

2012 Citizenship & Sustainability Report



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About This Report

This report provides Johnson & Johnson's citizenship and sustainability activities and progress as of December 2012. It is our 10th annual Citizenship & Sustainability Report and this is our 16th year reporting environmental progress. The report is based on information from numerous sources, including socially responsible investment groups, nongovernmental organizations, multiple stakeholder engagements, senior company leadership input and comments, and feedback from our contact mailbox (responsibility@its.jnj.com).

Our 2012 reporting is presented in the Executive Summary of our Responsibility Report and in our full 2012 Responsibility Report (both available exclusively online). Additional information is available on our Citizenship & Sustainability website (www.jnj.com/responsibility).

Our Executive Summary includes 2012 highlights and progress against our *Healthy Future 2015* Goals. The 2012 Responsibility Report presents additional information on our goals and an update on our most material issues. The primary audience for these reports and our Citizenship & Sustainability website site are our external stakeholders, who are an extremely broad and diverse group. The Company has a variety of other mechanisms by which it shares citizenship and sustainability progress internally.

Information presented in our reports and on our website is from the administration, research and development, manufacturing, marketing and selling organizations operated by the Johnson & Johnson Family of Companies, unless otherwise indicated. No external manufacturing is included in our data, except as indicated in this report. As we engage further with our supply chain on citizenship and sustainability topics, additional information on these efforts will continue to be incorporated into our reports. There have been no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this report. Acquisitions and divestitures are discussed under the Company Profile section of this report.

ON THE COVER

A "corporate athlete" course changed Pablo C. Vega's life and strengthened his family, shown here staying healthy and active at a park in Mexico City. Today, Pablo uses his own experience to touch the lives of his fellow employees. (See page 56 to learn more.)

Global Reporting Initiative (GRI)

This report has been prepared consistent with the GRI's 2006 Sustainability Reporting Guidelines (G3.0 Guidelines), and we are self-declaring to Level A. A GRI Index is included, with references to G3 indicators. This report has not been reviewed externally prior to publication.

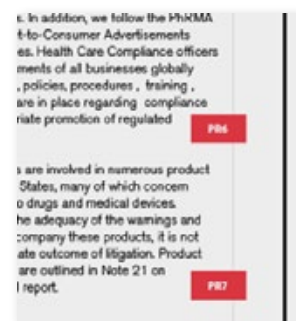
Feedback and Further Information

We invite you to comment on our sustainability activities and this report by emailing 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 throughout this report near the respective entries.

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



Letter from the Chairman and Chief Executive Officer

Few companies have the privilege of playing a role in the lives of billions of people each and every day. Fewer still are entrusted to touch the health and well-being of people throughout the world for generations. This is why we at Johnson & Johnson see our citizenship and sustainability as more than our social, environmental and economic performance. Rather, it is who we are and how we act. It is how we lead and participate in helping to solve the world's major health care challenges, protecting the environment and conserving resources we are privileged to use, and conducting ourselves and our business in ways that contribute positively to society.

I am honored to be just the seventh CEO in our long history and proud to continue to lead our legacy of commitment to sustainable ideals, born from Our Credo commitments and in line with our purpose of caring for the world, one person at a time. I am privileged to work alongside the talented and dedicated people of Johnson & Johnson who have long demonstrated the passion to do well and do good. We emphasize the importance of doing the right thing well, in all that we do, and of never being satisfied when there is more to be done to deliver real solutions—not just treatments—for people all over the world.

Providing accessible, affordable, high-quality health care to patients and consumers in a sustainable manner is one of society's most difficult and important challenges. It is also the greatest hope for a better future for every individual, every family, every community and every country. Johnson & Johnson works at the very center of this challenge, across the broadest base of any company in global health care. Every day we are working to help people throughout the world live longer, healthier, happier lives. Our broad base, ranging from pharmaceuticals to devices and diagnostics to consumer products, gives us a unique perspective on the needs, wants and hopes of people around the world.

We remain at the forefront of efforts to improve the lives of women and children, and continue to make progress toward our five-year comprehensive pledge to the United Nations' Millennium Development Goals. We are among the largest corporate donors, having contributed \$966 million in cash and products to 600 programs in 50 countries in 2012. Our diverse partners are aligned with our mission of making life-changing, long-term differences in human health.



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

We have partnered with 12 other companies to attack neglected tropical diseases in developing countries, have allowed generics companies to make and distribute copies of our HIV medicine PREZISTA® (darunavir) in sub-Saharan Africa, and have received an accelerated approval from the U.S. Food and Drug Administration for SIRTURO™ (bedaquiline), the first new tuberculosis therapy approved in 40 years.

We are also conscious of our impact on the environment. Across our businesses and our supply chain, we work to reduce complexities and consistently produce, market and sell high-quality products, while reducing inefficiency and waste. We strive to use materials that carry the least negative impact on the environment, sustainably design and market products, reduce our energy consumption, and hold supply chain partners and vendors to similar standards.

Investing in the health, safety and well-being of our employees is a priority for us, and we believe that by investing in them, we invest in the future of Johnson & Johnson. Some 30 years ago, Johnson & Johnson pioneered workplace health and wellness. Today, with the addition of the Human Performance Institute to our commercial business, our Energy for Performance in Life program is available to all employees and is part of the required training curriculum for all vice presidents. I am proud to be a champion of our culture of health.

Trends and Focus

Johnson & Johnson has adapted over the decades to the world's health care needs. The case for continuing to evolve our business is as compelling as ever. Today, more than half of our total revenues are from outside the U.S., and the broader emerging markets are approaching a quarter of our sales. The global health care environment is changing dramatically. We see it in the broad demographic changes associated with an aging world, the need for health care access among developing markets and health care funding challenges faced by almost

every government. We are seeing rapid advances in health care technologies, higher levels of regulatory vigilance across the globe, and consumers increasingly defining their paths to health. These currents and countercurrents bring tremendous opportunity and potential risks to health care companies.

All of this means that we simply have to reinvent the way we think about health care. We envision a world where creativity and innovation help remake our options. For a better tomorrow, we need more than just new medicines and new products. We need new philosophies, new approaches and a new mindset. Patient and consumer needs must be first and foremost in the discussion.

Increasingly, external stakeholders are asking companies such as ours to consider how far-reaching our control is with regard to sourcing of materials, working conditions at our suppliers' facilities, whether we support diversity among our suppliers, and the degree to which our suppliers contribute to our environmental and social impacts. This presents a significant challenge for us given the number of suppliers with whom we work throughout the world but one we consider important to address.

These are among a variety of social, environmental and economic trends that shape the health care environment and impact our business. We seek broad partnerships and collaborations to bring forward innovative solutions to some of the world's most pressing problems. Our previously completed sustainability materiality assessment identified those we can impact: increasing access and affordability of medicines; meeting needs in emerging markets; furthering human rights; managing our supply chain; ecologically designing products; managing environmental impacts; meeting global health needs; ensuring quality and safety of products (including anti-counterfeiting); supporting innovation, bioethics and responsible operation of clinical trials; and upholding business ethics and advancing health care compliance. We address these topics in a detailed report available in June.

Priorities and Progress

Our Credo is the foundation of the character, ethics and values that define Johnson & Johnson and sets forth our expectations in operating a responsible company. Our proven operating model continues to perform well, based on four strategic principles. We are broadly based in human health care, managed for the long term, decentralized in our management approach, and focused on our people and values.

For the near term, we have three key business priorities: continue to return our over-the-counter products to the shelves, build on the momentum in our Pharmaceutical business and continue to successfully integrate Synthes, Inc. into our family of companies. Longer term, we have sturdy pillars built on the foundation of Our Credo: building value through innovation, expanding global reach and local focus, executing with excellence and leading with purpose. These business drivers

define what we will do, and our leadership imperatives—connect, shape, lead, deliver—inform how we do it. In short, we strive to do well and do good, delivering on the promise inherent in Our Credo.

Now in their second year of progress, our *Healthy Future 2015* Goals are tracking well toward our targeted impacts, including: advancing global health; safeguarding the planet; encouraging sustainability among our suppliers and throughout our supply chain; fostering the most engaged, health-conscious and safe employees; advancing community wellness; measuring the impact of philanthropy; and fostering transparency and collaboration. Progress against these goals is presented in this report, along with successes and challenges resulting from our efforts throughout the year.

Johnson & Johnson has a long history of citizenship and sustainability. Our caring continues to be demonstrated by our efforts to improve human health and well-being, sustain our planet, support our communities, and remain a vibrant and trusted company that works every day to help people live longer, healthier, happier lives. We believe that human health is inextricably linked to a healthy environment, which is why we care so deeply about citizenship and sustainability. A healthier world is not just a happier world, but also one that has much greater economic opportunity and provides a foundation for individual and societal advancement.

All of us at Johnson & Johnson are privileged to put our purpose and passion to work every day, and to live our citizenship and sustainability in who we are and what we do to touch the lives of so many people throughout the world, now and for generations to come.

Sincerely,



Alex Gorsky
Chairman, Board of Directors & Chief Executive Officer
Johnson & Johnson

Successes and Challenges

2012 Successes

Advancing Human Health and Well-Being

- Received U.S. Food and Drug Administration (FDA) accelerated approval of SIRTURO™ (bedaquiline) Tablets as part of combination therapy to treat adults with pulmonary multi-drug resistant tuberculosis (TB); SIRTURO is the first TB therapy in 40 years with a new mechanism of action and represents an important step in the development of new compounds for this serious contagious disease.
- Continued development of new and existing treatments for HIV and enhanced access to these treatments for patients around the world; supported efforts by generic manufacturers to produce our HIV medicine, PREZISTA® (darunavir).
- Moved up from No. 9 to No. 2 in the 2012 Access to Medicines Index biannual survey.
- Announced Johnson & Johnson Patient Assistance Foundation, Inc. participation in an industry-wide public-private partnership aimed at streamlining access to HIV medicines through the use of a Common Patient Assistance Program Application developed in partnership with the U.S. Department of Health and Human Services. This form allows patients to apply to multiple HIV manufacturers' patient assistance programs through a single application.
- Signed the UNAIDS pledge for leaders in 46 countries to lift the remaining travel bans on people with HIV/AIDS.
- Extended our global reach and focus on meeting local health needs: Today, 56 percent of our total revenues are from outside the U.S. compared to about 40 percent a decade ago. The broader emerging markets represent more than 20 percent of our sales, reflecting double-digit growth in 2012 on an operational basis, inclusive of Synthes. Sales were up 16 percent operationally in the BRIC markets (Brazil, Russia, India and China). In Japan, the world's largest pharmaceutical market, we are the fastest-growing company of the top 25, having launched six new products there in the last two years.
- Received FDA approval of EVARREST™ Fibrin Sealant Patch, a novel product that rapidly and reliably aids in stopping problematic bleeding during surgery.
- Created an annual award to recognize those working to reduce the stigma of mental illness. The Dr. Guislain "Breaking the Chains of Stigma" Award program is a joint project of the Museum Dr. Guislain and Janssen Research & Development, LLC. Janssen provides financial and in kind support for the program. The award is an important component of Janssen's Healthy Minds initiative, which aims to encourage collaboration among biotechnology, pharmaceutical and public-sector partners to accelerate the discovery of new therapeutic solutions for diseases and disorders of the brain, as well as support the mental health community and various advocacy organizations and projects.
- Launched Johnson & Johnson Gateway to a Healthy Community™ – Healthier Kids (GHC-HK) program, a health, science and technology-based core curriculum to help combat childhood obesity in four major U.S. cities. Nearly 28,000 school children in grades K-3 in Atlanta, Houston, Newark and Philadelphia burned more than 61 million calories in 85 classroom days.
- Launched training for health care workers in Tanzania and Ethiopia that provides critical prenatal and obstetric care for mothers and newborns as part of our support for the United Nations' Health 4+. This joint action platform aims to coordinate the UN Secretary General's Global Strategy on Women and Children's Health at the country level.
- Continued to make progress two years into our five-year comprehensive pledge to the United Nations' Millennium Development Goals by expanding the number of health workers, piloting innovations and scaling up proven global health interventions in five areas: making childbirth safer; reaching mothers with life-saving health information through their mobile phones; eliminating mother-to-child HIV transmission; treating children at risk for intestinal worms and preventing the cycle of reinfection; and increasing research and development for new medicines to treat HIV, tuberculosis and other conditions.
- Launched Aponjon, a Mobile Alliance for Maternal Action (MAMA) program in Bangladesh, in conjunction with other partners. MAMA uses mobile phones to deliver prenatal and post-birth health information to new and expectant mothers in the developing world. Over the next two years, the program will also reach mothers in India and South Africa.
- Arranged free vision screening for hundreds of students at a school in Bangkok on World Sight Day to celebrate the 10th anniversary of Sight for Kids, a partnership program with the Lions Clubs International Foundation (LCIF) and Johnson & Johnson Vision Care, Inc. (JJVC) to reduce visual impairment and disability in Asia; screened another 1 million kids in six Asia Pacific countries during 2012. Since Sight for Kids was established, more than 16 million children have received free vision screening through volunteer-directed vision screenings involving ministries of health, school districts, eye care professionals and hospitals, along with Lions Clubs International volunteers and JJVC employees.
- Worked with partner organizations to provide relief in communities throughout the U.S. Eastern seaboard in the aftermath of superstorm Sandy, and in Joplin, Missouri, following the tornados there. Help included hygiene kits, first aid items and cash donations. Contributions made to partner organizations were matched through the Johnson & Johnson Matching Gifts Program. Employee volunteers gave of their time to aid in the recovery efforts.

- Became the first Official Healthcare Sponsor of the 2014 FIFA World Cup Brazil™ and FIFA Confederations Cup Brazil 2013. This sponsorship provides our businesses with an unparalleled opportunity to tie our passion for caring with the world's passion for football. To engage others in our efforts, we have developed the global platform, CARE INSPIRES CARE™, or CARINHO INSPIRA CARINHO™ in Portuguese. This philosophy encourages selfless acts of care—big and small—with the goal of making the world a more caring place.
- Provided helmets to 11,000 primary school children and traffic safety education to parents at 20 primary schools throughout Vietnam's Ha Tinh, Quang Binh and Dong Nai provinces as part of a partnership effort with the nonprofit Asia Injury Prevention (AIP) Foundation.
- Developed standardized process to have all suppliers in high-risk countries confirm awareness of and conformance with the human rights provisions of our policies.
- Conducted human rights training for 76 percent of global procurement staff.
- Continued to increase measurement of health-related outcomes among our philanthropic programs; of 250 organizations from whom requests for funding were assessed in an electronic grant-making process, 72 percent indicated that they measure long-term outcomes. To further increase our evaluation capacity, logic models were developed for each major program. These models are a key part of all major grant reviews and include metrics that will help to evaluate the effectiveness of programs.

Safeguarding the Planet

- Granted Earthwards® recognition for 11 new products; a total of 36 products have been recognized to date. Earthwards® is the Johnson & Johnson process that improves the sustainability of our products.
- Launched "Project Cold," engineering improvements that optimize our chilled water systems. Collectively, the projects have the potential to reduce location CO₂ emissions 6–8 percent.
- Realized a 2.1 percent reduction from 2011 in our facility CO₂ emissions, for a 6 percent improvement since 2010. The largest contributors to this were efficiency projects and site closures.
- Confirmed 139 suppliers, representing over \$4 billion in spend, requested by Johnson & Johnson to participate in the Carbon Disclosure Project's Supply Chain program, have chosen to do so.
- Launched our expanded Responsibility Standards for Suppliers, supported by assessment tools, protocols and implementation guidance, to assist our suppliers in complying with the standards.
- Drove progress toward the *Healthy Future 2015* goal to ensure all strategic suppliers have at least two publicly reported sustainability goals. As of year-end 2012, 41 percent of strategic suppliers have two or more publicly reported sustainability goals.

- Collaborated with government, academia and other businesses to develop more advanced wastewater treatment technologies to improve active pharmaceutical ingredient removal.
- Updated the Johnson & Johnson Environmental Health & Safety, Climate Friendly Energy and Sustainable Design & Construction policies.
- Realized significant improvement in the greening of our fleet vehicles in Europe, Asia and Latin America. We achieved a global average carbon dioxide emission per vehicle of 161 g/km, which represents a 9.1 percent reduction from 2010 to 2012.
- DePuy Ireland achieved certification to the new ISO 50001 energy management standard, the first Johnson & Johnson facility to do so.
- Increased the amount of on-site, clean-technology or renewable energy capacity that is installed or under construction by 17.6 percent over 2011. That brings our total to 45.5 megawatts, of which 38 megawatts are installed and 7.5 megawatts are approved or under construction.

Keeping Our Business Strong

- Increased sales in 2012 by 3.4 percent, 6.1 percent operationally, reflecting the outstanding progress of our newly launched pharmaceutical products, the addition of Synthes to our Family of Companies, and strong growth in emerging markets.
- Generated significant cash flow and maintained our AAA credit rating. Importantly, we continued our track record of consistent performance, with 29 straight years of adjusted earnings* increases and 50 consecutive years of dividend increases as of year-end 2012. Johnson & Johnson is one of only six companies in the Standard & Poor's 100 Index to achieve that record.
- Delivered a total shareholder return of nearly 11 percent for 2012, exceeding the Dow Jones Index but trailing the other indices to which we compare.
- Advanced our near-term business priorities. First, restoring a reliable supply of our over-the-counter (OTC) products to the market has been paramount and we're committed to continue building trust in our OTC products. We also made significant strides in successfully integrating Synthes, solidifying our leadership position in orthopaedics. We continued building on our strong momentum in pharmaceuticals.
- Announced plans to establish four regional innovation centers as part of our focused approach to accessing early research programs for use across all three segments of Johnson & Johnson. Continued our commitment to research and development by investing approximately \$7.7 billion; one quarter of 2012 sales were from products introduced in the last five years.
- Strengthened our focus on the future by investing in

*Non-GAAP measures, excludes special items.

innovation, progressing our enterprise initiatives and expanding our global presence.

Conducting Business Responsibly

- Created a new Regulatory, Compliance & Government Affairs Committee of the Board of Directors. This new committee is charged with responsibility for monitoring and oversight of the Company's Health Care Compliance and Quality & Compliance systems and issues.
- Made a global commitment in 2012 to remove a number of commonly used ingredients from our baby and beauty consumer products; launched a website where consumers can view our ingredient policies and learn about the rigorous scientific standards of our five-level safety assurance process. The website, www.safetyandcarecommitment.com, is dedicated to helping consumers better understand how we ensure the safety of beauty and baby care products, and the ingredients that go into them.
- Achieved a total certified Minority- and Women-Owned Business supplier spend of \$1.2 billion, representing 8.4 percent of our total supplier spend.
- In 2012, for the second consecutive year, Johnson & Johnson was a member of the Billion Dollar Roundtable, maintaining our position as the first and only health care company to achieve this status.
- Received multiple recognitions for diversity programs, including being recognized by DiversityBusiness.com as a Top 50 Corporation for Multi-Cultural Business for the fifth consecutive year, and being named to Top Corporations of the Year for Women's Business Enterprises for the sixth consecutive year.

2012 Challenges

- Reducing risk in Research & Development while fostering innovation. In 2012, we discontinued the Phase III clinical development of bapineuzumab IV.
- Tightening integration of our quality systems across the enterprise. In 2012, McNeil Consumer Healthcare continued to operate certain manufacturing operations under a signed consent decree with the FDA.
- Reducing complexity and redundancies throughout our global supply chain so our companies can consistently produce high-quality products, maintain reliable supplies and increase customer satisfaction. We continue working to restore a reliable supply of DOXIL® (doxorubicin HCl liposome injection)/CAELYX® (pegylated liposomal doxorubicin hydrochloride), impacted by supply constraints from the Company's third-party manufacturer.
- Applying the new Standards for Responsible Suppliers to our entire supply chain. This is a challenge due to the number of suppliers—in the tens of thousands—and complexity of the supply chain.
- Confirming that all suppliers in high-risk countries are aware of and in conformance with the human rights provisions of our policies. This is a challenge, due to the number of suppliers involved and the information required to confirm compliance.
- Managing health care pricing pressures. For example, our Medical Devices & Diagnostics segment is facing more pressure on product prices because hospital customers are looking for cost relief. The global economy has also affected sales of medical devices, with people postponing non-acute care.
- Continuing to reduce our water consumption. Johnson & Johnson has been reducing water usage consistently for more than 20 years and the easier, cost-effective reductions have been implemented.
- Continuing work to strengthen data collection systems to enable enterprise-wide reporting on issues of interest to our stakeholders.
- Reversing a 7 percent increase in employee fleet car crashes. Our crashes per million miles driven (CPMM) decreased in 2012 to 5.82 from 5.94 in 2011, but remains behind pace.
- Reducing the lost workday case (LWDC) rate among our contractors. We experienced an increase in the LWDC rate from 0.14 in 2011 to 0.17 in 2012.
- Sourcing our palm oil derivatives from certified sustainable sources by year-end 2015, because the market for Certified Sustainable Palm Oil has evolved at a slower pace than expected.

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 275 operating companies employ approximately 127,600 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 125 manufacturing sites, 400+ 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, gastrointestinal, hematology, immunology, infectious disease, neurology, oncology, pain management, thrombosis and vaccines. 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, hospitals and clinics. These products include products to treat cardiovascular disease; orthopaedic and neurological products; blood glucose monitoring and insulin delivery products; general surgery; biosurgical and energy products; professional diagnostic products; infection prevention products; and disposable contact lenses.

Operational Structure

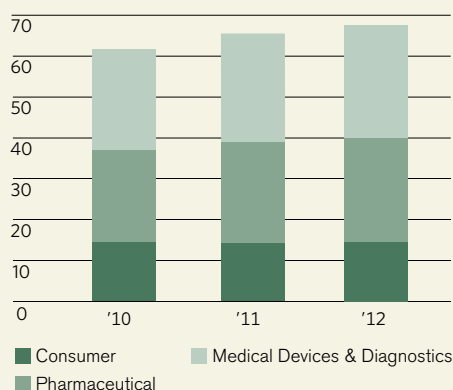
The Company’s structure is based upon the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This committee oversees and coordinates the activities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

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

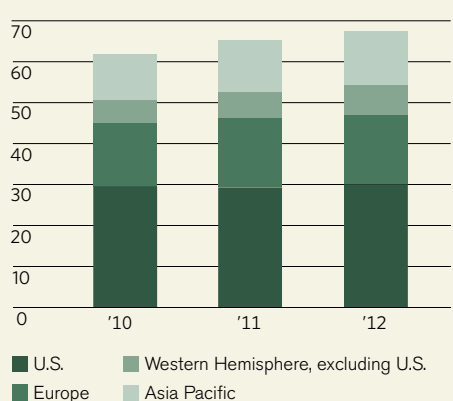
ORGANIZATIONAL SCALE	
Number of Employees	127,600
Number of Operations	275
Net Sales	\$67.2 billion

QUANTITY OF PRODUCTS AND SERVICES PROVIDED

SALES BY BUSINESS SEGMENT
(in billions of dollars)



SALES BY GEOGRAPHIC REGION
(in billions of dollars)



Significant Changes During the Reporting Period

During the fiscal second quarter of 2012, the Company completed the acquisition of Synthes, Inc., a global developer and manufacturer of orthopaedics devices, for a purchase price of \$20.2 billion in cash and stock. The net acquisition cost of the transaction was \$17.5 billion based on cash on hand at closing of \$2.7 billion.

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

Governance and External Commitments

For more than 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. It is the moral compass that guides our responsibilities as a citizen of the world.

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 not only benefits stock owners, it also benefits local communities through small business development and through the contributions made to the social infrastructure needed to sustain community health.

Governance Structure

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. Alex Gorsky, current Chief Executive Officer (CEO) of Johnson & Johnson, also serves as the Chairman of the Board of Directors. Our independent Directors determined that for effective Board governance, it was appropriate to have an independent Lead Director and have selected Anne M. Mulcahy to serve as the designated Lead Director for 2013.

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



ADVANCING COMMUNITY WELLNESS: Young students at Park Elementary School in Newark, New Jersey, are tackling childhood obesity with a fun and educational lesson offered as part of the Johnson & Johnson Gateway to a Healthy Community™-Healthier Kids program. The interactive program was launched with students in Newark, Atlanta, Houston and Philadelphia in 2012, pairing physical activity with in-classroom instruction in order to increase physical activity among school children.

By-Laws. Qualifications for the Board of Directors and standards 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 Regulatory, Compliance & Government Affairs Committee; and the Science, Technology & Sustainability Committee.

The Science, Technology & Sustainability Committee, composed of non-employee (independent) directors, is the primary committee responsible for policies, programs and practices on environment, health, safety and sustainability. Responsibilities of the Regulatory, Compliance & Government Affairs Committee, also composed of independent directors, include implementation and effectiveness of the Company's health care compliance and ethics and quality and compliance programs; oversight of the Company's Policy on Business Conduct and Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers; and review of the Company's governmental affairs policies and priorities and other public policy issues facing the Company, including the policies, practices and priorities for the Company's political expenditure and lobbying activities.

These committees advise and, as appropriate, make recommendations to the Board on issues for which they are responsible.

A complete list of our Board of Directors is available on our website at www.investor.jnj.com/governance/board.cfm.

The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices 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.

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

General comments to the Company (including complaints or questions about a product) should be sent by accessing <https://secure-www.jnj.com/wps/wcm/jsp/contactus.jsp>.

Our process for handling communications to the Board or the individual Directors has been approved by the independent Directors and can be found at www.investor.jnj.com/governance/communication.cfm.

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

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

Topics related to economic, environmental and social performance that were raised through the 2012 reporting period include shareholder proposals seeking adoption of a policy requiring senior executives to retain significant stock, systematic screening of political contributions for inconsistencies with corporate values and an amendment of the by-laws to require the Chair of the Board of Directors to be an independent member of the Board. These proposals and the Board's statements in opposition are presented in the Company's Notice of Annual Meeting and Proxy Statement of March 13, 2013, available online at 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

Employees are required to follow the laws and regulations of the countries where they do business. 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. Our policies include:

- [Our Credo](#)
- [Policy on Business Conduct](#)
- [Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers](#)
- [Health Care Compliance](#)
- [Privacy and Confidentiality](#)
- [Procurement Code of Conduct](#)
- [Policy for the Sustainable Design and Construction of Johnson & Johnson Facilities](#)

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, comply with applicable industry codes of behavior and meet any additional requirements of our enterprise or relevant business units. These policies include:

- [Responsible Interaction with Health Care Professionals](#)
- [Pharmaceutical Research & Manufacturers of America \(PhRMA\) Code on Interactions with Health Care Providers](#)
- [Promoting Regulated Products Lawfully](#)
- [Product Advertising and Communications](#)
- [Medical Devices & Diagnostics 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. Our policies include:

- [Equal Employment Opportunity Policy](#)
- [Global Labor & Employment Guidelines](#)
- [Policy on Employment of Young Persons](#)
- [Guide for Resolving Employee Disagreements](#)
- [Harassment Policy](#)
- [Statement on Human Rights](#)

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. Our environmental policies include:

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

These conduct codes can be found on our Responsibility website at www.jnj.com/responsibility.

External Commitments

Johnson & Johnson recognizes and subscribes to numerous externally developed economic, environmental and social charters and initiatives; select examples are provided below.

Johnson & Johnson continues working to help shape responsible climate and energy policy. We are members of the Prince of Wales' Corporate Leaders Group on Climate Change, as well as signatories of the Bali, Poznan, Copenhagen, Cancun and 2 Degree Climate Change communiqués calling on world leaders to sign a climate agreement.

We have developed a corporate greenhouse-gas inventory methodology. This document is 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 available at www.epa.gov/stateply/index.htmlx. We participate in the Carbon Disclosure Project (CDP), and our report achieved listing to the Carbon Disclosure Leadership Index in 2012. We also participate in CDP Water, CDP Supply Chain and the Forest Footprint Disclosure Project. All of our manufacturing and R&D sites maintain ISO14001 certification, or are in the process of obtaining it; many have OHSAS 18001 certification (see page 27).

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 those suppliers will look to assess

the risks and opportunities of climate change to their businesses. The target group of suppliers consists of strategic Segment 1 suppliers for the Johnson & Johnson Family of Companies.

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*. 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 anticorruption, 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. Lastly, 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.

Management Approach to Sustainability

Today, citizenship and sustainability are widely embraced global concepts. At Johnson & Johnson, we acknowledge that the social, environmental and economic responsibilities cited in Our Credo are intrinsically linked to the sustainability of people's health and well-being, the planet and our business. Ultimately, we view citizenship and sustainability as an intrinsic component of our aspiration that, by caring, one person at a time, we will help billions of people live longer, healthier, happier lives. Therefore, this approach must be shared by all if we are to ensure a healthy future.

Responsibility for goals we consider in determining our social, economic and environmental health and safety performance at the enterprise level is spread among several corporate and global functions, including Global Procurement, Quality & Compliance Worldwide, Global Talent Management, Benefits and Health Resources, Worldwide Compensation, Health Care Compliance & Privacy, Public Affairs & Corporate Communications, Corporate Contributions, Government Affairs & Policy, Global Diversity & Inclusion, Worldwide Supply Chain, Worldwide Environmental Health and Safety, and 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.

Responsibility for operational performance rests with the individual business segments. Each of our three segments has developed specific citizenship and sustainability strategies and goals that are unique to their businesses and stakeholders. To

ensure alignment between the enterprise and segment-level citizenship and sustainability efforts, we have created the Johnson & Johnson Sustainability Working Group (SWG), which includes representatives from the global and corporate functions as well as from the segments, and has executive committee sponsorship.

