The product line was recognized with an EARTHWARDS™ designation and has forged a partnership with the National Wildlife Federation. Learn more at www.johnsonsbaby.com.

Global Reporting Initiative (GRI)

Our 2010 Responsibility Report is consistent with the Global Reporting Initiative's 2006 Sustainability Reporting Guidelines (G3 Guidelines) and represents the first time we are self-declaring a report to Level B. Johnson & Johnson has prepared this report to share with our stakeholders information on our 2010 environmental, health, safety, social and economic programs and performance. Topics included are those identified as important to our business and industry sector, based on internal and external review, discussions conducted for this purpose and our first formal materiality assessment. This report includes an index, with references to G3 indicators. No external assurance has been sought.

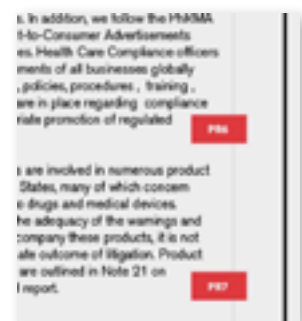
Feedback and further information

We invite your comments on our sustainability activities and this report; email us at responsibility@its.jnj.com.

A Note About Locating GRI Indicators

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

- EN** Environmental
- HR** Human Rights
- LA** Labor Practices and Decent Work
- SO** Society
- PR** Product Responsibility
- EC** Economic
- GRI** Global Reporting Index



A Letter from the Chairman

Since our founding in 1886, Johnson & Johnson has been caring for people's health and well-being. Our Company has grown and changed, and today we are the most broadly based company in human health care. What we do, how we do it, who we are as a corporation matters in the billion lives we touch throughout the world each day.

Our values are rooted in the precepts of responsibility to customers, employees, community and shareholders, as expressed in Our Credo since 1943. It remains our guide to how we conduct our business.

Issues and Priorities

Our people dedicate themselves to providing the most trusted brands and high-quality products to help others around the world. Providing exceptional products is among the highest expectation of our many stakeholders around the world, according to an assessment of our material issues—those likely to have the most substantive effect on our business or where our company can have a substantive effect on others. We completed this materiality assessment in March 2010. The assessment included perspectives of Johnson & Johnson employees as well as external stakeholders. The following topics were identified as of greatest significance to Johnson & Johnson: Quality and Safety of Products; Global Health; Access and Affordability of Medicines; Bioethics; Clinical Trials; Innovation; Health Care Compliance; Environment; Product Eco-Design; Business Ethics; Human Rights; External Supply Chain Management; and Emerging Markets.

We have addressed many of these topics in our next five-year goals for corporate citizenship and sustainability. Others are an integral part of our ongoing business efforts.

Impact of Trends

In addition to our material issues, several broad trends have affected us and the health care industry in general. Macroeconomic pressures include high unemployment, declines in health care utilization, pricing pressures, increased consumer sensitivity to spending, increasing utilization of generics, government health care reforms, and gradual economic recovery.



William C. Weldon
Chairman, Board of Directors, and Chief Executive Officer

We maintained our business performance and continued to deliver earnings growth in 2010, despite the overall macroeconomic conditions.

Other trends continue to influence health care companies, generally positively: emerging markets growth, demographics of an aging population, significant unmet health care needs, advancing science and technology, greater focus on wellness and prevention, increased patient influence and involvement, and increased access to health care.

Results and Performance

Throughout 2010 we continued to launch new products, grow in some of the fastest growing markets of health care, and invest in research and development to advance our newest technologies and pipeline compounds. We collaborated and partnered with other companies and academic institutions pursuing exciting discoveries that we can enhance with our development capabilities, working together to advance global health. In February 2011, we completed our tender offer for Crucell N.V., once our partner in the area of infectious disease. Notably in 2010 we embarked on a five-year commitment to the United Nations to help achieve Millennium Development Goals focused on reducing mortality in women and children by 2015. In our philanthropy, we contributed more than \$608 million in cash and products toward over 700 programs in more than 50 countries. We responded to major natural disasters in Haiti, China, Chile and Pakistan and more recently in New Zealand and Japan.

We made progress with coordination of sustainability practices and efforts via our enterprise Sustainability Working Group and business group-level Sustainability Councils. We completed development of *Healthy Future 2015 Goals*, which for the first time expand our corporate goals beyond environmental matters. We clarified our Human Rights commitment through a new human rights policy statement.

We concluded our 2010 Healthy Planet goals, having met or exceeded nearly all of the goals we set forth. Both those goals we met and others we didn't are explained in this report, along with a complete list of the year's successes and challenges. This information can also be found on our website at www.jnj.com/responsibility.

Challenges and Goals

We remain committed to investing in the products, pipelines and people that will sustain our business growth and increase our market leadership in one of the most important and rewarding industries in the world.

While we will continue to see near-term pressures on the business, we have made considerable progress on Supply Chain issues and continue to invest in ways to improve people's health and well-being and sustain our growth over the long term. The long-term, sustainable growth of our business relies on the many dedicated and talented people across Johnson & Johnson. It is their talent, resiliency and commitment to Our Credo that has built our reputation over time. And, it is a tribute to the people of Johnson & Johnson that we have maintained solid performance and a reputation that remains among the best in the industry.

Johnson & Johnson responsibility is outlined in Our Credo and reflects our view of the importance of doing our part as well as working with partners to make the world a better place.

Sincerely,



William C. Weldon
Chairman, Board of Directors, and
Chief Executive Officer

June 2011

Successes and Challenges

2010 Successes

People

- Continued research and development to bring forward new treatments for HIV and tuberculosis (TB), both of which disproportionately affect women and children in the developing world.
 - Progressed development of TMC207 to phase 2b. TMC207 is a novel compound with a new mechanism of action that has the potential to become the first new TB drug in more than 40 years. We are planning to file with the U.S. Food and Drug Administration in early 2012.
 - Announced new licensing agreements with three generic manufacturers in India and South Africa to manufacture, market and distribute our investigational non-nucleoside reverse transcriptase inhibitor, rilipirivine hydrochloride (TMC278), pending its approval for use with other antiretroviral agents in the treatment of treatment-naïve HIV-1-infected adults. We have chosen to collaborate with multiple manufacturers to ensure the widespread and sustainable access to TMC278 in areas of high HIV burden and to support generic competition.
- Embarked on a five-year commitment to the United Nations to help achieve two of the Millennium Development Goals, focused on reducing mortality in women and children by 2015. Our commitment aims to help as many as 120 million women and children each year through initiatives providing mobile health information for expectant mothers, safe motherhood initiatives, and the donation of medicine and support to reduce intestinal worms in children. Examples include:
 - Accelerated reach of text4baby, a free mobile health information service for expectant and new mothers in the United States. In March 2011, the program also launched in Russia.
 - Expanded our donation of mebendazole to supply 200 million doses per year for treatment of intestinal worms in children—a four-fold increase from our current support, with an objective to distribute mebendazole in 30 to 40 countries by 2015 through Children Without Worms, a partnership between Johnson & Johnson and The Task Force for Global Health.
- Contributed \$603.3 million in cash and products toward over 700 philanthropic programs in more than 50 countries, impacting tens of millions of lives worldwide.
- Provided consumers with safe driving tips and guidance by placing our Safe Fleet program, originally developed for Johnson & Johnson employees, on the web at www.e-safetyforall.com.

- Responded to major natural disasters in Haiti, China, Chile and Pakistan with donations of funds and relief packages that included Johnson & Johnson products. Our affiliates provided relief assistance, while employees worldwide provided in-kind and cash donations, which were matched through our U.S. Matching Gifts Program.
- In February 2011, completed our tender offer for Crucell N.V., which develops vaccines against infectious diseases worldwide. Crucell will operate as the center for vaccines within the Pharmaceuticals group.
- Clarified our human rights commitment through a new human rights policy statement.

Planet

- Met or exceeded nearly all our *Healthy Planet 2010* goals, which concluded at the end of 2010, and continued to make progress on our Healthy People 2012 goals. Most notably, we:
 - Reduced absolute water use by 9.5 percent from 2005–2010, to approximately 11.3 million cubic meters in 2010.
 - Exceeded our goal to reduce absolute CO₂ emissions by 7 percent from 1990–2010, realizing an absolute reduction in emissions of 23 percent during this period.
 - Exceeded our goal to reduce absolute hazardous and non-hazardous waste off-site disposal by 10 percent from 2005–2010, realizing a 12 percent reduction in nonhazardous waste and a 25 percent reduction in hazardous waste.
- Achieved EARTHWARDS™ recognition for 17 products made by Johnson & Johnson operating companies; EARTHWARDS™ is an internal process to help our companies improve the environmental footprint of our products.
- Tripled our onsite solar energy capacity to 13 megawatts and continued to be one of the largest users of solar in the United States.
- Entered into a global contract with the world's largest electronics manufacturer to recycle electronic products.
- Implemented a policy statement clarifying the Company's approach to protecting biodiversity.

Business

- Continued launching many new products and growing our market leadership in some of the fastest growing segments of health care. These include:
 - Consumer products that address emerging health care needs, such as JOHNSON'S® NATURAL® baby products and LISTERINE® ZERO™ mouthwash.
 - In our Medical Devices and Diagnostics segment, we launched more than 50 new products. For example, a new ENSEAL® tissue-sealing device for large vessel sealing in open surgery was introduced in the U.S., strengthening our energy surgical instrument portfolio.
 - In Pharmaceuticals, we saw growth of key innovations approved in 2009: NUCYNTA®* (tapentadol) for pain, STELARA® (ustekinumab) and SIMPONI® (golimumab) in

immunology, and INVEGA® SUSTENNA® (paliperidone palmitate) for schizophrenia.

- Worldwide sales were \$61.6 billion, a decrease of 1.3 percent operationally (the 2009 results also included a 53rd accounting week). Adjusted earnings were \$13.3 billion, an increase of 2.9 percent despite a sales decline. Earnings per share increased to \$4.76, an increase of 2.8 percent.
- Maintained our financial discipline and strength in a tough global economy. We generated strong free cash flow and maintained our AAA credit rating. And we executed a \$1.1 billion debt offering at the lowest interest rate for long-term corporate debt in history.
- Invested nearly \$7 billion in research and development to advance our newest technologies and pipeline compounds.
- Collaborated and partnered with other companies and academic institutions pursuing exciting discoveries that we can enhance with our global development capabilities; for example, in November 2010 we announced a research collaboration between Tsinghua University in China and Janssen Pharmaceutica, N.V. The five-year strategic partnership aims to accelerate discovery research and foster new therapeutic approaches for infectious diseases.
- Announced organizational changes designed to further long-term succession plans and assure that talented and experienced leaders are at all levels of the organization. Joining an expanded Office of the Chairman are Alex Gorsky, previously Worldwide Chairman, Medical Devices and Diagnostics, and Sheri McCoy, previously Worldwide Chairman, Pharmaceuticals.
- Completed our first materiality assessment to enable development of a focused responsibility report addressing our most material issues.
- Completed development of the *Healthy Future 2015* Goals, which for the first time expand our corporate goals beyond environmental matters to address some of the broader social, economic and governance performance areas applicable to Johnson & Johnson.
- Coordinated sustainability practices and efforts across our businesses in areas such as product stewardship, packaging, human rights, biodiversity, health education and occupational safety via our enterprise Sustainability Working Group and our business group Sustainability Councils.
- Engaged our strategic suppliers through the Procurement Sustainability Initiative, begun in 2009 to leverage the purchasing power of Johnson & Johnson and drive sustainable business practices.
- Since establishing the Johnson & Johnson Standards for Responsible External Manufacturing in 2006, 98 percent of our external manufacturers have been assessed against and are in conformance with our standards.
- Initiated voluntary disclosure of payments to physicians by our U.S. Pharmaceutical companies. Our Medical Devices and Diagnostics companies are beginning disclosure in 2011.

2010 Challenges

People

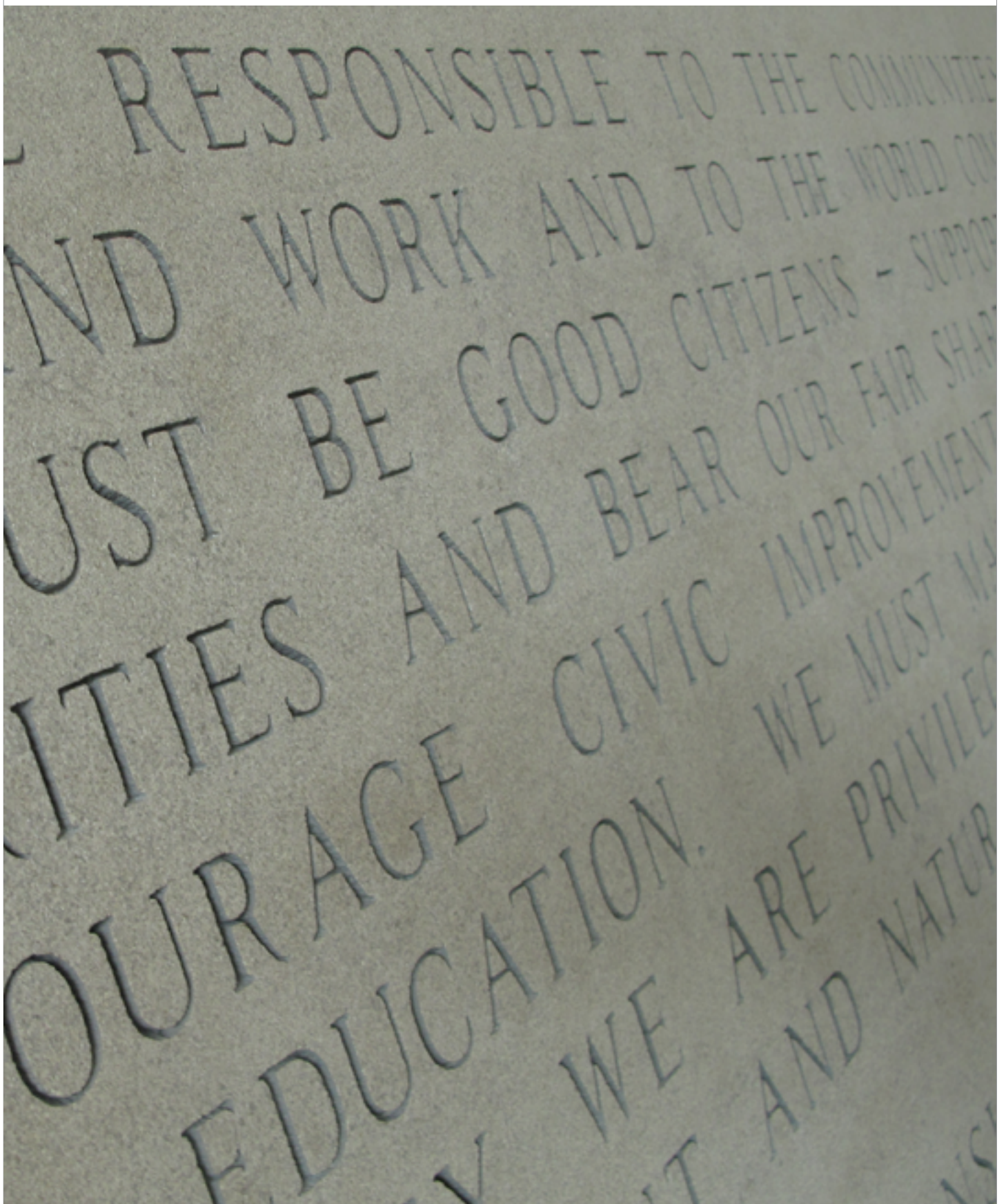
- Experienced slight upward trends in some employee health and wellness indicators. Although our illness and injury rates tend to be among the lowest of our peer companies, we are committed to do more to improve.
- Strived to ensure our average price increases across the full range of our health care products are within the U.S. Consumer Price Index. Economic and business variables continue to exert pressure on pricing of our products, which may limit affordable access to them.
- Continued work to strengthen data collection systems to enable enterprise wide reporting on issues of interest to our stakeholders.

Planet

- Experienced a significant increase in the number of environmental non-compliances while realizing a decrease in the number of accidental environmental releases. The non-compliances were all minor, and most were related to waste management or air and wastewater permit infractions. Attention has been refocused on compliance; additional training is being provided, and efforts are being made to reinforce our management and assessment processes to proactively self identify and correct issues before they can become non-compliances.
- Finding ways to further reduce fleet vehicle emissions remains a challenge beyond our efforts to replace less fuel-efficient vehicles, establish efficiency standards, and add hybrids and alternative-fuel vehicles as part of our *Healthy Planet 2010* goals.
- Some non-governmental organization stakeholders continued to raise concerns about select ingredients in some consumer products.

Business

- Voluntarily closed the McNeil Consumer Healthcare Division of McNeil-PPC, Inc. manufacturing facility in Fort Washington, Pa.; received warning letters at the Las Piedras, Puerto Rico, McNeil Consumer Healthcare plant; and finalized terms of a Consent Decree with the U.S. Food and Drug Administration for manufacturing facilities in Las Piedras, Fort Washington, and Lancaster, Pa.
- Began the process of expanding our Standards for Responsible External Manufacturing to include the entire Johnson & Johnson supply chain, which will extend applicability of these standards from fewer than 1,000 suppliers to more than 50,000.
- Faced continued global macroeconomic pressures, such as declines in health care utilization, pricing pressures, increased consumer sensitivity to spending, increasing utilization of generics, government health care reforms, high unemployment and a gradual economic recovery.



OUR RESPONSIBILITY: Johnson & Johnson has a long history of corporate citizenship. Our caring continues to be demonstrated by our efforts to improve human health and wellness, sustain our planet, support our communities, and remain a vibrant and trusted company. For more, visit [Our Responsibility](http://www.jnj.com/responsibility) website (www.jnj.com/responsibility).

Company Profile

Johnson & Johnson, through its Family of Companies (“the Company”), is the world’s most comprehensive and broadly based manufacturer of health care products, as well as a provider of related services for the consumer, pharmaceutical and medical devices and diagnostics markets.

Our more than 250 operating companies employ approximately 115,000 employees in 60 countries who are engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Globally, the supply chain network across Johnson & Johnson includes 120 manufacturing facilities, some 300 distribution centers and more than 600 external manufacturers.

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

Our Brands

The Consumer segment includes a broad range of products used in the baby care, skin care, oral care, wound care and women’s health care fields, as well as nutritional and over-the-counter pharmaceutical products and wellness and prevention platforms. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world.

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

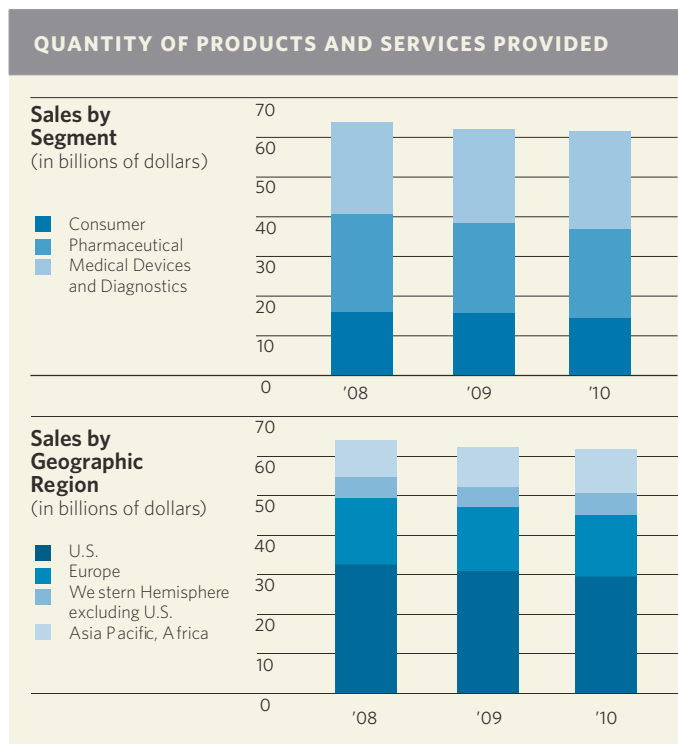
The Medical Devices and Diagnostics segment includes a broad range of products distributed to wholesalers, hospitals and retailers used principally in the professional fields by physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. These products include Biosense Webster’s electrophysiology products; Cordis’ circulatory disease management products; DePuy’s orthopaedic joint reconstruction, spinal care, neurological and sports medicine products; Ethicon’s surgical care, aesthetics and women’s health products; Ethicon Endo-Surgery’s minimally invasive surgical products and advanced sterilization products; LifeScan’s blood glucose monitoring and insulin delivery products; Ortho-Clinical Diagnostics’ professional diagnostic products; and Vistakon’s disposable contact lenses.

Operational Structure

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

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

ORGANIZATIONAL SCALE	
Number of Employees	115,000
Number of Operations	250
Net Sales	\$61.6 billion



Significant Changes During the Reporting Period

Changes during the reporting period were a result of previously announced restructuring activity as well as acquisitions and divestitures. A gain from divestiture of the Breast Care Business of Ethicon Endo-Surgery Inc. is recorded in other (income) expense in 2010. Otherwise, divestitures in 2010 did not have a material effect on the Company's results of operations, cash flows or financial position.

The 2010 acquisitions included Acclarent, Inc., a privately held medical technology company dedicated to designing, developing and commercializing devices that address conditions affecting the ear, nose and throat (ENT); RespiVert Ltd., a privately held drug discovery company focused on developing small-molecule, inhaled therapies for the treatment of pulmonary diseases; and Micrus Endovascular Corporation, a global developer and manufacturer of minimally invasive devices for hemorrhagic and ischemic stroke.

During 2010, the Company announced an agreement to acquire all outstanding equity of Crucell N.V. that it did not already own for approximately \$2.3 billion in a cash tender offer. As of Jan. 2, 2011 the Company held approximately 18% of Crucell's outstanding ordinary shares. Crucell is a global biopharmaceutical company focused on the research & development, production and marketing of vaccines and antibodies against infectious disease worldwide. On Feb. 22, 2011, the Company announced that the tender offer for Crucell was completed and declared the offer unconditional.

For further details about these changes, please see [Note 20 \(Business Combinations and Divestitures\)](#)* in our 10-K annual report.

* www.investor.jnj.com/secfiling.cfm?filingID=950123-11-18128

Governance and External Commitments

For 125 years, the Johnson & Johnson Family of Companies has been privileged to play a role in helping millions of people around the world live better, healthier lives. Our Family of Companies is connected by [Our Credo](#)** , which sets forth our core values and business philosophy. Our Credo has been the moral compass for our business since 1943. It guides the decisions we make, the emphasis we place on our stakeholders and the way we conduct business.

We understand that core values or a business philosophy cannot be mandated. But through the formal policies and practices a company adopts to govern its business conduct, its values and principles can be upheld. The principles in Our Credo reflect the character, ethics and values that define Johnson & Johnson and lay the foundation for the expectations we have for our directors, management and employees in operating a responsible company.

In addition to governance principles, Johnson & Johnson ensures compliance through numerous policies, guidelines and standards, such as our [Policy on Business Conduct](#)† , which all our operating companies are expected to follow.

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

Governance Structure

Our Board of Directors is a diverse group of individuals who are elected by our shareholders each year. We currently have 12 Board members, 11 of whom are "independent" under the rules of the New York Stock Exchange. William C. Weldon is Chairman of the Board of Directors and Chief Executive Officer of Johnson & Johnson.

Our Board holds the ultimate authority of our Company, except to the extent that our shareholders are granted certain powers under the Company's Certificate of Incorporation and By-Laws. Qualifications for the Board of Directors and standards

** www.jnj.com/connect/about-jnj/jnj-credo

† www.investor.jnj.com/governance/conduct.cfm

of independence are laid out in our [Principles of Corporate Governance](#),* and additional guidelines are outlined in our Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers.

We believe good corporate governance results from sound processes that ensure our directors are well-supported by accurate and timely information, sufficient time and resources, and unrestricted access to management. Additionally, we believe the business judgment of the Board must be exercised independently and in the long-term interests of our shareholders.

The Board of Directors:

- Appoints senior management of the Company, who are responsible for conducting business and operations;
- Provides oversight of management and offers strategic direction to the Company; and
- Forms standing Board Committees to assist in fulfilling its obligations.

The Board of Directors has six standing committees: the Audit Committee, the Compensation & Benefits Committee, the Nominating & Corporate Governance Committee, the Finance Committee, the Public Policy Advisory Committee and the Science & Technology Advisory Committee.

The Public Policy Advisory Committee (PPAC) assists the Board of Directors by reviewing and making recommendations regarding Company positions on public policy issues facing the Company, public health issues, the health and safety of employees, the environment and other issues pertinent to our social, environmental and economic performance.

[A complete list of our Board of Directors is available on our website.](#)**

The PPAC is composed of independent directors; the Company's vice chairman, Executive Committee; and vice presidents for Corporate Affairs, Government Affairs and Policy, and Supply Chain.

The Executive Committee is the principal management group responsible for operations and the allocation of Company resources. In addition, there are Group Operating Committees (GOC), composed of managers who represent key operations within the group, as well as management expertise in other specialized functions. The Corporate GOC ensures performance and fiscal accountability for each corporate function, while other GOCs oversee and coordinate the activities of the Consumer, Pharmaceuticals and Medical Devices and Diagnostics business segments. Each subsidiary within the business segments is, with some exceptions, managed by citizens of the country in which it is located.

* www.investor.jnj.com/governance/corporate-governance.cfm

** www.investor.jnj.com/governance/board.cfm

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

Communication with Our Board

Shareholders, employees and others may contact the Board of Directors of Johnson & Johnson, including our presiding director, by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH-2132, New Brunswick, NJ 08933, USA. Those who wish to contact the Board or any member of the Audit Committee to report any complaint or concern with respect to accounting, internal accounting controls or auditing matters may do so anonymously by using the address provided. [Forms to contact the Board and the Audit Committee are also available online.](#)†

The independent members of the Board of Directors have approved procedures for handling shareholder and other communication with the Board, including designating the General Counsel and the Corporate Secretary as their agents for receipt of communications. [These procedures are presented online.](#)†

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

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

Topics related to economic, environmental and social performance raised through the 2010 reporting period include three shareholder proposals: one on pharmaceutical price restraint, another on amendment to the Company's equal employment opportunity policy, and a third on adopting non-animal methods for training. [An outline of the proposals and management's statements in opposition are presented in the Company's Notice of Annual Meeting and Proxy Statement of March 16, 2011, available online.](#)††

† www.investor.jnj.com/governance/communication.cfm

†† www.investor.jnj.com/annual-reports.cfm

Codes and Principles

Principles of Corporate Governance, adopted in 2006, applies to directors and senior management, whose ethical character, integrity and values are considered the most important safeguard of corporate governance. These principles lay out, among other things, the processes in place to ensure that conflicts of interest are avoided; accurate and timely information is available; and sufficient time, resources and unrestricted access to management are provided in a way that ensures the business judgment of the Board is exercised independently and in the long-term interests of our shareholders.

To help ensure that we conduct business according to the values embodied in Our Credo, we have policies that define what we expect of the people within the Johnson & Johnson Family of Companies throughout the world.

Business Conduct Codes

Our policies give clear direction on how to act according to our business values, as well as the laws and regulations where our companies operate around the world. Employees are required to follow the laws and regulations of the countries where they do business.

- Our Credo
- Policy on Business Conduct
- Code of Business Conduct and Ethics for Members of the Board of Directors and Executive Officers
- U.S. Health Care Compliance
- Privacy and Confidentiality
- Procurement Code of Conduct

Our *Policy on Business Conduct* meets the requirements of the Securities and Exchange Commission rules promulgated under Section 406 of the Sarbanes-Oxley Act of 2002.

Sales and Marketing

Our policies for responsible selling, marketing and interacting with health professionals require that our employees act according to the laws of the countries where we do business and comply with applicable industry codes of behavior and any additional requirements of our enterprise or relevant business units.

- Responsible Interaction with Health Care Professionals
- PhRMA Code on Interactions with Healthcare Providers
- Promoting Regulated Products Lawfully
- Product Advertising and Communications
- MD&D Guidelines for Direct-to-Patient Education
- PhRMA Guiding Principles Direct-to-Consumer Advertisements
- About Prescription Medicines

Labor and Employment

We recognize that people and values are our greatest assets. Our Credo guides our responsibility to our employees.

- Equal Employment Opportunity Policy
- Global Labor & Employment Guidelines
- Policy on Employment of Young Persons
- Guide for Resolving Employee Disagreements
- Harassment Policy

Environment

We have a responsibility to take care of our planet and preserve its beauty, resources and strength for future generations. We strive for performance that does not merely comply with regulations but reduces our environmental impacts.

- Environment, Health & Safety Policy
- Climate Friendly Energy Policy

These conduct codes can be found on our [Responsibility website](#).*

External Commitments

Johnson & Johnson recognizes and subscribes to externally developed economic, environmental and social charters and initiatives. These include laws of the state of New Jersey, federal security laws, the Company's by-laws and various other corporate governance standards.

Johnson & Johnson has an important role to play in helping to shape responsible climate and energy policy in the United States and around the world. We are members of the Prince of Wales' Corporate Leaders Group on Climate Change, as well as signatories of the Copenhagen, Cancun and 2 Degree Communiqués, calling on world leaders to sign a climate agreement.

We have developed a corporate greenhouse gas inventory methodology, based on the compliance of Johnson & Johnson with the World Resources Institute (WRI) and the World Business Council for Sustainable Development™ (WBCSD) GHG Protocol Initiative. Within the GHG inventory methodology, we utilize calculation tools available from www.ghgprotocol.org and from the [EPA Climate Leaders Program](#)**.

* www.jnj.com/responsibility/ESG/Governance/Codes_of_Conduct/Accountable_Business_Practices

** www.epa.gov/stateply/index.html

Johnson & Johnson is a member of the Carbon Disclosure Project's Supply Chain Partnership and has requested a select group of suppliers to participate in the Supply Chain Questionnaire with hopes that they will look to assess the risks and opportunities of climate change to their businesses. The target group of suppliers consists of external manufacturers for the Johnson & Johnson Family of Companies.

While Johnson & Johnson is not a signatory to the UN Global Compact, we do address each of the 10 principles it lays out in the areas of human rights, labor, environment and anti-corruption, via Our Credo and our supporting policies, principles and guidelines. The UN Global Compact states that businesses should support and respect the protection of internationally proclaimed human rights and should make sure that they are not complicit in human rights abuses. It states that businesses

should uphold the freedom of association and the effective recognition of the right to collective bargaining, and that they should eliminate all forms of forced and compulsory labor, child labor and discrimination. Regarding the environment, the Compact calls for the support of a precautionary approach to environmental challenges and for businesses to undertake initiatives to promote greater environmental responsibility and development and diffusion of environmentally friendly technologies. Last, the Compact says that businesses should work against corruption in all its forms, including extortion and bribery.

Details of Johnson & Johnson's position on and approach to each of these principles are presented in the appropriate sections of this report and on www.jnj.com/responsibility.



ADVANCING COMMUNITY WELLNESS: Motherhood offers everyday joys for Megan Johnson. She stayed healthy during her second pregnancy with the help of important health care information she received through text4baby, a free health information service sponsored by Johnson & Johnson and other partners.

Management Approach to Sustainability

We recognize that our people and the values set forth in Our Credo are our greatest assets. Our Credo, and the policies and guidelines we have established to support it, guide us. Responsibility for activities we consider in determining our social, economic and environmental health and safety performance is spread among several corporate and global functions. These include:

- Global Procurement
- Quality & Compliance Worldwide
- Global Talent Management
- Benefits and Health Resources
- Worldwide Compensation
- Health Care Compliance & Privacy and Public Affairs & Corporate Communications
- Corporate Contributions
- Government Affairs & Policy
- Global Diversity & Inclusion
- Worldwide Supply Chain
- Worldwide Environmental Health and Safety
- Worldwide Security and Legal.

These functions report to the Corporate Group Operating Committee (GOC) and the Executive Committee, which report to the Board of Directors. At the operational level, responsibility for these aspects rests with the individual business units. Additional information on our management of environmental, economic, labor, human rights, society and product responsibility issues can be found in the appropriate sections of this report.

Each of our three business sectors has a cross-functional sustainability council that is supported by senior management and that guides the development and implementation of sector sustainability strategies. In addition, a representative from each of these business units also sits on the Johnson & Johnson Sustainability Working Group, which helps to ensure alignment of sustainability initiatives throughout the Company and is an important conduit for how we share sustainability information with interested stakeholders. Sustainability performance against goals and targets is discussed annually with the Public Policy Advisory Committee of the Board of Directors.

Our *Healthy Future 2015* goals are our broadest goals to date. In 2009, we began to look back at our progress under our Healthy Planet and Healthy People goals while considering what our next set of five-year goals should include. We undertook a number of steps to ensure that the strategic priorities and goals we established were the right ones for our businesses to achieve the greatest impact. What emerged is Healthy Future; an expansive idea that stands for our company's enduring commitment to improving people's health, contributing to the sustainability of our planet, and ensuring the longevity and vitality of our business. *Healthy Future 2015* presents our five-year goals for corporate citizenship and sustainability commitments across seven key strategic priorities:

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

Details on these goals, as well on our social policies, training, management systems, and key successes and challenges are included in the applicable sections of this report.

Our Material Issues

Materiality Analysis and Reporting Framework

In 2009–2010, Johnson & Johnson conducted a materiality assessment to determine the topics to be addressed in our sustainability report and on our website. The assessment, conducted by an internal team, sought to identify “material” topics—those that substantively influence the assessments and decisions of stakeholders. Topics were selected by understanding the interests of Johnson & Johnson’s stakeholders, a group that includes employees, the general population, customers, shareholders, non-governmental organizations, governments, social responsibility investment researchers and neighbors.

Interviews, web searches, media presence, our Credo survey, stakeholder engagement efforts, research reports, SRI surveys/inquiries and other elements were consulted in this analysis. The topics selected were intentionally narrow in some instances

and broader in others so as to ensure that critical high-visibility topics, such as climate change, were not inappropriately minimized under a broad heading such as environmental footprint. On the other hand, to keep the assessment manageable, broad topics were not broken down into every conceivable discrete subject. Each topic was then evaluated for importance to Johnson & Johnson, as well as to our internal and external stakeholders.

Using this process, we identified the following issues as our most material areas: quality and safety of products; global health; access to and affordability of medicines; bioethics; environment; product eco-design; innovation; health care compliance; business ethics; human rights; external supply chain management; and emerging markets. Each is discussed in more detail in this report. While not addressed in equal depth, those issues identified as being of medium materiality are also discussed here.

Our Material Issues

Quality and Safety of Products

Our people dedicate themselves to providing the most trusted brands and highest-quality products to help others around the world. The quality, safety and efficacy of our company's products are our top priority. The health and safety impacts of our products are assessed for improvement throughout their life cycle: from development of the product concept through research and development, certification, manufacturing and production, marketing and promotion, storage, distribution and supply, use and service, and disposal, reuse and recycling. We estimate that 100 percent of our significant product categories in each business segment are covered by and assessed for compliance with health and safety requirements. How these assessments occur differs based on regulatory requirements around the world.

PR1

Before they can be sold, finished products undergo quality checks and testing. Our commitment to safety continues after products reach the marketplace: Our companies work to ensure our products are used appropriately by helping people understand how to use and dispose of medicines and health care products wisely, educating doctors and other health care professionals on appropriate use, conducting post-marketing studies and monitoring safety data.

Our operating companies also employ a variety of mechanisms to measure customer satisfaction, including surveys, website interactions, focus groups and patient advisory groups. In the event a problem is found with one of our products, procedures are in place to determine its extent and actions to be taken.

Customer Health and Safety

The health and safety of our customers is considered throughout the life cycle for each product from among the three business segments of Johnson & Johnson. Quality, health and safety, environmental and sterilization service colleagues work with research, development, marketing and operations personnel to identify and advise on impacts and requirements related to environment, safety, industrial, hygiene, health and wellness, quality, sterilization, science and technology functions.

Product and Service Labeling

Products developed and commercialized through our Pharmaceutical and Medical Devices and Diagnostics 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. Our Consumer products include clear, easy-to-read instructions and information on how to use our products appropriately. Ingredients are listed for all products; however, we do not include sourcing information for components. Directions for proper disposal are included where necessary.

PR3

Marketing Communication

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

In our marketing and communications efforts with health care professionals, we follow the voluntary AdvaMed Code of Ethics on Interactions with Health Care Professionals and the PhRMA Code on Interactions with Health Care Professionals. Johnson & Johnson and our operating companies follow internally established guidelines that apply to all forms of direct-to-consumer communication, including regulation of such communication by our Pharmaceutical and Medical Devices and Diagnostics businesses. In addition, we follow the PhRMA Guiding Principles on Direct-to-Consumer Advertisements About Prescription Medicines. Health Care Compliance officers conduct annual risk assessments of all businesses globally to assess whether systems, policies, procedures, training, resources and monitoring are in place regarding compliance with standards for appropriate promotion of regulated products.

PR6

The Company's subsidiaries are involved in numerous product liability cases in the United States, many of which concern alleged adverse reactions to drugs and medical devices. While we are confident of the adequacy of the warnings and instructions for use that accompany these products, it is not feasible to predict the ultimate outcome of litigation. Product liability claims and lawsuits are outlined in Note 21 on page 64 of our 10K annual report.

PR7

Ingredient Safety

We continually monitor evolving science on the ingredients we use and carefully consider the feedback of consumers and other interested parties, exploring alternative options for new formulations when warranted. Before raw materials are used, our pharmacists, toxicologists, laboratory analysts and other health scientists conduct extensive evaluations in laboratories that Johnson & Johnson maintains for this purpose. We employ sophisticated tools and systems to help identify factors that may affect product quality, efficacy and safety.

Privacy

We are strongly committed to protecting the privacy of those who entrust us with their personal information. Our employees and all those who do business with us trust and expect that we will protect their personal information in accordance with the promises we make. In addition to our Privacy Policy, Johnson & Johnson has certified to the Safe Harbor Agreement between the United States and the European Union, with respect to personal data processed as part of our human resources activities. Accordingly, Johnson & Johnson adheres to the Safe Harbor privacy principles and frequently asked questions, as agreed to by the U.S. Department of Commerce and the European Commission.

Compliance

It is expected that all our businesses and employees will comply with laws and regulations concerning the provision and use of products and services. When this is not the case, corrective actions are taken as appropriate.

Recalls during 2010 at the McNeil Consumer Healthcare Division of McNeil PPC, Inc. (McNeil) brought considerable attention to the Company's operations, quality and compliance. The McNeil facility in Fort Washington, Pa., was voluntarily closed. We removed all affected product from retail, and unfortunately this meant that many of our customers were unable to get our products.

The Company is making good progress against a 2010 commitment to restore McNeil Consumer Healthcare to the levels of quality and compliance that people expect of all Johnson & Johnson companies, an important part of Our Credo responsibilities. A Comprehensive Action Plan on quality improvement for the McNeil business was submitted to the U.S. Food and Drug Administration in July, and McNeil is working under a Consent Decree governing three U.S. manufacturing facilities.

Across McNeil, significant organizational changes have been made in operations and quality, aimed at returning the highest-quality products to the market.

Also in 2010, Johnson & Johnson announced it would develop a single quality framework for the Family of Companies, inclusive of common quality standards for all major product types; implementation began in 2011.

For further information about product quality and safety, including ingredient safety and anti-counterfeiting measures, please see the relevant sections in this report and visit our responsibility web site at www.jnj.com/responsibility.

Global Health

There are many aspects to consider under the idea of global health, from research on neglected diseases, pandemics, diseases of the developing world, and patents and licensing to health care infrastructure, capacity and systems, as well as health education. As a leading health care company, Johnson & Johnson is directly engaged in the research and development, manufacture and sale of a broad range of products that impact human health and well-being. In addition, we look beyond our businesses for opportunities to encourage medical progress, advocate for effective health care systems and improve access to health care and health care products.

For 125 years Johnson & Johnson has been innovating and developing products to meet some of the world's most critical health problems. Our commitment to advance global health through our businesses means working with partners—such as the TB Alliance, The Bill & Melinda Gates Foundation and the International Partnership for Microbicides—to address neglected diseases and advance access to our medicines.

Our *Healthy Planet 2015* goals include such efforts to advance global health. Other opportunities addressed in our goal-setting include efforts to provide affordable access to medicines through pioneering business models and philanthropic donations and programs that advance community wellness. Our philanthropic programs focus on making life-changing, long-term differences in human health by targeting the world's major health issues.

For more about our efforts to advance global health, please see our sustainability website at www.jnj.com/responsibility.

In 2010 we continued research and development to bring forward new treatments for HIV and tuberculosis (TB), both of which disproportionately affect women and children in the developing world. We progressed development of TMC207 to phase 2b: This novel compound with a new mechanism of action has the potential to become the first new TB drug in more than 40 years. We are planning to file with the U.S. Food and Drug Administration in early 2012. We also announced new licensing agreements with three generic manufacturers in India and South Africa to manufacture, market and distribute our investigational nonnucleoside reverse transcriptase inhibitor, rilpivirine hydrochloride (TMC278), pending its approval for use with other antiretroviral agents in the treatment of treatment-naïve HIV-1-infected adults. We have chosen to collaborate with multiple manufacturers to ensure widespread and sustainable access to TMC278 in areas of high HIV burden and to support generic competition.

Also in 2010 Johnson & Johnson announced a five-year commitment to the United Nations to help achieve two of the Millennium Development Goals, focused on reducing mortality

in women and children by 2015. Our commitment aims to help as many as 120 million women and children each year through initiatives focused on providing mobile health information for expectant mothers, safe motherhood and reducing intestinal worms in children.

Two elements of the commitment relate specifically to our global health efforts. We accelerated reach of text4baby, a free mobile health information service for expectant and new mothers in the United States—the program launched in Russia in March 2011. Also, we announced we will expand our donation of mebendazole to supply 200 million doses per year for treatment of intestinal worms in children—a four-fold increase from our current support, with an objective to distribute mebendazole in 30 to 40 countries by 2015 through Children Without Worms, a partnership between Johnson & Johnson and The Task Force for Global Health.

In all, Johnson & Johnson contributed \$603.3 million in cash and products toward over 700 philanthropic programs in more than 50 countries, impacting tens of millions of lives worldwide. We responded to major natural disasters in Haiti, China, Chile and Pakistan with donations of funds and relief packages that included Johnson & Johnson products. Our affiliates provided relief assistance, while employees worldwide provided in-kind and cash donations, which were matched through our U.S. Matching Gifts Program.

In February 2011, we completed our tender offer for Crucell N.V., which develops vaccines against infectious diseases worldwide. Crucell will operate as the center for vaccines within the Pharmaceuticals group.

Access to and Affordability of Medicines

At Johnson & Johnson, our first commitment is, and always has been, to those who use our products and services—the patients, doctors, nurses and others who rely on us to meet their health and medical needs. This commitment is rooted firmly in Our Credo.

As a global health care company, we have a responsibility to help create a world where people across all economic and social circumstances have access to the treatments they need. We strive to ensure that our average price increases across the full range of our health care products are within the Consumer Price Index (CPI). The weighted-average compound annual growth rate of our net price increases for our health care products, including prescription and over-the-counter medicines and hospital and professional products, has been below the CPI for many years.

We will continue to price our health care products in a reasonable and responsible manner in accordance with Our

Credo values. We must balance patient access and competitive dynamics with our need as a company to have the resources necessary to keep innovating new and better medicines and, at the same time, ensure a fair return to our shareholders. To enhance access to our health care products, we have many programs for those who cannot afford our medicines. We continually offer support that works to increase access to care in medically underserved communities both in the United States and abroad.