Johnson & Johnson's approach to citizenship and sustainability has evolved over time. Our current five-year goals, known as *Healthy Future 2015*, encompass 29 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 workplaces, and by striving to make Johnson & Johnson a place where our employees are proud and excited to work.
- **Building on our legacy in safeguarding the planet** by reducing the environmental impacts of our operations and our products.
- **Partnering with suppliers that embrace sustainability** and demonstrate a similar commitment to ours through their practices and goal-setting and through the positive impacts they seek to achieve.
- **Committing to enhanced transparency and accessing the power of external collaboration** by collaborating

with partners and providing transparency on our products and business practices.

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

Our Consumer segment continued to execute well against the sustainability plan it developed in 2009. For example, in 2012, our Consumer segment added eight more Earthwards® products to its portfolio and integrated Earthwards® into its new product development process. Earthwards® is our process for developing and marketing more sustainable products through life-cycle thinking. Our Consumer segment continued its leadership in the area of sustainable palm oil, once again purchasing GreenPalm certificates equivalent to its usage of ingredients derived from palm oil on a volume basis. In 2012, we became the first company to buy GreenPalm certificates from independent smallholders, palm oil farmers who own less than 50 hectares of land, which increases the availability of certified palm oil in the market and improves the livelihoods of the independent smallholders. Our Consumer segment also continued to eliminate waste going into landfills from its manufacturing plants, with five plants achieving zero waste to landfill. To help share its progress with external stakeholders, our Consumer segment developed a communication platform called *Caring for a Healthy Future™* based on input from consumer focus groups, which can be found on the [Our Caring](#) section of the Healthy Essentials website.

Johnson & Johnson's Medical Devices & Diagnostics (MD&D) segment has developed a citizenship and sustainability strategy with a mission to improve customer, employee, community and business health by delivering responsible and accessible products and services for today and tomorrow. Strategic areas of focus include product stewardship, supply chain sustainability, employee health and safety, and external engagement and collaboration. As our customers continue to develop and implement citizenship and sustainability strategies, we are positioning our MD&D franchises to use sustainability as a differentiator while continuing to deliver more sustainable, high quality products and services.

Our Pharmaceutical segment has three main strategic areas of focus for citizenship and sustainability: improving global health through more affordable access to our medicines and through expanded research and development for medicines for neglected tropical diseases; reducing the environmental impacts of pharmaceutical product development, manufacture, use and end-of-life management; and securing a more transparent, responsible, efficient and innovative supply chain. Governance over our Pharmaceutical segment's efforts is provided by a cross-functional segment council, and the strategies are supported by employee engagement programs, such as the *Energy for Performance in Life* program, and through active stakeholder engagement and collaboration (see page 50).

Sustainability Materiality* Analysis and Reporting Framework

In 2009–2010, Johnson & Johnson conducted a materiality assessment to better inform our management processes, guide us in the development of our *Healthy Future 2015* goals and determine the threshold and depth of topics to be addressed in our citizenship and sustainability report and on our website. Topics were selected by understanding the interests of the Company's stakeholders, a group that includes employees, the general population, customers, shareholders, nongovernmental organizations, governments, social responsibility investment (SRI) researchers and communities. Interviews, web searches, media presence, Our Credo survey results, stakeholder engagement efforts, research reports, SRI surveys/inquiries and other elements were considered in this analysis.

The topics selected were intentionally narrow in some instances and broader in others. This allowed us to consider critical high visibility topics, such as climate change, and not minimize their importance inappropriately under a broader 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 its importance to Johnson & Johnson, our employees and our external stakeholders.

Using this process, the following issues were identified as those most significant to us: product quality and safety, global health, access to and affordability of medicines, product development (clinical trials/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. We also address issues listed as having medium significance to us; however, these are addressed in less detail in this report. A new materiality assessment is being conducted in 2013 to ensure that we capture new and evolving areas of interest to our stakeholders.

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

Our Areas of Focus

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 companies' products are our top priority.

Customer Health and Safety

PR1

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.

Before finished products can be sold, they 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.

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 pharmacologists, toxicologists, laboratory analysts and other health scientists conduct extensive evaluations in laboratories maintained by Johnson & Johnson for this purpose. We employ sophisticated tools and systems to help identify factors that may affect product quality, efficacy and safety.

We made a global commitment in 2012 to remove a number of commonly used ingredients from our baby and beauty consumer products. We are tracking well towards our target 2013 and 2015 reformulation timing for Baby products, and 2015 target timing for Adult products. Our 2013 reformulation efforts are aimed at reducing or eliminating trace levels of 1,4 dioxane and eliminating formaldehyde releasers in our Baby products. Our

2015 reformulation efforts include the removal of triclosan and phthalates from all Baby and Adult products as well as reducing the trace levels of 1,4 dioxane in Adult products, removing all parabens from Baby products and removing certain parabens from Adult products. Additionally, we are reformulating to remove certain fragrance ingredients in all products. We will avoid use of formaldehyde releasers in Adult products whenever possible.

Also in 2012, we launched a website where consumers can view our ingredient policies and learn about the rigorous scientific standards of our five-level safety assurance process. The website, www.safetyandcarecommitment.com, is dedicated to helping consumers better understand how we ensure the safety of beauty and baby care products, and the ingredients that go into them.

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 with consumers. Our Consumer products include clear, easy-to-read instructions and information on how to use our products appropriately. Ingredients are listed for all products; however, we do not include sourcing information of components. Directions for proper disposal are included where necessary.

PR3

Customer Satisfaction

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

PR5

Marketing Communication

Products in the Consumer segment are marketed to the general public and sold both to retail outlets and distributors throughout the world. Pharmaceutical segment products are distributed directly to retailers, wholesalers and health care professionals for prescription use. The broad range of products from our Medical Devices 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 Advanced Medical Technology Association (AdvaMed) Code of Ethics on Interactions with Health Care Professionals, the Pharmaceutical Research and Manufacturers of America (PhRMA) Code on Interactions with Healthcare Professionals, the International

Federation of Pharmaceutical Manufacturers of America (IFPMA) Code of Practice and other similar trade association codes around the world. Johnson & Johnson and our operating companies follow internally established guidelines that apply to all forms of direct-to-consumer communication, including regulation of such communication by our Pharmaceutical and Medical Devices and Diagnostics businesses. In addition, we follow the PhRMA Guiding Principles on Direct-to-Consumer Advertisements About Prescription Medicines. On the Consumer side, we follow the various volunteer codes and guidelines of the Consumer Healthcare Products Association (CHPA). Health Care Compliance officers conduct annual risk assessments of all businesses globally to assess whether systems, policies, procedures, training, resources and monitoring are in place regarding compliance with standards for appropriate promotion of regulated products.

PR6

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

We respond to stakeholder inquiries about our products on a case-by-case basis. When necessary, we issue Company statements or announce other actions. In one example, our commitment to reformulate our baby and beauty consumer products (noted under Ingredient Safety) was recognized by The Campaign for Safe Cosmetics, a nonprofit coalition and advocacy group that helped bring consumer concerns to our attention. Citing our leadership, it has called upon other companies to make similar changes to the ingredients they use to demonstrate care for consumers.

Other examples include ongoing public debate related to our HIV/AIDS medicines and access and affordability measures—such as participation in the Medicines Patent Pool—and questions regarding our antibiotic LEVAQUIN® (levofloxacin). Both topics were raised at our Annual Meeting of shareholders in 2012 and in 2013.

Privacy

We are strongly committed to protecting the privacy of those who entrust us with their personal information. Our employees, and all those who do business with us, trust and expect that we will protect personal information in accordance with legal requirements and our policies. In addition to our Privacy Policy, multiple Johnson & Johnson companies in the U.S. have certified to the Safe Harbor Principles with the U.S. Department of Commerce with respect to, amongst others, personal data processed as part of our human resources activities.

Privacy complaints are investigated, addressed and monitored by the local operating companies involved with the support of the Privacy organization, and complaints are reported to the Vice President of Corporate Internal Audit in conformance with the Johnson & Johnson Escalation Procedure. We are putting

processes in place to collect privacy incidents and breaches centrally.

PR8

Compliance

In Our Credo responsibility to stockholders, we are called upon to experiment with new ideas, carry on research, develop innovative programs and be accountable for our mistakes. 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, information is reported up internally within the organization to senior management and, as appropriate, also shared with the Executive Committee, the Board of Directors and/or the external auditors. Many breaches are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure.

When public disclosure criteria are met, product liability claims and lawsuits that cover customer health and safety, labeling or marketing, as well as corrective actions and resulting fines and penalties, are outlined in our 10-Q and 10-K filings. See Note 21 on page 54 of our 10-K Annual Report.

PR2, 4, 7, 9

Global Health

Johnson & Johnson works every day to help people throughout the world live longer, healthier, happier lives. As the world's most broadly based health care company, we touch the lives of billions of people each day and in turn, have a unique perspective on their health care needs, wants and hopes for a better, healthier future.

Global health is a complex issue about the rights of individuals and the responsibilities of organizations to attain good health, free from the spread of disease; achieve equal access to quality, affordable health care; and benefit from infrastructure and capacity to meet current and future unmet health care needs.

We believe in the human right of good health. It is our responsibility to advance good health care through our actions and to work with others to help shape effective health care systems around the world that will serve the needs of people. We recognize that all members of the health care community must collaborate to achieve this goal. We advocate for increased access to health care around the world. We work directly by enhancing access to our HIV/AIDS medicines in developing countries, providing medicines and other products through our product giving and disaster relief programs, conducting research and development on transmissible diseases of the developing world and helping to enhance health care infrastructure in medically underserved areas.

We engage in research and development, manufacture and selling of a broad range of health care products. We conduct

business in virtually all countries of the world with the primary focus on products related to human health and well-being. Throughout our Consumer, Pharmaceutical and Medical Devices & Diagnostics businesses we strive to provide accessible, affordable, high-quality health care to patients and consumers in a sustainable manner.

We have partnered with 12 other companies to attack neglected tropical diseases in developing countries, have allowed generics companies to make and distribute copies of our HIV medicine PREZISTA® (darunavir) in sub-Saharan Africa, and have received an accelerated approval from the U.S. Food and Drug Administration for SIRTURO™ (bedaquiline), the first new tuberculosis therapy approved in 40 years.

We remain at the forefront of efforts to improve the lives of women and children, and continue to make progress toward our five-year comprehensive pledge to the United Nations' Millennium Development Goals. We continue expanding the number of health workers, piloting innovations and scaling up proven global health interventions in five areas: making childbirth safer; reaching mothers with life-saving health information through their mobile phones; eliminating mother-to-child HIV transmission; treating children at-risk for intestinal worms and preventing the cycle of reinfection; and increasing research and development for new medicines to treat HIV, tuberculosis and other conditions.

In 2012 we launched training for health care workers in Tanzania and Ethiopia that provides critical prenatal and obstetric care for mothers and newborns as part of our support for the United Nation's Health 4+. This joint action platform aims to coordinate the UN Secretary General's Global Strategy on Women and Children's Health at the country level.

We also launched Aponjon, a Mobile Alliance for Maternal Action (MAMA) program in Bangladesh, in conjunction with other partners. MAMA uses mobile phones to deliver prenatal and post-birth health information to new and expectant mothers in the developing world. Over the next two years, the program will also reach mothers in India and South Africa.

Johnson & Johnson is among the largest corporate donors, having contributed \$966 million in cash and products to 600 programs in 50 countries in 2012. Our diverse partners are aligned with our mission of making life-changing, long-term differences in human health.

Access to and Affordability of Medicines

Access to Medicines

As the world's most broadly based health care company, we have a responsibility to help create a world where people across all economic and social circumstances have access to the treatments they need. To do so requires more than a policy of pricing products responsibly. Strategies for improving access to medicines begin with innovative research and development and include strategic partnerships and collaborations and licensing agreements to help register, manufacture and distribute our medicines while ensuring appropriate use and sequencing of treatment.

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

Johnson & Johnson shares ATMI's goal of enhancing access to medicines, and we are committed to being a leader in sustainable access to health care worldwide. We have expanded the scope of our programs, many of which address the Millennium Development Goals, and are continuing to develop access strategies and practices to help reach the lives of some of the world's most vulnerable people. Here are several important examples from 2012:

- Our researchers discovered and developed the first new tuberculosis (TB) drug in more than 40 years with a new mechanism of action. In December 2012, SIRTURO™ (bedaquiline) was granted accelerated approval by the U.S. Food and Drug Administration for the treatment of pulmonary multi-drug-resistant tuberculosis (MDR-TB) as part of combination therapy in adults. It is the first time a drug was specifically developed for treatment of patients with this serious disease. The U.S. approval marks a key step toward introducing SIRTURO™ in those regions of the world where MDR-TB has the greatest impact. SIRTURO™ is currently under review by three regulatory bodies, including the European Medicines Agency (EU), the State Food and Drug Administration (China) and the Medicines Control Council (South Africa).
- In 2012, Johnson & Johnson joined the Stop TB Partnership, whose mission is to serve every person who is vulnerable to TB and ensure that high-quality treatment is available to all who need it.
- SIRTURO™ is our fifth Janssen medicine to be designated

orphan disease status, granted by the U.S. Food and Drug Administration when requested for a product that is used to treat a rare disease or condition. Others include: REMICADE® (infliximab), orphan in six indications, including juvenile rheumatoid arthritis, giant cell arteritis, chronic sarcoidosis, pediatric Crohn's Disease, pediatric ulcerative colitis and Crohn's disease; SIMPONI® (golimumab), for chronic sarcoidosis; DACOGEN® (decitabine), for the treatment of acute myeloid leukemia; and STELARA® (ustekinumab), in type 1 diabetes mellitus patients with residual beta-cell function. Additionally, in late 2011 we started a clinical trial with STELARA® for primary biliary cirrhosis, and we intend to apply for orphan designation.

- Johnson & Johnson, along with the global partners of the historic London Declaration, marked progress against neglected tropical diseases (NTDs) with a new report and scorecard, *From Promises to Progress*, outlining successes, existing gaps and a path toward reaching ambitious 2020 goals. Collaborative efforts among public and private sector organizations have produced successes in their work to combat NTDs, a group of diseases that disproportionately affect those living in poverty and that sicken, disable and disfigure more than 1 billion people in 149 countries and territories.
- In 2012, Johnson & Johnson provided 116 million doses of mebendazole to 14 countries in Africa, with the aim to distribute mebendazole in 25 to 30 countries by 2015. Our Healthy Future goal, and one of our commitments to the Millennium Development Goals, is to provide up to 200 million doses of mebendazole for deworming each year through 2015. We are moving closer to that goal and, more importantly, helping children to live free of intestinal worms so they can reach their full potential.

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

Prescription Assistance Programs

We are deeply committed to providing access to our medicines and making our medicines affordable to those in need. For the period 2002–2012, in the United States, the weighted average compound annual growth rate of the Company's net price increases for health care products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

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

- *Johnson & Johnson Patient Assistance Foundation, Inc.* is a nonprofit organization that assists patients without

adequate financial resources and prescription coverage in obtaining free products donated by the operating companies of Johnson & Johnson. The Foundation is an independent organization reflecting the Johnson & Johnson operating companies' long-standing commitment to helping patients to access prescription medicines. Over the past 24 months, Johnson & Johnson Patient Assistance Foundation, Inc. provided more than 1.7 million units of medicine to more than 300,000 patients in the U.S.

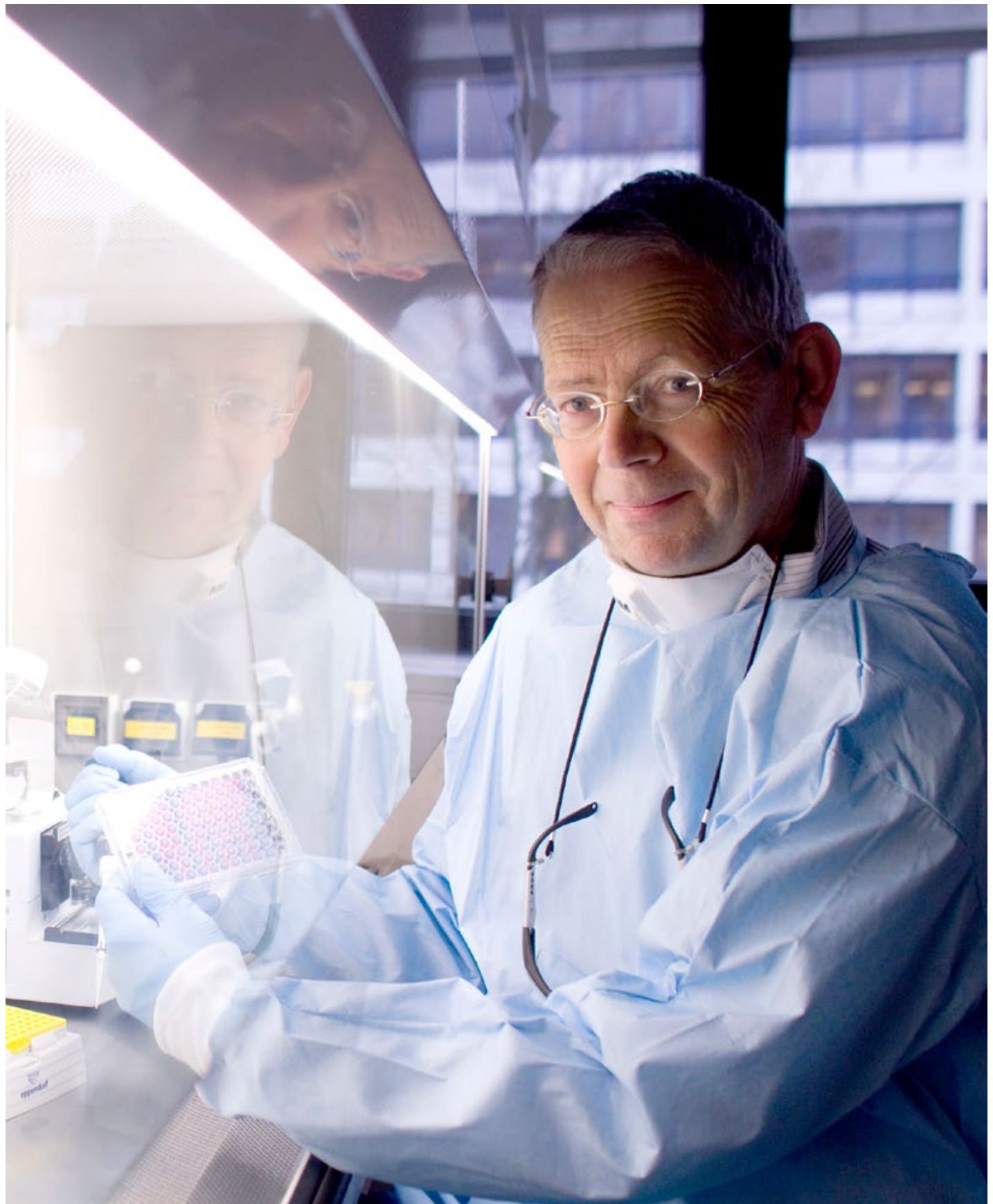
- A service of Johnson & Johnson Health Care Systems Inc., the *Janssen Prescription Assistance website* helps users to find programs that provide assistance with medication costs. Resources include prescription assistance programs sponsored by relevant Janssen Pharmaceuticals Companies, as well as up-to-date information about independent foundations that may have available funding to help minimize drug costs. A link is provided to the *Partnership for Prescription Assistance* (PPA), which offers a single point of access to information on 475 public and private patient assistance programs, including nearly 200 programs offered by pharmaceutical companies. Johnson & Johnson is a member of the PPA, a broad private-sector effort funded by the pharmaceutical industry.
- Our Company is also one of the founding members of *Together Rx Access™*, Together Rx Access™, a prescription drug savings program for Americans and their families who have no prescription drug coverage and are not eligible for Medicare. Since 2005, more than 2.5 million Americans, including approximately 400,000 children, have enrolled in Together Rx Access™.

Pricing Strategies and Programs

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

For example, our Global Access & Partnerships Program (GAPP) provides sustainable and affordable access to our HIV medicines through "special effort" access (not-for-profit) pricing in sub-Saharan Africa and Least Developed Countries outside of Africa. Our Access & Affordability platform and Tiered Pricing Framework, launched in 2011, established tiered pricing policies based on a combination of a country's economic conditions and public health situation. The methodology was developed in collaboration with experts in the field and through our support of a research study with the United Nations University Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT) and the Maastricht Graduate School of Governance (MGSoG).

Within our Medical Devices & Diagnostics (MD&D) segment, we have traditionally focused primarily on those patients who live in urban centers and have access to quality care in emerging markets. Moving forward, our MD&D segment is expanding



ADVANCING GLOBAL HEALTH: Our Janssen researchers discovered and developed the first new tuberculosis (TB) drug in more than 40 years with a new mechanism of action. In December 2012, SIRTURO™ (bedaquiline) was granted accelerated approval by the U.S. Food and Drug Administration for the treatment of pulmonary Multi-Drug Resistant TB as part of combination therapy in adults.

its coverage in Brazil, Russia, India and China, as well as other promising markets like Indonesia, Mexico and Turkey to ensure we fully reach more patients with our innovations and professional education. At the same time, we are expanding our product offerings to meet the unique needs of the hundreds of millions of people who are now gaining some degree of health care coverage. We already have a number of these products on the market, including surgical staplers, sutures, a blood glucose meter and an artificial knee. But there is much more to be done as we seek to bring the promise of good health to as many people as possible.

Following are several other pricing programs offered by Johnson & Johnson companies:

- **Crucell Partnerships and pricing:** Crucell is a leading supplier of innovative vaccines to countries supported by the Global Alliance for Vaccines and Immunization (GAVI) and uses differentiated pricing strategies in countries and in some Index Countries through private sector channels. Crucell supplies UNICEF with QUINVAXEM®, a substitute for another WHO-disqualified pentavalent vaccine, a combination of five vaccines in one: diphtheria, tetanus, whooping cough, hepatitis B and haemophilus influenza type B (the bacteria that causes meningitis, pneumonia and otitis). QUINVAXEM® was made available to UNICEF at a special-offer price.
- **MicMat special-offer price and donation programs:** We continue to make a slow-release form of the antifungal miconazole, or micMAT (miconazole nitrate 10 mg, muco-adhesive-buccal tablet), indicated for the treatment of oral candidiasis (or “thrush”) available to meet the unique needs of people living with HIV/AIDS in the developing world through not-for-profit pricing and donation programs.

Access to HIV Medicines

We are committed to helping people living with HIV in resource-limited settings by ensuring effective and sustainable access to our HIV medicines, or antiretrovirals (ARVs). We believe that effective HIV drug access has two important components: ensuring quality and affordable medicines are available sustainably and that they are used safely and in the most appropriate way for people living with HIV/AIDS (PLWHA).

Through our comprehensive *HIV drug access framework*, our Global Access and Partnership Program works to fulfill this responsibility to PLWHA in resource-limited countries, such as in sub-Saharan Africa, and least-developed countries. This includes:

- Operating on a sustainable *not-for-profit* basis;
- *Licensing* for both branded and generic versions of our HIV medicines;
- Prioritizing *regulatory filings* where there is a public health need; and
- Supporting the *optimal, appropriate and safe* use of our HIV medicines.

Building on our long-standing commitment to deliver life-saving medicines and contribute sustainably to access to healthcare worldwide, in November 2012 Janssen announced that it will not enforce patents on medically acceptable generic versions of darunavir used in sub-Saharan Africa (SSA) and Least Developed Countries (LDCs). Under this policy Janssen will not enforce its IP rights in the region provided the darunavir product is medically acceptable and used only in the specified territories. The decision reflects our commitment to make a meaningful impact on the health of people living with HIV across the world and to enhance access to our medicines for those in need. We believe this will help ensure a sustainable supply of medically acceptable generic darunavir for SSA and LDCs.

Goals and Progress

We continue to make good progress toward meeting our *Healthy Future 2015* citizenship and sustainability goals related to access and affordability for medicines.

- We are providing affordable access to HIV and tuberculosis treatments in least-developed and middle-income countries through GAPP and special-effort pricing.
- Our Access & Affordability Platform and Tiered Pricing Framework are innovative models that improve affordability of our medicines in middle-income countries.
- We continue to expand donation of our treatment for intestinal worms in countries of prevalence.

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

Actual: In 2011, we signed an agreement with the Critical Path Institute regarding tuberculosis; announced collaboration with the Bill & Melinda Gates Foundation and the WHO for parasitic infections; and signed licensing agreements with Drugs for Neglected Diseases initiative on other neglected tropical diseases. In 2012, we reported first-year results of the London Declaration and joined the Stop TB partnership.

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

Actual: We are committed to ensuring broad access to our HIV therapies for those who need them and continually work to advance registration and special-effort pricing where there is a need and the possibility for safe, appropriate use. Our compounds can be made available in 112 countries, either at special-effort or reduced pricing, provided local regulatory systems allow import prior to registration. The following grid shows the registration status of four different dosages of darunavir (DRV) and one of etravirine as of the end of 2012.

Country Status	DRV 300	DRV 600	DRV 400	DRV PED	Etravirine
Approved	39	25	13	7	29
File	3	8	3	5	9

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

Actual: We submitted an application to the Essentials Medicines List for our new TB medicine. Certain formulations of our HIV antiretroviral medicines have already achieved WHO prequalification.

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

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

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

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

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. In this section we address bioethics; additional information can be found on our citizenship and sustainability website.

From the work in our laboratories to our clinical research studies, we are committed to upholding the highest ethical standards across our Family of Companies. Our commitment extends to operating our businesses in accordance with accepted international standards for scientific work. A cross-company bioethics team has been formed that champions Our [Ethical Code for the Conduct of Research and Development](#), which was updated in 2012 and provides input on ethical issues that arise.

The scope of the bioethics team includes:

- Providing a consistent approach in responding to ethical dilemmas and challenges;
- Advising on specific projects;
- Championing the ethical code for the conduct of R&D;
- Maintaining bioethics policies related to human subject research;
- Providing input on policy issues;
- Responding to external and internal queries as required;
- Developing and implementing training programs on ethical dilemmas and challenges;

- Fostering a high awareness of bioethical principles and advances across Johnson & Johnson; and
- Establishing links with external bioethics experts.

Animal Testing

The Company and its businesses take seriously their responsibility for the humane treatment and care of the animals used in research, development and training. To support those responsibilities, the Company has well-developed guidelines that ensure the ethical practices of all its businesses in the care and use of animals (available at [jn.com](#)). Included in these guidelines is the principle that alternatives to animals should be used whenever possible.

Johnson & Johnson continually monitors changes to the Animal Welfare Act and international regulatory requirements to ensure that our animal welfare guidelines are current with the law. All of 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 in accordance with Johnson & Johnson guidelines and within the regulatory requirements of the country where they are located.

All research protocols involving the use of animals are reviewed for approval by Institutional Animal Care and Use or Ethical Committees or under license by local or regional governmental agencies. The Consumer Companies of Johnson & Johnson do not test cosmetic products on animals, except where required by law or government authorities.

As with previous meetings of the World Congress on Alternatives and Animal Use in the Life Sciences, Johnson & Johnson sponsored the eighth world congress, held in Montreal in August 2011. Johnson & Johnson also supports the Institute for In Vitro Sciences, the Center for Alternatives to Animal Testing, the International Council for Laboratory Animal Science, as well as several other nonprofit organizations focused on animal alternatives.

Johnson & Johnson annually recognizes scientists who advance the 3Rs: Replacement, Reduction and Refinement for the humane care of laboratory animals. Additionally, Johnson & Johnson awards at least one postdoctoral fellowship annually to scientists who are developing alternatives to animal testing for use internally and globally. As a further commitment to the 3Rs, Johnson & Johnson animal usage relative to R&D investment has decreased by over 60 percent since 2000.

Animals are only used for clinical education and training purposes when actual participation by the trainee is required to learn a medical or surgical procedure (including proper product usage) where alternative models have been deemed inadequate for the purpose. Thus, at times, it becomes necessary for our businesses to use animals for teaching or demonstration. This is especially true for certain products from our medical devices

businesses, as proper training of the health professionals who will use them is critical to patient safety and the currently available nonanimal methods for training do not meet the necessarily high standards to ensure safe and proper use of these products. We continuously strive to review training requirements to determine if additional reductions in animal use can be found.

Stem Cells

In 2012, the Company revised its stem cell guidelines, referred to as our Guidelines on Human Pluripotent Stem Cell Research. Human pluripotent stem cells are immature unspecialized cells with the potential to give rise in the laboratory to virtually any cell type of the human body, and as such offer many opportunities for advances in medicine. As a research tool, human pluripotent stem cells promise to expand our understanding of normal physiologic processes, such as cell growth and differentiation, and to enable new insights into disease, which may lead to new ways to prevent, diagnose and treat a wide variety of disorders.

Since the last version of these Johnson & Johnson Guidelines in 2006, significant scientific progress has been made in the area of human somatic (adult) stem cells and induced pluripotent stem cells. Moreover, an international consensus has evolved around the ethical principles that govern stem cell research as embodied in the International Society for Stem Cell Research Guidelines (2006), the National Academy of Sciences Guidelines (2010) and the U.S. National Institutes of Health Guidelines (2009). These precedents establish an ethical framework to guide Johnson & Johnson in our research.

In recognition of the potential importance of human pluripotent stem cells in fundamental research and in the development of innovative therapies for patients, Johnson & Johnson has established the Committee on Human Pluripotent Stem Cell Research to ensure that the highest scientific and ethical standards are maintained in all research programs involving such cells.

Nanotechnology

Nano particles (particles under 100 nanometers in size) offer the potential to develop improved medicines, medical devices and personal care products, such as sunscreens. We continue to participate in nanotechnology scientific forums and monitor regulatory developments, such as anticipated guidelines being developed in Europe and the United States. We also research the environmental impact of nano-sized particles, investigate product safety and develop advanced protective methods for working with nano-sized materials. Our positions related to nanotechnology and genetically modified organisms are addressed in [Product Quality & Safety](#) on www.jnj.com.

Our Guideline for the Responsible Use of Nanotechnology 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.

Biotechnology

Biotechnology has the potential to bring about significant benefits, such as improved nutrition, enhanced pest resistance, increased yields and new products such as vaccines. Genetic modification to crops, for example, may help reduce environmental risks in large scale farms associated with concerns related to fertilizer, pesticides, and water. These and other common ingredients that are derived from GMO soy or corn products are approved for use in our cosmetic 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.

Johnson & Johnson companies will continue to work closely with regulatory authorities around the world to ensure that appropriate standards and controls are in place when genetic technologies are used.

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 a wide diversity among people who participate in this important research. In 2012, we updated our [Clinical Trial Data Transparency Policy](#) which outlines our support for the overall principles of greater clinical trial data transparency, including registration and disclosure of clinical trial results in external registries, publication of results in peer-reviewed journals and sharing of clinical study reports.

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

Xenotransplantation

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

remain up to date with state-of-the-art practices and comply with all local regulatory guidelines.

Innovation

At Johnson & Johnson, our ability to create value is driven by our commitment to innovation. Across our business segments, about a quarter of our sales are being generated from products introduced in the past five years. Our approximate \$7.7 billion spend in Research & Development reflects the importance of R&D in our approach to innovation. People are our priority, and we know that our products are making a difference in the care of people around the world.

In 2012, our company Veridex, LLC, distributed CELLSEARCH[®], the first Health Canada and FDA-approved diagnostic test to automate the capture and detection of Circulating Tumor Cells (CTCs) in patients with metastatic breast, colorectal or prostate cancer. CELLSEARCH[®] is the only CTC test approved for patients in China, which is the seventh country outside of the United States and the European Union to clear CELLSEARCH[®] for use as an aid in the monitoring of patients. Recognizing its value in managing patients in China, the *China Medical Tribune* recently reported that a poll including key oncologists voted CELLSEARCH[®] to its list of top 10 advances in clinical oncology for 2012.

Our innovation efforts are fortified through various collaborations with external business partners in cancer, mental health disorders, diabetes, heart disease, stroke, rheumatoid arthritis and AIDS/HIV—all among the most significant diseases. For example, collaboration with Massachusetts General Hospital to develop the next-generation CTCs is currently underway. CTCs drive value because they are therapeutics that can be early predictors of survival, which can potentially accelerate drug development and clinical trials.

Our commitment to open innovation allows us to create greater value for the people we serve around the world as we work to solve unmet needs.

In 2012, we announced our plans to establish four regional innovation centers in California, Boston, London and China—known as major life-science communities in the world—as part of a novel approach to accelerate early innovation and enhance opportunities for collaboration and investment across global health care businesses. We believe establishing these centers will increase our competitiveness, improve coordination and generate value by bringing the best science, technology and products across our three business segments.

We also see the value of convergence within our business segments. For example, integration between our businesses allows us to draw on the complementary expertise to develop targeted, total oncology solutions that support our business and build on our success.

Johnson & Johnson is continually looking for ways to improve on our effectiveness and efficiency while enhancing current standards of care. When it comes to cost improvement programs (CIPs) across the Johnson & Johnson Family of Companies, our supply chain organizations operate under a top-down and bottom-up approach. Targets and governance for CIPs are overseen by supply chain leaders from each of our business segments. These leaders have a unique line of sight into both of their respective commercial organizations and priorities, as well as all aspects of their respective supply chain organizations (internally and externally). At the same time, we also seek to simplify and standardize our approaches across the segments and, where appropriate, we strive to utilize common processes and methods. For example, in our procurement and customer logistics organizations, we have many cost improvement programs that span across the Johnson & Johnson network. Also, our supply chain is driving implementation of industry e-commerce capabilities with customers. This improves the process and reduces costs for processing orders for both Johnson & Johnson and our customers.

One of our strongest examples of process innovation is our Earthwards[®] recognition process. We established the proprietary Earthwards[®] process for developing and marketing greener products through life cycle analysis. Every Earthwards[®] recognition product must achieve a greater than 10 percent improvement in at least three of seven goal areas: materials used, packaging reduction, energy reduction, waste reduction, water reduction, positive social impact or benefit, and product innovation. At the end of 2012, we had 36 Earthwards[®] recognized products, spanning across all three segments.

The dedication to excellence and innovation by people and teams within Johnson & Johnson doesn't go without recognition. We continue to foster and encourage innovation by applauding the efforts and success of our teams and individuals. One of the highest honors we present is the Johnson Medal, which recognizes the insights, creativity and perseverance that drive meaningful innovation. The James E. Burke Awards celebrate the most courageous and most innovative marketing programs developed within our Pharmaceutical, Medical Devices & Diagnostics and Consumer business segments.

The Dr. Paul Janssen Award for Biomedical Research aims to extend the legacy of Dr. Paul Janssen by honoring the work of an active scientist in academia, industry or a scientific institute. Dr. Paul, as he was known throughout the global scientific community, was an exceptionally gifted and passionate scientist who revolutionized modern medicine and inspired a new generation of researchers. The award was created in his name by Johnson & Johnson in 2004 and embodies his memory, passion and commitment to scientific excellence. The 2012 award was given to Victor Ambros, PhD, of University of Massachusetts Medical School, and Gary Ruvkun, PhD, of Massachusetts General Hospital and Harvard Medical School, for their co-discovery of microRNAs as central regulators of gene expression and development. Their discovery opened new

fields of research and has implications for the development of diagnostic tools and medicines.

Ultimately, innovation is much more than the products we make; rather, we see it as a way to engage with the patients and customers that we have the privilege of serving every day. Our priority is to meet their needs now and in the future, and we believe our commitment to innovation will lead us closer to that goal.

Health Care Compliance and 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 an extensive list of policies and procedures that define what we expect of our people and our business partners throughout the world. Our well-established policies and procedures cover all major categories of corporate conduct and are consistent with the legal requirements of all locations and constituents where the Company conducts business. Policies and procedures are supported by training and communication plans. Compliance is achieved through controls, audits, reviews and certifications ranging from company self-assessments to independent audits.

Policies related to codes of conduct are established at the Corporate Headquarters and are communicated and executed at all of the Company's global business units. Policies and procedures most often have established preventative controls (policies, reviews and approval requirements) and detective controls (after-the-fact reviews) with the requirement to escalate to the Corporate Headquarters (Escalation Policy) violations that may require investigation, potential disclosure and disciplinary action.

The Company has an extensive Credo Hotline system where access (by phone or website) is communicated to employees annually and readily available to all employees, vendors, distributors and customers. The Credo Hotline is anonymous and executed through an independent third-party provider. A well-documented process exists to ensure that all Credo Hotline calls are reviewed, investigated (when needed) and responded to according to protocol.

Codes of Conduct: Our primary policies and codes of conduct include Our Credo, our Policy on Business Conduct and our Health Care Business Integrity Guide. They are supported by our Credo Hotline and in-person resources, and failures are addressed with disciplinary actions.

Our Credo: This document defines the ethical values required of all employees and business partners of the Company. The annual and biannual anonymous Credo Survey, open to all employees, gauges employee attitudes toward the Company's

and their individual obligations to the Credo. Survey results are reviewed at all levels (from individual operating unit departments to the Executive Committee) and action teams are often formed to address opportunities to improve Company culture.

Policy on Business Conduct: The principles of Our Credo and requirements of the law are embedded in the Policy on Business Conduct. The policy is communicated across the enterprise and training on compliance is made available to all employees. Compliance with communication, training and execution of specific aspects of the policy are assessed by Internal Audit. Each business unit and approximately 400 senior executives are required to certify compliance with the Policy on Business Conduct annually. Exceptions reported during the certification process are independently reviewed, investigated and documented by the Law and Audit departments; the results of the certification are reviewed with the Regulatory, Compliance and Government Affairs (RCGA) Committee of the Board of Directors.

Health Care Business Integrity Guide: Legal requirements of Health Care Compliance and the Foreign Corrupt Practices Act are embodied in the Health Care Business Integrity Guide (HCBIG). The HCBIG is available to all employees on the Company's website; training is required and documented for all employees in health care-related positions. Adherence is verified through ongoing independent audits and operations testing conducted by Internal Audit and Health Care Compliance & Privacy. Information on reviews are part of regular updates to the RCGA Committee of the Board of Directors. Where process reviews identify questionable activities, these issues are escalated to the Triage Committee and for-cause investigations commence.

Johnson & Johnson has a system for annual certification by senior management on compliance with its anticorruption policies and procedures. The results of this certification process are also shared with the U.S. Department of Justice as part of Company's commitments under its Deferred Prosecution Agreement.

Credo Hotline: Beyond the controls built into various policies that define the Company's code of conduct, all employees, vendors, distributors and customers have the opportunity to anonymously report potential violations of policy or law through the Company Credo Hotline, available by telephone or website. Additionally, anyone can report allegations through other methods (phone calls, emails, etc.) within their local business unit or to the Audit, Law and Security or Human Resource organizations. All Credo Hotline reports are routed by the external vendor to Corporate Internal Audit, which triages the reports to corporate, business unit or operating company personnel on the basis of an established algorithm for follow-up investigation and action. In addition, a Triage Committee comprised of the Chief Compliance Officer, Internal Audit, the Law Department, Worldwide Security and Human Resources reviews the serious allegations to determine the best means to investigate.

SO2

SO4

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

Disciplinary Actions: Failure to comply with the Company's policies can and does result in disciplinary action, including, but not limited to, warning letters, impact on annual performance and/or compensation, and termination of employment. Compliance with the Company's policies is also embedded within leadership imperatives for all senior leaders.

Anticorruption Training

Bribery of any form, including contributions and donations, are part of the key elements of the Health Care Business Integrity Guide.

Johnson & Johnson policies require anticorruption training for employees who may present a compliance risk to the Company and places a significant emphasis on the training requirement to ensure compliance. In 2012, two courses were combined into one and given to meet the requirement: "Health Care Business Integrity for J&J Employees" and "Understanding the U.S. Foreign Corrupt Practices Act (FCPA)." This training emphasizes U.S. and international anticorruption and anti-bribery laws and describes how to identify health care professionals (HCPs), governmental organizations (GOs) and HCPs who are deemed GOs. The training covers all aspects of the Health Care Business Integrity Guide, including charitable contributions, donations, third-party intermediary (e.g. distributors) and cross-border interactions, all of which are deemed as high-risk activities.

SO3

In 2012, Johnson & Johnson operating companies met the training goal, as tracked by an online training application, with training completed for more than 79,000 employees.

In addition to our own employees, we also hold many of our critical third-party intermediaries, such as distributors, accountable to the Company's policies. Due diligence and background checks are regularly conducted on sales intermediaries to help ensure compliance with our policies. In addition, the Company requires that its sales intermediaries be trained in the requirements of the HCBIG, and that contracts include specific contractual commitments to abide by all applicable anticorruption laws, comply with our HCBIG policies when interacting with customers on our behalf and allow for auditing of their activities. Training is also provided to third-party intermediaries to help ensure understanding of the Company's policies. Regulatory compliance of suppliers and vendors is monitored and audited by our Regulatory Compliance and Procurement organizations. Internal Audit performs annual contract reviews of a number of key vendors to ensure compliance with agreed upon contract provisions and requirements. Any allegations of impropriety raised regarding

business dealings with third parties are documented and investigated by Internal Audit, the Law Department or other appropriate organizations within the Company.

Reporting Breaches: Information is reported up internally within the organization to senior management and, as appropriate, also shared with the Executive Committee, the Board of Directors and/or the external auditors. Many breaches are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure.

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Environmental Impacts

Environmental, Health and Safety Management Approach

Johnson & Johnson is a large multinational organization, operating in a wide variety of ecosystems of variable health around the world. To minimize the impact of our operations, we set global environmental, health and safety standards for our operating companies. Our Worldwide Environment Health and Safety (WWEHS) Policy, Climate Friendly Energy Policy, and statements on the Human Right to Water and Respecting Biodiversity guide our activities and are made actionable through our detailed WWEHS standards and our long-term *Healthy Future 2015* goals.

Goal Setting

Johnson & Johnson has been setting environmental goals since 1987. Our newest set of goals, known as *Healthy Future 2015* are our most comprehensive to date, setting 29 corporate citizenship and sustainability commitments across seven key strategic priorities. Goal progress is tracked by the Johnson & Johnson Sustainability Workgroup, and performance is reported to the Executive Committee and Board of Directors.

Organizational Responsibility

Accountability for environmental, health and safety performance is shared across the enterprise. WWEHS, headed by the Vice President, Worldwide Environment, Health and Safety, and overseen by the Executive Committee and our Board of Directors, manages enterprise-wide aspects, partnering with sector and operating company environmental, health and safety professionals. Central to the coordination of these efforts is the Johnson & Johnson EHS Leadership Council, composed of sector EHS leaders.

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

Management Systems and Standards

Ninety-three percent of our manufacturing and R&D sites continue to maintain third-party certification to the International Standards Organizations (ISO) 14001 Environmental Management System, and 20 percent have achieved third-party certification to the Occupational Health and Safety Assessment Series specification (OHSAS 18001)*. Achievement of third-party certification to ISO 14001 is required for all manufacturing and R&D sites; however, Company acquisitions have 36 months after the date of acquisition before they must comply with that portion of the WWEHS standards. As of the end of 2012, seven sites were not certified; five were acquisitions that are still working to obtain certification.

Johnson & Johnson has established Worldwide Environmental Health and Safety standards. These standards address 27 different topics and are designed to ensure that all Johnson & Johnson companies achieve and maintain a consistent and high level of EHS performance. The standards are reviewed and, if necessary, revised on an annual basis.

To identify and mitigate environmental, health and safety risks, we maintain a global process known as the Management Awareness and Action Review System (MAARS). MAARS is the process used by every manufacturing and R&D site to conduct the required annual assessments for compliance with legal requirements and the Johnson & Johnson EHS Standards and the third-party assessments required for manufacturing and R&D sites every three years. The process includes self-assessment, independent assessment, and corrective action planning and tracking. Performance on these assessments is tracked by WWEHS, the segment and operating company EHS Leadership, and the leaders and EHS professionals at the audited facility. Closure of findings is tracked at the corporate and facility levels, as well as at the sector and operating company levels. We continue to implement, track and maintain an incident notification process that alerts management to EHS non-compliances and accidental environmental releases within 72 hours of occurrence.

Training

Johnson & Johnson and its operating companies provide on-the-job EHS training, including extensive, globally accessible training and development at the individual, team, organizational and leadership levels. Most of our EHS training is provided, tracked and documented by our operating companies; we do not collect this information at the enterprise level.

*Does not include acquisitions that have been part of the Company for less than three years and small R&D sites with limited operations.

Environmental Compliance

Johnson & Johnson strives to have zero accidental releases, regulatory non-compliances and fines. In 2012, we paid environmental fines totaling \$3,500 for four non-compliances at two facilities in New Jersey and Pennsylvania. Our accidental releases remained essentially flat. None of the eight accidental releases were significant (defined in our WWEHS standards as resulting in significant environmental damage, e.g. fish kill or local community impact). The number of non-compliances remained flat at 29. Most of the non-compliances were related to waste management or air and/or wastewater permit non-conformances, and all were corrected promptly.

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ENVIRONMENTAL NON-COMPLIANCES						
	2007	2008	2009	2010	2011	2012
Accidental Releases Number of events	9	15	16	10	9	8
Environmental Non-compliances Number of individual findings	13	20	50	57	30	29
Fines Paid U.S. dollars, in thousands	31	164	7	0	5	4

Climate Change

Climate Policy Initiatives

Johnson & Johnson takes the risks associated with climate change seriously and is active in shaping responsible climate and energy policy around the world. We are members of the Prince of Wales' Corporate Leaders Group on Climate Change, as well as signatories of the Bali, Poznan, Copenhagen, Cancun and 2 Degree Climate Change communiqués calling on world leaders to sign a climate agreement.

Johnson & Johnson participates in the CDP, formerly known as the Carbon Disclosure Project (see our reports at www.cdproject.net), and in 2012, our report achieved the Carbon Disclosure Leadership Index (CDLI). We track and report most of our Scope 1 & 2 emissions sources, but we continue to face challenges in collecting meaningful Scope 3 emissions data, which we currently provide for business travel only. We also continue to participate with the CDP's Supply Chain program, encouraging our suppliers to measure their energy use and greenhouse gas emissions and report them publicly on our behalf. In 2012, 139 of the 156 suppliers that we requested to participate in the CDP Supply Chain Program did so, up from 35 participating suppliers in 2009.

Johnson & Johnson has taken multiple steps to reduce its energy footprint. In 2012, we revised our [Climate Friendly Energy Policy](#), acknowledging that in the field of

climate science, there is consensus that human activity is causing climate change and that a warming climate has the significant potential to impair human health. In the policy, Johnson & Johnson states the belief that business has a responsibility to conserve energy and to help abate climate change, and that this belief reaffirms our commitment to improving our energy efficiency and reducing carbon emissions. Johnson & Johnson also has a policy mandating that all new building construction projects be certified to the widely used Leadership in Energy and Environmental Design (LEED) green-building standard, or its equivalent. Public goals have been set to reduce the CO₂ emissions from our facilities and to increase the amount of on-site clean or renewable energy capacity. We also have a goal to improve the energy efficiency of our sales fleet. We continue to follow The Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development and the World Resources Institute.

EN7

Our energy use has continued to decrease, from 13,437 billion British thermal units (BTUs) in 2010, to 12,655 in 2012, with a decrease of approximately 288 billion BTUs realized in 2012, despite a sales growth of over 9 percent since 2010. The decrease in energy use is due in part to reductions in energy demands from efficiency improvements, development of on-site clean or renewable energy sources and site closures.

Efforts in 2012 that contributed to these reductions include a new initiative called Project COLD. Johnson & Johnson has had a formal enterprise-wide energy management program in place for about 30 years, and during that time, we have learned that a large portion of the energy we use within manufacturing and research buildings is associated with our air conditioning and process cooling systems; i.e. chilled water. Project COLD was launched to take advantage of new state-of-the-art control technology that allows us to continuously optimize our chilled water systems to maximize efficiency. After trials at several facilities, we decided to roll out Project COLD to all applicable locations over the next several years. The projects completed to date are averaging a four-year financial return on investment and all the potential projects have the possibility of reducing each site's annual CO₂ emissions by 6 to 8 percent.

In 2011, we eliminated the use of voluntary carbon offsets or renewable energy credits (RECs) as one pathway to reduce our carbon emissions, opting instead for Greenhouse Gas (GHG) emission reductions based on improved energy efficiency, conservation and utilization of clean or renewable energy. Within our new Healthy Future goals, voluntary offsets, RECs and "green" power based on RECs will not be purchased and used as offsets for Scope 1 or Scope 2 emissions. While we will not use voluntary offsets or RECs, we can make use of offsets that are part of a compliance system used to meet national or regional obligations required by law. Also, the direct purchases of electricity from renewable sources and renewable fuels will be considered carbon-free, so long as the carbon offset from those sources are "retired" by the Johnson & Johnson affiliate and not double-counted in any other compliance or voluntary system.

We have recalculated our 2010 baseline without voluntary offsets or RECs.

We have established a *Healthy Future 2015* goal to increase our on-site clean or renewable energy technology capacity to 50 megawatts (MWs). In 2012, we increased our on-site solar power capacity to 19 MWs. To date, we have 45.5 MWs of on-site clean or renewable energy capacity—38.0 MWs installed and 7.5 MWs approved or under construction—putting us on track to meet this goal.

EN3, 4

2012 ENERGY CONSUMPTION in Terajoules (TJ)			
	DIRECT	INDIRECT	TOTAL
2008	6,778	7,311	14,089
2009	6,484	7,036	13,520
2010	6,871	7,305	14,176
2011	6,549	7,106	13,655
2012	6,346*	7,005	13,351**

* From non-renewable sources. (Clean or renewable energy generated on-site represents approximately 4 percent of total energy use. Clean energy includes solar photovoltaic and cogeneration systems.)

** The decrease in energy use in 2012 was mainly due to energy efficiency initiatives and site closures or divestures.

Facility CO₂ Emissions

Our *Healthy Future 2015* goal is to achieve a 20 percent absolute reduction of our facility carbon dioxide emissions by 2020 from a baseline of 2010 without voluntary offsets or renewable energy credits. In 2012, we realized a 2.1 percent reduction in CO₂ emissions, from 1,201 metric tons in 2011 to 1,176 metric tons in 2012, while realizing a 3.4 percent increase in sales. Against our baseline emissions of 1,253 in 2010, this is an approximately 6.1 percent reduction in CO₂ emissions. Our emissions intensity per revenue since 2010 has decreased by over 11 percent. Moving forward, we are beginning an initiative to collect data associated with our Scope 3 value chain emissions. The data collection process is extremely complex, so we have decided to perform an input/output analysis in an attempt to identify emission hotspots within our value chain. We will continue to evaluate the impact and business case for this exercise.

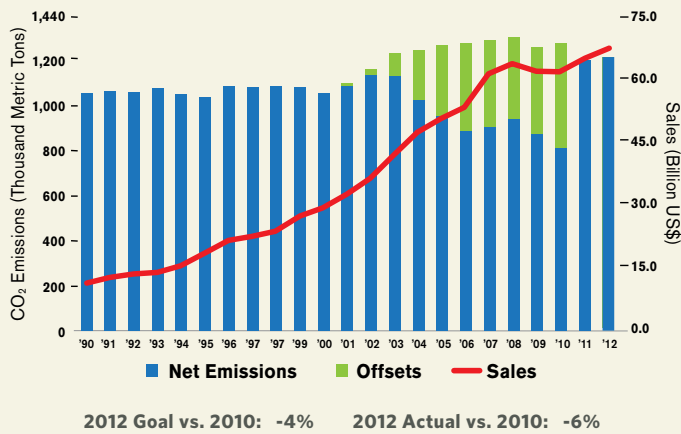
We continue to maintain our CO₂ reduction capital funding process, which provides a \$40 million yearly budget for energy and greenhouse gas reduction projects across the Company. Over the last eight years, 139 energy reduction projects have been approved, and 100 have been completed. These completed projects will collectively reduce CO₂ emissions

EN18



SAFEGUARDING THE PLANET: Donal Óg Cusack, senior engineer, stands in the DePuy facility in Cork, Ireland where an energy management system is in place to help reduce energy consumption and carbon dioxide emissions. Johnson & Johnson has set a Healthy Future 2015 goal to reduce absolute CO₂ emissions 20 percent by 2020, and the DePuy Ireland site set an aspirational objective to cut both its energy cost per unit shipped and total CO₂ emissions 50 percent by 2015.

WORLDWIDE CO₂ EMISSIONS vs SALES (1990-2012)



CO₂ EMISSIONS* (SCOPE 1 AND SCOPE 2)
in thousand metric tons

EN16

	DIRECT	INDIRECT	TOTAL	INDIRECT OFFSETS	NET EMISSIONS
1990	306	742	1,048	0	1,048
2006	340	935	1,275	395	879
2007	344	945	1,289	385	903
2008	357	949	1,306	364	942
2009	337	863	1,200	386	815
2010	358	898	1,256	2	1,253
2011	341	865	1,206	6	1,201
2012	330	854	1,184	7	1,176

* We collect site specific data from all Johnson & Johnson owned and leased sites over 50,000 square feet.

CO₂ EMISSIONS (SCOPE 3)
EMPLOYEE TRAVEL & SALES FLEET
in thousand metric tons

EN17

	EMPLOYEE TRAVEL	SALES FLEET
2008	258	*
2009	168	*
2010	219	187
2011	233	179
2012	224	170

*Global data not available

CO₂ PROJECTS FUNDING PROGRAM

Projects approved	139
Approved Spending, in millions of dollars	\$308
Average Internal Rate of Return	19%
Projects complete	100
CO ₂ reduction/year, in metric tons	145,887

SPENDING ON CO₂ 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	\$48.2
2012	\$22.2

CO₂ REDUCTION PROJECTS SINCE 2005

Energy efficiency	95
Solar Photovoltaic/Thermal	26
Cogeneration	10
Geothermal/Biomass	5
Wind	3

To date, 100 projects have been completed, resulting in over 280 gigawatt hours (1,008 terrajoules) 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.

EN 5

by 145,887 metric tons per year. In 2012, 27 new projects were approved and six projects were completed. To date, \$234 million has been spent, realizing over \$42 million in annual energy cost savings.

One exceptionally successful effort has been at the DePuy Facility in Ireland, where employees have implemented an energy management system that has reduced energy consumption, CO₂

emissions and cost in an effort to meet their ambitious goal of reducing their site CO₂ emissions by 50 percent by 2015. To meet this goal, the energy team at DePuy is continuously optimizing its largest energy consuming systems and has installed a highly efficient cogeneration system and a biomass boiler plant to supply a steady stream of clean energy to the facility. In addition, the site recently received government approval to erect a 3 MW wind turbine on the property. DePuy was the first company in Europe to be accredited under the Irish Energy Management Systems Standard I.S. EN16001 and the first Johnson & Johnson site to achieve certification to the ISO 50001 Energy Management standard.

We have eliminated chlorofluorocarbons (CFCs) from use in our facilities and will be eliminating the use of hydrochlorofluorocarbons (HCFCs) by the end of 2025, or earlier where required by government regulations. We recognize that HCFC gases, which are currently the most readily available substitute for CFC use, can have implications for global warming. Therefore, in choosing 2025 as our target to complete HCFC phase-out, we are seeking to balance our concerns about ozone protection and climate change. It is our expectation that between now and 2025, cooling and refrigeration equipment that utilizes alternative refrigerants with a lesser effect on climate change and ozone depletion will continue to be developed and commercialized, and will present viable replacement options for both HCFCs and CFCs.

Transportation-Related CO₂ Emissions

Johnson & Johnson has set a *Healthy Future 2015* goal to realize a 20 percent improvement in fleet emissions

EN 29 efficiency for our global inventory of over 28,000 owned or leased vehicles. Progress against this goal will be measured using calculations based on vehicle manufacturer or government vehicle fuel efficiency ratings, such as the Corporate Average Fuel Economic Standards published by the U.S. Environmental Protection Agency. There are several solutions in place that will drive the reduction of emissions per distance driven by vehicles:

- 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 techniques;
- Retiring of older, less fuel efficient vehicles;
- Offering a more fuel-efficient pool of vehicles; and
- Providing additional driver education, targeting environmentally friendly driving.

At the end of 2012, average global CO₂ emissions per vehicle were 161 g/km, representing a 9.1 percent reduction in CO₂ from the 2010 baseline of 177g/km. Our five-year goal is to reduce our CO₂ emissions to 142 g/km. Assuming a constant rate of CO₂ emissions reductions going forward, we are on track to achieve our goal.

Our EMEA, Latin America and Asia-Pacific regions met or exceeded the “calculated annual” target for CO₂ reduction in 2012; the North America region did not. This was partially due to a vehicle ordering freeze in North America in 2012, since CO₂ reduction is contingent on replacing old vehicles with more fuel-efficient vehicles, such as hybrids. We expect the North America region’s results to improve significantly in 2013. It should be noted that 100 percent of our orders for vehicles for our U.S. fleet are placed through diverse suppliers, supporting our aim of diversifying our supply chain but limiting the access to fuel-efficient vehicles in areas where our preferred approved suppliers do not carry the most efficient vehicle models. Actions taken in 2012 that resulted, or will result, in improved fleet performance in 2013 and beyond include:

- Our Janssen organization has undertaken a number of important initiatives in this area. In North America, Janssen revised its fleet policy to require all hybrid vehicle selections. Janssen Poland equipped their sales force with hybrid vehicles, resulting in an average CO₂ emission of 117 g/km by the end of 2012, a reduction of 17 percent for the year. Janssen Japan shifted its sales force from employee-owned vehicles to company-leased vehicles, equipping 93 percent of its sales force with hybrid vehicles.
- Fleet2010, a cross-sector initiative throughout the EMEA region, reduced the CO₂ emission of the EMEA car fleet by almost 20 percent since 2008, down to 138 g/km by year-end 2012.
- The Dutch cross-sector fleet team integrated some Opel Amperas into its fleet. These cars, known as Chevrolet Volt in the U.S., are driven exclusively by an electrical engine with a combustion engine also on board to fuel the battery that powers the electrical engine.

JOHNSON & JOHNSON SALES FLEET EFFICIENCY	
YEAR	GRAMS OF CO ₂ PER KILOMETER
2010	177
2011	170
2012	161

Shipping-Related CO₂ Emissions

The fleet that ships goods for Johnson & Johnson is not owned by the enterprise; we work with asset and non-asset based providers to transport our goods. The Johnson & Johnson Global Transportation Organization manages 100 percent of goods transport for North America and imports/exports into and out of the U.S. We have regional transportation teams to manage our international transportation activities in the EMEA, Asia-Pacific and Latin America regions.

To minimize environmental impacts from goods transport, we work with our transportation providers to optimize our network,

using multi-compartment trailers, taking advantage of freight consolidation opportunities, eliminating deadhead miles (the number of miles that are driven from the point of unloading to the point where the new load is ready for pickup) and engaging in cross-shipper moves with other companies that have similar product lines. We have increased intermodal usage by over 10 percent in the past year on our target lanes. We expect to reduce our annual carbon emissions by over 2,000 tons in 2013 as a result of these expansion efforts.