For information about our access and affordability programs, please see our sustainability website at www.jnj.com/responsibility.

In 2010, Johnson & Johnson donated \$423.2 million of selected pharmaceutical products to patients without adequate financial resources in the U.S. through the Johnson & Johnson Patient Assistance Program (product donations are reported at fair market value, which is consistent with the reporting methods of nonprofit organizations). Over the past three years, our companies have provided more than 2.9 million units of medicine to nearly half a million U.S. patients. In all, non-cash contributions totaled \$495.3 million, the balance of which went to private voluntary organizations that assist medically underserved people in developing countries and provide emergency disaster relief.

Also in 2010, a shareholder proposal was submitted to the Company for action at the Annual Meeting of Shareholders held April 28, 2011, regarding pharmaceutical price restraint. The proposal and management's statement in opposition are available in our [Notice of Annual Meeting and Proxy Statement dated March 16, 2011 available on our website](#).*

Bioethics

The scientists, engineers, doctors, nurses and other health care professionals who work in our research centers around the world have successfully patented more than 52,000 products in the past century. This work would not have been possible without significant investment in research and development, some of which raises bioethical issues. [These issues are summarized below; additional information can be found on our sustainability website](#)**.

Animal Welfare

Johnson & Johnson continually monitors changes to the Animal Welfare Act and international regulatory requirements to ensure that our animal welfare policies are current with the law. All our vivariums are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) or are in the process of getting accredited. If outside testing by contract research organizations is conducted, it is completed

* www.investor.jnj.com/annual-reports.cfm

** www.jnj.com/responsibility/ESG/social/product_development/bioethics

in accordance with Johnson & Johnson policies or within the regulatory requirements of the country where they are located and/or within an AAALAC-accredited facility. As with previous World Congresses on Alternatives and Animal Use in the Life Sciences, Johnson & Johnson sponsored the VIIIth World Congress, held in Montreal in August 2011.

All research protocols involving the use of animals are reviewed for approval by the Institutional Animal Care and Use Committee or under license by local or regional governmental agencies. The Consumer Companies of the Johnson & Johnson Family of Companies do not test cosmetic products on animals and are following the requirements of the European Union animal testing ban worldwide, except where required by law or government authorities. Johnson & Johnson annually recognizes scientists who advance the 3Rs: Replacement, Reduction and Refinement for the humane care of laboratory animals. Additionally, Johnson & Johnson awards two post-doctoral fellowships annually to scientists who are developing alternatives for use internally and globally. As a further commitment to the 3Rs, Johnson & Johnson animal usage relative to R&D investment has decreased by 67 percent since 2000.

As evidence of the continued interest in animal testing, a resolution was made at the 2011 shareholders meeting that Johnson & Johnson adopt available non-animal methods whenever possible and incorporate them consistently throughout the Company's operations. The resolution alleges that Johnson & Johnson's Ethicon Institute for Surgical Education in India and Ethicon Endo-Surgery in the U.S. use healthy pigs for training medical professionals in the use of laparoscopic surgical equipment, even though our Company uses simulators for this purpose at other facilities. It also states that Johnson & Johnson uses live animals to train sales representatives, alleging that in one instance in 2009 at Ethicon Endo-Surgery, a marketing intern who was not a regular employee was allowed to perform surgical procedures on a live pig in a sales training program. The Board of Directors favors a vote against the adoption of this proposal.

The Company and its businesses take seriously their responsibility for the humane treatment of the animals used in research, development and training. In doing so, the Company has well-developed policies that guide the ethical practices of all its businesses in the care and use of animals. Included in these policies is the principle that alternatives to animals should be used whenever possible. And while our businesses are to follow this principle, above all they must adhere to the primary principle of Our Credo: that patient safety and well-being must be first and foremost in everything we do. Thus, at times, it becomes necessary for our businesses to use animals for teaching or demonstration purposes. This is especially true for certain products from our medical device businesses, as proper training of the health professionals who will use them is critical to patient safety, and the currently available non-animal methods for training do not meet the necessarily high standards to ensure safe and proper use of these products.

Our [Commitment to Ethical Animal Care and Use](#)* states the principles that confirm our commitment to the conservation and humane treatment of animals used for teaching and demonstration purposes, whether within Johnson & Johnson facilities or at outside institutions under the direction of Johnson & Johnson personnel. The Board believes that the Company's existing policies address the proponent's concerns and that this proposal is not in the best interests of the Company or its shareholders.

Stem Cells

Our Committee on Human Stem Cell Research, which includes external ethicists, has established [guidelines that govern the use of stem cells in research funded by Johnson & Johnson and its affiliated companies](#)** These guidelines prohibit the use of stem cells for reproductive cloning. [Our Ethical Code for Conduct of Research and Development](#)† is also available online.

Nanotechnology

Nanoparticles (particles under 100 nanometers in size) offer the potential to develop improved medicines, medical devices and personal care products such as sunscreens. We participate in nanotechnology scientific forums, monitor regulatory developments, research the environmental impact of nano-sized particles, investigate product safety and develop advanced protective methods for working with nano-sized materials. For example, our Medical Devices and Diagnostics businesses have initiated an active program to look at the medical uses for nanotechnology and develop products that can safely use the technology while bringing increased health benefits to patients.

Our positions related to nanotechnology and genetically modified organisms are addressed in [Product Quality & Safety on www.jnj.com](#).†† In 2010 we also completed our [Guideline for the Responsible Use of Nanotechnology](#), which sets standards for responsible behaviors across the corporation and provides a general framework to influence the wider global community in developing nanotechnology in a responsible manner.

Genetically Modified Organisms

Johnson & Johnson biopharmaceutical companies work closely with regulatory authorities around the world to ensure that appropriate standards and controls are in place when genetic technologies are used. Some of our consumer products may contain materials derived from genetically modified crops, such as raw materials derived from soy and corn products. The Global Ingredient Issues Team and relevant senior business leaders review ingredients that are not common GMO-derived materials before they are considered for use in consumer products.

* www.jnj.com/responsibility/ESG/Social/Product_Development/Animal_Research

* www.jnj.com/wps/wcm/connect/d2494a804f55689da062a41bb31559c7/stem-cell-research.pdf?MOD=AJPERES

† www.jnj.com/wps/wcm/connect/1f0f21804f5567c99f42bf1bb31559c7/ethical-code-for-the-conduct-of-rd.pdf?MOD=AJPERES

†† www.jnj.com/connect/about-jnj/our-citizenship/product-quality-and-safety



ADVANCING GLOBAL HEALTH: Researchers Anil Koul, Koen Andries, and Nacer Lounis (from left) at Tibotec Pharmaceuticals, a subsidiary of Johnson & Johnson, helped discover and now work to develop TMC 207, a novel compound with a new mechanism of action that has the potential to become the first new tuberculosis drug in more than 40 years. They work in collaboration with the Global Alliance for TB Drug Development, a not-for-profit product development partner.

Clinical Trials

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

Our *Ethical Code for the Conduct of Research and Development* provides standards of conduct and behavior for physicians, clinical research scientists and others who are responsible for medical aspects of research and development. Additionally, our operating companies are required to follow the Declaration of Helsinki and the Belmont Report, which set clear guidelines for the ethical treatment of patients across all borders. Our products regulated as pharmaceuticals or devices must adhere to all relevant statutes as well as our policies for registering and reporting clinical studies. [Additional information on clinical trials can be found on our website.*](#)

Innovation

Johnson & Johnson is the world's most comprehensive and broadly based manufacturer of health care products, as well as a provider of related services, for the consumer, pharmaceutical and medical device and diagnostics markets. Our approach to fostering innovation is to create processes that enable our diverse collection of operating companies to develop new, innovative products that fit their markets, while encouraging the sharing of ideas, knowledge and experience across the corporation.

Direct responsibility for new product development and innovation for Johnson & Johnson resides within each of the company's three business segments: Pharmaceuticals, Medical Devices and Diagnostics, and Consumer products. Each segment has its own approach to fostering innovation in accordance with its market needs, with the worldwide chairs taking overall responsibility for the innovativeness of their business segment.

Those responsible for research and development for the Pharmaceuticals and Medical Devices and Diagnostics businesses sit on the executive boards of those business segments. In each case, they are part of the leadership team that determines the strategic direction each business segment takes.

Some aspects of innovation, such as early-stage technology identification and translation programs, are managed by Johnson & Johnson's Corporate Office of Science and Technology (COSAT), which supports both internal and external innovation programs across the organization. These COSAT-coordinated collaborations help strengthen early innovation

* www.jnj.com/responsibility/ESG/Social/Product_Development/Clinical_Trials

within the pipelines of the individual businesses and enhance the corporation's ability to incubate early-stage technologies across the enterprise. Through a global technology scouting network, COSAT provides access to innovation occurring at the top universities and academic medical centers worldwide. Internally, COSAT acts to connect, coordinate and foster cross-company collaborations in potential new growth areas.

One of the recognized strengths of Johnson & Johnson has been our ability to leverage knowledge and expertise across diverse businesses—for example, creating products that span more than one segment. Some of the most innovative products developed and launched by the corporation in recent years have applied a technology that would typically be used in one business segment, such as pharmaceuticals, to a product that is marketed in another business segment, such as medical devices, creating a product that defies traditional category classification and provides a medical advantage over more traditional products. One example was the launch of the world's first drug-coated stent, CYPHER, by Johnson & Johnson's Cordis Corp. unit.

Johnson & Johnson's ongoing Diabetes Synergy effort provides another example of this in practice. This project aimed to develop an initial charter for an integrated, Johnson & Johnson-wide stance on diabetes that would enable the Company to drive key issues related to diabetes prevention and care and to leverage capabilities from across various business units that address the diabetes market.

Another example of how the Company has encouraged greater cross-fertilization of innovative ideas and technological knowledge across its divisions was the creation of the Operations Readiness and Convergence Technology team in the Johnson & Johnson Supply Chain to assess Complex Transformational Projects.

Health Care Compliance

Johnson & Johnson is known the world over for innovative, life-saving medical products and for the values we embrace in making these products available to serve patient needs. Our Credo, Policy on Business Conduct and Health Care Compliance Guidelines give clear direction on how to act according to our business values and policies of applicable trade associations, and the laws and regulations where our companies operate around the world.

The Johnson & Johnson Health Care Compliance Guidelines, like the laws and industry codes they reflect, are intended to serve patients by safeguarding medical decision-making from both the appearance and the fact of undue and improper financial influence. Following these guidelines enables us to advance patient care while protecting our customers, our employees and our Company.

In the broadest sense, health care compliance is about adhering

to three fundamental principles:

- Keeping medical decision-making free of improper industry influence
- Lawful promotion of products regulated by the U.S. Food and Drug Administration
- Disclosing accurate pricing information to assure appropriate government reimbursement

We believe in these principles and in upholding the regulations that support them. Our guidelines are based on our understanding and application of relevant U.S. federal and state statutes and industry codes of ethics. Employees who interact with health care professionals or customers who purchase health care products must understand and abide by our guidelines.

Please refer to the Quality & Safety of Products section of this report for compliance aspects of product responsibility.

Environmental Impacts

Environmental, Health and Safety Management Approach

Johnson & Johnson is intensely aware of the interdependence between environmental health and human health. We operate in a wide variety of ecosystems around the world, some healthier than others. We have a responsibility to minimize the impacts of our operations and products, and to help improve conditions where we can.

We set global environmental, health and safety standards for our operating companies. Our Credo expresses the value we place on protecting the environment, natural resources and human health, and this value flows to our *Worldwide Environment Health and Safety Policy* and our *Climate Friendly Energy Policy* and our statements on the *Human Right to Water* and *Respecting Biodiversity*. These overarching policies and statements are made actionable and auditable through our detailed EHS Standards and our long-term *Healthy Future 2015* goals.

Goal Setting

Our first environmental goal was set in 1987, and in 1995 we began setting five-year environmental goals. The third set of such five-year goals, *Healthy Planet 2010*, concluded at year-end 2010. We met or exceeded most of our targets, which spanned environmental impacts such as carbon dioxide (CO₂) emissions, water use, sustainable paper and packaging, waste product stewardship, environmental literacy, biodiversity, transparency, compliance and external manufacturing.

In January 2011, we launched our next set of goals, the Johnson & Johnson *Healthy Future 2015* goals. Over the next five years we seek to further our progress in reducing our operational and product environmental impacts. Progress on our goals is tracked by the Johnson & Johnson Sustainability Workgroup, and performance is reported to the Executive Committee and the Public Policy Advisory Committee of our Board of Directors.

Organizational Responsibility

There is shared accountability for environmental, health and safety performance. Worldwide Environment Health and Safety (WWEHS), headed by the Vice President, Worldwide Environment, Health and Safety, and overseen by the Executive Committee and the Public Policy Advisory Committee of our Board of Directors, manages enterprise-wide aspects; WWEHS partners with franchise and operating company environmental, health and safety professionals, who are responsible for environmental management at their franchises, operating companies and facilities. Central to the coordination of these efforts is an EHS Leadership Council, composed of franchise and operating company environmental leaders.

WWEHS sponsors several integrated internal teams for marketing, packaging, product stewardship, emerging issues, industrial hygiene, occupational safety and other key topics, enabling a holistic approach to these issues across business units.

Management System and Standards

Of our manufacturing and R&D sites, 99 percent are certified to the International Standards Organizations (ISO) 14001 Environmental Management System, and 31 percent have achieved the standards of the Occupational Health and Safety Assessment Series management system (OHSAS 18001). Environmental management system assessments are conducted against internationally recognized environmental, health and safety standards, such as the International Standards Organization (ISO 14000)* or the Occupational Health and Safety Assessment Series (OHSAS 18000)** and/or the Johnson & Johnson Worldwide Environmental Health and Safety Standards.

These standards address more than 25 areas and are designed to ensure that all Johnson & Johnson companies achieve and maintain a consistent and high level of EHS performance. These standards are reviewed and, if necessary, revised on an annual basis.

The Management Awareness and Action Review System (MAARS) is our global system for identifying and mitigating environment, health and safety (EHS) risks. The system enables our Family of Companies to proactively address EHS issues and ensure compliance with regulatory requirements and our standards. The process includes self-assessment, independent assessment, action planning, corrective action tracking and training. Every site conducts annual regulatory compliance self-assessments, which are supplemented by an independent compliance and management system audit every three years. Worldwide Environment, Health and Safety tracks performance on these assessments and reports aggregated results to the Executive Committee and the Public Policy Advisory Committee of the Board of Directors. We maintain an event notification process to alert management to EHS non-compliances and accidental environmental releases within 72 hours of occurrence.

Training

One of our *Healthy Planet 2010* goals was to educate our employees about global environmental issues. At the end of 2010, 100 percent of our facilities had deployed environmental literacy programs, covering topics such as sustainability, sustainable forestry, water conservation, biodiversity and climate change.

* www.iso.org/iso/iso_14000_essentials

** <http://www.ohsas-18001-occupational-health-and-safety.com/index.htm>

Johnson & Johnson and its operating companies provide on-the-job environmental, health and safety training and extensive, globally accessible training and development at the individual, team, organizational and leadership levels. All our environmental, health and safety training is provided, tracked and documented by our operating companies; we do not attempt to collate this information across our entire population of 115,000 employees.

Environmental Compliance

EN23, 28

Johnson & Johnson is a large and diverse company, with thousands of daily transactions that must comply with hundreds of environmental regulations around the world. Our goal is to have zero accidental releases, non-compliances and fines. In 2010 we paid no environmental fines, and our accidental releases decreased by more than 60 percent compared to the prior year.

However, the number of non-compliances we experience has been trending upward. While most are related to waste handling or air and wastewater permit non-conformances, and all are corrected promptly, the trend is concerning. To respond, we are reinforcing our compliance training, putting greater emphasis on the importance of comprehensive and ongoing self-assessments as part of the MAARS program, and strengthening oversight of the audit process.

ENVIRONMENTAL NON-COMPLIANCES

	2006	2007	2008	2009	2010
Accidental Releases Number of events	9	9	15	16	10
Environmental Noncompliances Number of individual findings	10	13	20	50	55
Fines Paid U.S. dollars	5,580	31,410	164,100	6,630	0

Climate Change

EN3, 5, 16, 17, 18

Climate Policy Initiatives. Johnson & Johnson has an important role to play in helping to shape responsible climate and energy policy in the United States and around the world. We are members of the Prince of Wales' Corporate Leaders Group on Climate Change, as well as signatories of the Copenhagen, Cancun and 2 Degree Communiqués, calling on world leaders to sign a climate agreement.

Since 2003, we have been disclosing our energy use to the Carbon Disclosure Project (CDP). We believe that completing this inventory and reporting the results publicly comprise the first step in better greenhouse gas management (see our reports at www.cdproject.net). We are also engaged with the CDP's

Supply Chain program to encourage our suppliers to measure their energy use and greenhouse gas emissions and report them publicly. By the end of 2010, nearly 90 percent of the suppliers we approached chose to participate in the CDP Supply Chain program. Reducing greenhouse gas emissions is core to our goal of reducing our environmental footprint across our facilities, transportation fleet vehicles and shipping infrastructure.

EN4,5

Energy Use. The table below shows our energy use from 2006-2010: While it has remained almost flat, we experienced a sales growth of more than 450 percent during this period. As of year-end 2010, more than 40 percent of our energy portfolio comes from renewable energy sources. Thanks to seven solar power projects completed in 2010, we tripled our on-site solar power capacity from 4 megawatts (MW) to 12 MW. Our *Healthy Future 2015* goal is to increase our clean energy technology capacity to 50 MWs.

ENERGY USE in gigawatt hours (GWH)				
	DIRECT ENERGY	INDIRECT SOURCES	TOTAL	% FROM RENEWABLE
1990	1,527	1,339	2,866	0% (baseline)
2006	1,811	1,975	3,786	37%
2007	1,818	2,030	3,848	36%
2008	1,884	2,032	3,916	34%
2009	1,803	1,955	3,758	39%
2010	1,842	1,969	3,811	42%

Johnson & Johnson has a *Climate Friendly Energy Policy*, goals to augment the percentage of renewable energy in our overall portfolio and increase the energy efficiency of our facilities and transportation fleet, and a policy mandating that all new construction projects be certified to the widely used Leadership in Energy and Environmental Design (LEED) green-building standard, or equivalent. We have also implemented a carbon dioxide (CO₂) reduction capital funding process that provides \$40 million per year for energy and greenhouse gas reduction projects across the Company.

Facility CO₂ Emissions. Our *Healthy Planet 2010* climate change goals were to reduce our baseline 1990 CO₂ emission levels by 7 percent in absolute terms by the end of 2010. We achieved this goal with a 23 percent absolute reduction by year-end 2010, as shown in the table below, while experiencing sales growth of 450 percent. Our challenge going forward is to continue to reduce absolute emissions while our businesses are growing.

CO ₂ NET EMISSIONS in thousand metric tons				
	DIRECT EMISSIONS	INDIRECT EMISSIONS	INDIRECT OFFSETS	NET EMISSIONS
1990	308	751	0	1,059
2006	341	936	395	882
2007	344	946	385	905
2008	357	950	364	943
2009	338	923	386	875
2010	346	934	465	815

Guided by our *Climate Friendly Energy Policy*, we invest approximately \$40 million each year in cogeneration and renewable energy capital projects across the Company. In the last five years, 105 energy reduction projects have been approved, and 80 have been completed. In 2010, 25 new projects were approved.

SPENDING ON CO ₂ REDUCTION PROJECTS in millions of dollars	
	ACTUAL SPENDING
2005	\$21.4
2006	\$26.4
2007	\$38.3
2008	\$12.0
2009	\$44.0
2010	\$56.4
2011	\$42.5
2012	\$0.5

CO ₂ REDUCTION PROJECTS (02/04/11)	
Energy efficiency	41
Chiller upgrades	17
Solar PV/thermal	19
Cogeneration	8
HVAC	10
Boiler upgrades	5
Biomass	4
Wind	1

To date, these projects have resulted in approximately 160,888 megawatt hours of cumulative energy savings per year. It should be noted, however, that some of these projects have left the portfolio as facilities have been closed or sold.

EN7

Although we prefer to reduce our emissions at our sites and continually seek ways to accomplish this, we have historically purchased carbon offsets to support the installation of renewable energy projects globally. Going forward, we will look to achieve our emissions reductions through projects completed on our own properties. Our *Healthy Future 2015* goals are to achieve a further 20 percent absolute reduction from our 2010 baseline by 2020 without using voluntary offsets and to increase our clean energy technology capacity to 50 MW. Strategies to accomplish these goals include improving energy efficiency and installing on-site cogeneration and renewable-energy infrastructure.

EN19

Johnson & Johnson has been working to eliminate the use of ozone-depleting hydro chlorofluorocarbons (HCFCs) in equipment greater than five tons of capacity against an ambitious target of 2015, five years ahead of the Montreal Protocol. Unfortunately, a lack of alternative refrigeration options that can satisfy our operational and safety requirements, as well as global warming considerations, make this deadline infeasible as yet. In 2010 we adjusted our strategy to require that our sites develop their HCFC phase-out plans by 2015, with project execution by 2025, to enable us to take advantage of advances in the design of alternative technologies and use of alternative gases, including natural refrigerants.

Transportation-Related CO₂ Emissions

At the end of 2010, the Johnson & Johnson inventory exceeded 30,000 owned or leased vehicles globally. Our *Healthy Planet 2010* goal was to reduce CO₂ emissions per kilometer driven by 30 percent from our 2003 baseline. We were not able to meet this goal, due to the large size of our fleet and the inherent difficulties in gathering data to support the method used to calculate results. That method, which we had used in previous reporting, calculated our CO₂ emissions per kilometer driven by gathering information on the number of miles driven by each fleet automobile and the amount of fuel used. Maintaining accuracy with this method proved difficult, given our fleet size.