In the U.S., Johnson & Johnson participates in the U.S. Environmental Protection Agency's SmartWay program, which helps companies voluntarily increase transportation energy efficiency while decreasing greenhouse gas emissions and air pollution. There are more than 40 over-the-road transport providers in our U.S. network, and 98 percent of them are currently members of the program. The SmartWay Transport Partnership helps freight companies improve fuel efficiency, increase environmental performance and increase supply chain sustainability. SmartWay membership is part of the decision criteria for awarding business to our transportation providers.

Air Emissions

While Johnson & Johnson focuses emissions reduction efforts on emissions related to energy consumption and transportation, we also monitor emissions of nitrous oxides (NOX), sulfur oxides (SOX), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM) and refrigerants into the atmosphere. Our efforts to reduce emissions of greenhouse gases are discussed above. Our air emissions are well below those of peer companies in our sector. We continue to enhance our data collection accuracy and anticipate that our data may be

revised over time as this process continues. Emissions of other air pollutants are shown below.

Green Buildings

Johnson & Johnson's Policy on Sustainable Design and Construction requires that sustainability be incorporated into the design and construction of new buildings and major renovations and be applied to all projects with a cost of at least \$5 million and all new stand-alone facilities owned or leased by Johnson & Johnson companies worldwide. The policy establishes an enterprise minimum design standard, or sustainability baseline, using the LEED standard. Consequently, construction and renovation activities are designed to minimize impact to surrounding communities and the environment, create comfortable and safe workplaces for employees and achieve cost savings over the life cycle of the building, while minimizing up-front construction costs. Our portfolio of Green Buildings is shown on the next page.

Water

Water Usage

Johnson & Johnson has set a *Healthy Future 2015* goal to achieve a 10 percent absolute reduction in water use across the Company, using our 2010 consumption as a baseline. At the end of 2012, our water use volume was 11.3 million cubic meters, a reduction of slightly less than 2 percent compared to our 2010 baseline volume. Our water use is the same as in 2011, with reductions in some areas being offset by gains in others. As an example, enhanced quality processes introduced in 2012 require more water for the manufacturing process. When coupled with

EMISSIONS *in tons*

EN19, 20

EMISSION TYPE	2008	2009	2010	2011	2012
Sulfur Dioxide*	165	138	146	133	114
Nitrous Oxides*	285	271	268	273	264
Hazardous Air Pollutants**	Not reported	Not reported	55	53	38
Volatile Organic Compounds**	Not reported	Not reported	1,006	1,402	1,252
Particulate Matter**	Not reported	Not reported	165	134	127
Refrigerants	Not reported	Not reported	10.9	10.6	15.4
Ozone-Depleting Substances	Not reported	Not reported	4.8	3.3	4.0

* Estimated

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

SUSTAINABLE WORKPLACE

AFFILIATE	LOCATION	RATING SYSTEM	LEVEL	DATE	BUILDING AREA (SQ. FT.)
Janssen	Titusville, N.J.	LEED	Silver	8/04	472,553
J&J PRD	La Jolla, Calif.	LEED	Certified	4/05	150,000
McNeil	Ft. Washington, Pa.	LEED	Silver	12/06	50,000
McNeil	Las Piedras, Puerto Rico	LEED	Certified	9/09	482,642
J&J PRD	Springhouse, Pa.	LEED	Gold	11/09	150,000
Corporate	New Brunswick, N.J.	LEED	Gold	12/09	448,200
Janssen	Geel, Belgium	LEED	Certified	1/11	82,505
J&J Medical, China	Suzchou, China	LEED	Silver	1/11	52,635
J&J Consumer, China	Shanghai, China	LEED	Silver	2/11	68,847
J&J Consumer, Philippines	Manilla, Philippines	LEED	Gold	10/11	74,271
J&J Medical, China	Suzchou, China	LEED	Gold	10/11	21,528
Lifescan	Inverness, Scotland	LEED	Gold	10/11	14,500
J&J Sales & Logistics	Mooresville, Ind.	LEED	Gold	1/12	1,050,000
J&J India	Chennai, India	LEED	Gold	3/12	20,600
Centocor, US	Horsham, Penn.	LEED	Silver	12/12	27,494
Total					3,165,775
J&J Building Area					52,999,855
Sustainable Workspace Percentage					6.0%

production increases at plants manufacturing the products to which this new protocols apply, these new processes resulted in increased water use.

Our water sources are shown below:

EN8

Municipal	79 percent
Groundwater	19 percent
Rainwater	<1 percent
Gray Water	<1 percent
Surface Water	<1 percent
Other	<1 percent

One way to reduce overall water consumption is to recycle water within our operations. In 2012, we used 0.59 million cubic meters of recycled water, meeting approximately 5 percent of our total water demand.

EN10

Johnson & Johnson has participated in the Carbon Disclosure Project's water disclosure process since its inception; additional information on our water use and risks can be found in our most recent CDP Water submission.

Water Conservation

Each of our facilities has a role to play in meeting our *Healthy Future 2015* goal to achieve a 10 percent absolute reduction in water use. In 2012, a Johnson & Johnson best practice tool was completed; it is being implemented in our MD&D and

Pharmaceutical segments. The tool enables each business unit to identify, vet, and prioritize water projects, and enables the user to capture water savings, financial savings and water quality improvements. An example of our success in using this tool is our LifeScan, Inc. facility in California (see insert below), where water conservation processes won the Silicon Valley Water Conservation Award. Though we are making solid progress to reduce our usage through projects like this one, 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 often it is a component. To date, we have realized a 2 percent absolute reduction in water use.

Over the last 10 years, LifeScan, Inc. has successfully completed water conservation projects resulting in over a 90 percent reduction of potable water use at their Milpitas, California, facility, reducing potable water use from 27.5 million gallons in 2002 to 1.2 million gallons in 2012. These results were achieved by switching from potable water to recycled water for irrigation and industrial purposes, and by implementing innovative technologies. As a result of these successes, LifeScan received the 2013 Silicon Valley Water Conservation Award in the Business category. In addition to water conservation, LifeScan also reduced greenhouse gas emissions in the last decade from more than 9,000 metric tons to less than 2,900 metric tons.



SILICON VALLEY
**WATER
CONSERVATION
AWARDS**

Johnson & Johnson operates in many parts of the world where water quality or water scarcity is of concern, such as India, China, and parts of the U.S. The World Resources Institute has predicted areas where water will be of limited availability by 2025. According to this model, in 2012, 12 percent of our total water withdrawals occurred in areas predicted to be under water stress (areas with less than 1,700 m³/year per person), 15 percent of total water withdrawals occurred in areas predicted to be under water scarcity (less than 1,000 m³/year per person), and 10 percent were located in areas of extreme water scarcity (less than 500 m³/year per person). Sites located in areas predicted to experience water scarcity or water stress are priorities for our water reduction efforts. Our [Statement on Human Right to Water](#) recognizes that everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water, and acknowledges that our actions can impact water quality and quantity.

Water Discharge

In 2012, our water discharge volume was approximately 8.2 million cubic meters, discharged as follows: 71 percent to waste

water treatment plants, 23 percent to surface water bodies, 1 percent to the ocean, less than 1 percent sub-surface and the remainder to a variety of other destinations. Discharges are monitored, as required, to demonstrate compliance with the applicable water quality standards; water discharge quality data is not tracked at the enterprise level.

EN21

Our Environment, Health & Safety (EHS) standard for water and wastewater management requires that:

- All wastewater be treated to those levels established by local regulatory bodies or by the Johnson & Johnson EHS standards if no regulatory level exists; that they meet every local regulatory requirement;
- Facility level inventories of wastewater sources be conducted annually; and
- 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.

Pharmaceuticals in the Environment

Pharmaceutical residues in the environment (PIE) are found in water bodies, mostly due to excretion of medicines by patients and consumers, and remain of interest to the media and regulatory agencies. Johnson & Johnson has been actively engaged on this issue, both on our own and in cooperation with partners in academia, industry and government. We believe that proposed regulations governing the discharges of these residues must be strongly grounded in science, and we support further scientific research to better understand the impact of trace amounts of pharmaceutical and other compounds on the environment.

Regulations are being proposed to address this issue. The U.S. Environmental Protection Agency has updated the list of chemicals it may examine to determine whether regulation may be necessary and has issued a Federal Register proposal to add hormones to the list of unregulated contaminants that water companies must monitor. Johnson & Johnson is monitoring this issue and has published several studies examining the safe exposure concentration levels for these compounds. In Europe, limits have been proposed on three active pharmaceutical ingredients (APIs), and additional materials are being considered for regulation.

Members of the Johnson & Johnson Family of Companies that produce APIs have characterized their wastewater effluents, and we continue to reduce or eliminate these constituents from our manufacturing wastewater discharges. We have conducted Environmental Risk Assessments for all new drug compounds and have collected environmental risk assessment data for all major Johnson & Johnson pharmaceutical products and for a prioritized list of legacy products. We continue to explore

EN9

the strategies available for future action, including looking at predictive models that would help us to select environmentally preferable ingredients during product development. Although no regulatory limits exist, we have established internal limits for pharmaceuticals and wastewater toxicity.

We are continuing to support the work that the National Science Foundation and several universities are doing to assess methods for testing and treating pharmaceuticals in wastewater. As a founding member of the Water and Environment Technology (WET) Center hosted at Temple University, we are engaged with its efforts to find technologies that can assist with reducing the level of PIE in wastewater; one of our sites is pilot-testing a technology recently developed at the WET Center. Treatment of PIE is complicated by the fact that methods may vary by product type. In general, our facilities manufacture multiple products at a single site, complicating the selection of an appropriate treatment technology.

In the U.S., Johnson & Johnson supports the U.S. White House Office of National Drug Control Policy for the Proper Disposal of Prescription Pharmaceuticals, and SMARxT Disposal, an educational effort led by the Pharmaceutical Research & Manufacturers of America (PhRMA), the U.S. Fish & Wildlife Service and the American Pharmacists Association to inform consumers about proper disposal of unused or expired medicines. In Europe and Canada, we comply with host-country directives on unused or expired medicine disposal and with the European Commission Directorate General Environment. Belgium, France, Luxembourg, Portugal and Spain have take-back programs operated by the pharmaceutical network as a whole, and Denmark, Finland, Germany, Italy, Sweden and the U.K. conduct take-back programs through pharmacies in collaboration with a public or private waste contractor.

Another area of regulatory focus is on endocrine compounds and endocrine active chemicals. In Europe, a final endocrine disruption plan is due to be published shortly, and in the U.S., new testing methods to evaluate potential human effects of endocrine compounds and endocrine active chemicals are under development. Efforts continue to come to an agreement on the definition of what constitutes an endocrine disrupting chemical; Johnson & Johnson accepts the current World Health Organization definition.

Waste

Waste Management

Our *Healthy Future 2015* goal is to achieve a 10 percent absolute reduction in total waste disposed off-site using 2010 total off-site waste disposal as a baseline. We have focused on total waste, rather than on separated types of waste, because it allows our companies to apply their waste reduction efforts strategically, relative to their own operations. Our total waste disposed off-site fell by 9.2 percent since 2010, from 85.5 to 77.7 million kilograms.

EN22

MANAGEMENT OF HAZARDOUS WASTE

(in thousands of kilograms)

	2012 ON-SITE	2012 OFF-SITE
Recycled	3,287	15,702
Reused	444	185
Landfilled	0	3,950
Incinerated	0	5,231
Energy recovery	0	18,135
Biologic Autoclave	11	328
Biological/chemical treatment	5	1,299
Other	0	107

MANAGEMENT OF NON-HAZARDOUS WASTE

(in thousands of kilograms)

	2012 ON-SITE	2012 OFF-SITE
Recycled	17	56,308
Reused	830	10,126
Landfilled	0	20,944
Incinerated	0	3,178
Energy recovery	0	18,876
Biological/chemical treatment	75	4,777
Other	0	848

In 2012, our hazardous waste generation decreased by just over 1.3 percent from 2011 (from 49,315 to 48,685 tons), and our non-hazardous waste generation decreased by 0.4 percent from 2011 (from 116,499 to 115,978 tons). Total waste generation declined 0.7 percent from 2011 (165,813 tons to 164,662 tons)

Environmental Remediation

Johnson & Johnson is remediating contamination at 18 current or former facilities. In 2012, we spent \$6.4 million remediating these facilities.

Facility Environmental Transparency

Expectations for transparency around what companies do—and how they do it—have grown dramatically in recent years. 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. To achieve this, we require each of our facilities to post facility-specific information to our website every two years. Data for 2011 and 2012 will be posted this year.

As part of our *Healthy Future 2015* goals, we have expanded our efforts to increase transparency by adding a goal for each of our business segments to share brand product sustainability information on their major brand websites. This will assist the growing number of our customers who choose to align their lives with their societal and environmental values. See more under the Transparency section of this report on page 43.

Biodiversity Conservation

EN 13, 14

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 the ecological practices that support them. Serious threats to biodiversity, such as development, are increasing, and concern about global biodiversity loss has emerged as an issue with potentially negative health, societal and economic consequences.

As a health care company, Johnson & Johnson respects the importance of conserving biodiversity and believes that preserving biodiversity and ensuring the sustainable and fair use of biological resources is an important and shared responsibility. We also understand that nature has long played a role in the discovery of new medicines and ingredients that improve health care products and, by association, human health. Our position statement, [Respecting Biodiversity](#), is available on our website.

We agree with the intent of the Convention 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 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 protecting the interests of the owners or traditional users of these biological materials.

We are not presently engaged in bio-prospecting; however, we have a few limited activities with business partners searching for and studying new natural products on our behalf. Initial screening of this sort requires a small sample size and does

not negatively impact the environment; nonetheless, we remain committed to engaging in conversations about protecting the interests of the owners of these materials.

Our 2005–2010 Healthy Planet goals included biodiversity projects as a focus. Our sites undertook biodiversity projects during the goal period, and although the goal has expired, these projects continue where the sites have opted to maintain them. During the course of the Healthy Planet 2010 goals, over 460 biodiversity projects were completed, with 52 percent supporting biodiversity at external locations, 19 percent enhancing and conserving biodiversity on-site, 6 percent sponsoring endangered species, 4 percent protecting a habitat from environmental threats and 19 percent other.

Johnson & Johnson contributes to the conservation of biodiversity through the partnerships we have with conservation organizations, guided by the responsibilities to the environment and our communities in Our Credo. For example, when we added a new building in Switzerland a few years ago, we ensured that the shadows of the facility did not impact the spawning activities of amphibians in a nearby creek, and we included a “green roof” to attract wildlife.

In 2012, using the World Business Council for Sustainable Development Water Tool, we determined that some of our sites are located in areas identified by Conservation International as biodiversity hotspots. The Conservation International biodiversity hotspots are broad regions rather than a detailed representation of the total biodiversity or ecosystem status or value at specific locations, but they do provide information that the regional location is one where biodiversity concerns may exist. The Johnson & Johnson sites that were found in Conservation International biodiversity hotspots are located in Brazil, Colombia, Dominican Republic, Greece, India, Israel, Italy, Japan, Malaysia, Mauritius, Mexico, Puerto Rico, South Africa, Spain, Thailand, the United States and Venezuela. Further assessment of these sites has not been undertaken, and we have not confirmed the accuracy of this information.

EN11

EN12

Opportunities to reduce our impact on the environment exist all along our value chain, from minimizing our own footprint to supporting our external manufacturers and suppliers to do the same. Johnson & Johnson has manufacturing, R&D, warehousing and office locations around the world. Like most large manufacturing companies, we have air emissions, wastewater discharges, waste generation, construction and transportation activities. All operations are conducted in accordance with the laws and regulations appropriate to them and with our worldwide EHS Standards, which provide the minimum acceptable performance for Johnson & Johnson manufacturing and R&D sites. Occasionally, accidental releases may occur at our facilities; when this occurs, we have a process in place to report that accidental release within 72 hours of its occurrence, and we work expeditiously in cooperation with the appropriate regulatory authorities to remediate the release.

Johnson & Johnson companies also are mindful of biodiversity in the supply chain. Opportunities to reduce our impact on fragile environments exist all along our value chain, from minimizing our own footprint to encouraging our suppliers to minimize theirs. While we do not have direct control over our external supply chain, we are committed to ensuring operations conducted on our behalf are consistent with our values. Our [Responsibility Standards for Suppliers](#) guides our supply chain activities and includes expectations related to sustainability and environmental responsibility.

We also seek to preserve biodiversity through responsible sourcing. Johnson & Johnson has active responsible sourcing programs for forest products and palm oil. Since 2005, we have followed the Sustainable Packaging Coalition Guidelines with a goal of using packaging that is sourced responsibly, made entirely using renewable energy and recycled after use. Regarding palm oil, we have a *Healthy Future 2015* goal to buy all palm oil and its derivatives from certified sustainable sources by year-end 2015. (Read more about our packaging and palm oil efforts under Product Stewardship.)

In 2012, we participated in the Forest Footprint Disclosure (FFD) project. Initiated in 2008, FFD is a project of the Global Canopy Foundation that asks private sector companies to disclose aspects of their “forest footprint” based on exposure to five key commodities—soy, palm oil, timber/pulp, cattle products and biofuels—in their operations and/or their supply chains. This was the second year that we participated in this program.

Product Stewardship and Design

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

Our second-generation greener product process, known as Earthwards®, helps our product teams to understand the environmental and social impacts at each stage of a product's life cycle, identify ways to reduce our environmental footprint and uncover opportunities for credible environmental claims. Our *Healthy Future 2015* goals call for all new products and packaging to be evaluated for sustainability improvements and for a total of 60 products to achieve the Earthwards® recognition. Every Earthwards® recognized product must meet four basic screening requirements and make significant improvements in at least three of the seven goal areas:

- Materials used
- Packaging reduction
- Energy reduction
- Waste reduction

- Water reduction
- Positive social impact or benefit
- Product innovation

Each product is evaluated against a proprietary scorecard that is updated on a regular basis by a group of product sustainability experts from government, academia, business and environmental nongovernmental organizations (NGOs).

Once a product has earned distinction as an Earthwards® recognized product, it must undergo and pass an annual review in order to retain the recognition.

The Earthwards® process was designed to demonstrate our commitment to developing more sustainable products and to better explain the improvements that make these products more sustainable. But Earthwards® is not an eco-label. Rather, it is a rigorous product stewardship process designed and implemented by Johnson & Johnson that undergoes an annual third-party assurance audit by UL Environment.

In 2012, an additional review of the Earthwards® process was conducted by an outside panel of experts. This review generated numerous suggestions for improving and updating the Earthwards® process. Notable among them was the suggestion that there should be a stronger connection to product life cycle hot spots, if possible. This suggestion, along with other important recommendations, will be incorporated into the Earthwards® process in 2013.

At the end of 2012, 36 products had achieved Earthwards® recognition, with 11 of those products receiving the recognition in 2012. Our Earthwards® products include:

Consumer Products (20 products)

AVEENO PURE RENEWAL™ Shampoo and Conditioner
 BANDAID® Brand Adhesive Bandages
 JOHNSON'S® Naturals (two products)
 NATUSAN® First Touch (three products)
 Neutrogena® Naturals™ (seven products)
 o.b.® Tampons
 o.b.® Tampons (Europe)
 SUNDOWN®
 Le Petit Marseillais® (2 products)

Medical Devices & Diagnostics (10 products)

ACUVUE® Advance® Brand Contact Lenses
 ACUVUE® OASYS® Brand Contact Lenses
 ONE TOUCH® Blood Glucose Meters
 ONE TOUCH Ultra® Blue Test Strips
 SURGICEL®
 ValuTrus™ Advant™ 55 Linear Cutter/Stapler
 ValuTrus™ Circular Stapler
 ValuTrus™ Linear Stapler ADLH

EN26



OUR SAFETY AND CARE COMMITMENT: Johnson & Johnson is committed to the science of safety and to the art of creating products that are gentle on people and the environment. The safety of our beauty and baby care products begins with our five-level assurance process, and we continually re-evaluate ingredients to ensure we are responsive to the latest scientific developments and to the feedback of our consumers.

ValuTrus™ PPH

Ortho Clinical Diagnostics VITROS® 3600

Pharmaceuticals (6 products)

INVEGA® SUSTENNA®/XEPLION® (paliperidone palmitate)

NUCYNTA® (tapentadol)

REMINYL®/RAZADYNE® (galantamine)

SIMPONI® (golimumab)

STELARA® (ustekinumab)

ZYTIGA® (abiraterone acetate)

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

ZYTIGA® (abiraterone acetate) is used to treat prostate cancer, which is the second most frequently diagnosed cancer in men and the fifth most common cancer overall. By applying green chemistry principles in the formulation of this product, Janssen doubled the process yield and realized significant reductions in raw material use, water use and hazardous waste generation.

AVEENO® PURE RENEWAL™ Shampoo and Conditioner products have now earned Johnson & Johnson's Earthwards® recognition as a result of investing in individuals creating beautiful change in their communities, reducing energy use by converting a transportation route from truck to rail and using the ingredient NATRASURF™ as part of its sulfate-free formula. NATRASURF™, the first personal care ingredient of its kind, is a potato starch-based polymeric surfactant with the same performance as traditional surfactants.

The VITROS® 3600, an immunoassay analyzer, is the first medical diagnostics product to receive Earthwards® recognition. The device has been improved to reduce the energy use by 13 percent and generate 80 percent less liquid waste during use than the previous version of the product, and it has undergone a significant improvement related to the European Directive for Restriction of Hazardous Substances (ROHS) in parts compliance. One of the changes made to the product came as a result of feedback from our customers. They commented on the significant amount of paper documentation associated with using the device. To address that issue, an onboard electronic documentation system was installed in the analyzer, resulting in a 15 percent reduction in paper documentation with the new version.

**ZYTIGA®
(abiraterone acetate)**



- 64 percent fewer raw materials used by implementing green chemistry to improve the overall yield*
- 78 percent less water used in synthesis*
- 87 percent less hazardous waste from synthesis*
- Wet crystallization and extraction process used to reduce to lean



* As compared to the previous API synthesis process

**AVEENO®
PURE RENEWAL™
Shampoo**



- Less energy used to transport the final product*
- The makers of AVEENO® invest in programs to educate and engage consumers
- Uses the innovative personal care ingredient NATRASURF™, developed using green chemistry techniques
- Contains ACTIVE NATURAL® Balancing Seaweed extract



* Compared to previous version of this product

**Ortho Clinical Diagnostics
VITROS® 3600 Immunodiagnostic
System**



- On-board electronic documentation VDOCS leading to a current effective reduction of 15 percent in paper documentation ordered*
- Significant improvement in ROHS (Restriction of Hazardous Substance) parts compliance•
- 13 percent reduction in energy during use*
- 80 percent less liquid waste generated during use*



* Compared to previous generation of this product

Business Specific Initiatives

Consumer

In our Consumer segment, we use a Global Aquatic Ingredient Assessment™ (GAIA) tool to assist our formulators with selecting ingredients that have reduced environmental impacts at end of life. To learn more about GAIA, visit www.safetyandcarecommitment.com.

Palm Oil

A *Healthy Future 2015* goal is to buy all palm oil and its derivatives from certified sustainable sources by year-end 2015. In 2012, our Consumer segment purchased enough GreenPalm certificates to equal 100 percent of our annual palm oil usage in ingredients derived from palm oil. This equates to approximately 70, 000 GreenPalm certificates.

However, our goal challenges us to move beyond GreenPalm certificates and to source all palm oil and its derivatives from certified sustainable palm oil (CSPO) by year-end 2015. We are very small users overall of palm oil—less than 0.2 percent of the estimated 50 million tons produced globally a year. We do not add palm oil directly into our products, but almost all of the ingredients we use in our products contain palm oil or palm kernel oil. This makes our goal an ambitious one because the supply chains for personal care ingredients derived from palm oil and palm kernel oil are more complex compared to purchasing CSPO directly from suppliers. The market for CSPO has evolved at a slower pace than expected, which has added to our challenge. Given this environment, the best way to meet our commitment today is by purchasing GreenPalm certificates. Money from GreenPalm certificates directly benefits and motivates the growers of CSPO and encourages other growers to become Roundtable on Sustainable Palm Oil (RSPO) certified. We also are partnering with NGOs to fund the training of smallholders to become certified growers, which helps expand the market and benefits local communities.

In 2012, Johnson & Johnson was the first company globally to purchase independent smallholder GreenPalm certificates from a group of approximately 400 Thai farmers. Thailand is the third largest grower of palm oil, and 70 percent of all oil palm production in Thailand comes from smallholders. The RSPO certification process helps growers farm better and smarter, resulting in improved yields, fewer rejections from the mills, improved quality of life and a greater income while protecting biodiversity and social rights of workers.

Medical Devices & Diagnostics

In our MD&D segment, efforts continue to remove target compounds identified by the Restriction of the Use of Certain Hazardous Substances directive in Europe, which bans new electrical and electronic equipment containing more than agreed-upon levels of lead, cadmium, mercury, hexavalent chromium, and flame retardants with polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) from being placed on the EU market. Compliance deadlines vary, depending

upon the product. We have target metrics which span across the next few years. Several of our business units have already achieved these limits ahead of schedule, including our LifeScan, Inc. and Ethicon, Inc. businesses.

Pharmaceuticals

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

Packaging Improvements

Enterprise-wide, we have global Environment, Health and Safety (EHS) Standards requiring all business units to evaluate all new products and product packaging for sustainable packaging improvements, including increasing the use of sustainably sourced paper, increasing the post-consumer recycled (PCR) content for paper, plastic and bio-based materials; eliminating the use of poly vinyl chloride (PVC), except in legacy pharmaceutical blister packaging; increasing the recyclability of packaging materials; and reducing the size of packaging.

Although we do not have *Healthy Future 2015* goals in these areas, we are continuing our efforts. Through the use of our Forest Products Purchasing Guidelines and our Global Environmental Packaging Reference Guide, we are working toward having all office paper and paper-based packaging contain more than 30 percent post-consumer recycled content or fiber from certified forests.

An example of our sustainable packaging is illustrated by SUNDOWN®, a Johnson & Johnson sunscreen product sold in Brazil in a bottle that incorporates both post-consumer recycled and bio-based plastics. The bottle, made by sandwiching the post-consumer recycled (PCR) polyethylene (PE) plastic with the two layers of the sugar-cane-derived bio-based polyethylene (PE) plastic, can be comingled and recycled with other plastic PE bottles. In addition, the PCR PE is purchased from a local cooperative certified to the SA8000 social accountability standard.



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 shipping containers). As of the end of 2012, we have eliminated over

99.5 percent of PVC packaging, excluding over-the-counter and legacy pharmaceutical blisters. We are making progress in removing the remaining PVC. The elimination of PVC has been incorporated into our Global EHS Standards. We are committed to continue our PVC removal efforts from all packaging where technically feasible, except for legacy pharmaceutical blisters, by the end of 2015.

Product Disposal

The disposal of products and packaging materials at the end of a use phase is a steadily growing environmental challenge.

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Many of our products are completely consumed in use, so product disposal is not as much of a problem as packaging disposal. The exception to this can be unused medicines and medical devices.

In the U.S., Johnson & Johnson supports the U.S. White House Office of National Drug Control Policy for the Proper Disposal of Prescription Pharmaceuticals and participates in SMARxT Disposal, an educational effort led by the Pharmaceutical Research & Manufacturers Association (PhRMA), the U.S. Fish & Wildlife Service and the American Pharmacists Association to inform consumers about proper disposal of unused or expired medicines. We also conduct voluntary take-back of home-generated auto-injectors related to our immunology business in the U.S. In Europe and Canada, we comply with host-country directives. Any of our voluntary programs are in addition to our participation in any mandatory regulatory product take-back programs. We do not track the amount of pharmaceuticals manufactured by Johnson & Johnson that are collected.

In our MD&D segment, Johnson & Johnson offers electronic product take-back around the world. In 2012, 339 tons of products were taken back and recycled. Through our U.S.-based Sterilmed business, 5.3 million devices were reprocessed in 2012, diverting 2.9 million pounds of medical waste from landfills and saving our customers nearly \$95 million. Our goal is to continue to work with our customers to evaluate opportunities to increase the number and quantity of products recycled and reprocessed, which will result in cost savings for our customers while increasing the sustainability profiles of our products.

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

EN1,2

Human Rights

At Johnson & Johnson, our [Statement on Human Rights](#) articulates our commitment to protect human rights globally. We are dedicated to respecting human rights as described in the [Universal Declaration of Human Rights](#) and its two

corresponding covenants, [The International Covenant on Civil and Political Rights](#) and [The International Covenant on Economic, Social and Cultural Rights](#). We also follow the principles in the International Labor Organization's [Declaration on Fundamental Principles and Rights at Work](#), including those regarding nondiscrimination, freedom of association and collective bargaining, and freedom from forced and child labor.

Our Vice President of Human Resources reports directly to our Chief Executive Officer and is responsible for overseeing our internal human rights efforts. Compliance is monitored under the Policy on Business Conduct through individual business units. Approximately 1,000 senior leaders in the Company are required to certify their compliance (or to disclose exceptions) with the Policy on Business Conduct annually. 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-compliance reported to senior management. Employees may anonymously report potential violations via a Company-wide compliance hotline. Regional Labor and Employee Relations staffs investigate non-compliance in employee relations matters, and remediation of verified non-compliant situations is handled between regional Employee Relations and the respective business unit.

Our [Global Labor and Employee Guidelines](#) articulate our expectations for labor and employment practices at our sites. These guidelines require open communication with all employees, mandate respect for each employee's right to freedom of association and collective bargaining, prohibit discrimination and forced labor of any kind, and require adherence to and enforcement of child labor laws. Johnson & Johnson businesses are located worldwide; a list of our operating locations can be found in Exhibit 21 of our 2012 10-K filing. Assessments against our Global Labor and Employee Guidelines are conducted on an ongoing basis.

HR 10

Our [Equal Employment Opportunity Policy](#) prohibits discrimination against all employees and applicants for employment on any basis or characteristic protected by law. Affirmative action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline and discharge are free from unlawful discrimination. Such actions are subject to confidentiality, legal, privacy or other similar restrictions and, therefore, are not publicly disclosed. However, this information is reported externally in our public filings if it meets the criteria for requiring public disclosure.

HR 4

We also maintain a [Policy on the Employment of Young Persons](#) that requires suppliers to abide by specific rules when employing persons under the age of 18 ("young persons") in the manufacture of any product or any component of a product. Our policy extends to all of our affiliates worldwide. The policy mandates that no person between the ages of 16 and 18 shall

be employed unless such employment is in compliance with the health, safety and morals provisions of the International Labor Organization Convention 138 Concerning Minimum Age.

HR 5,6,7

Many of the 60 countries in which Johnson & Johnson operates 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. These include:

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

We have set a *Healthy Future 2015* goal to provide all critical employees—those in positions most sensitive to human rights infringements—with human rights training. At the end of 2012, approximately 1,000, or 76 percent of our procurement professionals, had received this training. All employees receive training on our [Policy on Business Conduct](#) and the [Global Labor and Employment Guidelines](#), which also cover

HR 3,8

human rights.

Human Rights and Suppliers

Our external manufacturing partners are subject to assessments that may include an on-site audit or periodic inspections and must maintain records to demonstrate conformance to our supplier standards. Going forward, we will continue to monitor these suppliers to verify that they conform to our human rights standards, with a strong focus placed on about 20 percent of the total that are located in high-risk countries. All external manufacturing, active pharmaceutical ingredient supplier, re-packer and sterilizer site locations (numbering approximately 900) have been confirmed, and approximately 130 were identified as being located in high-risk countries, including Algeria, Brazil, China, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, Panama, Paraguay, Romania, Russian Federation, Thailand, Ukraine and Vietnam. Of those, 88 percent have been confirmed to conform to the human rights provisions of our standards, and none were identified as non-conformant.

HR 2

In 2012, we began implementing our [Responsibility Standards for Suppliers](#). Implementation across our supply chain will take time, due to the sheer number of suppliers. These standards, which previously applied only to our external manufacturing partners, have been extended to all of our suppliers, totaling tens of thousands. The standards were revised to be more inclusive, including some revisions on human rights, such as the requirement to implement policies and/or procedures

HR 1

to evaluate the risk of human trafficking. The revised standards are available on our responsibility website at http://www.jnj.com/responsibility/ESG/social/Supply_Chain/Standards.

Our *Healthy Future 2015* goal requires that all suppliers in high-risk countries confirm awareness of and conformance with the human rights provisions of our Responsibility Standards for Suppliers. For the purpose of identifying high-risk countries, we have used regulatory requirements within the country pertaining to product safety, application of good manufacturing practices and quality management systems, protection of intellectual property, the enforcement of regulations and the ranking of the country in the Corruption Perception Index produced by Transparency International and the Johnson & Johnson Export Compliance Policy. In 2012, tools to evaluate and verify if a supplier conformed to the human rights provisions of our policies and standards were developed and provided to Johnson & Johnson businesses.

Although we have the tools (both internally developed and third-party solutions) to evaluate suppliers and verify that they conform, our efforts continue to be limited due to difficulty in identifying which suppliers make or sell a service from any high-risk country. Sector strategies have been developed and are being implemented. A working group has been initiated and will meet regularly to review overall efforts to ensure progress throughout 2013 and beyond.

To meet this goal across our supply chain, we have classified our suppliers by type and volume of business conducted. Of our approximately 200 strategic suppliers, 51 percent have been evaluated to see if they make or sell a service from a high-risk country. Approximately 40 percent of these suppliers confirmed that they do, and slightly less than half of these have been confirmed to conform to the human rights provisions of our standards. To date, none have been identified as non-conformant.

Conflict Minerals

Along with governments, NGOs, the investment community and other corporations, Johnson & Johnson is concerned with human rights violations, such as forced labor, sexual violence, human trafficking and child labor, which we understand are occurring in the Democratic Republic of Congo and adjoining countries (the “DRC region”) as a result of the civil discord there. We understand that the armed groups responsible for the conflict in the DRC region may be directly or indirectly financed by the mining of and trade in the ores from which tin, tungsten, tantalum and gold are derived.

In recognition of the link between the global minerals trade and the financing of armed groups in the DRC region, the U.S. Congress passed a bill requiring companies to publicly report on their use and the source of these minerals. In August 2012, the U.S. Security and Exchange Commission (SEC) adopted a final rule requiring SEC-reporting companies that manufacture or contract to manufacture products that contain “conflict minerals” to conduct due diligence on the origin, source and chain of custody of such minerals and provide specialized disclosure regarding the findings of such diligence. The SEC currently defines “conflict minerals” to include tin, tungsten, tantalum and gold.

Tin, tungsten, tantalum and gold (“3TG”) are essential in the manufacture of a variety of electronic and medical devices and other products, including some products of the Johnson & Johnson Family of Companies. Although the metals supply chain is global and complex, the Johnson & Johnson Family of Companies is committed to institute procedures and reporting systems, and to conduct the necessary diligence to comply, and to work toward the elimination, over time, of 3TG in our products that we discover originate in the DRC region and support armed groups.

We are taking steps to determine the use, country of origin and source of 3TG minerals in our global product portfolio across our Consumer, Pharmaceutical and Medical Devices & Diagnostics businesses. Using a documented reasonable due diligence process, as suggested by the Organization for Economic Cooperation and Development (OECD) guidelines, we are working closely with our suppliers to determine the presence of 3TG in our supply chain. In furtherance of our commitment, we:

- Expect our suppliers to source materials from suppliers who also source responsibly, including from legitimate, conflict-free mines in the DRC region;
- Require all our 3TG suppliers to conduct the necessary due diligence and provide us with proper verification of the country of origin and source of the materials used in the products they supply to Johnson & Johnson companies;
- Support initiatives to verify smelters and refiners that are conflict-free and expect our suppliers to utilize any such conflict-free smelter/refiner programs that are available;
- Reserve the right to verify any information received from our suppliers.

If a supplier is found to not be in compliance with these objectives, the supplier is expected to develop, implement and document plans to remedy such non-compliance in a timely manner. If the non-compliance cannot be resolved, we reserve the right to terminate the relationship with the supplier.

Transparency

Increased levels of transparency and disclosure reflect the expectations of stakeholders of all kinds and the proliferation of the digital landscape.

Last year, we launched a new website, www.jnj.com/Responsibility, that provides information on more than 100 environmental, social, governance and economic topics and major policies related to our corporate citizenship.

In addition:

- Across the enterprise, our processes require that we continue to examine our key citizenship and sustainability performance metrics to see where expansion of data collection efforts may be required. Tracking for several new

metrics was added in 2012, including key labor metrics, as well as additional exploration of water availability and biodiversity concerns in the regions where our facilities are located.

- For the last several years, we have been following a systematic plan to increase the amount of information provided in this report, including metrics on our supply chain, human rights, labor practices, and other social and environmental indicators. This year’s report includes numerous new metrics, including LA1, LA13, HR4, PR6, EN11, EN12, among others, which allows our business leaders to target improvement efforts in key areas.
- We continue to post facility Environmental, Health and Safety (EHS) performance information for our Johnson & Johnson facilities on our website at http://www.jnj.com/responsibility/ESG/Environment/Environmental_Performance/facilitytransparency
- In 2012, we continued to report on payments to physicians by our U.S. Medical Devices & Diagnostics companies and our U.S. pharmaceutical companies, well ahead of any regulatory requirement to do so. More information is available on our website at http://www.jnj.com/responsibility/ESG/Social/Our_Philanthropy/Transparency_in_Giving/
- We post results of controlled clinical studies, regardless of their outcomes, online at www.ClinicalTrials.gov. Our researchers are committed to publishing results that are scientifically and/or medically important, including results that affect the registration or utilization of a Company product, as well as results from discontinued clinical research. See http://www.jnj.com/responsibility/ESG/Social/Product_Development/Clinical_Trials
- 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 on our individual company websites.
- We post a list of all U.S. political contributions to our website at www.investor.jnj.com/governance/contributions.cfm. Outside of the United States, political contributions may be made in Canada and Japan. These contributions are tracked at the local level. In Japan, contributions were less than \$2,000 in 2012. More information can be found on our website at http://www.jnj.com/responsibility/ESG/Governance/Public_Policy_and_Contributions/Overview and <http://www.investor.jnj.com/governance/contributions.cfm>.

SO 6

We report our progress on our citizenship and sustainability goals annually and have done so for more than 15 years. In 2010, we established a *Healthy Future 2015* goal to have all 23 major Johnson & Johnson brand websites share product sustainability information.

Consumer

AVEENO®, NEUTROGENA®, JOHNSON'S®, LISTERINE®, o.b.® and Le Petit Marseillais®

Pharmaceutical

REMICADE®, STELARA®, VELCADE®, XARELTO®, SIMPONI®, ZYTIGA®, PREZISTA®, NUCYNTA®, INVEGA® and SUSTENNA®/XEPLION®

Medical Devices & Diagnostics

Ortho-Clinical Diagnostics, Inc.; Ethicon, Inc.; Ethicon Endo-Surgery, Inc.; Johnson & Johnson Vision Care, Inc.; Animas Corporation; LifeScan, Inc.; DePuy Synthes Companies; and Cordis Corporation

Ten of these major brands and/or companies, or just over 43 percent, are now sharing sustainability information on their websites, as follows:

Consumer

- Overall Consumer: <http://www.safetyandcarecommitment.com> and www.healthyessentials.com/our-caring
- JOHNSON'S®: <http://www.johnsonsbaby.com/introducing-johnsons-natural> and <http://www.johnsonsbaby.com/johnsons-difference/best-for-baby-natural-overview>
- NEUTROGENA®: <http://naturals.neutrogena.com/whats-inside>
- AVEENO®: <http://www.aveeno.com/recycling> and <http://www.aveeno.com/active-naturals>
- Le Petit Marseillais®: <http://www.lepetitmarseillais.com/restons-nature>

MD&D

- DePuySynthes: <http://www.depuy.com/about-depuy/corporate-info/social-responsibility>
- Ethicon: <http://www.ethicon.com/corporate/about-us/causes>
- ASP: <http://www.asppj.com/us/about/environmental-commitment>
- LifeScan: <http://www.lifescan.com/responsibility/giving>

Janssen:

- SIMPONI® Safe Returns (addresses EOL responsibility): <http://www.simpioni.com/hcp/simpionione-safe-returns>
- NUCYNTA® disposal guidance: <http://www.nucynta.com/sites/default/files/pdf/nucyntaer-medication-guide.pdf>

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

Another *Healthy Future 2015* goal is to increase the amount of country-level sustainability, citizenship and economic-related footprint information. Over the past two years, reports have been published in Singapore, China, Brazil and the United Kingdom.

As part of our *Healthy Future 2015* goals, we have also set a goal to expand information on our policy perspectives on major issues. Our responsibility website, www.jnj.com/responsibility, serves as an ongoing resource about our sustainability performance and citizenship efforts.

Public Policy

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

Global Policy Positions

In all corners of the world, in countries with all types of health and political systems, Johnson & Johnson works with providers, patient groups, governments and other stakeholders to ensure that patients have access to affordable, safe, quality health care that recognizes and values medical innovation.

Our global policy goals include:

- Health system reforms that support access to affordable health care in developed and emerging markets. Johnson & Johnson views investment in health and health care as an economic investment that will pay dividends through a productive and healthy workforce.
- Strong safety and efficacy standards for biosimilars and biologics around the world.
- Health technology assessment standards and processes that promote broader market access. Johnson & Johnson supports efforts by governments and payers to demonstrate the value of biomedical innovation, but these initiatives should not be used in a way that limits patients' ability to access innovative technology.
- Regulations that maintain the safety and integrity of product supply chains.
- Strengthening of intellectual property rights at country level and in trade negotiations.
- Harmonization of regulatory frameworks across countries, particularly in emerging markets that are establishing or revising rules for approval of pharmaceuticals, biosimilars, and medical devices.
- Transparency of clinical trial data through registration of trials in external public registries, and publication of results of company-sponsored Phase 2–4 clinical trials and Phase 1 trials in peer-reviewed journals.
- In pursuing these policy goals, Johnson & Johnson supports and abides by ethical business practices.

U.S. Policy Goals

In addition to these global principles, as a U.S. company with a long history serving its patients and providers, Johnson & Johnson's U.S. health policy goals include:

- Successful implementation of the health coverage expansions of the Affordable Care Act to reach as many uninsured people as possible and to ensure that new insurance coverage continues to provide adequate access to Johnson & Johnson products.
- Ensuring market-based pricing for outpatient prescription drugs covered under Medicare.
- Maintaining 12 years of data exclusivity protection for originator biotechnology products.

S05

- Restoration of industry user fees to the Food & Drug Administration that have been reduced through automatic budget cuts.
- Comprehensive U.S. corporate tax reform that creates a level playing field for U.S. multi-national companies.

Our Participation with Trade and Policy Development Organizations

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

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

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

U.S. Trade Associations

Following is a list of U.S. trade associations to which Johnson & Johnson paid dues over \$75,000 in 2012.

- Advanced Medical Technology Association (AdvaMed)
- Biotechnology Industry Organization (BIO)
- California Healthcare Institute (CHI)
- Consumer Healthcare Products Association (CHPA)
- Healthcare Leadership Council (HLC)
- HealthCare Institute of New Jersey (HINJ)
- National Health Council (NHC)
- Personal Care Products Council (PCPC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- U.S. Chamber of Commerce

Political Contributions

One aspect of advancing sound public policy is supporting those women and men who serve the public by seeking elected office.

We do not expect candidates who receive contributions from our employee political action committee or our Company to agree at all times with our positions on policy issues. Rather, we seek to support candidates who recognize the importance of medical innovation in improving lives and

that a fair, free-market system provides the best environment for continued innovation. We also seek to support candidates who recognize the importance of broad access to quality, affordable health care. When selecting candidates for funding, priority is given to candidates' views on issues that concern the businesses of Johnson & Johnson and also the impact of candidates' views on our employees or facilities in a candidate's state or district. Our contributions are intended to promote the interests of the Company and the patients and customers we serve, and are made without regard to the private political preferences of Company officers and executives.

While U.S. Federal law prohibits corporations from making political contributions to federal candidates, companies can establish political action committees that are funded solely through voluntary employee contributions. Since 1972, Johnson & Johnson has provided limited administrative support to our U.S. employee political action committee, the Johnson & Johnson Political Action Committee (JJPAC).

JJPAC offers eligible U.S. employees a direct means to voluntarily participate in shaping sound public policy and voicing views on issues related to our businesses. The JJPAC operates in accordance with all relevant state and federal laws. Information about JJPAC is available on the U.S. Federal Election Commission website.

In certain states where permitted, Johnson & Johnson makes contributions to support state election campaigns, state party committees and state ballot measures. Johnson & Johnson operates in accordance with all relevant laws and does not make direct independent expenditures. All contributions to candidates are made based on the interests of the Johnson & Johnson Family of Companies, as well as the patients and customers those businesses serve. In order to receive contributions, candidates must meet one or more of the following criteria:

- Have a voting record or philosophy that is aligned with the interests of the Johnson & Johnson Family of Companies, as well as the patients and customers we serve.
- Represent a district where there is a Johnson & Johnson facility.
- Be a member of a standing committee relevant to the interests of the Johnson & Johnson Family of Companies, as well as the patients and customers we serve.

In the interest of transparency, we make available lists of all PAC and corporate political and ballot measure contributions, which is updated annually and archived on our Investor Relations website. Beginning in 2012, all political contributions were posted semiannually at <http://www.investor.jnj.com/governance/contributions.cfm>. Contributions are aggregated to reflect the totals per election for the specified disclosure period. Federal candidates can receive up to \$5,000 in PAC contributions per election. State contribution limits vary. Our latest filings are also found on the [U.S. Senate Lobbying Disclosure Act Reports website](#).

Governance and Oversight of Government Affairs Activities

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

As part of its oversight role in government affairs and policy, the Regulatory, Compliance & Government Affairs Committee of the Johnson & Johnson Board of Directors also receives an annual report of the Company's political contribution and lobbying policies, practices and activities. Beginning in 2013 for the calendar year 2012, the Regulatory, Compliance & Government Affairs Committee of the Johnson & Johnson Board of Directors will receive an annual report of the Company's payments to trade associations of \$75,000 or more, where a percentage of payments may be used for lobbying. The Company's PAC and corporate political spending is audited biennially. Finally, Johnson & Johnson has a code of conduct that prohibits employees from using corporate funds or assets for political purposes unless approved by the appropriate member of senior management.

Questions about contributions should be directed to:

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

Supply Chain

Taking responsibility for the environmental and social impacts of our products means looking beyond our own manufacturing operations to those of our supply chain. We work closely with our supply chain partners to promote sustainability. By doing so, we can improve our own performance, as well as influence the performance of our supply chain partners.

We give preference to purchasing products or services that demonstrate the following attributes:

- Use of renewable resources
- Use of sustainable practices
- Energy efficiency
- Packaging efficiency
- Transport efficiency
- Made from recycled materials and/or can be recycled or reused at end of life

- Products that do not contain or use in their production materials listed on the Johnson & Johnson Watch List (a compilation of lists of banned and/or restricted materials, according to country and regional legislation).

Our Procurement Sustainability Initiative (PSI) provides a foundation to guide our procurement professionals in their purchasing decisions and gives them a framework to provide guidance to influence our suppliers. Through PSI, we evaluate several non-financial performance factors when contracting with suppliers, seeking to partner with those that are aligned with our sustainability commitments. Across the 14 broad categories of goods and services we purchase, we look for suppliers that are transparent about their sustainability programs, can assure us that they are sustainably producing the goods and/or services we are buying, and can verify the legal and regulatory compliance of their supply chain. We developed a tool, known as the Sustainability Toolkit for Suppliers, to assist our suppliers in understanding our sustainability commitments and to improve their sustainability processes.

In 2011, we identified more than 300 strategic suppliers (based on spend and/or product supplied) in each of these 14 broad procurement categories. This number was revised in 2012, when our Procurement Leadership Team confirmed that the list of strategic suppliers should include only segment 1 suppliers, which are chosen based on spend, risk and strategic importance to our Company. We have just over 200 segment 1 suppliers with a total spend of over \$8 billion.

We set a *Healthy Future 2015* goal for all strategic suppliers to publicly report on two or more sustainability goals in one of the following goal categories: energy reduction, waste reduction, water use reduction, workforce injury/illness reduction, workforce wellness, and community and human rights investment. At the end of 2012, 41 percent of our strategic suppliers had met this goal. Of the suppliers that have publicly reported goals, the percentage reporting in each of the goal areas is shown in the table below. We are particularly gratified that our efforts have helped a few suppliers to report sustainability goals publicly for the first time. Our challenge going forward will be to continue with our assessments and partnerships to assist all remaining strategic suppliers in meeting this goal. Companies require significant internal review and support before many of them can share this information publicly, although many have programs and goals in place.



WORKING WITH SUPPLIERS: Recognizing how much of our business is supported and driven by the suppliers we partner with around the world, Johnson & Johnson held its first ever “enterprise-wide” Supplier Roundtable. We brought together 50 of our top suppliers from around the world at our World Headquarters in New Brunswick, New Jersey in October 2012 to inspire open dialogue about our business and how we can work together for a strong future by enhancing our partnerships with our suppliers.

PUBLICLY REPORTED SUSTAINABLE GOAL CATEGORY	PERCENTAGE OF STRATEGIC SUPPLIERS RESPONDING
Community Investment	58
Energy Reduction	100
Waste Reduction	84
Water Use Reduction	69
Workforce Wellness	55
Workforce Injury/Illness Reduction	69

Additionally, as a participant in the Carbon Disclosure Project's (CDP) Supply Chain program, we encourage suppliers to measure their energy use and greenhouse gas emissions, and to develop and publicly report on their emissions. In 2012, 139 of the 156 suppliers we approached have chosen to participate in the program.

Supplier Standards

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

With the support of Johnson & Johnson's professional staff and the *Healthy Future 2015* guidelines for setting sustainability goals, you have helped us establish objectives and targets that were in line with Tessa Plastics' business needs and business responsibilities. We share with Johnson & Johnson the common goal of reducing risk to our employees and our environment.

Because of Johnson & Johnson's leadership and guidance, our 2012 Employee of the Year recipient was selected for his commitment to stewardship of our environment by reducing waste in all areas of production. His team's work was the catalyst for our 2013 publicly declared Waste Reduction sustainability goal.

Linda Bowes
Materials Manager
Tessa Plastics, Corp.

Our implementation strategy focuses on key risk factors and on suppliers that have been identified as strategic. The level of supplier risk will drive our supplier assessment strategy, including the type of assessment, frequency and level of expertise needed to conduct the assessment. Findings will be communicated to the supplier, and corrective actions will be required and monitored. If minor violations of our standards are discovered, 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.

Supplier Diversity

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

Our Supplier Diversity Program was established in 1998 to support this commitment, and it is supported by *Healthy Future 2015* goals established to drive continued growth. One of these goals was to achieve \$1 billion in spend with certified minority- and women-owned business suppliers by 2011, and to increase our spend results by five percent per year thereafter. Our 2012 performance on this goal was mixed. Our 2012 goal was approximately \$1.3 billion in spend, and we realized a total spend of \$1.234 billion. However, our total spend with certified minority- and women-owned business suppliers was 8.4 percent, up from 8.2 percent in 2011. Other highlights of 2012 U.S. diverse supplier spend are included below:

- Use of over 1,700 certified minority- and women-owned business suppliers
- Small-business suppliers spend: Over \$2.7 billion
- Veteran-business suppliers spend: Over \$101 million
- LGBT suppliers spend: Over \$1.6 million

Going forward, we expect to expand our supplier diversity program to areas outside of the United States. Teams have been assembled to support these efforts, with those in EMEA and specifically the United Kingdom, being the farthest along.

Emerging Markets

As the world has changed, so has the geographical distribution of our business, employees, products and sales. In 2012, 56 percent of the revenues of Johnson & Johnson come from outside the U.S., compared to about 40 percent a decade ago.

The BRIC markets (Brazil, Russia, India and China) comprise nearly 10 percent of our total revenues for 2012. The broader emerging markets represent more than 20 percent of our sales, reflecting double-digit growth in 2012 on an operational basis, inclusive of Synthes.

The broad base of product offerings and global critical mass of Johnson & Johnson positions us well with customers and governments, and gives us a unique ability to meet the needs of the emerging markets. As we have established and expanded our presence in global markets, we have leveraged our global portfolio and selectively acquired products tailored to meet the needs of specific populations. For example, in 2012 we acquired Spectrum Vision, LLC, a full-service distributor of contact lenses serving Russia with facilities in the Ukraine and Kazakhstan.

Our regional companies have optimized their infrastructure and are continuing to invest to support dozens of institutes around the world designed to train health care providers on the effective use of our products. For instance, our São Paulo Institute in Brazil trains nearly 3,000 health care providers annually.

An example of our commitment to offer localized health care solutions is evident in India, where we have opened a DePuy Institute. Approximately 1,000 physicians a year are trained there in the latest orthopaedics techniques and technologies to help ensure that patients can get the quality care they need.

Model of Emerging Market Strategy

The work we are doing in China illustrates how we are building our business in important emerging markets. There are 1.4 billion people in China, the majority of whom are covered by some form of health insurance. Increases in health care expenditures are estimated to run at a 20-plus percent annual growth rate through 2016. As China's national economy grows, and more people enter the middle class, there is a rising demand for a broader array of health care solutions.

Johnson & Johnson has had businesses in China for 27 years, employing close to 9,000 people. Our China business generated nearly \$2.5 billion in sales last year driven by a diverse and expanding portfolio of brands that Johnson & Johnson is known for globally, as well as those we have acquired to meet specific local needs and demand.

We have eight major manufacturing facilities in China. Our Xian plant is equipped with world-class capabilities and produces over 240 million packaging units of high-quality pharmaceutical products that supply 26 countries with benchmark cost-efficiency. Our sutures plant in Shanghai provides raw materials and semi-finished silk to the U.S., Europe and South America, where we then complete production.

We have a major new Innovation Center in Suzhou that supplies medical device and diagnostics products specifically for the emerging consumer markets in China and India. These products are targeted at specific disease states that are more prevalent

in the region, and they include simplified or smaller devices that are better suited for use outside the major cities and top-tier hospitals, as well as multi-use or even disposable products that are more economical. We already have a number of these products on the market, including staplers, sutures, a blood glucose meter and an artificial knee. Yet there is much more to be done as we seek to bring the promise of good health to as many people as possible.

Our portfolio of offerings in China is diverse and expanding, and it includes iconic brands from our JOHNSON'S® Baby and NEUTROGENA® franchises. Important pharmaceutical products such as REMICADE® (infliximab) and INVEGA® SUSTENNA® (paliperidone palmitate) have strongly grown in the market. RESOLOR® (prucalopride) and EDURANT® (rilpivirine) were approved there in late December. Meanwhile, SIMPONI® (golimumab) and STELARA® (ustekinumab) are under review by the Chinese Ministry of Health.

We are also conducting research and development into new medicines that will address specific needs in China and across Asia. In May 2012, we acquired Guangzhou Bioseal Biotech, which has the only approved porcine plasma-derived fibrin sealant on the market in China. This acquisition will expand our biosurgery business there.

We know the model in China works, and we are applying it in other countries as well.

Wellness and Prevention

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Johnson & Johnson has a long-standing commitment to the health and wellness needs of its employees. This philosophy is best described by the Company's Promise of Health Care: "The best systems put the needs of individuals first, offer access to health care coverage, and provide support to help people remain healthy, get early diagnoses, and receive quality care when needed." This promise resounds with both the customers and consumers we serve and our employees. At Johnson & Johnson, our wellness and prevention programs play a critical role in achieving this promise. With workplace health and wellness programs, companies can sustain their most vital resource—their employees—by effectively improving employee health, productivity, engagement and well-being, and reducing associated costs along the way.

Live for Life™

To further enhance this commitment, in 2012 we revitalized a term that has resounded with these programs for many years: Live for Life™. Live for Life™ speaks to our aspirations for the employees of the Johnson & Johnson Family of Companies—to live a balanced life that brings personal fulfillment and optimal health. The goal is to engage employees by offering health services, resources and professional expertise, which will inspire them to take action toward healthier lifestyles. Through this engagement, they will, in turn, enhance their professional and

personal potential. Live for Life™ is as relevant today as it was when it was born in 1979 through the vision of then-CEO, James Burke. Today, nearly 35 years later, the same vision is exemplified and championed by our current CEO and Chairman of the Board, Alex Gorsky.

At Johnson & Johnson, we realize that good health is of value not only because of our employees' welfare, but because having healthy employees means a happier, more engaged, productive and sustainable workforce. By investing in employee health we are clearly demonstrating the commitment and caring we have toward our employees, their families and their communities. For this reason, we believe it is a critical imperative to promote a Culture of Health throughout the Company.

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 workplaces, and by talking the talk and walking the walk;
- Actively communicating and promoting health as an important Credo value and business imperative;
- Implementing and resourcing innovative health programs that support a holistic approach to physical, mental and spiritual well-being both inside and outside the workplace;
- Ensuring the physical work environment and site services support and encourage safe and healthy choices;
- Adopting appropriate policies and procedures that support a safe and healthy working environment;
- Measuring and tracking performance against health goals; and
- Providing tools to help people identify personal health risks over which they have control.

Johnson & Johnson works to improve and sustain employees' health by providing Culture of Health* programs that are

* As measured by full-site implementation of 12 programs (tobacco free, HIV policy, health profile, employee assistance, exercise, medical surveillance, health promotion, stress management, cancer awareness, healthy eating, return-to-work, travel health)

customized according to location, culture and specific health needs, while providing the core essential elements across all locations in order to create a culture of health worldwide. The goal is that all employees will eventually have access to the full complement of these 12 programs. And we are making progress toward this goal: By the end of 2012, nine of the 12 Culture of Health programs had been fully deployed to more than 88 percent of the employee population worldwide.

Culture of Health Program Provision and Innovation

Culture of Health Program Provision and Innovation
 Creating a Culture of Health entails cultivating an environment that supports healthy choices and providing innovative initiatives to help drive and sustain these choices. For example, in 2012, 90 percent of all employees had access to either an on-site fitness facility or reimbursement funds toward exercise (for those who work remotely); 97 percent of all campuses were tobacco-free, and 89 percent of sites that had on-site cafeterias had incorporated healthy eating principles into the food preparation and offerings. By embracing and integrating the principles of the Human Performance Corporate Athlete Program®, we have created an innovative initiative that aims to increase the level of engagement for all Johnson & Johnson employees in their work and at home. This program, Energy for Performance in Life, provides a means to achieve optimal employee performance through an integrated solution designed to teach participants how to maximize their personal energy, feel physically energized, emotionally connected, mentally focused and more aligned with their own personal mission. Since 2008, over 20,000 employees have participated in a Energy for Performance in Life course or a keynote event.

U.S. employees also have access to HealthMedia® digital coaching solutions, which assist them in changing behaviors related to a number of health risks and concerns. These online programs have proven positive outcomes. They are scalable to the entire population, yet are individualized so that each employee experiences a confidential, customized interaction specific to their situation.