Going forward, we have instituted a new methodology for calculating CO₂ emissions. This formula is based on government vehicle fuel efficiency ratings, such as the Corporate Average Fuel Economic Standards published by the U.S. Environmental Protection Agency. We expect this method to be more reliable and effective. Using this method, we calculate that our U.S. fleet averaged 210 grams per kilometer driven in 2010 compared to 250 grams per kilometer in 2003, a 16 percent improvement.

Our *Healthy Future 2015* goal is to achieve a 20 percent improvement in fleet emissions efficiency. There are several solutions in place to drive a reduction of emissions per distance driven:

- Purchase of hybrid fossil fuel and electric vehicles
- Purchase of alternative and/or renewable fuel vehicles
- Purchase of highly efficient and/or low emitting vehicles
- Incorporation of safe, environmentally friendly driving

Additional strategies include retiring older, less efficient vehicles, as well as driver education.

At the end of 2010, hybrid vehicles comprised 25 percent of the U.S. fleet. Johnson & Johnson was recognized as one of the top commercial hybrid fleets in the industry and received the 2010 Fleet Environmental Leadership Award from *Automotive Fleet* magazine. Additionally, 99 percent of automotive orders were placed through diverse suppliers, supporting our aim of diversifying our supply chain.

Shipping- Related CO₂ Emissions. Our emissions-reduction efforts also extend to the transportation of our products. Johnson & Johnson participates in the U.S. Environmental Protection Agency’s SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing greenhouse gas emissions and air pollution. Ninety-eight percent of Johnson & Johnson’s U.S.-based truckload carriers are SmartWay-approved.

Johnson & Johnson also increased its use of rail to transport freight within the U.S. and between the U.S. and Canada by approximately 23 percent in 2010—equivalent to removing 8,330 trucks from our highways. This has further benefits, such as reducing congestion and risk of driver-related accidents. This effort saved more than 832,000 gallons of diesel fuel, eliminating approximately 7,500 tons of CO₂ emissions.

Air Emissions

Johnson & Johnson is committed to reducing air emissions across our operations. Although our efforts are focused primarily on carbon dioxide, we also monitor nitrous oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and particulate matter (PM). (Our efforts to reduce emissions of greenhouse gases are discussed above.) In 2009 we began collecting baseline data for emissions of nitrous oxides and sulfur oxides, which are less relevant to our operations than greenhouse gases. This report includes this data for the first time, although it may be revised over time as we continue to enhance our data collection accuracy.

EN20

EMISSIONS <i>in tons</i>	
EMISSION TYPE	2010 EMISSIONS
NOx*	278
Sox*	137
HAPs**	14
VOCs**	756
PM**	82

* Estimated

** Based primarily on engineering judgment including batch process and mass balance calculations, supplemented where required by direct measurement.



SAFEGUARDING THE PLANET: Building on our legacy of safeguarding the planet, this largest solar panel array in New Jersey became operational on the Titusville, N.J. campus of the Janssen Pharmaceutical Companies of Johnson & Johnson in September 2010. Find out more about our goals on our responsibility website.

Green Buildings

Instituted in 2009, our *Policy on Sustainable Design and Construction** establishes guidelines for incorporating sustainability into the design and construction of new buildings and major renovations. The policy establishes a sustainability baseline using the U.S. Green Building Council's *Leadership in Energy and Environmental Design (LEED) Green Building Rating System™*** or equivalent and applies to all new construction and renovations costing at least \$5 million, and all new facilities owned or leased by Johnson & Johnson companies worldwide.

The policy expands our strategic goals to construct buildings that minimize our impacts on communities and the environment while creating comfortable and safe workplaces for employees. It also seeks to achieve cost savings over the life cycle of the building with minimal added up-front construction costs. Outside the U.S., buildings must meet "equivalent" standards, such as the *Building Research Establishment's Environmental Assessment Method†* (BREEAM) in the United Kingdom or the European Union's *GreenBuilding Programme††* (GBP).

* www.jnj.com/wps/wcm/connect/5a45238046e0a283a695aee02a8d6552/Sustainability%2520Policy.pdf?MOD=AJPERES

** www.usgbc.org

† www.breeam.org

†† www.eu-greenbuilding.org

In 2004, our first effort to achieve LEED certification was implemented in Titusville, N.J., at an office complex serving several of our pharmaceutical companies. Since then, we have completed eight other projects, including a state-of-the-art research and development facility in Spring House, Pa. Our newest LEED-certified buildings are in Geel, Belgium, and Suzhou, China. The facility in Geel is the first LEED-certified building in Belgium and the first chemical manufacturing facility in Europe to achieve LEED certification. The facility in Suzhou is the first Johnson & Johnson LEED-certified building in China.

Water Usage

Water scarcity and quality remain important issues in many parts of the world where Johnson & Johnson has operations, such as India, China and parts of the United States, and we have determined that between 20–30 percent of our operations are located in water-stressed regions. We are continuing efforts to gain a better understanding of water-use risks relative to our operations.

EN10

Our Statement on Human Right to Water, released in 2010, recognizes that everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water and acknowledges that our actions can impact water quality and quantity. Water is critical to life and, at the same time, essential to ensuring sanitation, securing livelihoods and producing health care products. Both people and companies rely on clean, plentiful water, and we understand that we must all work to

SUSTAINABLE WORKPLACE						
AFFILIATE	LOCATION	RATING SYSTEM	TYPE	LEVEL	DATE	BUILDING AREA (SQ. FT.)
Janseen	Titusville, N.J.	LEED	Existing Buildings 2.0	Silver	8/04	472,553
J&J PRD	La Jolla, Calif..	LEED	New Construction 2.0	Certified	4/05	150,000
McNeil	Ft. Washington, Pa.	LEED	Commercial Interiors 2.0	Silver	12/06	50,000
McNeil	Las Piedras, Puerto Rico	LEED	Existing Buildings 2.0	Certified	9/09	482,642
J&J PRD	Springhouse, Pa.	LEED	New Construction 2.2	Gold	11/09	150,000
Corporate	New Brunswick, N.J.	LEED	Existing Buildings: O&M	Gold	12/09	448,200
Janssen	Geel, Belgium	LEED	New Construction 2.2	Certified	1/11	82,505
J&J Medical, China	Suzhou, China	LEED	New Construction V3	Silver	1/11	52,635
J&J Consumer, China	Shanghai, China	LEED	New Construction V3	Silver	3/11	68,847
TOTAL						1,957,382
J&J Building Area						49,476,803
Sustainable Workspace Percentage						4.0%

ensure supplies are adequate and quality is assured. Johnson & Johnson operates according to the principles set out in *Our Statement on Human Right to Water*,* to ensure that our businesses respect this right.

Goals and Management. In 2005 we set a *Healthy Planet 2010* goal to reduce absolute water use by 10 percent. As of year-end 2010, we have decreased our absolute water use 9.5 percent to 11.3 million cubic meters. Our progress was accomplished through a variety of water management efforts at the local level, including increasing use of treated wastewater, improving water delivery systems, increasing water conservation training efforts, harvesting rain and building zero-discharge wastewater-treatment facilities. Our 2010 environmental literacy campaign focused on ensuring our employees were knowledgeable about water scarcity, protection and conservation, and training materials were developed and provided to assist in this effort.

Our *Healthy Future 2015* goal** is to achieve a 10 percent absolute reduction in water use across the Company, using our 2010 consumption as a baseline. In 2010, Johnson & Johnson participated in the *Carbon Disclosure Project's first water disclosure*†; additional information on our water use and risks can be found in that filing.

Our Environment, Health & Safety (EHS) Standards, which establish minimum compliance levels for our facilities, contain a standard for water and wastewater management. These standards require that all wastewaters be treated to safe levels as established by local regulatory bodies and meet or exceed every local limit required to protect the local watershed; that facility-level inventories of wastewater sources be conducted annually; and that production and research facilities review, at least annually, their wastewater sources to identify opportunities to decrease wastewater generation or contaminants. Our EHS standards also set forth clear responsibilities to address water conservation, drinking water supply management and storm water management.

Water Conservation and Recycling. We provide our businesses with tools and best practices in water conservation so they can select approaches that will best reduce water use and costs. Each of our facilities assesses ways to reduce water and has developed a water conservation plan. Our biggest successes in reducing water use have come from two areas: projects to control cooling in energy-efficient ways and site-related process changes or improvements. In addition, our companies conduct water audits, share best practices and develop ways to increase use of recycled water. We are working at the local level to encourage investment in water-reuse infrastructure.

* www.jnj.com/wps/wcm/connect/c89d9d0045b48170b27abb7a6705a77f/statement-on-human-right-to-water.pdf?MOD=AJPERES

** http://www.jnj.com/responsibility/Our_Goals/Healthy+Future+2015+Goals

† www.cdproject.net

Though we are making solid progress to reduce our usage, challenges still exist, including gaining a better understanding of our water-related risks, continuing to reduce water use as production increases and reducing water use in the manufacture of our consumer products, where it is often a component.

One way to reduce water use is to use more recycled water in manufacturing. In 2008 we began collecting information on the amount of recycled water used within our facilities. In 2010 we used 0.79 million cubic meters of recycled water, meeting approximately 7 percent of our total water demand. Most of our remaining water demand is met through municipal water sources (over 80 percent), along with groundwater sources.

EN8

Pharmaceuticals in the Environment (PIE). Pharmaceutical residues in the environment remain a focus of both the media and regulatory agencies. (PIE are found in water bodies, mostly due to excretion of medicines by patients and consumers.) In 2009 the U.S. Environmental Protection Agency updated the list of chemicals it may examine to determine whether regulation may be necessary and in 2011 issued a Federal Register proposal to add hormones to the list of unregulated contaminants that water companies must monitor.

Members of the Johnson & Johnson Family of Companies that produce active pharmaceutical ingredients have characterized their wastewater effluents, and we continue to reduce or eliminate these sources from our manufacturing wastewater discharges. We are exploring the strategies available for future action, including looking at predictive models that would enable selection of less harmful ingredients during product development.

We continue to fund a study with the National Science Foundation and several universities to assess cost-effective methods to test for and treat pharmaceuticals in wastewater. Feasible treatment methods vary by product type, and multiple products may be manufactured at a single facility, complicating treatment technology applicability.

Waste Management

We have made great strides to reduce and mitigate waste throughout our Family of Companies, and we are working hard to identify new ways to reduce waste even further. Our *Healthy Planet 2010*** goal was to reduce hazardous waste disposed by 10 percent and non-hazardous waste disposed by 10 percent from our 2005 baseline. We are pleased that we have exceeded this goal, with a 25 percent decrease in hazardous waste disposed and a 12 percent reduction in non-hazardous waste disposed between 2005 and 2010.

Our *Healthy Future 2015*§ goal is to achieve a 10 percent

** www.jnj.com/responsibility/Our_Goals/Healthy+Planet+2010+Goals

§ www.jnj.com/responsibility/Our_Goals/Healthy+Future+2015+Goals

absolute reduction in total waste disposal using 2010 total waste disposal as a baseline. This approach allows our companies to apply their waste reduction efforts strategically, relative to their own operations. However, we will continue to track hazardous and non-hazardous waste generation and disposal independently to ensure we maintain a holistic picture of our waste generation activities. Going forward, we will continue to identify ways to reduce waste as well as to recycle or reuse our industrial waste. These efforts continue to be aided by growing markets for reused hazardous and non-hazardous materials.

EN22

WASTE (in million of kilograms)		
	NON-HAZARDOUS WASTE	HAZARDOUS WASTE
2005	62.3	35.2
2006	57.3	39.5
2007	54.6	34.0
2008	52.3	29.3
2009	42.6	24.6
2010	55.3	26.6

Figures reflect small corrections as a result of routine data auditing.

MANAGEMENT OF HAZARDOUS WASTE (in thousands of kilograms)		
	2010 ON-SITE	2010 OFF-SITE
Recycled	2,937	12,592
Reused	717	266
Landfilled	0	3,335
Incinerated	0.1	3,666
Energy recovery	125	17,608
Biological/chemical treatment	98	1,313
Total	3,877	38,780

Waste Disposal Remediation. Johnson & Johnson is remediating contamination at 17 current or former facilities at a cost of \$8.4 million in 2010. We hold approximately \$50 million in reserve for the continued cleanup of these sites and for any potential waste-disposal site liabilities.

Paper and Paper-Based Packaging

As a global producer of thousands of products, our Family of Companies can have a broad impact in the area of paper and paper-based packaging. By setting goals to increase use of post-consumer-content paper and packaging in our products, we are helping to create and sustain a market for these materials. In addition, improving the packaging of our products reduces our carbon footprint and helps to protect forestlands.

Johnson & Johnson has also established minimum PCR (post-consumer recycled) content requirements for glass, certain plastics and metals in our Consumer segment.

Our *Healthy Planet 2010* goal was for 90 percent of office paper and 75 percent of paper-based packaging to contain more than 30 percent PCR content or fiber from certified forests. By the end of 2010, 92 percent of office paper and 97 percent of paper-based packaging met these criteria. Over the next five years, we aim to further reduce paper-based packaging in our Consumer businesses.

Facility Transparency

At Johnson & Johnson, we know that being transparent about what we do and how we do it is a societal expectation. For our environmental programs and performance, this means providing a clear picture of our successes and challenges, not only at the corporate level but at the facility level as well.

Our *Healthy Planet 2010* goal was to have 100 percent of our manufacturing and research and development facilities provide facility-specific environmental sustainability information to the public. By the end of 2010, 98 percent of all Johnson & Johnson facilities provided information for posting to our website. Our mix of facilities is constantly changing through acquisitions and divestitures, and most of our non-reporting facilities were either new facilities, which have a grace period before reporting is expected, or facilities that are closing or being sold, which are excused from further reporting.

While this goal was sunset at the end of 2010, this information will become part of our facilities' routine reporting process, and our website will continue to provide facility-specific information. Our *Healthy Future 2015* goals expand our efforts to increase transparency by adding a goal that each of our business sectors share sustainability information on their major brand websites. We believe this will help our customers align their lives with their societal and environmental values.

Environmental Literacy

A commitment to sustainability requires a strong foundation of employee enthusiasm and support for the goals we set. We encourage our employees to better understand the concept of sustainability, our impacts on the planet and the science behind our goals.

Our *Healthy Planet 2010* environmental literacy goal set out to increase employee awareness and understanding of global environmental issues. To do this, we sought to have all our facilities implement a five-year literacy plan covering the years 2006 to 2010. We also asked each facility to carry out a new education campaign each year. To assist the facilities in doing so, we provided an enterprise-level literacy program for each year.

Our 2010 campaign, “H2You,” reminded our employees that water scarcity and quality is an important environmental, health and social issue and that our actions impact not only the water we use and drink but water use around the world.



At the end of our *Healthy Planet 2010* goal period, 100 percent of our facilities had a literacy plan in place and had offered an education program for each of the five years of the *Healthy Planet 2010* goal period. These programs covered a variety of topics, including:

- Water Conservation (39%)
- Sustainability (17%)
- *Healthy Planet 2010* (15%)
- Biodiversity (9%)
- Climate Care/energy conservation (9%)
- Sustainable Forestry (2%)
- Others—ISO 14000, Renewable Energy, Resource conservation, Waste Management, Sustainable Transportation (9%)

EN13, 14 Biodiversity Conservation

As a health care company, Johnson & Johnson is mindful of the importance of conserving biodiversity; nature has long played a role in the discovery of new medicines and ingredients that improve health care products. Biodiversity refers to the variety of life on earth and, as defined by the United Nations Convention on Biological Diversity, includes diversity of ecosystems, genes and species, and ecological practices that support them. There are serious threats to biodiversity in many areas of the world, and global biodiversity loss has emerged as an issue with potentially negative health and economic consequences. We believe preserving biodiversity and ensuring the sustainable and fair use of biological resources is an important and shared responsibility.

Our *Healthy Planet 2010* goal—to conserve biodiversity in areas over which we have control or influence—was very successful: All our facilities or companies implemented biodiversity conservation plans. We completed 79 projects, which supported biodiversity at external locations (44 percent), enhanced and conserved biodiversity on our properties (19 percent), sponsored endangered species (8 percent) and protected a habitat from environmental threats (6 percent); the remaining 23 percent constituted a variety of other conservation projects. While the current economic environment makes supporting projects such as these challenging, we are proud to have achieved this goal, thanks to our employees who volunteered much time and effort.

In 2010 we prepared *Respecting Biodiversity**, available in full on our website. We agree with the intent of the Convention

* www.jnj.com/wps/wcm/connect/bc194e804727dd5eb340f33f-6ca9abc3/biodiversity_august2010.pdf?MOD=AJPERES

on Biological Diversity, which promotes conservation and the sustainable use of biodiversity and outlines guidance related to the acquisition and utilization of natural and biological resources.

We believe there are opportunities for new health care solutions derived from natural resources. Going forward, we support an approach that enables health care companies to search for and develop novel compounds to treat and cure disease and to improve quality of life while respecting the environment and the interests of the owners or traditional users of these biological materials. We believe there are opportunities for new health care solutions derived from natural resources. We are now engaged in a few limited activities with business partners searching for and studying new natural products on our behalf. Initial screening of this sort requires only a small sample size and does not negatively impact the environment. Because of the complexities of and long timelines for research and development, it can be very challenging to predict the value of new natural materials, but we are committed to engaging in conversations about protecting the interests of the owners of these materials.

Product Stewardship and Design

EN26, 27

There is a strong link between healthy people and a healthy planet. With this in mind, Johnson & Johnson seeks to continually improve the products we make through our product stewardship efforts, integrating sustainability thinking into how our products and packaging are developed, improved, transported, sold, used and disposed.

We have been on an expansive product stewardship journey since we launched the Design for the Environment (DfE) program more than a decade ago as a way to integrate greener thinking into our products across the enterprise. Building on DfE successes, in 2009 we developed and launched a second-generation greener-product process, EARTHWARDS™, to help our product teams understand the environmental and social impacts at each stage of a product's life cycle, identify ways to reduce environmental footprint and uncover opportunities for credible environmental claims.

PVC Elimination

Polyvinyl chloride, or PVC, is used both in primary packaging (which comes into direct contact with the product) and secondary or tertiary packaging (which does not come into direct contact), such as bottle cap seals.

Our *Healthy Planet 2010* goal was to eliminate PVC in primary, secondary and tertiary packaging in the Consumer sector (excluding blister packages for over-the counter drug products) and to eliminate PVC in secondary and tertiary packaging in the Medical Devices & Diagnostics and Pharmaceutical sectors. At

the end of 2010, we had eliminated more than 3,000 tons of PVC packaging; 87 percent of our PVC packaging in the Consumer sector, excluding OTC blisters; 78 percent of our secondary and tertiary PVC packaging in the Pharmaceutical sector; and 100 percent of our secondary and tertiary PVC packaging in the Medical Devices and Diagnostics (MD&D) sector.

Eliminating the remaining PVC proved to be more difficult than we anticipated, with substantial technical and economic challenges. Technical challenges resulted from the extensive, time-consuming testing and demonstration required for any new material that might replace PVC. The economic challenges stemmed from the fact that a few of the PVC packaging lines are associated with small-volume products, investments for which require substantial lead time to come to completion. Recognizing that the goals have not been fulfilled, the Consumer and Pharmaceutical sectors have set year-end 2012 as a new goal for removing all PVC packaging.

To ensure that the remaining PVC is fully eliminated and that no new PVC is introduced, we have incorporated PVC elimination into our Global EHS Standards. Therefore, all sectors must address PVC elimination according to our internal management systems, including reviews of compliance through our governance processes. Further, Johnson & Johnson has committed to continue our PVC removal efforts from all packaging except for legacy pharmaceutical blisters.

PVC-REDUCTION GOALS			
SEGMENT	TYPE OF PACKAGING	2010 GOAL	PROGRESS
Consumer	Primary, secondary & tertiary	100% elimination ¹	87% eliminated
Medical Devices and Diagnostics	Secondary & tertiary	100% elimination	100% eliminated; goal achieved
Pharmaceuticals	Secondary & tertiary	100% elimination	78% eliminated

¹ Does not include over-the-counter drug products in blister packages.

Electronic Takeback

One element of our *Healthy Planet 2010* product stewardship goal was to implement electronic takeback programs in all regions. As of year-end 2010, our companies have implemented takeback programs in 61 percent of regions; the remaining regions represent developing countries where infrastructure is limited, making these programs difficult to implement. In all, more than 2 million products, equivalent to 1,500 tons of electronic waste, were taken back.

To better meet this goal, we have developed a global agreement with one of the world's largest electronic takeback companies.

To ensure that we continue to expand our electronic takeback achievements, we are committed to creating takeback programs in all regions. Going forward, compliance will be reviewed through our governance process. In addition, electronic takeback is one of our pathways to increasing the green attributes of our products.

Product Design

EN1, 2

The second element of our *Healthy Planet 2010* product stewardship goal required that each operating company establish a plan to evaluate and use ingredients and materials with an improved sustainability profile. At the end of 2010, 100 percent of our operating companies had established such a plan.

The Consumer sector has a specific set of requirements for reviewing and assessing its raw materials to ensure efficacy and safety. In addition, it has developed and launched a rigorous program to improve the environmental profile of products.

The MD&D sector is subject to significant product stewardship regulation and maintains a large supply chain, which together present a unique challenge. At the same time, our customers are looking for greener products and, in some instances, demanding elimination of materials of concern, such as PVC. We continue to work to evaluate and remove, when feasible and warranted, select materials of concern.

The Pharmaceutical sector's product stewardship program focuses on greener chemistry. We are members of various green chemistry organizations, and we contribute to the development and deployment of guides, research, tools and dialogues to further the goals of greener chemistry across the health care industry. Internal green chemistry tools, guides, best practices, teams and goals are in place to integrate greener chemistry into how we develop, manufacture and launch products.