Employee Health Goals

To continue to drive a Culture of Health within the organization, Johnson & Johnson has established employee health goals as

HEALTHY FUTURE 2015 GOALS—EMPLOYEE HEALTH				
RISK FACTOR	2015 TARGET	2012 TARGET	U.S. 2012 RESULTS	OUTSIDE U.S. 2012 RESULTS
Percentage of employees with access to Culture of Health programs as measured by site implementation of 12 programs	90	40	84	31
Percentage of employees who have completed a health-risk profile and know their key health indicators	80	55	78	28
Percentage of measured population health characterized as "low risk"	80	72	85	69

part of the *Healthy Future 2015* Citizenship & Sustainability goals. Our progress against the 2012 target is detailed below.

Lifestyle and Population Health

For many years, we have used a voluntary health profile assessment tool in the U.S. to help employees understand their personal health risks so they can access the appropriate health programs and resources to help them be healthier, feel better and live longer. In the past few years we also have provided this assessment outside the U.S. Currently, the Health Profile is available in 35 languages and has been deployed in 36 countries. Johnson & Johnson recently developed our confidential and voluntary Health Risk Assessment tool into a single global platform, which has accelerated access, allowing for simplified participant experience, more efficient deployment and streamlined reporting. This population data enables us to track the impact our health programs have on the workforce. Between 2011 and 2012, nearly 28,000 U.S. employees and more than 18,000 employees outside the U.S. participated in the Health Profile. The confidential questionnaire identifies health and lifestyle risks, including tobacco use, high blood pressure, high cholesterol, poor nutrition and physical inactivity. Of the U.S. participants who completed the Health Profile in 2012, 42 percent stated the Health Profile helped them to uncover an unknown health issue, while 73 percent said it helped them to maintain or improve a healthy lifestyle.

Analysis of aggregate 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 enable employees with risk factors to receive professional guidance and help them set their action plans. In 2012, nearly 86 percent of eligible participants completed a health advising session.

Programs such as the Family Activity Challenge (a program designed to include family members in various physical activity challenges) and the Million Step Challenge (a pedometer program aimed at increasing movement throughout the day with a year-long goal of logging a million steps) address inactivity. In 2012, more than 7,300 U.S. employees participated in the Million Step Challenge. Participants reported more energy (60 percent), lost weight (40 percent), lowered blood pressure (15 percent), lowered cholesterol (14 percent) and noted an overall improvement in stress levels (27 percent). The Million Step Challenge has been a part of the Johnson & Johnson culture since 2005, with over 55,000 participants since program inception, some repeating the program each year.

The Johnson & Johnson healthy eating initiative, EatComplete, is a collaboration between Johnson & Johnson and our food service providers to ensure food provided to employees in cafeterias, vending and catering aligns with nutrition expectations and energy management principles. EatComplete

HEALTH PROFILE SUMMARY

2011/2012 U.S. Employees

Total participation: 75.7%*

TOP 3 RISKS	PERCENTAGE OF PARTICIPATING EMPLOYEES
Unhealthy Eating	56.6
Inactivity	21.1
Obesity	20.8
RISK STRATIFICATION	
Low Risk	87.5
Medium Risk	11.8
High Risk	0.7%

*Choices Benefitis eligible population = 37,176; participants = 28,156

HEALTH RISK PROFILE OVER TIME

Percentage of participating employees

YEAR	LOW RISK	MEDIUM RISK	HIGH RISK
2006	78.1	20.5	1.4
2007	77.8	20.6	1.6
2008	85.0	13.9	1.1
2009	87.1	12.0	0.9
2010	87.0	12.1	0.9
2011–2012	87.5	11.8	0.7

HEALTH PROFILE PARTICIPATION

Percentage of employees

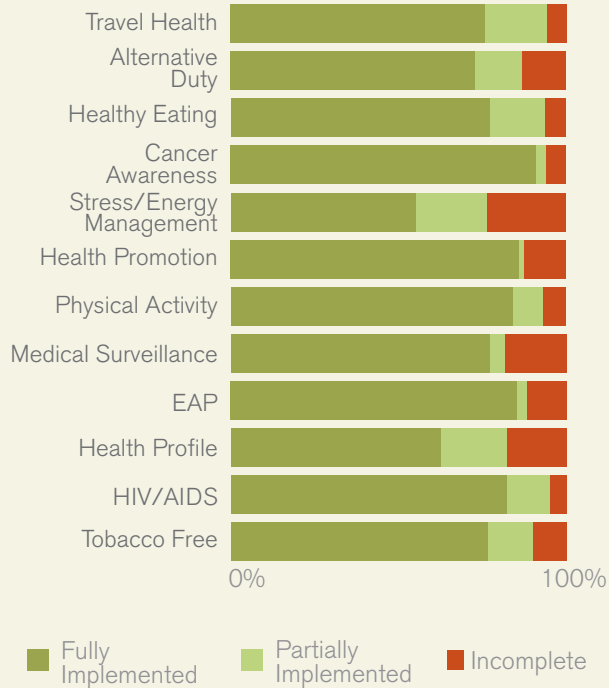
U.S.	78
Outside U.S.	47
Enterprise	59

TRACTION ON GLOBAL IMPLEMENTATION OF CULTURE OF HEALTH PROGRAMS

Percentage of employees

U.S.	84
Outside U.S.	31
Enterprise	50

CULTURE OF HEALTH PROGRAM IMPLEMENTATION GLOBALLY



education and awareness events are offered throughout the year to engage employees' minds and palate.

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 free professional and confidential 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, and psychological assistance is provided following natural disasters and traumatic events. Special emphasis is placed on building the skills that are necessary to increase personal resilience through workshops and interactive seminars as well as individual and family counseling. In 2012, 21 percent of Johnson & Johnson employees took advantage of these opportunities, and at least 95 percent of survey respondents said that they were very satisfied with the services and support they received through the EAP.

As a result of the 2005 global expansion of EAP services, 96 percent of employees and their families worldwide currently have access to local EAP services in more than 50 countries (and 349 Johnson & Johnson locations). Nearly 200 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 Johnson & Johnson standards, as well as local laws and regulations, is the foundation of our Occupational Health programs and clinics. The primary goal is to prevent and protect our employees from potential harm and to care for any employee with a work-related injury or illness. Through our comprehensive delivery system of integrated global health programs and services, we strive to address the full spectrum of health needs.

On-site Occupational Health Clinics provide employees immediate access to specially trained medical personnel who support employees and our businesses via case management and health-related information, education and expertise. In 2012, on-site Occupational Health Clinics worldwide continued to enhance and provide for more value-based health programs to employees and businesses. For example, services such as biometric collections for health profiles, physical therapy, and, in the U.S., on-site nurse practitioner "convenient care" for minor personal health issues were offered. Also in the U.S., more than 10,000 flu shots were provided.

We also want to help employees live their best lives, and so we are expanding our U.S. capabilities to coach employees on certain modifiable health conditions. This year over 100 Occupational Health, Wellness and EAP professionals have been trained in health coaching, with more than 20 U.S. facilities initiating one-on-one health coaching sessions for those employees who are seeking to improve their personal health and well-being. Our clinics are sustaining the Johnson & Johnson tradition of providing a trusted on-site source of support and protection for our employees. For example, in 2012 our U.S.-based employee health clinics had over 52,000 visits.

Globally Harmonized Health Policies

To ensure consistent policies around the world and in alignment with the long-standing commitment to our employees and to improving human health care worldwide, the Johnson & Johnson Family of Companies has developed a comprehensive set of Global Health & Wellness Policies. These include Tobacco Free Workplace, HIV/AIDS, Employee Assistance, Medical Surveillance and Case Management.

The Worldwide Tobacco Free Workplace Policy prohibits the use of tobacco at Johnson & Johnson facilities. The personal health hazards related to all tobacco products have been well documented and impact both smokers and nonsmokers who are exposed to second-hand smoke. Since implementation of the policy, 97 percent of Johnson & Johnson sites worldwide are tobacco-free sites.

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 various ways. We are making great strides in helping stricken employees to live positive and productive lives.

Health Outcomes and Impact

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

- Benchmarking against similar industry shows an average rate of growth in medical and pharmaceutical costs that is 3.7 percent lower;
- Lower increases in emergency room 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; and
- Johnson & Johnson health risk trends significantly better than the overall U.S. and other industries.

Johnson & Johnson is a recognized leader in the field of employee health and well-being. In 2012, Johnson & Johnson was the winner of the Corporate Health Achievement Award from the American College of Occupational and Environmental Medicine. This award recognizes organizations with exemplary health, safety and environmental programs. We also have been reaccredited by the CEO Gold Standard on Cancer Prevention, achieved through implementation of strategic criteria aimed at preventing and reducing cancer through workplace initiatives. Our thought leadership in health also continues to be strengthened by partnerships and collaborations with organizations such as the World Economic Forum, the Asia Pacific Economic Cooperation and the Life Science Innovation Forum.

Anticounterfeiting

Anticounterfeiting

Counterfeiting of health care products is a serious issue, as it puts people's health and lives at risk and undermines confidence in product safety and effectiveness. It is also a growing problem around the world. Our companies work hard to identify and minimize the risk of counterfeits to help ensure that patients and consumers receive genuine products of the Johnson & Johnson Family of Companies.

* The Impact of Weight Gain or Loss on Health Care Costs for Employees at the Johnson & Johnson Family of Companies. Carls, Ginger Smith; Goetzl, Ron Z.; Henke, Rachel Mosher; Bruno, Jennifer; Isaac, Fikry; McHugh, Janice. Journal of Occupational & Environmental Medicine. 53(1):8-16, January 2011.

Pre-Market

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

Post-Market

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

For more information, see [Counterfeit Health Care Products... The Johnson & Johnson Position](#).

Workplace Health and Safety

We are a large and diverse enterprise, with employees working in manufacturing facilities, warehouses, research and development (R&D) centers, laboratories, offices and vehicles. Safety programs are routinely designed and updated, performance is regularly monitored, and corrective actions are taken when improvements are needed.

Our [Worldwide Environmental Health & Safety \(EHS\) Policy](#) asserts that "robust compliance is an essential prerequisite for EHS excellence," and we require that our locations meet or exceed all applicable laws, directives and regulations. We also require that all Johnson & Johnson production and R&D sites comply with the full complement of our EHS Standards. These standards cover EHS management systems, chemical substances management, emergency preparedness and response, contractor management, noise and hearing conservation, biosafety, radiation safety, employee well-being, occupational health, fall prevention, fire and explosion prevention, process safety management, machinery and equipment safety, ergonomics, control of permit-required work and nonroutine activities, fleet safety, and safety in warehouses, storage areas and offices. Streamlined versions of these standards have been developed for offices and warehouses, containing critical elements of the full standard that are applicable to these settings. A ramp-up period to achieve full compliance exists for operations acquired through mergers and acquisitions.

Johnson & Johnson has an established EHS audit program that includes internal, third-party and annual regulatory compliance audits at our manufacturing and R&D facilities. Periodic audits

of key suppliers and external manufacturers also are conducted. At the end of 2012, 20 percent of manufacturing and R&D facilities (25 sites) chose to obtain third-party certification to the standards of the Occupational Health and Safety Assessment Series management system (OHSAS 18001).*

Most of our operating company manufacturing and R&D locations have formal joint management-worker health and safety committees. Our sales force is represented in health and safety committees through our SAFE Fleet program. In addition, one-third of those working in office settings are represented in health and safety committees through our Office EHS program. In total, 90 percent of our total workforce is represented

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in formal joint management-worker health and safety committees.

Where local collective bargaining agreements exist, requirements for working conditions, including health and safety, are typically incorporated into the agreements. These may include personal protective and safety equipment, health and safety committees and their designated representatives, inspections, complaint

LA 9, 4

processes and training. We estimate that more than 95 percent of employees that are covered by collective bargaining agreements have working conditions included in their agreements. More information on Johnson & Johnson's commitment to Health and Safety can be found at the following global websites: http://www.jnj.com/responsibility/ESG/Social/Workplace_Safety and http://www.jnj.com/responsibility/ESG/Social/Our_Employees/Health_and_Wellness.

We have set a *Healthy Future 2015* goal to achieve a 15 percent improvement in employee safety performance enterprise-wide, as measured by our Lost Workday Case (LWDC) rate. Our target is to achieve a LWDC rate target of <0.09. In 2012, we achieved a 15 percent improvement and are at our goal rate of 0.09.

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The major contributors to our improved performance were a reduced number of LWDCs associated with vehicle crashes (from 20 percent to 14 percent of total LWDCs) and our continued targeting of the leading causes of LWDCs, including ergonomic injuries (33 percent of all LWDCs) and slips, trips and falls (30 percent of all LWDCs). Going forward, our challenge will be to maintain or exceed this level of safety performance.

The decline in injury rate associated with our fleet drivers can be attributed to executive management engagement, visible metrics, focused training and increased communications in high-risk countries such as India. In the U.S., we also introduced a fleet safety management system that requires all new hires to participate in web-based training and all managers to be informed about the critical role they play in crash and injury prevention.

While we have been successful in reducing our LWDC rate by 15 percent, we continue to focus attention on the two leading causes of LWDCs—ergonomics and slips, trips and falls.

* Does not include acquisitions that have been part of the Company for less than three years and small R&D sites with limited operations.

In ergonomics, the focus is on improving competency and on assuring thorough identification of ergonomics risks at key locations. In 2012, we completed two keyhole assessments and deployed a new “ERGO on the web” program. Special attention was also paid to the ergonomics risks of our “mobile workforce.”

To address slips, trips and falls (STFs), we created and launched a two-year campaign called *StepRight*. On a quarterly basis, all sites receive communication materials intended to raise awareness of the big four causes of STFs—ascending/descending stairs, slippery surfaces, distracted walking and tripping hazards. Locations that experience two or more recordable STF injuries per year are required to enhance awareness by developing and implementing a fall prevention action plan. The top 10 manufacturing locations with the highest incidence of STF-related LWDCs must conduct an annual fall prevention site assessment, develop and implement a fall prevention action plan, include fall prevention as a required element during Management Awareness and Action Review System (MAARS) joint assessments and provide a semiannual progress report to the EHS Leadership Council. This requirement is also extended to the top 5 large office locations that have high numbers of STF cases. Our goal is to see a 25 percent reduction in STF injuries by the end of 2014.

Our Serious Injury and Illness Case (SIIC) rate was 0.027, down from 0.028 last year and 0.037 the year before, and is our lowest rate since 2007. The SIIC category includes death, amputation, fracture and hospitalization beyond observation. It does not include minor first aid or recordable injuries. Sadly, we did experience one fatality, due to a vehicle crash, in 2012.

In 2012, we experienced six health and safety non-compliances, down from nine in 2011, and we paid fines of \$648 for two of the safety violations.

LOST WORKDAY CASE RATE AND TOTAL RECORDABLE INJURY RATE

REGION	LOST WORKDAY CASE RATE*	TOTAL RECORDABLE INJURY RATE
Asia-Pacific	0.05	0.10
Europe, Middle East and Africa	0.07	0.49
Latin America	0.05	0.63
North America	0.12	0.90
Worldwide	0.09	0.60

* Calculated based on calendar days

We track our Lost Workday Case (LWDC) and Total Recordable Injury Rate (TRIR) frequency at an enterprise and regional level, as

illustrated in the table below, per our Injury and Illness Recordkeeping and Reporting Guidelines. Enterprise-wide safety performance is discussed with the Corporate Compliance Committee and the Science, Technology and Sustainability Committee of the Board of Directors. A formal report of safety performance is provided annually to the full Board of Directors. We do not track absenteeism at an enterprise level. Occupational disease also is not tracked, since these types of diseases are not prevalent due to the high level of external and self-regulated safety protection afforded our employees from any type of exposure that could cause disease (such as asbestos or other cancer-causing substances). We track noninjury type statistics that are classified as "illness," such as mental stress cases, which are included in our total recordable rate.

LA7

Johnson & Johnson continues to compare our safety results to two industry benchmarks: Mercer HSE Networks and the Pharmaceutical Safety Group (PSG). Both are based on amalgamated data from companies included in the pharmaceutical sector; Mercer HSE Networks data include companies from a broad cross section of the global economy, and PSG is based exclusively on 14 companies in the pharmaceutical segment. In this way, we compare ourselves to both our peers and to companies outside of our sector. As of the time of this report, the Mercer HSE Networks Lost Time Injury Frequency Rate (LTIFR) 2012 benchmark was 1.95 (based on the input of 36 companies), and the PSG 2012 benchmark was 1.55.

Contractors

Johnson & Johnson maintains a comprehensive occupational safety program that includes systems to protect contractors working at Johnson & Johnson facilities. We have a *Healthy Future 2015* goal to achieve a 15 percent improvement in contractor safety performance at all Johnson & Johnson manufacturing and R&D facilities with a LWDC rate target of ≤ 0.12 . In 2012, our overall contractor LWDC trended negative by 21 percent to an LWDC of 0.17. No contractor fatalities occurred in 2012. The Total Recordable Injury rate (TRIR) for independent contractors working on-site was 0.74 in 2012.

In 2012, we experienced a decline in contractor LWDC rate (0.27 to 0.22) associated with large construction projects managed by Worldwide Engineering and Technical Operations. Contractor LWDC rates also declined in two out of three of our manufacturing segments: Consumer (0.13 to 0.03) and Medical Devices & Diagnostics (0.22 to 0.09). Unfortunately, these positive results were offset by a 288 percent increase (0.08 to 0.31) in our Pharmaceutical segment. An in-depth analysis revealed four sites of concern.

To address contractor safety issues across the Janssen Supply Chain, the following actions are planned in 2013:

- Contractor LWDC rate will be a key EHS metric and monitored on a monthly basis.
- The contractor safety team, under the leadership of the global process owner, will develop an action plan to improve

job safety risk analysis, intensify oversight and further optimize the use of contractor permits.

- Embedded service contractors will be integrated into Johnson & Johnson programs and processes. This follows the observation that 11 of 15 LWDCs were associated with embedded service contractors—those who work on our sites every day (e.g. security, cafeteria, housekeeping, etc.).
- Fifty percent of all contractor LWDCs were the result of a fall. In 2012, we launched a campaign called *StepRight* to reduce the incidence of slip, trip and fall injuries (STFs) among our employees. In 2013, we will extend this program to contractors to help reduce STF injuries across this group as well.

We have not had a contractor fatality since 2007, and we attribute this success to the additional rigor required by our Contractor Safety Standard. We are sharing best practices across facilities in a common geography. This standardization effort, which is being implemented in several locations worldwide, should improve both the efficiency and the effectiveness of the contractor safety approach. In the U.S., we also are using ISNetworld, a contractor evaluation service, to improve our contractor selection process.

Fleet Safety

In past reports, we have noted that 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; this remains the case. Since 1995, our crashes per million miles driven (CPMM) rate has decreased by 34 percent. Our CPMM decreased to 5.82 in 2012, a 2 percent decrease from 2011 but still a 5 percent increase over 2010. Going forward, we have set a *Healthy Future 2015* goal to achieve a 15 percent improvement to a target rate of 4.7 CPMM in fleet safety performance worldwide. Our Injuries Per Million Miles (IPMM) rate decreased in 2012 by 36 percent, to 0.07.

Regional differences in performance also exist. Our Asia-Pacific region reduced its CPMM in 2012, our EMEA and Latin American regions increased their rates, and our North America region remained essentially flat. We continue to implement the three imperatives we identified in 2012: demonstrating responsibility to our employees and communities, taking ownership for our SAFE Fleet results, and increasing awareness. We also are taking every opportunity to reinforce safety both on and off the job. Communications from top management to our teams and drivers continue to be strong, reemphasizing the importance of safe driving. Technology-related distractions continue to pose challenges as technology options continue to expand and find their way into the vehicle space.

In 2013, we will deploy educational materials that focus on safety while driving on personal time and during the daily commute. Approximately 47 percent of crashes among our U.S. fleet occurred on personal time or during the commute to or from work. Going forward, we will continue to enhance our



HEALTH-CONSCIOUS EMPLOYEES: After completing a Johnson & Johnson employee program called *Energy for Performance in Life*, offered by the Human Performance Institute, Division of Wellness & Prevention, Inc., Pablo Vega, shown here with his family, learned how to maximize his personal energy, feel physically energized, emotionally connected, mentally focused and more aligned with his own personal mission. Now he helps extend a robust culture of health among employees of the Johnson & Johnson Family of Companies.

performance in tracking metrics and reinforce accountability in drivers and their management. In the U.S., we are continuing the implementation of an integrated crash prevention system. Phases 1 and 2 were launched across all U.S. fleets in 2011 and 2012. Phase 1 included a driver pledge, privacy statement and completion of a quiz testing the driver's knowledge of our fleet safety standards. Phase 2 involved a risk assessment of driver knowledge, attitudes and hazard recognition skills. Phase 3, launching in 2013, will provide managers with tools to more effectively address driver risks.

Employee and Labor Relations Practices

Our employees are our most valuable asset.

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 the universal statements of human rights noted above, we follow the principles in the International Labor Organization's [Declaration on Fundamental Principles and Rights at Work](#), including nondiscrimination, 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, safety and the environment, and to ensure that each Johnson & Johnson operating unit worldwide follows consistent principles relative to labor and employment practices, our Global Labor and Employment Guidelines have been established and can be found online at http://www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices. The Guidelines 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 then 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 at http://www.jnj.com/responsibility/ESG/Social/Our_Employees/Labor_Practices.

Where local laws don't provide enough guidance, we ensure that policies and practices are in place to ensure fair and equitable treatment for employees. Such supporting policies include our Equal Employment Opportunity Policy (includes our Harassment Policy and our Open Door Philosophy) and our Policy on the Employment of Young Persons. Our Standards for Responsible Suppliers require external partners, including external manufacturers, to have appropriate policies for the treatment of their employees.

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

& Inclusion, which reports to the Chairman and Board of Directors through its Vice President and Chief Diversity Officer, and to Human Resources, whose Vice President is a Corporate Officer and a member of the Executive Committee. Human Resources responsibilities include Global Talent Management, Global Benefits, Health Resources and Worldwide Compensation Resources. The Supply Chain Vice President of Human Resources for Johnson & Johnson is responsible for the oversight and/or implementation of the labor relations policy. Employee representatives are included in formalizing labor relations policy in certain regions of the world, such as Asia Pacific.

Johnson & Johnson completes labor and employee relations assessments and audits through local Human Resources and our Global Employee & Labor Relations Function. Currently, three regional leaders are assigned to various countries/regions throughout the world. These leaders interact with employees, trade unions and other employee representatives (works councils), and government officials. They have broad oversight and responsibility for monitoring compliance and maintaining relationships with labor unions and works councils.

Workforce Statistics

Johnson & Johnson companies have approximately 127,600 employees working in more than 275 operating companies located in 60 countries. Previously, due to the complex nature of the Company's various employee databases and payroll systems, and differences in how employees are compensated in different countries, the Company was not able to calculate the total workforce breakdown by employees and supervised workers, employment contract, employment type and region, nor were we able to report on turnover on an enterprise-wide basis. A new employee data management system now allows us to capture and report some of this information. The table below shows our workforce by region.

LA 1, 2, 13

2012 WORKFORCE BY REGION	
PERCENTAGE OF EMPLOYEES	
Asia-Pacific	20
Europe/Middle East/Africa	29
Latin America	14
North America	37

Information regarding employment type, turnover and diversity indicators is available for our North America region: 98 percent of our workforce is made up of full-time employees; 2 percent is considered to be part time. In 2012, our total turnover rate was just under 11 percent; the voluntary turnover rate was 7.5 percent. Options are being explored that would enable this data to be provided in a reliable manner on a global scale.

LA 1, 2

At year-end 2012, key workforce statistics for our Board of Directors were as follows: three women (23 percent female), ten men; ethnic minorities equaled four (31 percent).

WORKFORCE BY EMPLOYMENT CATEGORY	
PERCENTAGE OF TOTAL	
VP and above	1.7
Managers/Directors	27.8
Office/Clerical	6.1
Production/Operators	14.2
Professional/Technical	41.5
Supervisor	2.0
Technician	6.6

WORKFORCE DIVERSITY	
PERCENTAGE OF TOTAL	
Male	52.5
Female	47.5
Minority	29.3
White	70.7
Age	
Under 30	7.4
30–50	59.8
Over 50	32.8

Collective Bargaining

Employee representation structures vary throughout the world, and Johnson & Johnson is assessing the status of sites with employee representation by region. The regions are North America, Latin America, Asia-Pacific and Europe/Middle East/Africa (EMEA). In the EMEA region, up to 100 percent of Company sites have the ability to establish an employee representation structure or framework. Where employees choose to establish these structures, management provides support. However, employees at some of the Company's sites have chosen not to establish these employee representation structures. In the Latin American region, approximately 55 percent of employees have employee representation structures in place. In the North American region, less than 10 percent of employees have employee representation structures in place. We do not currently have information for the Asia-Pacific region.

Working conditions at Johnson & Johnson operating companies have been collectively bargained in many different ways throughout the world. Subjects covered by collective bargaining agreements with trade unions over the past year include, but are not limited to: wages, hours of work, terms and conditions of employment, work rules, health and safety, grievance

processes, organization structures, holidays, vacation, training, active and retired employee benefits, drug testing, seniority, travel expenses, leaves of absence, shift premium pay, overtime pay, overtime administration, bonuses, rest periods, job bidding procedures, severance pay, equal employment opportunity, union dues payments, trade union representation, restructurings/reorganizations, layoffs and recalls. We estimate that greater than 95 percent of employees of Johnson & Johnson companies covered by collective agreements have working conditions included in their agreements.

Minimum Notice Periods

Johnson & Johnson is a highly decentralized corporation comprised of many distinct and relatively autonomous operating units around the world. We do not have a formal enterprise-wide policy mandating a minimum notice period regarding significant operational changes. However, local operating unit leaders endeavor to communicate significant plans of operational changes to employees and their representatives, where they are present, in a timely and practical manner in advance of actions being taken. Feedback and suggestions from employees and their representatives, where they are present, are always taken into consideration before any final decisions are made. In regions/countries where involvement of employees' representatives in decision-making processes is legally required, we have established rigorous formal consultation processes to ensure compliance.

Where minimum notice periods for layoffs are required by local law or incorporated into collective bargaining agreements, the operating units are always in compliance. For example, in the U.S., where a minimum of 150 employees or one-third of a unit's workforce is scheduled for layoff, the WARN Act requires that the affected employees, their representatives (where present) and local government officials be provided 60 days' notice. If employees are negatively impacted by any changes, we have measures in place to help and support them appropriately. 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.

Our Leadership Imperatives

Johnson & Johnson's leadership model, the Leadership Imperatives, were introduced in 2012 and enable our enterprise strategy by clearly articulating a consistent set of performance and behavioral expectations. They are intended to foster a common language to ignite the organization around a common purpose of accelerating the pace of innovation and growth. The Leadership Imperatives are being implemented in phases; when the implementation is complete, they will apply to everyone—across all geographies, businesses, roles and levels—giving all employees a clear and consistent way to lead the Johnson & Johnson Family of Companies into the future.

The Leadership Imperatives—Connect, Shape, Lead, Deliver—are rooted in Our Credo and are shaped by our enterprise strategy. They more clearly reflect the leadership requirements

LA5

LA4

CONNECT

Develop deep insights into the needs of our patients, customers, markets and communities.

- Cultivate external relationships and partnerships
- Be insight-driven to uncover unmet needs
- Forge internal collaborations across all levels of the enterprise

SHAPE

Drive innovation; anticipate and shape and market changes to advance health care globally.

- Translate insights into viable products and solutions that create value
- Challenge the status quo; lead and adapt to change
- Take and manage risk



DELIVER

Deliver results by inspiring and mobilizing people and teams

- Empower people to act with speed, agility and accountability
- Demonstrate a global and enterprise-wide mindset
- Balance short- and long-term strategic choices

LEAD

Create an environment where leadership and talent development is top priority.

- Take ownership for talent acquisition, performance and development of self and others.
- Maximize the power of diversity and inclusion
- Engage in transparent and constructive conversations

needed to extend our trajectory of success, and they will enable us to continue to succeed in the dynamic external environments in which we work. As the new driving force for our talent agenda, not only will the Leadership Imperatives provide a common language, they will inform and guide the assessment, selection, development and rewarding of our employees.

Leadership Development

We invest in talent development and use an enterprise leadership development strategy (talent pools) with differentiated offerings by target audience to support this effort. Succession Planning is a key process that enables us to review the health of our talent pipeline and establish plans to address critical gaps. It also identifies development plans for leaders, including nominations to our Leadership Development Programs.

Leadership Development Programs provide leadership learning that targets specific capabilities required for future target jobs. Participants are identified through succession planning, nominated by senior leadership and tracked for future career development (e.g. retention rate, promotion rate, next developmental move, etc.). Based on the enterprise business strategy, the emphasis over the past few years has been on developing the Accelerated Enterprise Leadership pipelines and accelerating readiness of individuals for key leadership positions. In these targeted areas, we have a continuum of Leadership Development Programs, from senior leaders (Company Group Chairs) to emerging leaders (Senior Managers/Directors).

Future focused business unit leader and R&D leader specific competency models, along with the Leadership Imperatives, provide the framework for development.

Executive Committee members and many senior executives are personally committed to this effort and devote much of their time to lead dialogues with participants, sponsor action learning teams and coach participants of these programs. Participants numbered approximately 2,700 by year-end 2012. Johnson & Johnson administers a Global Credo Survey every two years to ensure our behaviors represent our beliefs. This survey 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. Typically, we have a global participation rate of higher than 90 percent for the survey. The responses are anonymous, but the results are provided to companies, regions and departments to review and address any opportunities for improvement. Focused efforts on making change, where appropriate, are important and have an impact on retention.