As part of *Healthy Future 2015*, all new products and packaging must be evaluated for sustainability improvements. Enterprise-wide, all business units must evaluate product packaging for sustainable packaging improvements, including opportunities to increase use of sustainably sourced paper, increase use of post-consumer recycled content (PCR) for paper and plastic, increase use of bio-based materials, eliminate use of PVC (except for blister packaging), increase recyclability of packaging materials and reduce packaging size.

In our Consumer group, the focus is on raw material sourcing and packaging reductions. Our MD&D group is focused on removing targeted materials such as PVC from products, reducing packaging weight and volume, increasing use of sustainable materials in products, and reducing the energy requirements of products requiring an energy source. In our Pharmaceutical group, the focus is on applying green chemistry principles and addressing end-of-life concerns.



SUPPLIER SUSTAINABILITY: A Johnson & Johnson supplier since 1999, Specialty Printing in East Windsor, Conn., was introduced to LEAN, the principles of lean manufacturing, by Ethicon in late 2006 and is now a leader in LEAN among suppliers. Specialty Printing recycles or reuses 100 percent of the landfillable waste from its production of medical suture folders and lids for Ethicon, Inc.

Earthwards

In 2009, Johnson & Johnson introduced EARTHWARDS™, a process that helps our product teams assess environmental and social impacts across a product's full life cycle and work to reduce those impacts. To be considered for EARTHWARDS™ recognition, a product must achieve a greater than 10 percent improvement in at least three of seven areas: materials used, waste reduction, water reduction, energy reduction, packaging reduction, innovation and positive social impact or benefit.



Sixteen products have received this designation to date, seven of those in 2010. Our *Healthy Future 2015* goal is to add 60 new products to the portfolio.



The EARTHWARDS™ Process




In 2009, partnering with a leading sustainability and product stewardship consulting firm, we developed a proprietary scorecard to evaluate each of the seven areas in which we look for improvement, using information from stakeholder interviews and best practices from other leading companies. To ensure continuous improvement, the effectiveness of the process was reviewed in 2010 by a group of product sustainability experts from government, academia, business and an environmental NGO. Their feedback was incorporated into the process we use today. We will continue to challenge the effectiveness of the program as it evolves.

Once a product has earned EARTHWARDS™ distinction, it must undergo an annual review in order to retain the designation.

EARTHWARDS™ Recognized Products



Some of the products that have earned the EARTHWARDS™ designation:

JOHNSON'S® NATURAL®

-  • 98% percent of ingredients naturally derived from plant and fruit sources.
-  • Eliminated the use of applied labels by silk-screening the bottles.
- Product packaging contains up to 60% post-consumer recycled materials.
-  • Uses the first 100% naturally derived fragrance.






Simponi® (Golimumab)

-  • Twelve injections per year, reducing material used by more than 35% vs. the competition.
- Within the U.S. uses a sample shipper that is returnable, reusable, and employs USDA certified bio-based cooling materials.
-  • Sample shipper is 50% lighter than the competition's shippers
- Reduces disposal of more than 42,000 cubic feet of Styrofoam* annually vs. the competition's sample shippers.



*Styrofoam is a trademark of Dow Chemical

OneTouch® UltraMini Testing Kit

-  • A 55% reduction in materials as compared to the OneTouch® Basic® Testing Kit
-  • Reduced tertiary packaging by 35%
- Incorporated 70% post-consumer recycled materials into packaging.
-  • Eliminated materials and chemicals covered in legislative and NGO lists of concern including:
 - Latex and PVC (polyvinyl chloride)
 - DEHP (dioctyl phthalate) from the carrying cases
 - Removed antimony trioxide from the test strips



Business Ethics

The ethical principles embodied in Our Credo are the lenses through which our employees make thousands of business decisions each day. To help ensure that we conduct business according to these principles, we have policies and procedures that define what we expect of our people throughout the world. Our Family of Companies provides employees with comprehensive systems that support ethical behavior, accountable business practices and compliance with laws and regulations.

Our Credo reminds us of our responsibility to the communities in which we live and work and to the world community. Attention is paid at the local level to the impacts of our subsidiaries throughout the world on the communities in which they operate.

Our Policy on Business Conduct sets expectations that all employees will comply with all laws and regulations governing our company's behavior, including the laws of each country in which our companies do business. Senior managers attest to adherence annually, including the chief executive officer, chief financial officer and controller. The Corporate Internal Audit Department has audit programs with procedures to assist in monitoring compliance with this policy.

Our approach to [corruption, public policy, anti-competitive behavior and compliance](#) are covered on our [sustainability web site](#).*

S07

Legal actions for anticompetitive behavior, anti-trust and monopoly practices and their outcomes are addressed in Note 21, "Legal Proceedings," beginning on page 64 of our 10K Annual Report. This information covers, where significant, fines and non-monetary sanctions for noncompliance with laws and regulations.

S03 **Training**

The Law Department of Johnson & Johnson conducts periodic programs to help our companies and employees understand and comply with applicable laws and regulations. Additionally, the Law Department is always available for consultation on the laws that relate to our businesses around the world. However, it is the responsibility of each company's management to ensure compliance with applicable laws.

The Worldwide Office of Healthcare Compliance and Privacy serves the needs of the Johnson & Johnson enterprise in maintaining effective and sustainable health care compliance, anti-corruption and privacy programs by setting standards, exercising appropriate oversight and providing support to the Health Care Compliance and Privacy communities. In 2009-2010, we delivered nearly 70,000 anti-corruption course sessions worldwide in 17 languages.

* www.jnj.com/responsibility/ESG/Governance/Codes_of_Conduct

Human Rights

At Johnson & Johnson, respect for human rights is a core responsibility. Our Credo guides and sustains our beliefs and outlines our responsibilities to our customers, our employees and the communities around the world in which we live and work, as well as to our shareholders. These responsibilities guide our business and social practices with a strong focus on the people, customers and communities we serve—not only in what we say but in how we act as a company.

In 2010 we developed a [Statement on Human Rights](#)*, which articulates our commitments to protect human rights globally. We have also established a [Healthy Future 2015](#) goal to provide all critical employees with human rights training. Critical employees are defined as those in positions most sensitive to potential human rights infringements. Training of our procurement professionals will occur first, to address the human rights risks in the external supply chain.

HR1

We recognize that certain countries are considered at risk for human rights violations, including forced labor, child labor and restrictions on the right to exercise freedom of association or collective bargaining. Of the 60 countries in which Johnson & Johnson has operations, those countries considered at risk include:

HR5, 6, 7

- Angola
- China
- Columbia
- Egypt
- India
- Indonesia
- Israel
- Lebanon
- Morocco
- Pakistan
- Russia
- Saudi Arabia
- Thailand
- United Arab Emirates
- Venezuela
- Vietnam
- Zimbabwe

We articulate our expectations for labor and employment practices at our own sites. These guidelines require open communication with all employees, mandate respect for each employee's right to join or not join associations and/or labor unions or to bargain collectively, prohibit discrimination and forced labor of any kind, and require adherence to and enforcement of child labor laws.

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

Our Vice President of Human Resources, reporting directly to our Chief Executive Officer, is responsible for overseeing our

* www.jnj.com/connect/about-jnj/our-citizenship/accountable-business-practices/johnson-and-johnson-statement-on-human-rights-2?&pageNo=1

** <http://www.jnj.com/wps/wcm/connect/3ee71b004f5567b29f1ebf1bb31559c7/policy-on-employment-of-young-persons.pdf?MOD=AJPERES>

human rights efforts as stated in the Company's *Global Labor and Employment Guidelines*.^{*} Compliance is monitored under the Policy on Business Conduct through individual business units and culminates in the requirement that approximately 1,000 senior leaders in the Company certify their compliance (or disclose exceptions) with the policy. This process is managed through the Office of the Secretary and Corporate Internal Audit, with the results of the annual certification presented to the Audit Committee of the external Board of Directors.

Procedures are in place to remedy any non-compliant situation reported to senior management. Employees are also free to anonymously report potential violations via a company-wide compliance hotline. Additionally, regional Labor and Employee Relations staff are responsible for investigation of non-compliance in employee relations matters, and remediation of confirmed non-compliant situations is handled between regional Employee Relations and the respective business unit.

Johnson & Johnson also has established *Standards for Responsible External Manufacturing*,^{**} which require external manufacturers to enter into an enforceable agreement to comply with Johnson & Johnson policies and standards. Our *Standards for Responsible External Manufacturing* include numerous provisions related specifically to human rights. External Manufacturers are subject to periodic inspections and must maintain records to demonstrate conformance to these standards. As of the end of 2010, 98 percent of our approximately 700 external manufacturers and active pharmaceutical ingredient suppliers have undergone human rights screening and are in conformance with our standards. Of the remaining 2 percent, some have yet to be assessed and others are working to come into conformance with some element of the standards.

HR2

Transparency

Society today expects heightened levels of transparency from all institutions—governments, universities, public entities, advocacy groups and businesses—reflecting the reality that in the course of ordinary operations, institutions of all kinds impact people. The patients and professionals who rely on our products place their trust in the reliability of our clinical research, the rigor of our scientific publications, the independence of the professional education we fund and the integrity of our relationships with health care professionals. Likewise, we recognize the importance of sharing information on the public policies and political candidates we support, as well as our broad sustainability and citizenship goals, and how well we are meeting these goals. To meet these expectations for enhanced transparency:

- In 2010, our U.S. pharmaceutical companies began providing information on their websites about payments to

^{*} www.jnj.com/wps/wcm/connect/808fba004f5567e29f6cbf1bb31559c7/global-labor-employment-guidelines.pdf?MOD=AJPERES

^{**} www.jnj.com/wps/wcm/connect/bfebe5804f5567a59f0cbf1bb31559c7/standards-for-responsible-external-manufacturing.pdf?MOD=AJPERES

physicians.^{***} Reporting will expand to include U.S. Medical Devices and Diagnostics units and will reflect the general provisions of the U.S. Physician Payment Sunshine Act by June 30, 2011. [More information is available on our website.](#)[†]

- We post results of controlled clinical studies, regardless of their outcomes, online at ClinicalTrials.gov. Our researchers are committed to [publishing results that are scientifically or medically important](#),^{††} including results that affect the registration or utilization of a Company product, as well as results from discontinued clinical research.
- Our pharmaceutical and medical device & diagnostics companies in the U.S. disclose the nature and volume of grants they make for professional education. More information is available from individual company websites.
- We report our progress on our sustainability goals annually, and have done so for over 14 years.
- We post a [list of all U.S. political contributions](#)[§] to our website. [More information can be found on our sustainability website.](#)^{††}
- Johnson & Johnson companies also made \$495.3 million in non-cash contributions in 2010. Product donations are reported at fair market value, which is consistent with reporting methods of nonprofit organizations. Of this total, \$423.2 million of selected pharmaceutical products was contributed to needy patients in the U.S. Over the past three years, our companies provided almost 3 million units of medicine to nearly half a million U.S. patients. The balance of non-cash contributions went to private voluntary organizations that assist medically underserved people in developing countries and provide emergency disaster relief. [More information can be found on our sustainability website.](#)^{§§}

SO6

Public Policy

In our business, we are driven by a common purpose: to enhance the health and well-being of the people we serve around the world. That is core to the positions we take on public policy issues, and Johnson & Johnson has advocated for a variety of important policy positions before governments. Around the world we consistently lobby for enhancement to health care systems, and we monitor and engage on business policies, as well as a range of emerging scientific issues, such as green chemistry and product stewardship. Trade associations are a useful vehicle for much of this work, all of which is conducted according to Our Credo and its supporting policies, guidelines and standards.

SO5

^{***} www.hcctransparency.com/janssenpharmaceuticalsinc

^{††} www.jnj.com/responsibility/ESG/Social/Product_Development/Clinical_Trials

[§] www.investor.jnj.com/governance/contributions.cfm

^{§§} www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Overview

In the United States, we have supported passage of the State Children's Health Insurance Program (SCHIP) and initiatives to: enhance access for limited-income and uninsured people; preserve and create jobs; enhance infrastructure under stimulus legislation; disclose funding to physicians; promote health care reform; provide incentives for programs in wellness and prevention; license biosimilar medicines; enhance comparative effectiveness research; ensure a strong and healthy Food and Drug Administration; and support climate change legislation to reduce greenhouse gases. On these and other issues we work in collaboration with many coalitions and partnerships. In the European Union, Johnson & Johnson has registered with the European Commission's European Transparency Initiative to establish a code of conduct for lobbying with EU institutions.

We maintain memberships and actively participate in many associations. A representative list of some of our affiliations follows.

Academy for Educational Development
 African Medical Research Foundation
 American Academy of Pediatrics
 AmeriCares
 CEO Roundtable
 Congressional Black Caucus Foundation
 The Conservation Fund
 International Rescue Committee
 mothers2mothers
 NAACP
 National Council of La Raza
 Partnership for Prescription Assistance
 Partnership for Quality Medical Donations
 PhRMA
 Project HOPE
 Safe Kids Worldwide
 Together Rx
 The Trust for Public Land
 UCLA Anderson School of Management
 UNICEF
 The Wilderness Society
 World Resources Institute
 World Wildlife Fund

As part of our *Healthy Future 2015* goals, we have expanded our efforts to increase transparency, adding a goal to expand information on our policy perspectives on major issues.

Supply Chain

Taking responsibility for the environmental and social impacts of our products begins with product design and development, and then extends to the sourcing, manufacture and delivery of our products to our customers. For many years, we have been implementing and improving environmental and social measures in our own organization; as a natural progression, we are working closely with our supply chain partners to ensure that sourcing and use of raw materials are sustainable and that manufacturing and production processes are socially and environmentally responsible.

With annual spending of approximately \$30 billion, we are able to leverage our purchasing power to set sustainability expectations beyond our own operations. Our Procurement Sustainability Initiative (PSI), developed in 2008, aligns our procurement processes with our sustainability efforts and provides guidance for Johnson & Johnson operating company managers who purchase goods or services. Through PSI, we evaluate several non-financial performance factors when contracting with suppliers, seeking to partner with those who are aligned with our sustainability commitments.

Across 13 broad categories of goods and services we purchase, we look for suppliers who protect and promote worker safety, health and well-being; provide materials and services with a reduced or positive environmental impact; and respect and share our efforts to preserve communities and cultures connected to the origin, processing, manufacturing, use and disposal of materials and services. The PSI sets forth performance expectations in each of these 13 procurement categories. In 2010, we identified our strategic suppliers (more than 500), based on a variety of factors, and initiated discussions with them regarding their sustainability programs.

Our *Healthy Future 2015* goal is to have all strategic suppliers publicly report on two or more sustainability goals. The accepted goal categories are energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, community and human rights investment. A Sustainability Toolkit for Suppliers has been developed to assist our suppliers in this process.

As a participant in the Carbon Disclosure Project's Supply Chain program, we encourage suppliers to measure their energy use and greenhouse gas emissions, and develop and publicly report their reduction plans. By the end of 2010, more than 89 percent of the suppliers we approached chose to participate in the program.

Supplier Standards

Our *Standards for Responsible External Manufacturing** outlines our expectations for appropriate business conduct,

* www.jnj.com/wps/wcm/connect/bfebe5804f5567a59f0cbf1bb31559c7/standards-for-responsible-external-manufacturing.pdf?MOD=AJPERES

labor and employment, and environment, health and safety practices. Provided to guide suppliers manufacturing our finished products or active pharmaceutical ingredients, these standards reflect our internal values and the expectations of external stakeholders, such as customers, regulators, investors and the public. Our *Healthy Planet 2010* goal required that 100 percent of external manufacturers be in conformance with Johnson & Johnson Standards for Responsible External Manufacturing. As of December 2010, more than 98 percent of the approximately 700 external manufacturers we work with had been assessed against our standards. If we discover minor violations of our standards, we will work with the supplier to identify areas and strategies to improve performance. If significant violations are identified that cannot be resolved, the relationship with the supplier may be terminated.

We are revising our Standards to more closely align with our *Healthy Future 2015* goals and broadening the number of suppliers covered under them, from the original group of approximately 700 external manufacturers and several hundred active pharmaceutical ingredient suppliers to a broader segment of our supply chain (totaling approximately 55,000) that includes all our suppliers and with targeted emphasis on those associated with our supply chain.

Supplier Diversity

We also recognize the value and importance of having a diverse supplier base that is reflective of our patients and customers and creates jobs in local communities around the world. We are committed to working with small businesses and diverse suppliers who support our growth objectives by providing innovative solutions to our commercial, supply chain and R&D efforts. Our *Supplier Diversity Program* was established in 1998 to support this commitment.

In 2010, Johnson & Johnson had business arrangements with more than 2,400 Minority and Women Owned Business Enterprise (M/WBE) suppliers, adding more than 50 new certified M/WBEs to our base. Johnson & Johnson assisted over 30 suppliers in obtaining NMSDC and WBENC certification, and we spent over \$1 billion with minority- and women-owned businesses, a 17 percent increase over our 2009 spend. We were recently invited to join the premier Billion Dollar Roundtable, an elite group of only 17 corporations that have achieved \$1 billion or more spend with diverse suppliers. Notably, Johnson & Johnson is the first health care company to achieve BDR status. We have set a *Healthy Future 2015* goal to increase our spend with diverse suppliers by 5 percent per year.

Emerging Markets

Accelerating growth in emerging markets was among four key business priorities identified by Johnson & Johnson in late 2007 and remains a strategic imperative throughout our business segments.

Johnson & Johnson has been a global company since the 1920s, when we established our first international affiliates in Canada and Great Britain. Today we have a large global footprint, with operations in 60 countries.

Although the U.S. remains the world's largest health care market, with growth projected at 5 percent annually through 2015, the most significant growth over the next several years will come from the BRIC countries—Brazil, Russia, India and China. Because of the growth of these markets, they will soon be equal to or larger than some of the other well-developed, but slower growing, international markets.

In 2010, 52 percent of our revenues came from outside the U.S. We saw 14 percent growth in emerging markets. In addition to the BRIC countries, other markets too are showing growth acceleration, such as Mexico, Latin America, Southeast Asia and the Middle East. Among global health care companies, we have an outstanding strategic balance of revenues from the U.S. and revenues from international markets, particularly high-growth markets.

We recognize that a one-size-fits-all approach is not the best way to capitalize on historic growth opportunities in emerging markets. Our decentralized management approach encourages our businesses to develop products and marketing strategies tuned to local cultures, enabling them to explore new product categories and even new business models. Our companies in emerging markets also build on the strong international equity of our well-established brands.

Along with market-appropriate products and services, we emphasize efforts to build health care capacity. Johnson & Johnson has a vast and growing network of more than 25 medical and surgical institutes around the world, including the Johnson & Johnson Diabetes Institute, LLC and THE VISION CARE INSTITUTE®, LLC.

Johnson & Johnson opened the Emerging Market Innovation Center in Shanghai in 2007.

Johnson & Johnson and the Ministry of Health Care of the Republic of Tartarstan, in a public-private partnership, created The Russian Center for Professional Education, opened in 2009. The Johnson & Johnson Medical Innovation Institute, which opened in São Paulo during the first quarter of 2010, is the first of its kind in Latin America. The DePuy Institute, a global education, training and research center, opened in Raynham, Mass., in August 2009. A new DePuy Institute is planned for India in 2011.



HEALTH-CONSCIOUS EMPLOYEES: A wellness and prevention program offered to Johnson & Johnson employees helped Jessica Empestan lose weight, get fit, and be more productive and engaged, both professionally and personally.

(Continued from Page 37)

Our commitment is to continue to address unmet health care needs—from education to products that meet needs in emerging markets—and to help people lead better, healthier lives.

Wellness and Prevention

At Johnson & Johnson, we believe we are in a unique position to elevate “health literacy,” the degree to which people have the capacity to obtain, process and understand basic health information and services and to make good decisions. Elevated health literacy helps people to navigate the health care system, communicate with health care professionals, manage personal health care issues and increase their wellness.

To promote health literacy, we have set a *Healthy Future 2015* goal to launch 100 community health literacy initiatives across 25 countries. Increasing individuals’ ability to understand and manage their health will enhance their personal health as well as positively impact public health. Helping people work toward and maintain good health is one of the best ways to rein in rising health care costs.

Company wellness and prevention programs also play a critical role in achieving this goal and help companies effectively improve health, increase productivity and reduce costs. We support efforts to include in health reform legislation incentives that will encourage companies to adopt employee wellness and prevention programs.

Employee Health and Well-Being

The Johnson & Johnson Global Health Services offerings support operating companies in achieving a culture of health via expertise and innovative global tools and by connecting companies with local resources to fully support implementation

of effective programs and processes. The holistic approach embraces Employee Assistance, Occupational Health and Health Promotion, which have expanded globally since 2005 and now include a full suite of online resources through Health Media™ as well as Human Performance Institute’s Corporate Athlete™ Energy Management principles, a unique approach to increasing engagement and physical and emotional capacity.

What is a Culture of Health?

A culture of health is about incorporating health into the way we operate, think and act. Key elements of a Culture of Health include:

- Demonstrating leadership and commitment via advocacy for healthy, innovative workplaces and by talking the talk and walking the walk;
- Implementing and resourcing health programs that support a holistic approach to physical, mental and spiritual well-being both inside and outside the workplace;
- Actively communicating and promoting health as an important Credo value and business imperative;
- Ensuring that the physical environment and site services support and encourage healthy choices;
- Adopting policies and procedures that support a healthy working environment; and
- Measuring and tracking performance against health goals.

A culture of health:

- Helps people identify the health risks over which they have control;
- Provides tools to help people accept personal responsibility for their own health and well-being; and
- Encourages innovative approaches so all employees have access to programs that lead to improved health and more productive lives.