Performance Management

At the Johnson & Johnson Family of Companies, we are on a journey to redefine our performance management and development approach (P&D). The hallmark of the new P&D approach is the focus on conversations—frequent and meaningful, formal and informal, conversations that fuel a culture of high performance.

Each employee and manager is expected to engage in clear and candid dialogue throughout the year within the “5 Conversations Framework,” which consists of the Performance Planning, Midyear, Succession Planning, and Year-end and Compensation conversations. These meaningful, ongoing conversations should reinforce each other and ultimately result in clarity of expectations, alignment across the organization and an appreciation of employee contributions.

The new P&D approach consists of two dimensions: Results and Leadership. The first dimension, Results, is based on Management by Objectives framework for aligning employees’ goals and actions with the goals of their company. The second dimension, Leadership, is based on the Leadership Imperatives. The Leadership Imperatives—Connect, Shape, Lead and Deliver—and Our Credo represent the key behaviors that are critical to the future success of the Johnson & Johnson enterprise.

These two components—Results and Leadership—provide the basis for annual performance evaluation of all employees.

The evaluation on each dimension will be based on a four-point rating scale, with a strong link between performance and pay. The transition to the new P&D approach is phased by level globally.

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The transition began with 1,200 senior Company leaders in 2012. The transition will continue with 27,000 Directors and Managers in 2013, followed by the rest in 2015.

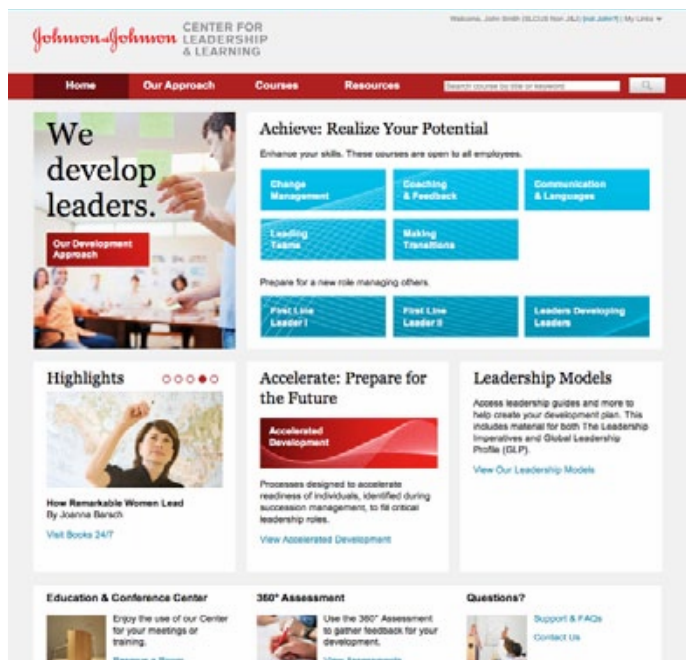
To ensure an effective transition to the new P&D approach, the Corporate P&D team is offering training to the managers on mechanics (e.g. stakeholder feedback, assessment, performance calibration) and dynamics of the new approach (e.g. clear, candid and actionable conversations). Training will help managers master the new P&D approach and develop coaching and feedback skills to enable meaningful, ongoing conversations that engage and inspire our employees. To measure the effectiveness of the new P&D approach, key performance indicators (KPIs) have been developed. The KPIs are designed around four pillars that measure clarity and alignment, leadership accountability, transparency and fairness, and employee growth and development. In 2012, the baseline for these KPIs was set and is now being measured.

Skill and Talent Management and Training

In the Johnson & Johnson Family of Companies, every leader believes that our people are a competitive advantage and, therefore, every leader takes full ownership for talent management. Human resource leaders and business leaders jointly own talent management on behalf of the enterprise. Our leaders are accountable for attracting and recruiting talent, managing performance and development, building a pipeline of global and diverse leaders, and creating an environment that embraces diversity and inclusion.

Our employees are active participants in their development. Employees are given the opportunity to develop and grow, and have access to the tools and resources needed to do so. More importantly, they are empowered to navigate their own career development and to be accountable for knowing what is expected from them in terms of performance and development.

LA10,11



This talent philosophy ensures a robust and diverse pipeline of global leaders, high performing and highly engaged employees and culture, and continued business continuity and growth.

Development is an interconnected series of experiences that strengthen our workforce and advance our organization. We provide enterprise-wide training that is business-aligned and accessible to all employees within Johnson & Johnson companies globally. The training encompasses a vast array of topics, from leadership development and management education to training in disciplines such as finance, marketing, business practices and compliance requirements. We offer on-the-job training, plus extensive, globally accessible training and development at the individual, team and organizational levels. These are available online to all full- and part-time employees globally and include independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action planning courses. Temporary workers do not participate in Johnson & Johnson learning or leadership development offerings.

In 2012, the curriculum was streamlined and reorganized, with over 400 courses offered. Training is provided, tracked and documented by the operating companies.

Training programs are accessible in every region and, in some cases, in several languages. These programs are open to all employees and are designed to address the different stages of their growth. Programs are part of an integrated global curriculum that establishes a global standard of leadership development experience available throughout each employee's career.

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

LA10,11

Transition assistance programs offered to support employees who are retiring or who have been terminated from employment comply with regulatory or collective bargaining agreement requirements, with many locations providing more than what is required. Offerings may include pre-retirement planning for those contemplating retirement, retraining for those who will continue working, severance pay, job placement services and assistance (e.g. training, counseling) for those transitioning to a non-working life.

Talent Attraction and Retention

The opportunities for development and career advancement are strong components of Global Talent Management. Our recruiting

organization continues to implement recruiting models in countries around the world—now in all countries in which we operate except two, which are coming on line this year—to focus on university recruiting, invest in social media and implement U.S. diversity recruiting strategy. The Global Job Posting program promotes our commitment to the advancement and development of our employees, and helps to create a strong foundation for ongoing development discussions between employees and managers.

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

The Johnson & Johnson Family of Companies provides a portfolio of leadership development offerings that include training and leadership development programs. The learning strategy provides opportunities in foundational, advanced and continuing development for the individual contributor, first line leader, leader of leader and business unit leader. Core Training is available to support transitions into new roles, advanced development within roles, and development of skills to meet current and future business and leadership capabilities through six-month development programs, instructor-led courses, eLearning and online resources. In addition to these open enrollment programs, functional leadership teams design and provide for development at significant levels, from entry level to senior leadership.

Multiple Pathways for Career Advancement

Johnson & Johnson provides many opportunities for individual employee career growth and development. To this end, affiliate companies and their management may have programs and practices that will provide employees with a reasonable level of opportunity for career advancement within those affiliate companies. Local laws, contractual obligations and competitive conditions will govern policy administration.

Grievance Resolution

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

In addition, the Common Ground program in the U.S. is a three-step process (Open Door, Facilitation and Mediation) through which employees are afforded the ability to have their grievances

and complaints confidentially aired and addressed. The program has been recognized both internally and externally as a leading resource in encouraging employees to raise and resolve disputes. The Company also maintains a non-retaliation policy.

Optimizing Work, Family and Personal Life

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

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; and
- Wellness and Fitness Services to address employees' health and wellness needs; some companies offer on-site fitness centers, personal training and exercise classes.

Benefits

Johnson & Johnson offers a comprehensive and competitive benefits program to attract and retain talented employees. In the U.S., the Choices Benefits Program is designed to meet the needs of employees and their families by providing a wide range of health, survivor, disability and retirement options. Choices Benefits are provided annually to active salaried and non-union hourly employees, as well as regular and casual part-time employees who are scheduled to work 19 or more hours per week. 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

LA3

- 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 noncontributory pension plan and offers employees the opportunity to participate in a savings plan with a company match. Employees may also be eligible for retiree medical coverage and company-provided retiree term life insurance. Plan provisions may differ for certain part-time employees and by country. Benefits are provided to union employees through collective bargaining agreements. Additional information is available in Note 10 and Note 11 of our 2012 Annual Report and in the economic performance section of this report.

As the largest health care company in the world, enhancing the health and wellness of our employees is a logical extension of our corporate mission. It is our belief that promoting employee health and wellness makes good business sense because it increases productivity and engagement, while decreasing health care costs and providing personal benefits to our workforce. Our Healthy People program provides Employee Assistance, as well as Occupational Health and Wellness and Health Promotion services, all of which have expanded globally since 2005. Additionally, we now offer a full suite of online resources through HEALTH MEDIA™ and a unique approach to increasing physical and emotional capacity through the HUMAN PERFORMANCE INSTITUTE™ and Our Energy in Performance for Life programs. See our 2012 Executive Summary Report feature story for more information.

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

Diversity and Inclusion

Workforces diverse in, among others things, age, race, gender, nationality, sexual orientation, physical ability, thinking style and background all enrich our work environments and help to ensure our long-term success. We seek diversity within our own workforce, in the collaborations and partnerships that we forge, and in our supply chains.

Our Global Office of Diversity and Inclusion, which includes our Equal Opportunity and Work/Life practices, supports the efforts of our businesses to attract, retain and develop diverse workforces. 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.

We have a strong and continuing commitment to Diversity and Inclusion. The spirit in which we embrace our equal employment opportunity and affirmative action program policies embody the philosophy of the Johnson & Johnson Credo and are a reflection of the law. Johnson & Johnson companies within the U.S. strictly prohibit unlawful discrimination against any employee or applicant for employment because of the individual's race, color, religion, sex (including pregnancy, childbirth or related medical conditions), sexual orientation, gender identity or expression, national origin, age, disability (physical or mental), genetic information, veteran's status, military service, marital status or any other characteristic protected by applicable federal, state or local law requiring equal employment opportunity. This policy applies to all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, demotions, suspensions, discharge, recall from layoff, reemployment, education, tuition assistance, and Company-sponsored social and recreational activities.

Johnson & Johnson companies will not tolerate conduct that constitutes or contributes to harassment of employees by managers, supervisors or coworkers. Furthermore, employees and applicants will not be subjected to retaliation for filing in good faith a complaint of unlawful discrimination or harassment.

The Company also will provide reasonable accommodation consistent with applicable law to otherwise qualified individuals with a disability and to individuals with needs related to their religious observance or practices. What constitutes a reasonable accommodation depends on the facts and circumstances and thus will be addressed by the Company on a case-by-case basis. Johnson & Johnson companies outside the U.S. also have policies prohibiting discrimination in employment, subject to local country-specific laws.

All U.S. locations of Johnson & Johnson companies have a Human Resources leader designated to monitor and audit equal employment opportunity and affirmative action compliance. Outside of the U.S., we have employee relations roles that report regionally. This is necessary because this area is highly influenced by country laws, facility locations and company operations.

Employees have access to a confidential reporting system to bring forth issues of discrimination, which is communicated through numerous Johnson & Johnson global policies, including: Business Conduct Policy; Equal Employment Opportunity Policy (which includes the Harassment Policy); Common Ground (for resolving employment disagreements); Credo Hotline; Diversity & Inclusion Vision Statement; Diversity & Inclusion Policy; Human Rights Position Statement; Global Labor and Employment Guidelines; Policy on Employment of Young Persons; and the Guide for Resolving Employee Disagreements. A variety of equal employment opportunity, diversity and inclusion, and nondiscrimination training also is provided.

Employee Resource Groups

Employee Resource Groups (ERGs) at Johnson & Johnson companies have partnered with the Office of Diversity & Inclusion in creating an open forum to exchange ideas and to strengthen the linkage to and within diverse communities. ERGs, formerly known as Affinity Groups, engage almost 11,000 employees across 156 U.S. chapters and 84 non-U.S. chapters.

Our 12 enterprise-wide ERGs are uniquely positioned to provide key insights, strategically focused on driving better outcomes on behalf of our people, our marketplace and our communities. For instance, ERGs worked with the Johnson & Johnson Supplier Diversity group in support of Company efforts to become the first health care company to be inducted into the Billion Dollar Roundtable—an elite group of corporations that have achieved spending of at least \$1 billion with diverse suppliers. In 2012, we marked our second year of membership in the Billion Dollar Roundtable.

ERGs also have served as a business resource in attending national recruiting events for diverse talent and in providing leadership development opportunities to employees. In addition, they help inform decisions around critical business needs that promote inclusiveness at Johnson & Johnson companies.

Stakeholder Engagement

As the largest broad-based health care company, Johnson & Johnson recognizes the importance of stakeholder engagement. We believe that business is strengthened by the level of engagement it has within the communities in which it lives and operates, as well as the various internal and external stakeholders in social, environmental and governance matters. We foster and maintain ties with the suppliers and external manufacturers who help us make our products; the customers who purchase our products; the doctors, nurses, patients and consumers who use them, and our own employees and

shareholders. We routinely engage with civic society leaders in our efforts to ensure access to health care for all. We believe that the uniqueness of each group we interact with affords us the opportunity to gain better perspective on those we serve in order to contribute to society in a greater way.

We take into consideration a variety of factors before engaging with stakeholders for the purpose of ensuring the most optimal outcome. Some of these factors include:

- The possible alignments of our goals and values with that of the stakeholder group.
- Our ability to improve health conditions as a result of this engagement.
- Our ability to improve social, environmental or other conditions as a result of this engagement.
- The opportunity that we and the stakeholder group have to learn from one another.
- The identity, including the composition and values, of the stakeholder group.
- The potential for the stakeholder group to have a positive impact on Johnson & Johnson, other stakeholder groups, our customers and the public at large.
- Our ability to effectively participate in the engagement. Including enterprise, business unit, product specific and site level activities, stakeholder engagements are taking place at potentially all of our locations of operation. These engagements inform our business decisions and help us to set priorities that guide our business into the future. They also help us to understand how our stakeholders think we can assist in addressing emerging societal needs.

Because improving health conditions is one of our top priorities as a health care company, we seek engagements with that result.

SELECTED ENGAGEMENTS AND COLLABORATIONS

Stakeholder Groups <i>General Group Description</i>	Methods of Engagement (Including, but not limited to)	Topics of Interest (Including, but not limited to)
<p>Patients and others who use our products and services People worldwide, in developed and developing countries</p>	<p>Product packaging, labeling and package inserts, customer call centers, websites, clinical trials, email and conventional mail, market research, brochures, product labeling and inserts</p>	<p>Product safety, proper product use, materials in our products, product development, access to products and medicines, clinical trials</p>
<p>Doctors/nurses/hospitals/health care providers Health care providers who offer services using our products</p>	<p>Sales representatives, continuing medical education liaisons, education initiatives, clinical researchers, advisory boards, support and education programs for caregivers, email and conventional mail</p>	<p>Product safety, proper product use, materials in our products, product development, access to products and medicines, clinical trials</p>

Continued on next page

Stakeholder Groups <i>General Group Description</i>	Methods of Engagement (Including, but not limited to)	Topics of Interest (Including, but not limited to)
Communities The communities in which we live and work	Interactions with civic organizations, business groups, schools, community action panels, open houses, facility transparency pages posted to our Responsibility website, community liaison, annual report	Environmental issues, expansions or closures, employment, transportation, safety and health issues, emergency planning, local community issues, volunteer efforts, product manufacturing issues, raw materials used
Employees Persons working for Johnson & Johnson in over 60 countries worldwide	Credo survey, intranet, newsletters, Company webcasts, town hall meetings, Company meetings, Government Affairs & Policy legislative update meetings, quarterly business updates, Health Policy Excellence, legislative position and external policy information via the Government Affairs & Policy website, training sessions, employee surveys, work councils and union interactions	Company operations, business performance, employee satisfaction, employee safety, diversity, compensation, business updates, other issues of interest or concern to employees
External manufacturers, contractors, suppliers External manufacturing partners, contractors working at our sites, Active Pharmaceutical Ingredient manufacturers, companies supplying raw materials used to make and/or support the manufacturing of our products and suppliers of all other goods and services	Supplier website, workshops, trainings, contract negotiations, performance reviews, webinars, dialogue, auditing	Procurement or materials and services, compliance with Johnson & Johnson standards, contractual process, pricing
Governments and regulators Country, state and local governments; legislative officials and their representatives	Government Affairs liaisons; annual report; direct contact; lobbying; Johnson & Johnson Legislative Day in Washington, D.C., and similar events at U.S. state and national capitols worldwide; visits to Johnson & Johnson facilities by state and national policy makers	Compliance with regulations, research and development activities, innovation in health care, access to health care, on-site manufacturing processes, marketing practices, a wide range of policy engagements
Industry organizations Johnson & Johnson participates with a wide range of industry organizations, including PhRMA, AdvaMed, Business for Social Responsibility, European Federation of Pharmaceutical Industries and Associations and others	Participation in work groups, meetings, research efforts	Issues related to research and development of medicines, Company performance, benchmarking and a wide range of shared policy issues
Shareholders and the investment community Investors in our Company; fund managers, individual investors, analysts and the socially responsible investment community	Annual report, annual shareholders meeting, investor updates, press releases, quarterly results presentations, road shows, broker conferences, investor updates, site visits, dialogue, direct contact	All aspects of our operations, including financial, social, governance, economic and environmental performance

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OUR AREAS OF FOCUS

Stakeholder Groups <i>General Group Description</i>	Methods of Engagement <i>(Including, but not limited to)</i>	Topics of Interest <i>(Including, but not limited to)</i>
NGOs and charitable organizations World Health Organization, United Nations, Gates Foundation, Clinton Global Initiative, World Wildlife Fund and others	Direct contact, dialogue, collaborative partnerships, annual reports	Diverse partners are aligned with a strategic mission of making life-changing, long-term differences in human health
Customers Organizations that offer our products, such as Target, Walmart, CVS, hospitals and doctors	Direct contact through sales, customer relationship managers and members of management as required and/or appropriate	Sales and distribution, supply and demand for products, issues related to products, packaging, pricing, manufacturing processes
Scientific Community Scientists, researchers, regulators	Medical and scientific meetings, training programs and facilities, collaborative research efforts, position paper development	Emerging issues and research areas, scientific progress and discoveries

Stakeholder Group <i>Examples of Activities</i>	Results
United Nations Participate in meeting the UN Millennium Development Goals through formation of new alliances and partnerships	<p>Efforts are focused on maternal and child health initiatives, as well as innovations in treatment for HIV/AIDS and TB. In addition, we:</p> <ul style="list-style-type: none"> • Pledged additional support over the next four years to help eliminate transmission of HIV from infected mothers to their infants, as part of a new UN Global Plan. • Extended our commitment to donate mebendazole for the treatment of intestinal worms in children in the developing world through Children Without Worms for five additional years. In 2012, Johnson & Johnson provided 116 million doses of mebendazole to 14 countries in Africa, with the aim to distribute the medicine in 25 to 30 countries by 2015. In January of 2012, Johnson & Johnson extended its commitment through 2020. • Began Helping Babies Breathe (HBB), a program to train health workers in safe birth techniques. HBB is expected to save the lives of thousands of babies in Uganda and Malawi, and is being implemented in collaboration with Save the Children, the American Academy of Pediatrics and USAID. <p>Health 4+ Partnership: Johnson & Johnson became the first private-sector organization to support the United Nations' Health 4+, the joint action platform established by the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the United Nations Population Fund (UNFPA), the World Bank and the Joint United Nations Program on HIV/AIDS (UNAIDS) to coordinate implementation of the UN Secretary-General's Global Strategy on Women's and Children's Health at the country level. The Company is now working to support pilot training programs for health care workers in Tanzania and Ethiopia, which will provide critical prenatal and obstetric care for mothers and newborns. First year dedicated to designing and implementing the program; measurements of progress to be provided next year.</p>
Gates Foundation Participate in global partnership to combat neglected tropical diseases	Janssen Research & Development is working with Johnson & Johnson partners to reformulate flubendazole, a proven, highly effective treatment against intestinal parasites. First year dedicated to designing and implementing the program; measurements of progress to be provided next year.

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Stakeholder Group <i>Examples of Activities</i>	Results
<p>World Wildlife Fund Participate in various programs and initiatives that support the health of the environment and people</p>	<p>More than 10 years ago, Johnson & Johnson became an early adopter of the WWF Climate Savers program, setting a goal to achieve a 7 percent absolute reduction in CO₂ emissions from 1990–2010. As of 2010, Johnson & Johnson surpassed the goal, achieving an absolute reduction of more than 23 percent.</p> <p>The collaboration expanded to include a philanthropic commitment to WWF's "Healthy Communities, Healthy Ecosystems" program in Africa, which links the health of the environment to the health of local people, and participation in WWF's Global Forest & Trade Network, focused on reliable, sustainable sourcing of paper and wood products. Specific activities include:</p> <ul style="list-style-type: none"> • In Lake Lobéké National Park, Cameroon, health scouts have been selected to cooperate with village committees responsible for managing the revenues from wildlife hunting. These funds are allocated to local communities. Health scouts have been provided with basic medical training and information linking health issues, family planning and sustainable use of natural resources. • Addressing unsustainable population growth and HIV/AIDS through family planning initiatives. In Lobéké, health care huts have been constructed with basic medical equipment, while in Dzanga-Sangha, Central African Republic, a small clinic has been erected and additional health posts have been established.
<p>Singapore Management University, hospital staff Provide management and operations training to senior managers from hospitals throughout Asia. Known as the Johnson & Johnson Regional Hospital Management Program.</p>	<p>Annual week-long program offers 50 hospital leaders from various Asian countries advanced training in management principles and business operations. Professors from schools in Singapore and the United States lead the training sessions.</p>
<p>Patients J&J Patient Assistance Foundation</p>	<p>Johnson & Johnson Patient Assistance Foundation, Inc. is a nonprofit organization that assists patients without adequate financial resources and prescription coverage in obtaining free products donated by the operating companies of Johnson & Johnson. Over the past 24 months, the Foundation has assisted more than 300,000 patients and has provided more than 1.7 million units of prescription medicine. Our patient assistance specialists handle more than 400,000 telephone calls per year.</p>
<p>Employees Credo survey, intranet, newsletters, Company webcasts, town hall meetings, Company meetings, Government Affairs & Policy legislative update meetings, quarterly business updates, Health Policy Excellence, legislative position and external policy information via the Government Affairs & Policy website, training sessions, employee surveys, work councils and union interactions</p>	<p>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.</p> <p>Based on the results of the last survey in June 2010, completed with a 95 percent response rate, we have met this goal, with our Johnson & Johnson Enterprise and Individual Sector results in the 90th percentile. Each operating company receives its survey results and develops an action plan to address them. Employees have many other means to voice their thoughts and opinions as well, such as Town Hall and informal meetings, various online vehicles, as well as by telephone.</p>

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Stakeholder Group <i>Examples of Activities</i>	Results
Patients—Access to HIV medications Global Access and Partnership Program	Since 2007, we have proactively and voluntarily entered into licensing agreements with generics manufacturers to ensure sustainable access to, and supply of, our HIV medicines in areas of high HIV burden and economic vulnerability. New agreements have increased the program's geographic scope from 65 to 112 countries. New countries have been added throughout Asia, Eastern Europe and Latin America. These countries are home to 82 percent of people living with HIV worldwide.
Patients—Research David H. Koch Institute for Integrative Cancer Research at the Massachusetts Institute of Technology Massachusetts General Hospital	Fosters oncology research and technology development in the areas of cancer diagnostics, cancer biology pre-malignancies, genetic models of disease and profiles of the tumor microenvironment. Develop and commercialize a next-generation circulating tumor cell (CTC) technology for capturing, counting and characterizing tumor cells found in patients' blood. It will enable CTCs to be used both by oncologists as a diagnostic tool for personalizing patient care and by researchers to accelerate and improve the process of drug discovery and development.
Caregivers Partnership with ReACT	ReACT is a coalition of companies dedicated to addressing the challenges faced by employee caregivers and reducing the impact on the companies that employ them. The Alzheimer's Immunotherapy Program of Janssen AI partnered with other companies to sponsor the event. Janssen AI is a ReACT member.
Patients—Research Healthy Minds, a partnership with One Mind	Janssen Pharmaceutical Companies of Johnson & Johnson launched Healthy Minds, a significant new commitment in funding, R&D and education to help reduce stigma and improve public understanding of mental health conditions and encourage collaboration to accelerate the discovery of new therapeutic solutions for brain disease.

The opinions and responses of our stakeholders are very important to us. While they vary, from concerns at a local facility level to questions about the materials or processes used to make our products to the positions we take, we seek to understand and respond to our stakeholders. We are continually expanding the ways in which we obtain feedback from all who use our products and services, including consumers, doctors and hospitals. We use a variety of methods, including direct contact, feedback forms, website links, social networking sites, email, conventional mail, customer surveys, market research and customer call centers. Each of our businesses maintains a website with contact information, accessible from our corporate website. In addition, we seek to engage stakeholders through our corporate blogs, JNJBTW (By the Way) and the Kilmer House blog.

Community

Business has a real and continuing obligation to every community in which it operates. Within communities, companies and people share the obligation to make their community a better place in which to

live. These are among the ideas that prompted the inclusion of responsibility to communities in Our Credo.

In each community in which we live and work, and within the world community, we are called to be good citizens, supporting good works and charities, bearing our fair share of taxes, encouraging civic improvements and better health and education. We maintain in good order the property we are privileged to use, protect the environment and natural resources. These efforts are supported by our decentralized business strategy, which meets corporate needs and allows each facility to become a part of its community.

A powerful, ongoing example of Johnson & Johnson's commitment to community is the continued partnership of Johnson & Johnson with New Brunswick Tomorrow.

Nearly 40 years ago, senior leaders at Johnson & Johnson were exploring the possibility of moving the worldwide headquarters from New Brunswick, New Jersey, where the Company was

founded in 1886. Rather than leave the city to face a challenging economy and urban decay, the Company made a commitment to stay with the understanding and commitment that urban revitalization was multi-faceted and required a collaborative approach. A public-private partnership was established to manage the revitalization process and a community poll created to help inform decision making.

Since 1975, New Brunswick Tomorrow has been dedicated to improving the quality of life in the City of New Brunswick. Ongoing efforts are informed by the longest-running community survey in the U.S. Conducted by the Eagleton Center for Public Interest Polling at Rutgers University in partnership with New Brunswick Tomorrow and Johnson & Johnson, it serves to capture perceptions of the quality of life in New Brunswick, as well as reactions to the changes and developments that have occurred as a result of revitalization over the past three-and-a-half decades.

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

For example, in 1978, 34 percent of residents felt positive about New Brunswick. In the 2012 survey, 59 percent felt positive. The survey also reinforces the top health concerns of people living in New Brunswick. In the latest survey, diabetes and weight-related issues were the most prevalent health conditions among respondent households, with a little under a quarter reporting someone in their household fell into each of these categories. Johnson & Johnson uses the survey to understand issues, identify trends and provide insights that can impact other health initiatives we support to effectively meet the needs of residents in our headquarters community.

Diabetes and obesity are certainly among those health care needs addressed by Johnson & Johnson together with local hospitals and leadership. For example, Johnson & Johnson partners with Saint Peters University Hospital's Perinatal Diabetic Management Services Initiative. The program helps to increase access for underserved and at-risk patients to ensure healthier, long-term outcomes for women and their children. The Family Health Center conducted 1,200 prenatal patient assessments, saw 150 new diabetic patients, and referred 178 patients with diabetes and their babies to a medical home in 2012.

In another example, a Latino Diabetes Wellness and Prevention Program with Robert Wood Johnson University Hospital provides education, medical referral and health navigation to disadvantaged Latino families dealing with diabetes or potential risk factors. In 2012, 72 percent of 130 participants who enrolled completed one-on-one education classes; 30 percent achieved improvements in clinical indicators, such as body mass index, and weight at six months.

In 2012, through community-based partnerships, a total of 40 programs were delivered by 26 partner organizations focused on improving access and delivery of health care services, raising academic achievement and/or enhancing community livability in New Brunswick.

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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.



ENCOURAGING HEALTH INDUSTRY EMPLOYMENT: Natasha Ramsey (right) and Jeneba Abass-Shereef, currently in their second year of medical school, are graduates of the Bridge to Employment (BTE) program in New Brunswick, New Jersey. Over the last 20 years, BTE has helped to prepare young people for brighter futures. More than 60 BTE sites have been established in communities throughout the United States, Latin America, Africa, Asia and Europe.

Managing Risk

Our Enterprise Risk Management is a common framework for our business management to identify potential events that may affect the enterprise, manage the associated risks and opportunities and provide reasonable assurance that our Company's objectives will be achieved. Through this approach to risk management, we:

- Identify potential events that may affect the entity,
- Manage the associated risks and opportunities, and
- Provide reasonable assurance that the Company's stated objectives will be achieved.

To carry out this critical responsibility, the Board meets at regular intervals with key members of management with primary responsibility for risk management in their respective areas of responsibility. The subject matter of these meetings can generally be grouped into the following categories and risk areas: Strategy, Reporting, Compliance and Operations. The Board also receives regular reports on aspects of the Company's risk management from the Company's independent auditor and quarterly updates at the Board of Director Meetings from the Chairs of each of the Board Committees, in particular the Audit Committee and the Regulatory, Compliance and Government Affairs Committee.

On a second level, Johnson & Johnson also has risk analysis processes at various function levels:

Compliance-Related Risks: The Chief Compliance Officer chairs the Johnson & Johnson Compliance Committee, whose members include Compliance Officers for our business segments and the leaders of other key company functions. The Chief Compliance Officer reviews many forms of risk as well as our programs in the areas of financial reporting, sovereign nation, health care compliance, government contracting, anticorruption, privacy legislation, cyber security, quality, environmental health, and safety and regulatory compliance.

Health Care Compliance Risk: In order to assess the risks in health care compliance, anticorruption and privacy, a variety of tools are used. A comprehensive risk assessment methodology is used to assess risk in the Health Care Compliance, Foreign Corrupt Practices Act, Government Contracting Compliance and Privacy areas on a regular basis (baseline assessments and risk updates). The scan methodology identifies the risk and measures the risk exposure. A proprietary database contains current information on risks and risk mitigation and reduction programs. In addition, face-to-face reviews, including with other departments (i.e., Legal and Audit), are held to assess risk and take appropriate mitigation actions.

Reputational Risk: Reputational risk is overseen by the Corporate Communication & Public Affairs function, partnering with representatives from the function in each of the segments and operating companies, as well as the Law Department.

Financial Risk: Financial risk is overseen by the Corporate Finance function, including Treasury, the Controller and Internal Audit, together with finance leaders of our business units and operating companies. The Internal Audit organization conducts a comprehensive annual risk assessment, the results of which are summarized and presented to the Audit Committee and ultimately form the basis for the yearly audit plan that is coordinated with the Company's independent auditors.

Other Forms of Risk: Operational and regulatory risks are assessed and managed by the business segments and individual operating companies.

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

Furthermore, the Regulatory, Compliance & Government Affairs Committee meets regularly in private sessions with the General Counsel, Chief Compliance Officer, Chief Quality Officer and Vice President of Internal Audit.

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.

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

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, under current guidance from the U.S. Environmental Protection Agency (EPA), there is limited

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risk applied to Johnson & Johnson facilities. Internationally, only three out of 110 Company facilities 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-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.

Economic Performance

Johnson & Johnson delivered solid results in 2012, reflecting continued sales momentum in many parts of our business driven by our focus on delivering meaningful innovation in health care to patients and customers. Our worldwide sales were \$67.2 billion, an increase of 3.4 percent. Sales increased operationally 6.1 percent, reflecting outstanding progress of newly launched pharmaceutical products, the addition of Synthes to our Family of Companies, and strong growth in emerging markets. Excluding the net impact of Synthes, operational sales growth was 3 percent. In addition, we continued to make important investments in building strategic partnerships and in advancing our pipelines, positioning us well for delivering sustainable growth.

Our products are making a difference in the care of people around the world, as approximately 70 percent of our sales come from the No. 1 or No. 2 global-market-share position. Our commitment to investing in R&D is also paying off, with about a quarter of our sales being generated from products introduced in just the past five years. In 2012, we invested approximately \$7.7 billion in R&D and advanced pipelines across all three of our business segments.

With our continued focus on financial discipline, our adjusted earnings were \$14.3 billion* and adjusted earnings per share were \$5.10*, representing increases of 3.4 percent and 2.0 percent, respectively.

We generated significant cash flow and maintained our AAA credit rating. Importantly, we continued our track record of consistent performance, with 29 straight years of adjusted earnings* increases and 50 consecutive years of dividend increases at year-end 2012. Johnson & Johnson is one of only six companies in the Standard & Poor's 100 Index to achieve that record.

* Non-GAAP measures, excludes special items. Non-GAAP Reconciliation is available at www.investor.jnj.com/sales-earnings.cfm

Solid shareholder returns are a hallmark of Johnson & Johnson. Founded in 1886 and listed on the New York Stock Exchange since 1944, our commitment to managing for the long term has made Johnson & Johnson a solid investment choice for decades. In 2012, a total shareholder return of just under 11 percent exceeded the Dow Jones Index. Although this is a nice return, we trailed the other indices we compare to.

Corporate Contributions

Johnson & Johnson is among the largest corporate donors, having contributed \$966 million in cash and products toward nearly 600 programs in more than 50 countries, impacting tens of millions of lives worldwide.

The Company contributed \$131 million in cash to organizations in the United States and around the world for corporate and operating companies' programs and projects. This included \$11 million allocated through our U.S. Matching Gifts program; Johnson & Johnson double-matched employee contributions in 2012 and made one-for-one contributions for donations from retirees, up to \$10,000, for qualified nonprofit U.S. 501(c)(3) organizations.

Johnson & Johnson companies made \$835 million in non-cash contributions (product donations are reported at fair market value, which is consistent with the reporting methods of nonprofit organizations). Of these contributions, the Company donated \$612 million of selected prescription products to patients without adequate financial resources in the U.S. through the Johnson & Johnson Patient Assistance Program. Over the past three years, our companies have provided more than 3 million units of medicine free of charge 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.

We manage our Contributions Program within guidelines approved by the Johnson & Johnson Executive Committee. Total giving of \$966 million in 2012 showed a 37 percent increase over \$706 million in 2011, an amount consistent with our continuing commitment to our philanthropic and patient assistance programs. Our Contributions budget is established well before the start of each fiscal year, so our giving as a percentage of year-end pretax income thus varies from year to year, as fluctuations in year-end pretax income become apparent. For 2012, our giving represented 7.0 percent of annual worldwide pretax income.

Economic Value Retained

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

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DIRECT ECONOMIC VALUE RETAINED

in millions of dollars

	2012	2011
Revenues	\$67,224	\$65,030
Economic Value Distributed		
Operating, Employee and Other Costs*	\$48,821	\$48,364
Payments to Providers of Capital	\$7,146	\$6,727
Community Investments	\$966	\$706
Economic Value Retained	\$10,291	\$9,233

* Calculated based on company's fiscal calendar.

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, benefits that cover most employees worldwide.

At the end of fiscal year 2012, the projected benefit obligation was \$21,829 million, and the fair value of the assets equaled \$17,536 million, for a shortfall of \$4,293 million. Discretionary contributions are made when deemed appropriate to meet the plan's long-term obligations. For more information, see Note 10 in our 2012 10-K Annual Report.

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

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

Market Presence

Johnson & Johnson conducts business in virtually all countries of the world, with a primary focus on products related to human health and well-being. Also see Note 18, Segments of Business and Geographic Areas, on page 48 of our 10-K / Annual Report.

Local Wages

Johnson & Johnson companies maintain various employee databases and payroll systems and compensate employees differently in different countries. As a result of this complexity, we are not able to report a range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.

Supplier Spending

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

The following chart presents our spending with local suppliers, by significant countries. Within each country, the proportion of spending on local suppliers is indicated.

COUNTRY SPEND WITH LOCALLY-BASED SUPPLIERS

in billions of dollars

	AMOUNT SPENT	PERCENT OF TOTAL
USA	\$16.3	81%
Japan	\$0.8	74%
Canada	\$0.8	86%
France	\$0.3	68%
Grand Total	\$18.2	77%

Hiring Practices

In a global, decentralized business, hiring locally helps us best meet customer needs. Each subsidiary within our business segments is, with some exceptions, managed by citizens of the country where it is located. Among our Executive Committee, based at our headquarters in New Brunswick, New Jersey, two-thirds of members are from the United States.

Our operating companies hire from the communities in which we do business and follow all applicable labor laws and requirements. In most cases, the Johnson & Johnson Family of Companies does not offer visas or work permits. Candidates must be authorized to work in the country they are applying to. Applicants must be fluent in the language of the country where a job is based.

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Healthy Future 2015 Sustainability Goals Progress

2015 STRATEGY	MEASUREMENT/TARGETS	PROGRESS (CUMULATIVE UNLESS OTHERWISE NOTED)
Advancing Global Health	One research partnership and three licensing agreements finalized to address diseases of the developing world	Joined Stop TB Partnership and laid groundwork for additional partnerships and licensing agreements in 2012
	90 least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing	66 countries have two of our HIV antiretroviral (ARV) medicines available at special-effort pricing; Marketing Authorization is available for one or more formulations of our ARV's in 48 low- and middle-income countries; a pre-approval access program is in place in all countries where allowed by local regulation
	All our products that address diseases of the developing world achieve WHO prequalification	Application submitted to Essential Medicines List for TB medicine; certain formulations of our HIV antiretroviral medicines achieved WHO prequalification
	Provide 200 million doses of mebendazole per year to children infected with intestinal worms	116 million doses provided to 14 countries in 2012
	Register a new triple-combination therapy for HIV and finalize a generics licensing agreement	New triple-combination therapy registered in U.S. and EMEA in 2011; five generics licensing agreements signed for our HIV medicine, rilpivirine, also in 2011
Safeguarding the Planet	Facility CO₂: 20 percent absolute reduction in facility carbon dioxide emissions (by 2020)	Approximately 6.1 percent absolute reduction
	Clean energy: Increase on-site renewable and clean-technology energy capacity to 50 megawatts	45.5 megawatts installed or in progress
	Fleet CO₂: 20 percent improvement in vehicle fleet emissions efficiency	9.1 percent reduction
	Water Consumption: 10 percent absolute reduction in water consumption at manufacturing and R&D locations	Slightly less than 2 percent absolute reduction
	Waste Disposal: 10 percent absolute reduction in total waste disposed at manufacturing and R&D locations	9.2 percent absolute reduction
	Products and packaging evaluated for sustainability improvements, with 60 achieving Earthwards® recognition	36 products have received Earthwards® recognition
Supplier Sustainability	All strategic suppliers have two or more publicly reported sustainability goals	41 percent of strategic suppliers have two or more publicly reported sustainability goals
	\$1 billion in spend with diverse suppliers by 2011; 5 percent increase per year thereafter	Achieved a \$1.2 billion in spend in 2012, a 5 percent decrease vs. 2011

GOALS AND PROGRESS

2015 STRATEGY	MEASUREMENT/TARGETS	PROGRESS (CUMULATIVE UNLESS OTHERWISE NOTED)
Supplier Sustainability (cont.)	All suppliers in high-risk countries confirm awareness of and conformance with the human rights provision of our policies	88 percent of external manufacturers and active pharmaceutical ingredients suppliers confirmed conformance; 19 percent of strategic suppliers confirmed conformance
	All critical employees receive human rights training	76 percent have received training
	All palm oil and palm oil derivatives are sourced from certified sustainable sources	Working to find/and or develop new Certified Sustainable Palm Oil derivative sources, but until then we will continue to purchase GreenPalm certificates and fund projects to grow capacity at farm level. In 2012, purchased sustainable GreenPalm certificates equivalent to 100 percent of our palm oil usage and were the first company to purchase GreenPalm certificates from independent small holder farmers.
Engaged, Health-Conscious Employees	90th percentile employee engagement when compared to external benchmarks	Engagement levels for Johnson & Johnson in total and for each of the business segments exceed Mayflower Global Norm
	90 percent of employees have access to “culture of health” programs	50 percent have access to “culture of health” programs
	80 percent of employees have completed a health risk assessment and know their key health indicators	41 percent have completed a health risk assessment and know their key health indicators
	80 percent of measured employee population health risks are characterized as “low risk”	78 percent of employees characterized as “low risk”
	15 percent improvement in employee safety vs. 2010 (Lost workday case rate target of 0.09)	15 percent improvement in lost workday case rate
	15 percent improvement in contractor safety vs. 2010 (Lost workday case rate target of 0.12)	21 percent increase in lost workday case rate for contractors
	15 percent improvement in fleet safety vs. 2010 (Auto crashes per million miles target of 4.7)	5 percent increase in auto crashes per million miles
Advancing Community Wellness	Launch 100 community health education initiatives across 25 countries	Not on track
	Report the number of people reached by these initiatives	

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GOALS AND PROGRESS

2015 STRATEGY	MEASUREMENT/TARGETS	PROGRESS (CUMULATIVE UNLESS OTHERWISE NOTED)
Philanthropy Measurement	Increase number of major philanthropic programs measuring health-related outcomes	90 percent of 63 major programs measure health-related outcomes; developed monitoring and evaluation logic models for all major programs 72 percent (181 of 250 programs) measure and report health-related outcomes
	Increase percentage of major philanthropic programs measuring and reporting health-related outcomes	
	Increase percentage of mid-tier/intermediate programs measuring and reporting health-related outcomes	
Transparency and Collaborations	All major brand websites share product sustainability information	43 percent of major brands share product sustainability information on their websites
	Major stakeholder engagements and new collaborations reported publicly	Work in progress
	JNJ.com/responsibility shares Company policy perspectives on major issues	Company policy perspectives are shared on JNJ.com/responsibility
	Economic and sustainability reporting enhanced online and provided for key markets	Work in progress

2012 DATA SUMMARY TABLE

EMPLOYEE HEALTH AND SAFETY	UNIT	2008 (unless noted otherwise)	2009	2010	2011	2012
Tobacco use ¹	Percentage of profiled employees	12 ²	3.9	3.8	3.6	3.5
High blood pressure (above 140/90) ¹	Percentage of profiled employees	12 ²	6.3	6.1	6.4	6.3
High cholesterol (above 240 mg/l) ¹	Percentage of profiled employees	19 ²	5.3	5.7	6.2	5.8
Inactivity (< 30 minutes/day, 4 days/week) ¹	Percentage of profiled employees	39 ²	20.4	20.8	20.9	21.2
Employee satisfaction (Our Credo survey)	Percentage of respondents satisfied	NA ³	80	84	87	85
Training hours	Average number of hours per employee	not reported	not reported	8	8	8
Serious injury/illness rate ⁴	Incidents per 100 employees	0.072 ⁵	0.034	0.037	0.028	0.027
Lost workday case rate ⁴	Incidents per 100 employees	0.31 ⁵	0.12	0.11	0.11	0.09
Fleet car accidents	Crashes per million miles driven	8.76 ⁵	5.75	5.53	5.94	5.82
Ergonomic injuries ⁴	Percentage of lost workday cases	48 ⁵	32	29	30	33
Contractor lost workday case rate ⁴	Incidents per 100 contractors	–	–	–	0.14	0.17
Safety noncompliances ⁴	Number of findings	NA	10	3	9	6
Safety fines paid ⁴	U.S. dollars	NA	2,200	5,500	7,311	648
ENVIRONMENT	UNIT	2008	2009	2010	2011	2012
Environmental noncompliances ⁴	Number of findings	20	50	57	30	29
Environmental fines paid ⁴	U.S. dollars	164,100	6,630	0	5,000	3,500
Accidental releases ⁴	Number of events	15	16	10	9	8
OHSAS certifications ⁴	Percentage of manufacturing/R&D facilities with certification	NA	NA	31	30	25
ISO 14001 certifications ⁴	Percentage of manufacturing/R&D facilities with certification	100	99	99	99	93
Energy use	Billion BTUs ⁶	13,354	12,815	13,437	12,944	12,655
Facility CO ₂ emissions ⁷	Thousand metric tons	1,295	1,197	1,253	1,201	1,176
On-site clean or renewable energy capacity	Megawatts	9.8	15.1	27.4	38.7	45.5 ⁸
CO ₂ fleet emissions	Average emissions per vehicle (g/km)	NA	NA	177	170	161
CO ₂ project capital spent	Energy/CO ₂ project spend, \$MM	12	44.0	56.4	48.2	22.2
CO ₂ project results	Cumulative CO ₂ emissions avoided annually, thousand metric tons	71.7	99.8 m ³	119.1	138.4	145.9
On-site solar capacity	Megawatts	NA	4	12	18	19
Water use ⁴	Million m ³	11.5	10.8	11.5	11.3	11.3
Recycled water use ⁴	Million m ³	NA	0.8	0.77	0.69	0.59
Wastewater discharged ⁴	Million m ³	NA	NA	NA	8.18	8.25
Non-hazardous waste disposed ⁴	Million kg	52.3	42.6	57.4	48.3	48.6
Hazardous waste disposed ⁴	Million kg	29.3	24.6	28.2	30.2	29.1
Waste site remediation ⁴	Number of active remediation sites	21	16	17	18	17

¹ U.S. data. Participation rate is 81 percent ² 1995–99 average ³ NA: Not Available ⁴ Does not include acquisitions that have been part of the Company for less than three years
⁵ 1995 data ⁶ 3,412 BTU/Kwh ⁷ Total, excluding renewable energy credits (past years recalculated without these) ⁸ Already online or in progress

Continued next page

ENVIRONMENT (cont.)	UNIT	2008	2009	2010	2011	2012
Sulfur dioxide emissions	Tons	165	138	146	133	114
Nitrous oxide emissions	Tons	285	271	268	273	264
Hazardous air pollutant emissions	Tons	NA	NA	55	53	38
Volatile organic compound emissions	Tons	NA	NA	1,006	1,402	1,252
Particulate matter emissions	Tons	NA	NA	165	134	127
Refrigerant emissions	Tons	NA	NA	10.9	10.6	15.4
Greener products	Cumulative number of Earthwards® recognized products	NA	4	10	25	36
LEED buildings	Number certified	NA	NA	9	12	15
SUPPLIERS AND DIVERSITY	UNIT	2008	2009	2010	2011	2012
Women on Board of Directors	Number Percentage of Board	2 20	3 27	3 27	3 25	3 23
Women in workforce	Percentage of employees	NA	NA	NA	44.9 ⁹	47.5 ¹⁰
Women in management	Percentage of management-level employees	NA	NA	NA	38.8 ⁹	40.3 ¹⁰
Small business supplier spend	U.S. dollars, millions	NA	3,070	3,106	3,149	2,731
Veteran-owned supplier spend	U.S. dollars, millions	NA	84	112	103	101
Lesbian, gay, bisexual and transgender (LGBT) supplier spend	U.S. dollars, millions	NA	1.3	1.4	1.7	1.6
Minority/women-owned suppliers spend	U.S. dollars, millions Percentage of total supplier spend Number	NA NA NA	860 7.8 2,400	1,065 8.6 2,500	1,303 8.2 2,200	1,234 8.4 1,700
Suppliers participating in Carbon Disclosure Project at Johnson & Johnson request	Number ¹¹	NA	35	66	96	139
OPERATIONS AND STATISTICAL DATA ¹²	UNIT	2008	2009	2010	2011	2012
Sales	U.S. dollars, millions Percentage change over previous year	63,747 4.3	61,897 (2.9)	61,587 (0.5)	65,030 5.6	67,224 3.4
Net earnings ¹³	U.S. dollars, millions Percentage change over previous year	12,949 22.4	12,266 (5.3)	13,334 8.7	9,672 (27.5)	10,853 12.2
Share price (end of fiscal year)	U.S. dollars	58.56	64.41	61.85	65.58	69.48
R&D	U.S. dollars, millions Percentage of sales	7,577 11.9	6,986 11.3	6,844 11.1	7,548 11.6	7,665 11.4
Effective income tax rate	Percentage of income	23.5	22.1	21.3	21.8	23.7
Advertising costs	U.S. dollars, billions Percentage of sales	2.9 4.5	2.4 3.9	2.5 4.1	2.6 4.0	2.3 3.4
Charitable contributions	U.S. dollars, millions Percentage of pretax income Non-cash	510.3 3.0 365.5	588.1 3.7 461.5	603.3 3.6 495.3	706.1 5.7 587.1	966.3 7.0 835.0
Operating companies	Number (approximate)	250	250	250	250	275
Employees	Number (approximate)	118,700	115,500	114,000	117,900	127,600

⁹ Data available for U.S. only. ¹⁰ Data are from our North America region. ¹¹ Numbers updated slightly for 2009 through 2011 based upon data verification.

¹² Additional data available on page 71 of the 2012 Johnson & Johnson 10-K report. ¹³ Net earnings attributable to Johnson & Johnson.

Recognitions

America's Most Admired Companies

Fortune recognized Johnson & Johnson as 12th most admired company overall.

The World's Most Reputable Companies

The Reputation Institute ranked Johnson & Johnson as the 18th most reputable company in the United States.

Global Access to Medicines Index

Johnson & Johnson ranked No. 2 on this index, which measures pharmaceutical company factors affecting access to medicines such as R&D activities, pricing schemes, and patents and licensing policies.

The Harris Interactive Reputational Quotient (RQ)

In 2012, Johnson & Johnson ranked No. 7 on this survey. The RQ focuses on six areas that influence reputation and consumer behavior: social responsibility, emotional appeal, financial performance, products and services, vision and leadership, and workplace environment.

World's Most Respected Companies

The financial weekly *Barron's* conducts an annual survey of institutional investors, rating the 100 largest public corporations (based on market capitalization) in order of the respect they have garnered from these institutions. Johnson & Johnson ranked 32nd this year and has been included on this list since its inception eight years ago.

Top Companies for Women Executives

The National Association for Female Executives selected Johnson & Johnson to the Top 10 of its 2013 Top 50 Companies for Women Executives list.

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 26 years ago. Our inclusion recognizes our family-friendly policies for flexible work, child care, maternity and paternity leave and elder care, among others.

Top 50 Companies for Diversity®

Johnson & Johnson ranked 11th overall. This *Diversity, Inc.* list is based on CEO commitment, human capital, corporate communications and supplier diversity.

Top 50 Companies for Latinas

Johnson & Johnson was recognized by *LATINA Style* magazine as one of the Top 50 Companies for Latinas to work for in the United States.

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

Johnson & Johnson again earned the top rating of 100 percent in this annual survey administered by the Human Rights Campaign

Foundation. The Equality Index recognizes employer treatment of gay, lesbian, bisexual and transgender employees and consumers.

10 Best U.S. Corporations for Veteran-Owned Businesses

Johnson & Johnson was named one of the 10 Best U.S. Corporations for Veteran-Owned Businesses for 2012 by the National Veteran-Owned Business Association.

100 Best Corporate Citizens

Johnson & Johnson was ranked 17th by *CRO Magazine*.

Newsweek Green Rankings for U.S. Companies

Johnson & Johnson was ranked No. 88 overall and the fifth health care and pharmaceutical company of the 500 companies evaluated.

CEO Cancer Gold Standard™ Accredited

Johnson & Johnson has been accredited for the past consecutive seven years and was one of the first companies to meet the accreditation requirements for the CEO Roundtable on Cancer Prevention Gold Standard accreditation process. The roundtable was formed to make continual progress in the elimination of cancer and was chaired by our former 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 this index since 2000 and is now included in the Global Index as well. The DJSI family follows a best-in-class approach to identify industry leaders.

U.S. Hispanic Chamber of Commerce

Johnson & Johnson was recognized as a U.S. Hispanic Chamber of Commerce Million Dollar Club member for the third consecutive year, a recognition provided to companies that exceed \$1 million in spend with Hispanic-owned business enterprises.

Best Global Green Brands

Johnson & Johnson was ranked No. 2 by Interbrand's 2012 *Best Global Green Brands* report.

2012 Corporate Health Achievement Award

The Corporate Health Achievement Award (CHAA) recognizes quality occupational and environmental health programs, identifies model programs and outstanding practices with measurable results, and encourages organizational self-assessment and continuous improvement. This is the second time Johnson & Johnson has been honored as a recipient of the CHAA.

Janssen Spain Receives National Recognition

Spain's daily newspaper *La Razón* recognized Janssen as one of the most innovative health care companies in Spain in 2012.

Standard Disclosures: Profile

1. STRATEGY AND ANALYSIS

PROFILE DISCLOSURE	DESCRIPTION	PAGE
1.1	Statement from the most senior decision-maker of the organization.	4
1.2	Description of key impacts, risks, and opportunities.	6

2. ORGANIZATIONAL PROFILE

PROFILE DISCLOSURE	DESCRIPTION	PAGE
2.1	Name of the organization.	9
2.2	Primary brands, products, and/or services.	9
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	9
2.4	Location of organization's headquarters.	9
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	9
2.6	Nature of ownership and legal form.	9
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	9
2.8	Scale of the reporting organization.	9
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	10
2.10	Awards received in the reporting period.	78

3. REPORT PARAMETERS

PROFILE DISCLOSURE	DESCRIPTION	PAGE
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	3
3.2	Date of most recent previous report (if any).	3
3.3	Reporting cycle (annual, biennial, etc.)	3
3.4	Contact point for questions regarding the report or its contents.	3
3.5	Process for defining report content.	3, 14–15
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	3
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	3
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	3,10

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3. Report Parameters *(continued)*

PROFILE DISCLOSURE	DESCRIPTION	PAGE
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	3,10
3.12	Table identifying the location of the Standard Disclosures in the report.	79
3.13	Policy and current practice with regard to seeking external assurance for the report.	3

4. Governance, Commitments, and Engagement

PROFILE DISCLOSURE	DESCRIPTION	PAGE
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	10
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	12
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	see footnote 1
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	12
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	10,12
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	13
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	12
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	see footnote 2
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	14
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	13
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.	44–45
4.14	List of stakeholder groups engaged by the organization.	63–68
4.15	Basis for identification and selection of stakeholders with whom to engage.	63–68
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	63–68
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	63–68

¹ See 2013 Compensation Decisions for 2012 Performance on page 36 of the Johnson & Johnson 2013 Proxy Statement.

² See Setting Compensation & Performance Targets on page 43 of the Johnson & Johnson 2013 Proxy Statement.

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Standard Disclosures: Management Approach (DMA)

G3 DMA	DESCRIPTION	PAGE
DMA EC	Disclosure on Management Approach – Economic	
	Economic performance	71–72
	Market presence	71–72
	Indirect economic impacts	71–72
DMA EN	Disclosure on Management Approach – Environment	
	Materials	26–41
	Energy	26–41
	Water	26–41
	Biodiversity	26–41
	Emissions, effluents and waste	26–41
	Products and services	26–41
	Compliance	26–41
	Transport	26–41
	Overall	26–41
DMA LA	Disclosure on Management Approach – Labor Practices	
	Employment	55–62
	Labor/management relations	55–62
	Occupational health and safety	55–62
	Training and education	55–62
	Diversity and equal opportunity	55–62
DMA HR	Disclosure on Management Approach – Human Rights	
	Investment and procurement practices	41–42
	Non-discrimination	41–42
	Freedom of association and collective bargaining	41–42, 53–58
	Child labor	41–42
	Forced and compulsory labor	41–42
	Security practices	41–42
	Indigenous rights	41–42
DMA SO	Disclosure on Management Approach – Society	
	Community	throughout report
	Corruption	26, 70
	Public policy	43–46
	Anti-competitive behavior	10–13
	Compliance	10–13

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Standard Disclosures: Management Approach (DMA) (continued)

G3 DMA	DESCRIPTION	PAGE
DMA PR	Disclosure on Management Approach – Product Responsibility	
	Customer health and safety	16–17
	Product and service labelling	16–17
	Marketing communications	16–17
	Customer privacy	16–17
	Compliance	16–17

Standard Disclosures: Performance Indicators

ECONOMIC

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Economic Performance			
EC1	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.	Full	71
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Full	70
EC3	Coverage of the organization's defined benefit plan obligations.	Full	72
EC4	Significant financial assistance received from government	Full	*
Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Full	72
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Full	72
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Full	72
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Full	71

ENVIRONMENTAL

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Materials			
EN1	Materials used by weight or volume.	Full	41
EN2	Percentage of materials used that are recycled input materials.	Full	41

* Johnson & Johnson does not receive significant financial assistance from government.

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ENVIRONMENTAL *(continued)*

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Energy			
EN3	Direct energy consumption by primary energy source.	Full	28
EN4	Indirect energy consumption by primary source.	Full	28
EN5	Energy saved due to conservation and efficiency improvements.	Full	30
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Full	*
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Full	28
Water			
EN8	Total water withdrawal by source.	Full	33
EN9	Water sources significantly affected by withdrawal of water.	Full	34
EN10	Percentage and total volume of water recycled and reused.	Full	33
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Full	36
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Full	36
EN13	Habitats protected or restored.	Partial	36
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Partial	36
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Full	30
EN17	Other relevant indirect greenhouse gas emissions by weight.	Full	30
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Full	28
EN19	Emissions of ozone-depleting substances by weight.	Full	32
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Full	32
EN21	Total water discharge by quality and destination.	Full	34
EN22	Total weight of waste by type and disposal method.	Full	35
EN23	Total number and volume of significant spills.	Full	27
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Full	37
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Full	41
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Full	27

* With the exception of some products within our MD&D business segment, most Johnson & Johnson products do use energy. Our product stewardship efforts may address energy use requirements, where applicable.

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ENVIRONMENTAL *(continued)*

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partial	31

LABOR PRACTICES AND DECENT WORK

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Employment			
LA1	Total workforce by employment type, employment contract, and region.	Full	57
LA2	Total number and rate of employee turnover by age group, gender, and region.	Full	57
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Full	57
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Full	54, 58
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Full	58
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	Full	54
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Full	54
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Full	49
LA9	Health and safety topics covered in formal agreements with trade unions.	Full	54
Training and education			
LA10	Average hours of training per year per employee by employee category.	Full	60
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Full	60
LA12	Percentage of employees receiving regular performance and career development reviews.	Full	59
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Full	57

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HUMAN RIGHTS

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Full	42
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Full	42
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Full	42
HR4	Total number of incidents of discrimination and corrective actions taken.	Full	41
Freedom of association and collective bargaining			
HR5	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.	Full	42
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Full	42
Forced and compulsory labor			
HR7	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.	Full	42
Security practices			
HR8	Percentage of security personnel* trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Full	42
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Partial	41

SOCIETY

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Corruption			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Full	68
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Full	25
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Full	26
SO4	Actions taken in response to incidents of corruption.	Full	25

* Human rights training is conducted for all critical employees—those in positions most sensitive to human rights infringements. For Johnson & Johnson, these personnel are mostly procurement staff.

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SOCIETY *(continued)*

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Full	44
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Full	45
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Full	26
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Full	26

PRODUCT RESPONSIBILITY

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Customer health and safety			
PR1	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.	Full	16
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Full	17
Product and service labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Full	16
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Full	17
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Full	16
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Partial	17
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Full	17

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PRODUCT RESPONSIBILITY

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	PAGE
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Full	17
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Full	17

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.

Johnson & Johnson