Healthy People 2010 Goals	Year End 2010 Results
1. Create, Promote and Sustain an Organizational Culture of Health	
75% of sites/companies worldwide will have fully implemented nine health services offerings	96% of U.S. companies (outside the U.S. this is 43%)
2. Reduce Population Health Risk Factors	
> 67% of employees who participate in the voluntary health screening are in the “low risk” health category	87% of U.S. employees (outside the U.S. this is 66%)
3. Promote a Consistent Approach to the Deployment of Occupational Health Services and Standards	
Greater than 88% of periodic medical surveillance will be completed on time	All sites with planned periodic medical surveillance exams had completed >96% on time

Johnson & Johnson Global Health Services works to improve and sustain employees' health by providing programs that are customized according to location, culture and specific health needs. To meet this objective, Johnson & Johnson has had *Healthy People* indicators and metrics in place for the past decade, and we have set new goals under *Healthy Future 2015*. Our progress through 2010 is detailed in the chart on page 39.

Mental Well-Being

From time to time, life presents personal and professional challenges that may feel overwhelming. Recognizing that our goal is to promote good health, the Employee Assistance Program (EAP) provides professional, confidential, free behavioral counseling to employees and those who share their households. Additionally, organizational coaching is offered to managers to help them promote a positive and engaging atmosphere within the workplace. Psychological assistance was also provided more than 100 times following natural disasters and traumatic events. Through workshops and interactive seminars, as well as individual and family counseling, special emphasis is placed on building the skills necessary to increase personal resilience.

In 2010, 10 percent of employees took advantage of these opportunities, and 98 percent of those said the EAP services had improved their ability to thrive at work and at home. As a result of the 2005 global expansion of EAP, 108,000 employees and their families have access to EAP services in more than 100 locations around the world, and more than 300 critical interventions were conducted for employees who experienced natural disasters such as floods or earthquakes, or man-made traumas related to violence, terrorism or untimely death.

Workplace Health Protection

Johnson & Johnson Occupational Health programs directly influence the health of the global workforce and its ability to work safely and effectively. Ensuring compliance with our EHS Standards and local laws and regulations is the foundation of our Occupational Health programs. The primary goal is to prevent and protect our employees from potential harm and to care for any employee with an injury and illness that has occurred as a result of being in the workplace. Our comprehensive delivery system of integrated global health programs and services allows us to address the full spectrum of health needs.

On-site Occupational Health clinics provide employees with immediate access to specially trained medical personnel who support employees and our businesses via case management and health-related information, education and expertise. They also assist operating companies in maintaining compliance with local/regional rules and regulations.

Johnson & Johnson provides numerous programs related to assisting workforce members, their families and community members with serious diseases:

SERIOUS DISEASE PROGRAMS PROVIDED			
	WORKERS	WORKERS' FAMILIES	COMMUNITY MEMBERS
Education/Training	Yes	Yes	Yes
Counseling	Yes	Yes	Yes
Prevention/Risk Control	Yes	Yes	Yes
Treatment	Yes	Yes	Yes

In 2010, on-site Occupational Health Clinics worldwide continued to enhance and provide more value-based health programs to employees and businesses—for example, services such as biometric collections for health profiles, physical therapy and an early-intervention musculoskeletal disease treatment program. The U.S. Global Health clinics had more than 54,000 visits, administered more than 9,500 flu vaccines and performed 11,568 biometric screenings for the Health Profile.

Lifestyle and Population Health

For many years, we have used a voluntary health profile assessment tool to help employees understand their personal health risks so they can access our many health programs and resources, helping them to be healthier, feel better and live longer. This population data enables us to track the impact that our health programs have on the workforce. In 2010, more than

HEALTH RISK	
RISK FACTOR	PERCENT AT RISK
High (5+ Risk Factors)	0.9
Medium (3–4 Risk Factors)	12.1
Low (0–2 Risk Factors)	87.0

Eligible Population = 35,080; Participants = 28,642; Participation = 81.6%

Eleven Population Health Risk Factors: Unhealthy eating behavior; inactivity; obesity; total cholesterol; glucose; hypertension; tobacco use; alcohol use; safety belt usage; depression.

TOP THREE AREAS OF HEALTH RISK	
RISK FACTOR	PERCENT AT RISK
Unhealthy eating	57.4
Obesity	20.9
Inactivity	20.8

28,000 U.S.-based employees and 7,000 employees outside the U.S. participated. The confidential questionnaire identifies health and lifestyle risks, including tobacco use, high blood pressure, high cholesterol, poor nutrition and physical inactivity. Analysis of U.S. employee health data revealed the top three health risks were unhealthy eating, physical inactivity and obesity.

We are addressing these health risks through a wide variety of targeted health and wellness programs. Professional Health Advisors provide guidance to employees with risk factors and help them set action plans. Currently, the Health Profile is available in 35 languages and has been deployed in 21 countries

Globally Harmonized Health Policies

To ensure consistent policies around the world and in alignment with our longstanding commitment to our employees and to improving human health care worldwide, the Johnson & Johnson Family of Companies has developed a *Worldwide Tobacco Free Workplace Policy* and a comprehensive global *HIV/AIDS Workplace Policy*. The *Worldwide Tobacco Free Workplace Policy* prohibits tobacco use at Johnson & Johnson facilities. Since its implementation, 98% of Johnson & Johnson sites worldwide have tobacco-free grounds. Every year on December 1, World AIDS Day, we take time to consider the tremendous global impact of HIV/AIDS. An estimated 33 million people worldwide are living with HIV/AIDS, and more than 25 million people have died of AIDS since 1981. The worldwide Johnson & Johnson community continues to create awareness regarding HIV/AIDS in varied media formats. And we are making great strides in helping stricken employees to live positive and productive lives.

Health Outcomes and Impacts

Johnson & Johnson continues to be a recognized leader in

providing, maintaining and measuring employee health initiatives. Most notable in our health achievements are:

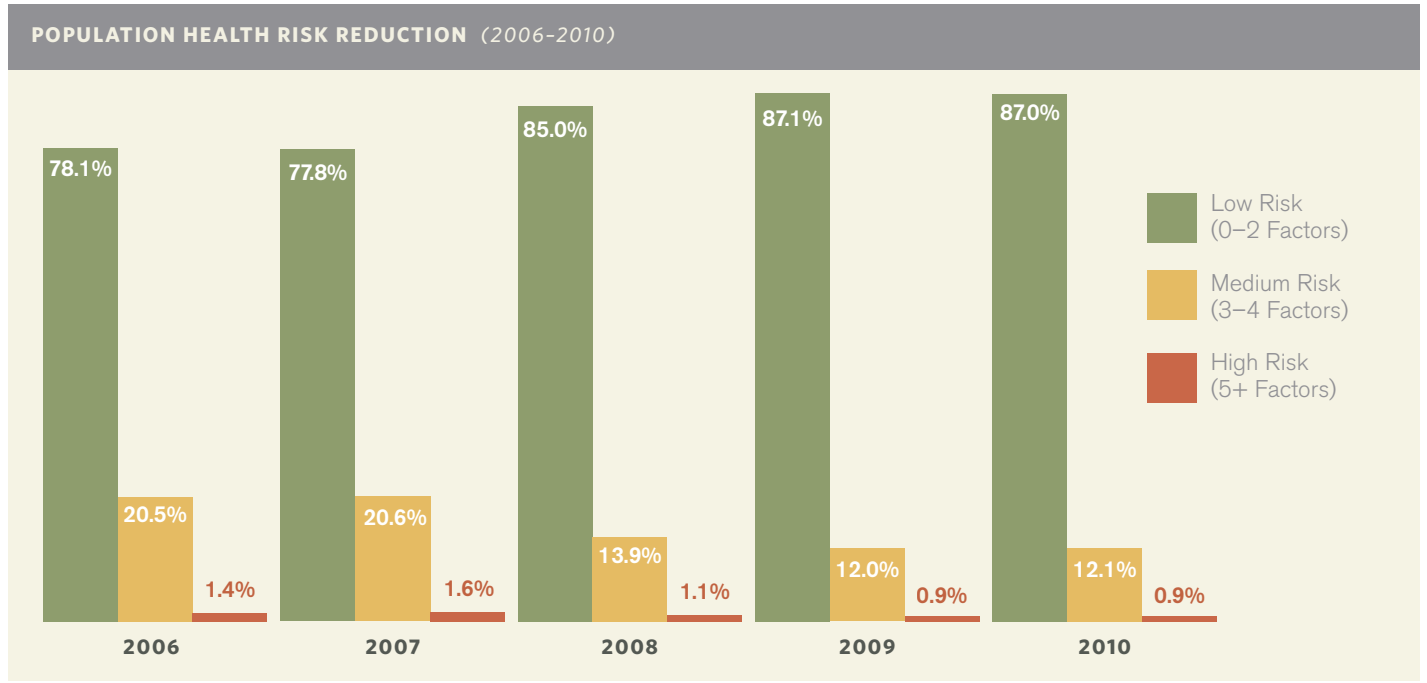
- More than 80 percent of U.S. and 60 percent of global employees have access to the full complement of “culture of health” programs.
- More than 87 percent of health-profiled U.S. employees are categorized as low health risk (0-2 risks).

When it comes to health and productivity outcomes, we have completed our third large-scale independent assessment of the program (for the period 2002–2008), conducted in conjunction with Thomson Reuters and Emory University*. Key conclusions include:

- Benchmarking against similar industries shows an average rate of growth in medical and pharmaceutical costs that is 3.7 percent lower.
- Lower increases in ER and in-patient admissions and higher increases in doctor visits and prescription drug fills compared to other large companies.
- Average annual per-employee savings were \$565 in 2009 dollars, producing a return on investment equal to a range of \$1.88–\$3.92 saved for every dollar spent on the program.
- Johnson & Johnson health risk trends are significantly better than U.S. and other industries.

Our health and wellness programs demonstrate good corporate citizenship, a critical part of Our Credo. Our commitment to

* *The Impact of Weight Gain or Loss on Health Care Costs for Employees at the Johnson & Johnson Family of Companies*. Carls, Ginger Smith; Goetzel, Ron Z.; Henke, Rachel Mosher; Bruno, Jennifer; Isaac, Fikry; McHugh, Janice. *Journal of Occupational & Environmental Medicine*. 53(1):8-16, January 2011. Also *Recent Experience in Health Promotion at Johnson & Johnson: Lower Health Spending, Strong Return on Investment*. Henke, Rachel M.; Goetzel, Ron Z.; McHugh, Janice; Isaac, Fik. *Health Affairs*, 30, no.3 (2011):490-499.



social responsibility in employee health management has been recognized in a number of ways:

- CEO William Weldon was one of a select group of “health-aware” business leaders invited by President Obama to discuss best practices in health care
- Cited as Best Employer for Healthy Lifestyles by National Business Group on Health
- Received Value Based Health Award from the Institute for Health and Productivity Management
- We were reaccredited for the CEO Gold Standard on Cancer Prevention

Anti-Counterfeiting

In today's global marketplace, counterfeit products present a real and growing risk. Our companies identify and mitigate the risks of counterfeit health care products through extensive market-monitoring and the application of product and packaging security measures that help authenticate our products and minimize the potential for tampering. Equally important, we are taking a strategic business approach to adopt new processes and procedures within our end-to end supply chain that will further safeguard the integrity of our products and their trade.

In 2010, our Global Brand Protection organization finalized a set of best practices to further protect our supply chain, and these are now being deployed. We are committed to ensuring that the patients and consumers who rely on our brands receive genuine products from our companies. To achieve that objective, all associates must adopt a “no tolerance” policy against those who would attack our products and proactively dedicate themselves to applying the processes, procedures and technologies that help protect our brands from illicit trade, including counterfeits, trademark infringements, product tampering and illegal diversion.

Workplace Health and Safety

LA7

Our employees work in many different settings. Whether in our manufacturing facilities, warehouses, research and development centers, laboratories, offices or vehicles, we promote a culture of safety: designing and enhancing safety programs, regularly monitoring our performance and taking necessary action when improvements are needed. Our EHS audit program focuses on internal manufacturing and R&D facilities, and includes internal and third-party audits plus annual regulatory compliance audits. In addition, we conduct periodic audits of key suppliers and external manufacturers. At the end of 2010, 31 percent of manufacturing and R&D facilities (30 sites) had received third-party certification to the standards of the Occupational Health and Safety Assessment Series management system (OHSAS 18001), an increase of 7 percent over 2009.

Where local collective bargaining agreements exist, health and safety topics are often incorporated into the agreements. Topics covered may include use of personal protective and safety equipment, health and safety committees and designated representatives, conduct of inspections, handling of complaints, and training. Enterprise-wide safety performance is discussed with the Corporate Compliance Committee and the Public Policy Advisory Committee of the Board of Directors. A formal report of safety performance is provided annually to the full Board of Directors.

LA9

We measure our performance and progress in a number of ways, monitor the trends and adjust our programs to target areas in need of improvement. In 2010, we expanded the use of reviews referred to as “keyhole assessments.” These are narrower and more targeted than traditional assessments, taking an in-depth focus on fewer topics, and are done in instances where a deeper look enhances our ability to control EHS risk. In 2010, topics covered included industrial hygiene, process safety management, ergonomics, contractor safety and external manufacturing.

Our *Safe People 2010* goals included maintaining lost workday case (LWDC) rates and serious illness/injury case (SIIC) rates at or below 2006 levels (LWDC rate goal < 0.07 per 100 employees; SIIC goal < 0.035 per 100 employees), zero non-compliances and zero fines, and implementation of mechanisms to measure and improve safety culture. In 2010, we experienced three minor health and safety non-compliances, down from 10 in 2009, and paid a \$5,500 fine for a 2009 safety violation. Compared with 2009, our 2010 LWDC rate was slightly lower (0.11 vs. 0.12), and the SIIC rate was slightly higher (0.037 vs. 0.034). Both rates were above our targets, with the three leading causes of injury being slips, trips and falls; ergonomics; and vehicle-related injuries. We introduced electronic-based training tools at our facilities targeted at avoiding ergonomic injuries and increasing awareness of slip, trip and fall hazards. Prevention of vehicle-related injuries is discussed in the Fleet Safety section of this report.

LA7

Johnson & Johnson compares our safety results to two industry benchmarks: Mercer/ORC Networks and the Pharmaceutical Safety Group (PSG). Both are based on amalgamated data from companies in the pharmaceutical sector; Mercer/ORC Networks is based on those companies that provide data to them (54 at the time this was written), and PSG is based on 14 companies in the pharmaceutical sector. For 2010, the Mercer/ORC Networks average for LWCR was 0.39, and the PSG average was 0.37. At 0.11, Johnson & Johnson is significantly better than benchmark data for our peer companies.

We have set a *Healthy Future 2015* goal to achieve a 15 percent improvement in employee safety performance, based on a 2010 baseline. This translates into a LWDC rate target of < 0.09.

Contractors

Johnson & Johnson maintains a comprehensive occupational safety program that includes systems to protect contractors working at Johnson & Johnson facilities. In 2009, Johnson & Johnson increased the tracking and analysis of contractor injury rates and the percentage of projects in which safety risk is assessed prior to contractor selection. We have established a *Healthy Future 2015* goal to achieve a 15 percent improvement in contractor safety performance, with a LWDC rate target of ≤ 0.10. This goal will be measured at all Johnson & Johnson manufacturing and R&D facilities.

Fleet Safety

For many of our employees, the Company vehicle is their workplace, and some spend up to 60 percent of their time driving on company business. Since 1995, our rate of crashes per million miles driven (CPMM) has decreased by 37 percent. Worldwide, total crashes declined by 8 percent from 2009 to 2010. We experienced a decrease of 3.8 percent in our CPMM: from 5.75 in 2009 to 5.53 in 2010. We also saw a 38 percent decline in Injuries per Million Miles. While we are pleased with the improvements, work remains. We have set a *Healthy Future 2015* goal to achieve a 15 percent improvement in fleet safety performance worldwide.

In 2010, we established an executive leader as our Worldwide SAFE Fleet Champion to help further support efforts to improve performance. We also published quarterly executive updates, including a global dashboard to drive actions that impact results. Knowing that road safety is important for all drivers, we launched www.e-safetyforall.com, a SAFE Fleet-branded website targeted at improving and encouraging safe and responsible driving for both fleet and non-fleet audiences.

Labor Relations and Practices

LA1

The Johnson & Johnson Family of Companies has exceptionally productive and creative workforces. Our 115,000-plus employees are our most valuable asset and have helped establish the Johnson & Johnson Family of Companies as a leader in the health care industry.

We are committed to respecting human rights as embodied in the *Universal Declaration of Human Rights* and its two corresponding covenants, *The International Covenant on Civil and Political Rights* and *The International Covenant on Economic, Social, and Cultural Rights*. In addition to these universal statements of human rights, we follow the principles in the International Labor Organization's *Declaration on Fundamental Principles and Rights at Work*, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor.

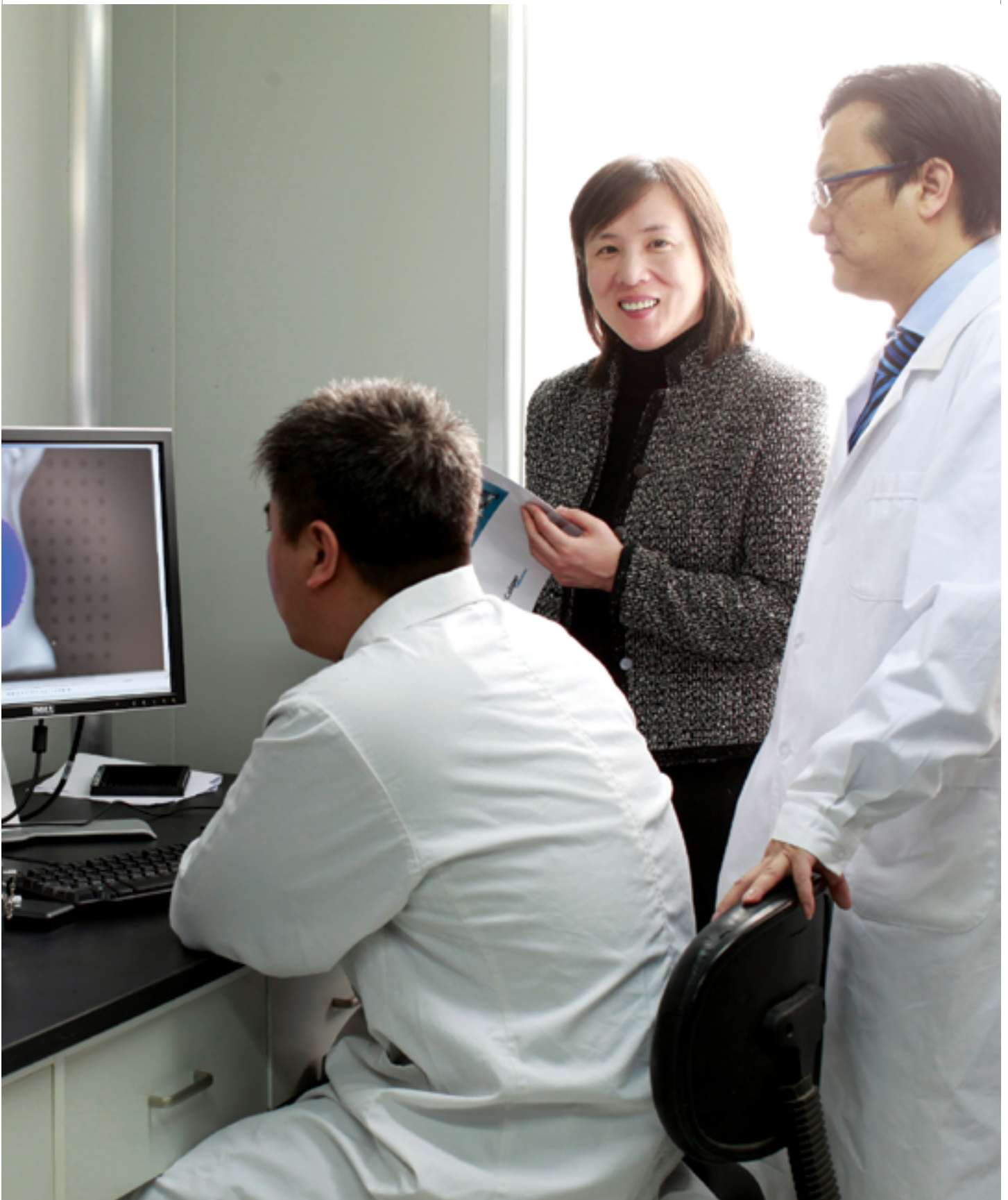
In keeping with these and other internationally recognized expectations for business ethics, product quality, labor and employment, health and safety, and the environment, and to ensure that each Johnson & Johnson operating unit throughout the world follows consistent principles relative to labor and employment practices, we established our *Global Labor and Employment Guidelines*.^{*} They require, first, that our policies and actions are in full compliance with the laws and regulations of the respective countries in which we operate. They also address communication, freedom of association and collective bargaining, prohibition of forced labor, child labor and discrimination, and appropriate methods of discipline. [These guidelines and other related policies can be found online.](#)^{*}

In addition, Johnson & Johnson has supporting policies that work to ensure our employees are treated fairly and equitably, including our *Equal Employment Opportunity Policy* (includes our Open Door Philosophy), our *Policy on the Employment of Young Persons* and our *Harassment Policy*. The requirements of these policies extend to those who work on our behalf, including external manufacturers, via our *Standards for Responsible External Manufacturing*. We have also clarified our human rights commitment through a new [human rights policy statement](#).^{**}

Several global functions share responsibility for various aspects of labor and decent work. Global Diversity & Inclusion reports to the Chairman and Board of Directors through its Vice President, Chief Diversity Officer. The Worldwide Vice President of Human Resources, a corporate officer and member of the Executive Committee, is responsible to the Chairman and Board of Directors. Human Resources includes Global Talent Management, Global Benefits and Health Resources, and Worldwide Compensation Resources.

^{*} www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices

^{**} www.jnj.com/responsibility/ESG/Social/Human_Rights/Policy_and_Standards



OPENNESS DRIVES INNOVATION: These scientists are part of a partnership between Johnson & Johnson and Tianjin Medical University Cancer Hospital in China to collect and catalogue tumor specimens from patients. The effort will allow researchers to identify biomarkers that could help personalize medicine and advance cancer treatment.

In any company, there are occasions when differences arise on matters relating to an individual's employment. Johnson & Johnson companies in the U.S. offer employees innovative internal procedures for resolving employee relations concerns fairly, quickly and as amicably as possible. We refer to this program for resolving issues as "Common Ground." It has been recognized both internally and externally as a leading resource in encouraging employees to raise and resolve disputes.

The Johnson & Johnson Family of Companies Talented People platform promotes a culture of learning and development for all our people. It is through continuous learning that we strengthen our workforce and advance our organization.

Global Core Leadership Programs are accessible in every region and, in some cases, several languages. They are open to all employees and designed to meet the different stages of leadership growth. Programs are part of an integrated global curriculum and establish a global standard of leadership development experience available throughout each employee's career.

Johnson & Johnson defines Employee Engagement as the deep and broad connection that employees have with a company that results in a willingness to go above and beyond what's expected to help their company succeed.

With our new *Healthy Future 2015** goals, we have set a goal to foster the most engaged, health-conscious and safe employees in the world.

Workforce Statistics

Data related to the workforces in our businesses around the world is maintained in various information systems that may be global, country-based or company-specific in nature. Accordingly, while some workforce statistics may be available at a global or country reporting level, some are not, due to data being tracked at the operating company level only. We are implementing a new employee data management system that will allow us to capture and report this information in a consistent way across the corporation.

LA5

Minimum Notice Periods

For significant operational changes, such as facility consolidations or closings, Johnson & Johnson companies comply at a minimum with local mandates and applicable collective bargaining agreements. In the U.S., a minimum of 30 days' notice is provided. However, legally defined minimum-notice periods do not exist in all countries. Where there is no legal minimum-notice period, Johnson & Johnson companies attempt to provide notice at the earliest possible time, often ranging from 30 days to 180 days.

* www.jnj.com/responsibility/Our_Goals/Healthy+Future+2015+Goals

Talent Attraction and Retention

LA12

Opportunities for development and career advancement are strong components of our strategic talent management offerings, which also include compensation, benefits and employee programs at Johnson & Johnson. We subscribe to the 70-20-10 framework from the Corporate Leadership Council and provide resources to support a complete development plan focused on on-the-job learning (stretch assignments), coaching and mentoring, as well as leadership development and training.

Regarding training, we offer our employees technical on-the-job training plus extensive, globally accessible leadership development and learning at the individual, team, organizational and leadership levels. Core programs available to all employees globally include leadership development through independent study, e-learning, interviewing, assessment, intensive workshops and action planning. Our School of Personal and Professional Development and e-University are available online to all employees and provide resources such as e-learning, an online book and video library, simulations (multiple languages) and English language training; classroom courses are also offered in each region. Training is provided, tracked and documented by the operating companies. Employees receive an average of eight hours of training per year. As training records are maintained at a local or operational level, we cannot report this information on a global level for all employees.

LA10

Johnson & Johnson also administers a Global Credo Survey every two years to ensure our behaviors represent our beliefs. It is our collective opportunity to ensure that everyone across our companies is inspired by the goals we set both personally and for the future of our business; that we feel connected with our colleagues and the values we hold ourselves to; and that we remain committed to taking the steps necessary to meet the needs of our patients, customers and communities we serve. We typically have a global participation rate higher than 90 percent. The responses are anonymous. Results are provided to companies, regions and departments to review for any opportunities for improvement. Focused efforts on making change, where appropriate, are important and have an impact on retention.

Multiple Pathways for Career Advancement

The diversity of businesses among our Family of Companies offers employees a broad range of career path options. Employees can advance within their functional discipline or progress along a path that provides experience across a range of functions. Based on performance, business needs and personal interest, employees can cross job functions, operating companies, business segments and geographic boundaries as they advance within our companies; in fact, this is highly encouraged.

Skill Management

LA11

Johnson & Johnson offers numerous training programs to support employability, which may vary by operating unit and/or country and are too numerous to mention. Internal training

courses, funding support for external training, conferences or education are among the benefits offered to assist employees in upgrading their skill sets. Transition assistance programs to support employees who are retiring or have been terminated comply with regulatory or collective bargaining agreement requirements; many locations provide more than what's required. Offerings may include pre-retirement planning for intended retirees; retraining for those intending to continue working; severance pay, taking into account employee age and years of service; job placement services; and assistance (e.g., training, counseling) on transitioning to a non-working life.

Performance Management

LA12

Johnson & Johnson companies provide a unique environment for career development and performance management. Customized development plans and personal coaching from senior executives help employees have a clear understanding of their impacts and contributions to company success. In addition, the Global Leadership Profile provides a consistent framework for leadership development throughout the Johnson & Johnson Family of Companies. The Profile defines critical behaviors that characterize leadership at all levels of our organizations. It serves as a means for goal setting and self-assessment and supports effective discussion between employees and their managers.

Optimizing Work, Family, and Personal Life

Our comprehensive programs and services for employees reflect a holistic view of work, family and personal life to help support individual effectiveness at work and at home. Specific programs, including those for flexible work arrangements, education, adoption, child care and elder care, may vary around the world based on local circumstances and business needs. In all cases, however, they reflect our fundamental goal of helping employees live well, work well and be well. Examples of programs that may be offered within our companies include:

- **Employee Assistance and Work/Life Resource & Referral Services**—to help employees address personal issues and achieve a balance between their work and personal lives.
- **Proactive Health Assessments & Health Counseling**—to help employees assess their risk for certain health problems through counseling with a registered nurse.
- **Workplace Health Programs**—to help ensure the health and safety of employees through on-site, online, self-paced and group programs.
- **Wellness and Fitness Services**—to address employees' health and wellness needs; some companies offer on-site fitness centers, personal training and exercise classes.

Benefits

LA3

Johnson & Johnson offers a comprehensive and competitive Choices Benefits Program to attract and retain talented employees. It is designed to meet the needs of

employees and their families by providing a wide range of health, survivor, disability and retirement options. Choices benefits are provided to active salaried and non-union hourly employees, as well as regular and casual part-time employees who are scheduled to work 19 or more hours per week each year. The Choices Benefits Program lets employees create a personalized benefit package for themselves and their eligible dependents. Benefits include:

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

The Company provides a basic level of life insurance and business travel accident coverage for eligible employees at no cost. In addition to Choices benefits, the Company provides a non-contributory pension plan and 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.

Diversity

Diversity and Inclusion

Diversity and Inclusion is a central part of our culture across the Johnson & Johnson Family of Companies. We recognize that differences in age, race, gender, nationality, sexual orientation, physical ability, thinking style and background bring richness to our work environments. Diversity and inclusion plays an important role in the way we innovate, develop talent and leverage diverse insights in caring for the health and well-being of patients and customers around the world. We also believe success hinges on collaborative relationships with diverse professional and patient organizations, civic groups and suppliers.

Our Global Office of Diversity and Inclusion, which includes our Equal Opportunity and Work/Life practices, works with our businesses to attract, retain and develop a diverse workforce. The leader of this office reports directly to the Chief Executive Officer. The Global Office is guided by our *Global Diversity and Inclusion Vision*. The Johnson & Johnson Diversity University, a dynamic online resource designed to help employees understand and value differences and the benefits of working collaboratively to meet our Credo commitments and business

goals, supports these efforts.

In preparation for the 2011 shareholder meeting, a shareholder proposal was submitted for consideration requesting that Johnson & Johnson amend its Equal Employment Opportunity Policy to explicitly include the prohibition of discrimination based on the health status of an applicant. The Board of Directors favored a vote against the adoption of this proposal and shareholders voted against it.

Our Equal Employment Opportunity Policy is related to and supports our diversity initiatives. It is broad and states that the Company “strictly prohibits discrimination against any employee or applicant for employment because of the individual’s race, color, religion, gender, sexual orientation, gender identity or expression, national origin, age, disability, veteran’s status, *or any other characteristic protected by law.*”

Affinity groups

Affinity groups are voluntary, employee-driven groups that typically focus on a shared interest. They provide support and networking opportunities such as mentoring, community outreach, career development and cultural awareness activities. We have 10 active affinity groups within the Johnson & Johnson Family of Companies. Collectively, these groups have more than 220 chapters, 84 of which are outside the U.S., representing close to 10,000 members. Our CEO meets twice a year with group leadership. Our success with our affinity groups and our diversity efforts were acknowledged in 2011 when *DiversityInc* magazine ranked Johnson & Johnson sixth on its list of Top 50 Companies for Diversity.

Stakeholder Engagement

Johnson & Johnson engages with a broad range of internal and external stakeholders on social, environmental and governance matters, health and health care, business and the economy. We foster and maintain ties to the communities in which we live and operate, the suppliers and external manufacturers who help us to 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 also routinely engage with civic society and its leaders in our efforts to ensure access to health care for all. Each group is unique, with its own concerns, and our interactions with each—as well as the ways in which the interactions are initiated—are just as varied. This wide variety of opportunities to engage with Johnson & Johnson helps to ensure that all stakeholders have a mechanism through which they can raise issues or concerns.

Issues raised by our stakeholders are also varied, from concerns at a local facility level to questions about the materials or processes used to make our products to the positions we take on a particular issue. Issues raised by stakeholders include ingredients used to make our products, sustainable sourcing, our position on issues such as climate change, access to health

care, and human rights.

Interactions with stakeholders may begin through outreach by Johnson & Johnson to select groups with particular areas of interest or expertise, or because they use our products, have interest in a particular aspect of our operations or reside in a particular location. Likewise, our stakeholders may contact us through a variety of mechanisms, including our facility locations, our business units, our website or even an individual employee. Interactions may take the form of surveys, focus groups, community engagement and outreach efforts, advisory panels, written communications, information sent via email or to our websites, arranged meetings, open houses and various other mechanisms.

We are continually expanding the ways in which we obtain feedback from all who use our products and services, including consumers, doctors and hospitals. We use a variety of methods, including direct contact, feedback forms, website links, social networking sites, email, conventional mail, customer surveys, market research and customer call centers. Each of our businesses maintains a website with contact information, accessible from our [corporate website](#). In addition, we seek to engage stakeholders through our corporate blogs, [JNJBTW](#) (By the Way) and the [Kilmer House](#) blog.

We use our biannual Credo survey to gather insight into employees’ opinions on a variety of issues relative to our business. We completed the last survey in June 2010 with a 95 percent response rate. Each operating company receives its survey results and develops an action plan to address them. Employees have many other means by which to voice their thoughts and opinions as well, such as town hall and informal meetings, various online vehicles and telephone.

We maintain engagements with a wide range of external organizations, from local civic groups to global NGOs; representatives of all members of the health care community, from patients to payers and physicians; and governmental and policy leaders. These engagements are not only important to achieving our business goals; they also help us understand the areas in which our stakeholders believe we can address emerging societal needs. For example, in 2009-10, our external stakeholders identified six areas where they would like Johnson & Johnson to play a greater leadership role: women’s and children’s health; global health coordination; prevention and wellness; health care education and delivery; development of new medicines and other treatments; and enhancing health care systems.

Shareholders

We welcome hearing from our shareholders. Shareholder inquiries and proposals are encouraged and should be directed to the attention of the Corporate Secretary at the principal office of the Company, One Johnson & Johnson Plaza, New Brunswick, NJ 08933.

* www.jnj.com

** www.jnjbtw.com

† www.kilmerhouse.com

Managing Risk

EC2

Johnson & Johnson recognizes several categories of risk, including general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations; and trends toward health care cost containment.

A comprehensive list and description of risks can be found in Exhibit 99 to the Company's Annual Report on Form 10-K, available at www.sec.gov and www.investor.jnj.com.

Risk Management Responsibilities

One of the most important responsibilities of our Board of Directors is to oversee management's handling of the various risks our Company faces. Our enterprise risk management framework reflects a collaborative process, whereby the Board and Company management apply a common risk management approach designed to identify potential events that might affect the Company and to manage the associated risks and opportunities.

In carrying out this responsibility, the Board meets at regular intervals with key members of company management with primary responsibility for risk management in their respective areas. The subject matter of these meetings generally falls into the following categories and risk areas:

- **Strategy:** Business vitality, strategic planning, talent management, reputation, sustainability, and diversity
- **Reporting:** Financial results, finance and accounting, internal audit, independent audit, tax, and treasury
- **Compliance:** Law and legal proceedings; legislative and regulatory environment; health care compliance; anti-corruption; environment, health and safety; privacy; quality; and product safety and scientific issues
- **Operations:** Supply chain (including manufacturing and business continuity planning), security (including security of products, sites, personnel and information), and research and development

The Board also receives regular reports on aspects of the Company's risk management from the Company's independent auditor.

In addition, the Audit Committee of the Board meets in private sessions with the Chief Financial Officer, General Counsel, Chief Compliance Officer, Vice President of Corporate Internal Audit and representatives of the Company's independent auditor at the conclusion of every regularly scheduled Audit Committee meeting where aspects of risk management are discussed.

The Board believes that, given the interrelated nature of the Company's risks, oversight of risk management is ultimately the responsibility of the full Board.

Risks Due to Climate Change

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

In 2010, this committee added a climate change component to Exhibit 99 of the Company's Annual Report on Form 10-K. Exhibit 99 lists some important factors that could cause the Company's actual results to differ from the Company's expectations in any forward-looking statements. The new factor added was: "The potential impact of climate change concerns on the design, manufacturing, marketing and sale of health care products."

We have evaluated risks posed to Johnson & Johnson by climate change and related policy responses as part of our continued involvement in the Carbon Disclosure Project. This analysis is included in a complete report filed with CDP and available at www.cdproject.net. Cited in our 2010 report are several general risks that will require attention and mitigation strategies: changing regulations; a forecast of more extreme weather events; climate implications that could affect the availability of raw materials or water and alter migration patterns; and increased cases of disease. Regulatory risks could include increased energy costs due to taxes and renewable-energy directives, higher costs due to additional requirements for tracking and managing climate change issues, and increased investment of capital in CO₂-reduction projects. These costs are not anticipated to be material to the cash flow of Johnson & Johnson, as our businesses are not energy-intensive.

Of the risks to our business related to climate change, the most significant in the next decade is an extreme weather event, such as a hurricane or flood that would cause the closing of a manufacturing facility, disruption in the supply chain or loss of product inventory. There is also the possibility that climate change could affect the availability of raw materials for our products. There may be new costs incurred due to higher insurance premiums or increased business interruptions stemming from changing weather patterns. However, these costs would likely impact other major industrial entities in a similar fashion. In addition, the applicability of Johnson & Johnson facilities is limited under current guidance from the EPA in which no Company facility would qualify, and internationally only three out of 110 currently are active under the Kyoto Protocol Criteria.

Though not financially significant, Johnson & Johnson owns and operates several on-site renewable-energy-generation facilities that could generate income from carbon offsets and renewable-

EC2

energy credits. We are well-positioned to compete in an energy- and carbon-constrained economy, based on our successful, ongoing implementation of energy-efficiency, renewable-energy and carbon-reduction projects.

For more information, please see our [Responsibility website](http://www.jnj.com/responsibility).*

Economic Performance

Johnson & Johnson has been a part of people's lives for 125 years and a valuable part of their investments for more than 65 years. We continued to deliver earnings growth in 2010, with worldwide sales of \$61.6 billion, a decrease of 1.3 percent operationally. Adjusted earnings were \$13.3 billion**, an increase of 2.9 percent despite a sales decline. Adjusted earnings per share increased 2.8 percent.

In a tough global economy, we maintained our financial discipline. We generated free cash flow of approximately \$14 billion† and held our AAA credit rating. We also executed a \$1.1 billion debt offering at the lowest interest rate for long-term corporate debt in history.

Johnson & Johnson is among the largest corporate donors, contributing \$603.3 million in cash and products toward over 700 programs in more than 50 countries in 2010.

Economic Value Retained

The chart below provides a profile of our economic impact based on economic value generated and distributed, as outlined by the Global Reporting Initiative.

Defined Benefit Obligations

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

EC3

* www.jnj.com/responsibility

** Excludes special items

† Free cash flow is defined as operating cash flow less capital spending

ECONOMIC VALUE RETAINED (in millions of dollars)		
COMPONENT	FY 2010	SOURCE
Direct economic value generated		
a) Revenues	\$61,587	2010 Annual Report: Total Sales
Economic value distributed		
b) Operating costs	\$27,586	2010 Annual Report: Summary of Ops (Cost of Mat. & Serv.)
c) Employee wages and benefits	\$13,934	2010 Annual Report: Summary of Ops (Employment Costs)
d) Payments to providers of capital	\$6,259	2010 Annual Report: Cash Flow Statement (Div payments) + Summary of Ops (Int Exp)
e) Payments to governments	\$5,070	2010 Annual Report: Summary of Ops (Total Tax Expense)
f) Community investments	\$603	2010 Contributions Report, pp 2-3
Total economic value distributed	\$53,452	
Economic value retained Calculated as economic value generated less economic value distributed	\$8,135	

EC1

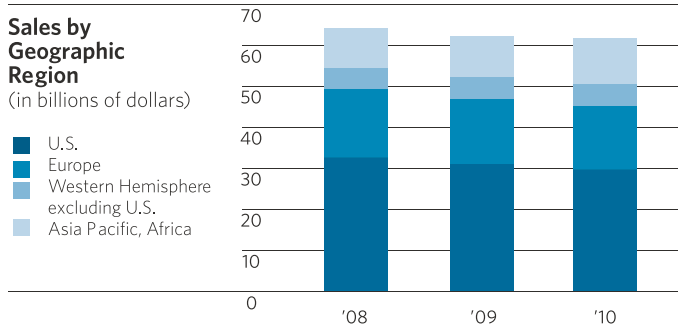
At the end of fiscal year 2010, the projected benefit obligation was \$14,993 million, and the fair value of the assets equaled \$13,433 million, for a shortfall of \$1,560 million. Discretionary contributions are made when deemed appropriate to meet the plan's long-term obligations. For more information, see Note 10 and page 55 in our 2010 Annual Report.

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

The voluntary 401(k) plan is based on a minimum of 2 percent up to 6 percent employee contribution from each paycheck, matched at 75 percent by the employer. There is no standing obligation, as funds are disbursed each pay period.

Market Presence

Johnson & Johnson conducts business in virtually all countries of the world, with the primary focus on products related to human health and well-being.



Also see Note 18, Segments of Business and Geographic Areas, on page 61 of our 10K Annual Report.

Supplier Spending

EC6

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

In 2010, Johnson & Johnson directly purchased goods and services from minority- and woman-owned businesses that totaled more than \$1 billion, a 24 percent increase over 2009. In addition, Johnson & Johnson added more than 80 new minority- and women-owned businesses to its supplier diversity roster, provided \$25 million toward helping minority- and women-owned businesses obtain certification, and supported capital investment advocacy groups in their efforts to explore greater support of diverse businesses' access to capital.

Hiring Practices

EC7

In a global, decentralized business, hiring locally helps us best meet customer needs. Each subsidiary within our business segments is, with some exceptions, managed by citizens of the country where it is located. Likewise, our operating companies hire from the communities in which we do business.



MEASURING OUTCOMES IN PHILANTHROPY: Xiaoyan is among thousands of children given a chance at life through China's Neonatal Resuscitation Program (NRP), a joint effort by Johnson & Johnson, the Chinese Ministry of Health and the American Academy of Pediatrics to address birth asphyxia—when a baby is unable to breathe at birth. Since its launch in late 2004, the NRP has helped to achieve a 53 percent reduction in infant mortality caused by asphyxia, saving an average of 20,000 infant lives each year.

Goals and Progress

Healthy Planet 2010

TRANSPARENCY

Goal: 100 percent of manufacturing and research and development facilities will provide facility- or company-specific environmental sustainability information to the public.

Actual: 98 percent of facilities submitted information by year-end 2010 for posting on jnj.com.

ENERGY USE

Carbon Dioxide Reduction

Goal: Absolute reduction in CO₂ emissions of 7 percent from 1990–2010.

Actual: Achieved. Over 23 percent absolute reduction realized from 1990–2010.

Goal: Reduce fleet total CO₂ emissions per kilometer driven by 30 percent from our 2003 baseline.

Actual: Achieved fleet CO₂ emissions of 210.4 grams per kilometer, a 16 percent reduction from our 2003 baseline.

WATER USE

Goal: Absolute reduction of 10 percent compared to our 2005 baseline.

Actual: 9.5 percent decrease realized from 2005–2010.

WASTE REDUCTION

Goal: Absolute reduction of hazardous and non-hazardous waste of 10 percent from 2005–2010.

Actual: Achieved. 25 percent decrease in hazardous waste and 12 percent reduction in non-hazardous waste realized from 2005–2010.

PAPER AND PACKAGING

Goal: Eliminate PVC in primary, secondary and tertiary packaging in the Consumer sector.* Eliminate PVC in secondary and tertiary packaging in Medical Devices and Diagnostics (MD&D) and Pharmaceutical sectors.

Actual: Since 2005, we have achieved significant PVC packaging reductions:

- MD&D: 100 percent reduction in secondary and tertiary packaging.
- Pharmaceuticals: 78 percent reduction in secondary and tertiary packaging.
- Consumer Products: 87 percent reduction in primary, secondary and tertiary packaging during the goal period; 99.6 percent of all consumer packing is now PVC-free.*

Goal: 90 percent of office paper and 75 percent of paper-based packaging will contain more than 30 percent post-consumer recycled (PCR) content or fiber from certified forests by 2010.

Actual: Achieved. 97 percent of packaging and 92 percent of office paper contain more than 30 percent PCR or fiber from certified forests.

PRODUCT STEWARDSHIP

Goal: All operating companies to have a plan to improve the environmental profiles of their products and processes and eliminate high-priority materials.

Actual: Achieved. 100 percent of operating companies have a plan.

Goal: Implement an electronics take-back program in all regions to ensure that 100 percent of electronic-based waste products can be taken back for remanufacturing or reuse.

Actual: 61 percent of our businesses (calculated on a regional basis) have implemented take-back programs.

ENVIRONMENTAL LITERACY

Goal: Increase employee awareness and understanding of global environmental issues. 100 percent of facilities have

* Does not include the Consumer sector's over-the-counter drug products in blister packages.

Healthy People 2010 Goals	Year End 2010 Results
1. Create, Promote and Sustain an Organizational Culture of Health	
75% of sites/companies worldwide will have fully implemented nine health services offerings	96% of U.S. companies (outside the U.S. this is 43%)
2. Reduce Population Health Risk Factors	
> 67% of employees who participate in the voluntary health screening are in the "low risk" health category	87% of U.S. employees (outside the U.S. this is 66%)
3. Promote a Consistent Approach to the Deployment of Occupational Health Services and Standards	
Greater than 88% of periodic medical surveillance will be completed on time	All sites with planned periodic medical surveillance exams had completed >96% on time

a five-year literacy plan and implement one environmental education campaign each year from 2006–2010.

Actual: Achieved. 100 percent of facilities have a five-year literacy plan; 100 percent of facilities deployed a literacy campaign in 2010.

BIODIVERSITY

Goal: Enhance biodiversity conservation in areas over which we have control or influence. 100 percent of our facilities or companies have a biodiversity conservation plan.

Actual: Achieved. A biodiversity conservation plan has been in place at 100 percent of our facilities or companies since 2008.

COMPLIANCE

Goal: Zero accidental environmental releases; zero environmental violations.

Actual: Not achieved. We had 10 accidental environmental releases and 57 environmental violations. We are experiencing an upward trend in the number of non-compliances. While all non-compliances were minor, and most were related to waste management or air and wastewater permit infractions, we have refocused our attention on compliance via additional training and reinforcement of our management and assessment processes.

EXTERNAL MANUFACTURING

Goal: 100 percent of external manufacturers in conformance with Johnson & Johnson Standards for Responsible External Manufacturing.

Actual: Since establishing our standards in 2006, 98 percent of our external manufacturers have been assessed against and are in conformance with our standards.

Healthy Future 2015

In 2009, we began to look back at our progress under our Healthy Planet and Healthy People goals while considering what our next set of five-year goals should include. We undertook a number of steps to ensure that the strategic priorities and goals we establish are the right ones for our businesses to achieve the greatest impact.

What emerged is Healthy Future, an expansive idea that stands for our company's enduring commitment to improving people's health, contributing to the sustainability of our planet, and ensuring the longevity and vitality of our business.

Healthy Future 2015 presents our five-year goals for corporate citizenship and sustainability commitments across seven key strategic priorities.

Advancing global health through research and development for neglected diseases and affordable access to medicines by working to identify new ways to address these issues, and by partnering with like-minded organizations to help expand our impact on global health.

Advancing community wellness by launching health initiatives to help people gain access to timely, easy-to-understand health-related information.

Enhancing outcome measurement in philanthropy by working with our philanthropic partners to improve program measurements.

Fostering the most engaged, health-conscious and safe employees in the world by improving upon our global culture of health and safety in our workplace, and by striving to make Johnson & Johnson a place where our employees are proud and excited to work.

Building on our legacy in safeguarding the planet by reducing the environmental impacts of our operations and our products.

Partnering with suppliers that embrace sustainability and demonstrate a similar commitment to ours through their practices and goal-setting and the positive impacts they seek to achieve.

Committing to enhanced transparency and accessing the power of external collaboration by collaborating with partners and providing transparency on our products and business practices.

2010 Data Summary Table

HEALTHY PEOPLE	UNIT	1995-99 AVERAGE	2007-2008	2009	2010
Tobacco Use	% of profiled employees	12	4.2	3.9	3.8
High Blood Pressure (above 140/90)	% of profiled employees	12	6.4	6.3	6.1
High Cholesterol (above 240 mg/l)	% of profiled employees	19	7.2	5.3	5.7
Inactivity (below 30 mins/day, 4 days/week)	% of profiled employees	39	31.5	20.4	20.8
Serious Injury Illness Rate	Incidents per 100 employees	0.072	0.032	0.034	0.037
Lost Workday Case Rate	Incidents per 100 employees	0.31	0.10	0.12	0.11
Fleet Car Accidents	Crashes per million miles driven	8.76	5.56	5.75	5.53
Ergonomic Injuries	% of lost workday cases	48	20	32	29
Safety Noncompliances	Number of events (new metric in 2008)	–	14	10	3
Fines Paid	U.S. dollars (new metric in 2008)	–	600	2,200	5,500
HEALTHY PLANET	UNIT	2007	2008	2009	2010
Accidental Releases	Number of events	9	15	16	10
Environmental Noncompliances	Number of individual findings	13	20	50	57
Fines Paid	U.S. dollars	31,400	164,100	6,630	0
ISO 14001 Certifications (manufacturing and R&D sites)	% facilities with certification	100	100	99	99
Energy Use	Billion BTU (3,412 BTU/KWH)	13,131	13,361	12,821	13,001
CO ₂ Net Emissions	Thousand metric tons	905	943	875	815
Voluntary CO ₂ Offsets, Including RECs	Thousand metric tons	385	364	386	465
Water Use	Million m ³	11.9	11.5	10.8	11.3
Recycled Water Use	Million m ³ (new metric in 2009)	–	–	0.08	0.79
Non-hazardous Waste	Million kg	54.6	52.3	42.6	55.3
Hazardous Waste	Million kg	34.0	29.3	24.6	26.6
HEALTHY BUSINESS	UNIT	2007	2008	2009	2010
Sales	U.S. dollars, millions % change over previous year	61,095 14.6	63,747 4.3	61,897 (2.9)	61,587 (0.5)
Net Earnings	U.S. dollars, millions % change over previous year	10,576 (4.3)	12,949 22.4	12,266 (5.3)	13,334 8.7
Share Price (end of calendar year)	U.S. dollars	67.38	58.56	64.41	61.85
Research & Development	U.S. dollars, millions As % of sales	7,680 12.6	7,577 11.9	6,986 11.3	6,884 11.1
Operating Companies	Number (approximate)	250	250	250	250
Employees	Number (approximate)	119,200	118,700	115,500	114,000
Effective Income Tax Rate	% of income	20.4	23.5	22.1	21.3
Advertising Costs	U.S. dollars, billions As % of sales	2.7 4.4	2.9 4.5	2.4 3.9	2.5 4.1
Charitable Contributions	Total U.S. dollars, millions As % of pretax income Non-cash	509.9 3.8 370.3	510.3 3.0 365.5	588.1 3.7 461.5	603.3 3.6 495.3

Recognitions

AMERICA's Most Admired Companies

Fortune recognized Johnson & Johnson as the third most admired company in the pharmaceutical sector and as the 17th most admired overall.

The World's Most Reputable Companies

The Reputation Institute ranked Johnson & Johnson as the most reputable company in the United States and the 12th most reputable company in the world, down from third in the world last year.

The Harris Interactive Reputational Quotient (RQ)

In 2010, Johnson & Johnson ranked No. 2 on this survey. The RQ focuses on six areas that influence reputation and consumer behavior: social responsibility, emotional appeal, financial performance, products and services, vision and leadership, and workplace environment.

World 's Most Respected Companies

The financial weekly *Barron's* conducts an annual survey of institutional investors, rating the 100 largest public corporations (based on market capitalization) in order of the respect they have garnered from these institutions. Johnson & Johnson has been included on this list since its inception seven years ago.

Top Companies for Women Executives

The National Association for Female Executives selected Johnson & Johnson as one of the Top 50 Companies for Women Executives.

100 Best Companies for Working Mothers

Working Mother magazine again named Johnson & Johnson to this list, marking our inclusion every year since the list was launched 25 years ago. Our inclusion recognizes our family-friendly policies for flexible work, child care, maternity and paternity leave, and elder care, among others.

Top 50 Companies for Diversity®

This *DiversityInc* list is based on CEO commitment, human capital, corporate communications and supplier diversity. Johnson & Johnson was ranked sixth overall.

Best Places to Work for Gay, Lesbian, Bisexual and Transgender Equality

For the fifth year, Johnson & Johnson earned the top rating of 100 percent in this annual survey administered by the Human Rights Campaign Foundation. The Equality Index recognizes employer treatment of gay, lesbian, bisexual and transgender employees and consumers.

Newsweek Green Rankings for U.S. Companies

Johnson & Johnson was ranked No. 4 overall and the top health care and pharmaceutical company of the 500 companies evaluated.

CEO Cancer Gold Standard™ Accredited

Johnson & Johnson has been accredited for the past six years and was one of the first companies to meet the requirements for the CEO Roundtable on Cancer Prevention Gold Standard accreditation process. The Roundtable was formed to make continual progress on the elimination of cancer and was chaired by our CEO, William C. Weldon (ended 2010).

FTSE4Good Index

Johnson & Johnson has been independently assessed according to FTSE4Good criteria and has met requirements to be part of the index. The designation identifies companies that meet globally recognized corporate responsibility standards.

Dow Jones Sustainability Index, North America and Global

Johnson & Johnson stock has been included in the North America index since 2000 and is now included in the Global Index as well. The DJSI family follows a best-in-class approach to identifying industry leaders.

US Hispanic Chamber of Commerce

Johnson & Johnson was inducted into the USHCC Million Dollar Club, a recognition provided to companies that exceed \$1 million in spend with Hispanic-owned business enterprises.

GRI Indicator	Topic	Page	On the Web
ENVIRONMENTAL Disclosure on Management Approach			Overview www.jnj.com/responsibility/ESG/Environment Environmental Management www.jnj.com/responsibility/ESG/Environment
EN1 Partially Addressed	Materials used by weight or volume.	31	Water Usage www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/water_usage Paper & Paper-Based Packaging www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/paper_and_paper_based_packaging Product Stewardship www.jnj.com/responsibility/esg/environment/product_stewardship/product_stewardship Earthwards www.jnj.com/responsibility/ESG/environment/Product_Stewardship/EARTHWARDS_TM
EN2 Partially Addressed	Percentage of materials used that are recycled input materials.	31	Product Stewardship www.jnj.com/responsibility/esg/environment/product_stewardship/product_stewardship Paper and Paper-Based Packaging www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/paper_and_paper_based_packaging PVC Elimination www.jnj.com/responsibility/ESG/environment/environmental_performance/pvc_elimination
EN3 Fully Addressed	Direct energy consumption by primary energy source.	24	Environmental Management www.jnj.com/responsibility/ESG/Environment/Environmental_Management/Overview Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Energy Use and Alternative Energy www.jnj.com/responsibility/ESG/Environment/Climate_Change/Energy_Use_and_Alternative_Energy Greenhouse Gas Emissions www.jnj.com/responsibility/ESG/Environment/Climate_Change/greenhouse_gas_emissions Environmental Performance—Climate and Energy www.jnj.com/responsibility/ESG/environment/environmental_performance/Climate_and_Energy
EN4 Partially Addressed	Indirect energy consumption by primary source.	23, 24, 25	Climate Change www.jnj.com/responsibility/esg/environment/climate_change/climate_change Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Climate and Energy www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/Climate_and_Energy Greenhouse Gas Emissions www.jnj.com/responsibility/ESG/Environment/Climate_Change/greenhouse_gas_emissions
EN5 Fully Addressed	Energy saved due to conservation and efficiency improvements.	23, 24	Energy use/Alternative Energy www.jnj.com/responsibility/ESG/Environment/Climate_Change/Energy_Use_and_Alternative_Energy Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy
EN7 Partially Addressed	Initiatives to reduce indirect energy consumption and reductions achieved.	23, 24, 29	Climate Change www.jnj.com/responsibility/esg/environment/climate_change/climate_change Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Paper and Paper Based-Packaging www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/paper_and_paper_based_packaging Climate and Energy www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/Climate_and_Energy

GRI Indicator	Topic	Page	On the Web
EN8 Fully Addressed	Total water withdrawal by source.	28	Water Usage www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/water_usage
EN10 Fully Addressed	Percentage and total volume of water recycled and reused.	27	Water Usage www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/water_usage
EN13 Partially Addressed	Habitats protected or restored.	22, 30	Biodiversity www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/biodiversity Environmental Management www.jnj.com/responsibility/ESG/Environment/Environmental_Management/Overview
EN14 Partially Addressed	Strategies, current actions, and future plans for managing impacts on biodiversity.	22, 30	Environmental Management www.jnj.com/responsibility/ESG/Environment/Environmental_Management/Overview Biodiversity www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/biodiversity Respecting Biodiversity www.jnj.com/wps/wcm/connect/bc194e804727dd5eb340f33f6ca9abc3/biodiversity_august2010.pdf?MOD=AJPERES
EN16 Fully Addressed	Total direct and indirect greenhouse gas emissions by weight.	23, 24, 25	Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Greenhouse Gas Emissions www.jnj.com/responsibility/esg/environment/climate_change/greenhouse_gas_emissions Climate & Energy www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/Climate_and_Energy
EN17 Fully Addressed	Other relevant indirect greenhouse gas emissions by weight.	23, 24, 25	Climate Change www.jnj.com/responsibility/esg/environment/climate_change/climate_change Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Climate and Energy www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/Climate_and_Energy
EN18 Fully Addressed	Initiatives to reduce greenhouse gas emissions and reductions achieved.	23, 24, 25	Climate Change Policy www.jnj.com/responsibility/ESG/Environment/Climate_Change/climate_change_policy Greenhouse Gas Emissions www.jnj.com/responsibility/esg/environment/climate_change/greenhouse_gas_emissions
EN19 Partially Addressed	Emissions of ozone-depleting substances by weight.	25	Air Emissions www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/air_emissions
EN20 Fully Addressed	NO, SO, and other significant air emissions by type and weight.	25	Air Emissions www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/air_emissions
EN22 Fully Addressed	Total weight of waste by type and disposal method.	29	Waste Management www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/waste_management
EN23 Fully Addressed	Total number and volume of significant spills.	23, 28	Waste Management www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/waste_management Environmental Compliance www.jnj.com/responsibility/ESG/Environment/Environmental_Management/Compliance
EN26 Fully Addressed	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	29, 30	Environmental Impacts of Products www.jnj.com/responsibility/ESG/Environment/Product_Stewardship/Environmental_Impact_of_Products Earthwards www.jnj.com/responsibility/ESG/Environment/Product_Stewardship/EARTHWARDS_TM

GRI Indicator	Topic	Page	On the Web
EN27 Partially Addressed	Percentage of products sold and their packaging materials that are reclaimed by category.	29, 30	Paper and Paper-Based Packaging www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/paper_and_paper_based_packaging Environmental Impacts of Products www.jnj.com/responsibility/ESG/Environment/Product_Stewardship/Environmental_Impact_of_Products
EN28 Fully Addressed	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	23	Environmental Compliance www.jnj.com/responsibility/ESG/Environment/Environmental_Management/Compliance
HUMAN RIGHTS Disclosure on Management Approach			Overview www.jnj.com/responsibility/ESG/Social
HR1 Partially Addressed	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	34	Human Rights Policy and Standards www.jnj.com/responsibility/ESG/Social/Human_Rights/Policy_and_Standards Human Rights www.jnj.com/responsibility/ESG/social/human_rights/human_rights Human Rights Compliance and Auditing www.jnj.com/responsibility/ESG/Social/Human_Rights/Compliance_and_Auditing
HR2 Fully Addressed	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	35	Human Rights www.jnj.com/responsibility/ESG/social/human_rights/human_rights Human Rights Compliance and Auditing www.jnj.com/responsibility/ESG/Social/Human_Rights/Compliance_and_Auditing
HR5 Fully Addressed	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	34	Human Rights www.jnj.com/responsibility/ESG/social/human_rights/human_rights Human Rights Policy and Standards www.jnj.com/responsibility/ESG/Social/Human_Rights/Policy_and_Standards
HR6 Fully Addressed	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	34	Human Rights Compliance and Auditing www.jnj.com/responsibility/ESG/Social/Human_Rights/Compliance_and_Auditing Policy on Employment of Young Persons www.jnj.com/wps/wcm/connect/3ee71b004f5567b29f1ebf1bb31559c7/policy-on-employment-of-young-persons.pdf?MOD=AJPERES

GRI Indicator	Topic	Page	On the Web
HR7 Fully Addressed	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	34	Human Rights Compliance and Auditing www.jnj.com/responsibility/ESG/Social/Human_Rights/Compliance_and_Auditing Policy on Employment of Young Persons www.jnj.com/wps/wcm/connect/3ee71b004f5567b29f1ebf1bb31559c7/policy-on-employment-of-young-persons.pdf?MOD=AJPERES
LABOR PRACTICES AND DECENT WORK Disclosure on Management Approach		Labor Practices www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices	
LA1 Partially Addressed	Total workforce by employment type, employment contract, and region.	43, 45	Our Employees www.jnj.com/responsibility/ESG/Social/Our_Employees/Overview Labor Practices www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices Supplier Diversity www.jnj.com/responsibility/ESG/social/Supply_Chain/Diversity
LA3 Fully Addressed	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	46	Employee Benefits www.jnj.com/responsibility/ESG/Social/Our_Employees/Benefits
LA5 Fully Addressed	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	45	Employee Benefits www.jnj.com/responsibility/ESG/Social/Our_Employees/Benefits Labor Practices www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices Responsibilities of Managers www.jnj.com/responsibility/ESG/Governance/Codes_of_Conduct/Responsibilities_of_Managers_and_Employees
LA7 Partially Addressed	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	42, 43	Safety Performance www.jnj.com/responsibility/ESG/Social/Workplace_Safety/Performance Workplace Safety www.jnj.com/responsibility/ESG/Social/Workplace_Safety/Overview Employee Health and Wellness www.jnj.com/responsibility/ESG/Social/Our_Employees/Health_and_Wellness
LA8 Fully Addressed	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	40	Safety Management www.jnj.com/responsibility/ESG/Social/Workplace_Safety/Management Employee Health and Wellness www.jnj.com/responsibility/ESG/Social/Our_Employees/Health_and_Wellness
LA9 Partially Addressed	Health and safety topics covered in formal agreements with trade unions.	42	Safety Management www.jnj.com/responsibility/ESG/Social/Workplace_Safety/Management

GRI Indicator	Topic	Page	On the Web
LA10 Partially Addressed	Average hours of training per year per employee by employee category.	45	Our Employees www.jnj.com/responsibility/ESG/Social/Our_Employees/Overview Talent Attraction and Retention www.jnj.com/responsibility/ESG/Social/Our_Employees/Talent_Attraction_and_Retention Performance Management www.jnj.com/responsibility/ESG/Social/Our_Employees/Performance_Management
LA11 Fully Addressed	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	45	Our Employees www.jnj.com/responsibility/ESG/Social/Our_Employees/Overview Talent Attraction and Retention www.jnj.com/responsibility/ESG/Social/Our_Employees/Talent_Attraction_and_Retention Performance Management www.jnj.com/responsibility/ESG/Social/Our_Employees/Performance_Management
LA12 Partially Addressed	Percentage of employees receiving regular performance and career development reviews.	45	Talent Attraction and Retention www.jnj.com/responsibility/ESG/Social/Our_Employees/Talent_Attraction_and_Retention Performance Management www.jnj.com/responsibility/ESG/Social/Our_Employees/Performance_Management
ECONOMIC PERFORMANCE Disclosure on Management Approach			
EC1 Fully Addressed	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	49	Economics www.jnj.com/responsibility/ESG/Governance/Economic Political Contributions www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Contributions
EC2 Fully Addressed	Financial implications and other risks and opportunities for the organization's activities due to climate change.	48	Risks Due to Climate Change www.jnj.com/responsibility/ESG/Governance/Risk_Management/Risks_Due_to_Climate_Change
EC3 Fully Addressed	Coverage of the organization's defined benefit plan obligations.	49	Economic www.jnj.com/responsibility/ESG/Governance/Economic
EC6 Partially Addressed	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	50	
EC7 Partially Addressed	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	50	Code of Conduct for Directors www.jnj.com/responsibility/ESG/Governance/Codes_of_Conduct/Responsibilities_of_Directors_and_ExecutiveOfficers

GRI Indicator	Topic	Page	On the Web
PRODUCT RESPONSIBILITY Disclosure on Management Approach			Product Quality and Responsibility www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety
PR1 Fully Addressed	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	16	Product Quality and Safety Compliance www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Compliance Product Safety www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Product_Safety
PR3 Fully Addressed	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	16	Product Quality and Safety Compliance www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Compliance Product Safety www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Product_Safety
PR6 Partially Addressed	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	16	Product Quality and Safety www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Compliance Product Quality and Safety Compliance www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety/Compliance
PR7 Fully Addressed	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	16	
SOCIETY Disclosure on Management Approach			Product Quality and Responsibility www.jnj.com/responsibility/ESG/social/Product_Quality_and_Safety
SO2 Partially Addressed	Percentage and total number of business units analyzed for risks related to corruption.	48	Managing Our Risk www.jnj.com/responsibility/ESG/Governance/Risk_Management/Managing_Our_Risks
SO3 Partially Addressed	Anti-corruption training	34	
SO5 Fully Addressed	Public policy positions and participation in public policy development and lobbying.	35	Public Policy and Political Contributions www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Overview Public Policy Positions www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Platforms
SO6 Partially Addressed	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	35	Political Contributions www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Contributions
SO7 Partially Addressed	Total number of legal actions or anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	34	

The values that guide our decision making are spelled out in Our Credo. Put simply, Our Credo challenges us to put the needs and well-being of the people we serve first.

Robert Wood Johnson, former chairman from 1932 to 1963 and a member of the Company's founding family, crafted Our Credo himself in 1943, just before Johnson & Johnson became a publicly traded company. This was long before anyone ever heard the term "corporate social responsibility." Our Credo is more than just a moral compass. We believe it is a recipe for business success. The fact that Johnson & Johnson is one of only a handful of companies that have flourished through more than a century of change is proof of that.

Our Credo

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

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

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

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