

*Johnson & Johnson*

# UK Gender Pay Gap Report 2018

# A message from Clare Lee

Head of Human Resources Great Britain & Ireland

Diversity and inclusion have been at the heart of our business since our founding, and will continue to be a crucial part of our success as we look to the future. This is deeply rooted in Our Credo values, written more than 75 years ago to guide our decision-making process, and in our vision for every person to use their unique experiences and backgrounds, to spark solutions that create a better, healthier world.

It means that we continually strive to create a deep sense of belonging for all our colleagues, men and women alike, because we know a happy, healthy workforce makes our business stronger. It also means we take equality issues such as gender pay gap very seriously.

Closing the gender pay gap will take time and involve many factors. We are committed to continuing our efforts to improve in gender equality.



**Clare Lee**  
Head of Human Resources  
Great Britain & Ireland



# What is in this report

**1** Gender equality at  
Johnson & Johnson

**2** The gender pay gap  
and Johnson & Johnson

**3** Our multi-dimensional strategy  
to fostering an inclusive culture



# Gender equality at Johnson & Johnson

**Women have been part of building Johnson & Johnson's business since our founding more than 130 years ago.**

Eight of our original 14 employees were women. Into the early 20th century as our company grew, so did the role of women employees. At a time when professional opportunities for women were limited, we are proud to have supported women in new leadership positions. This has helped shape our culture as a company, and it also means that from day one, women have been at the heart of our business.

Since that beginning, we have recognized the importance of contributions by both women and men to growing our businesses and creating healthier people, healthier communities and a healthier world.



Johnson & Johnson  
employees from the early  
20th century



# Gender equality at Johnson & Johnson

Women are innovators meeting today's challenges and inventing tomorrow's solutions.

They are scientists, technologists, mentors, business leaders, community champions, caregivers, mothers, and a driving force behind the health of our future world.

We are proud to hire, employ and promote some of the most talented women and remain focused on growing and developing them as leaders.

Women represent **47%** of our worldwide workforce and **33%** of VPs and above.

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# 45%

of our Manager and Director population are female across the globe.

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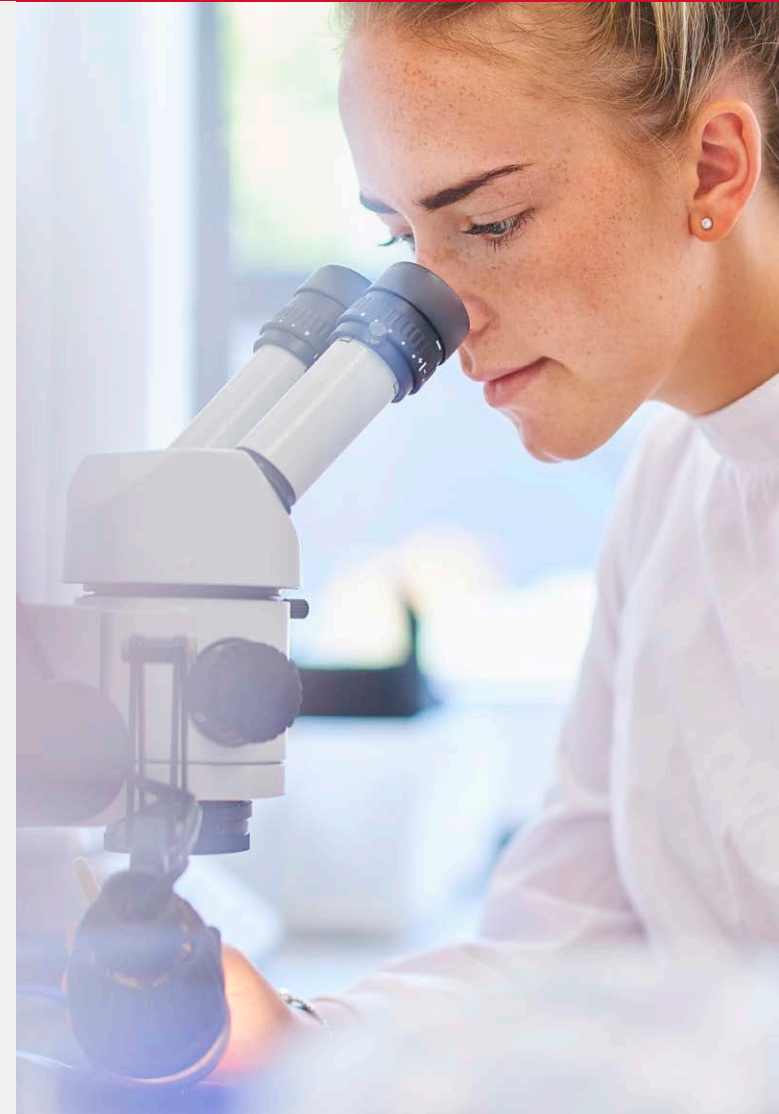
Named to National Association for Female Executives (NAFE) Top 70 Companies for Executive Women



Named #32 in Thomson Reuters Diversity & Inclusion Index



Named #1 in Diversity Inc 2018 Top 50 Companies for Diversity & Inclusion, up four places from 2017



# The gender pay gap and Johnson & Johnson

## Understanding the gender pay gap

**Consistent with the principles of Our Credo, we welcome the UK's gender pay gap reporting requirement as encouraging discussion about the progress of women in UK businesses. The UK gender pay gap reporting process reviews figures based on the UK Government requirements, indicating where progress has been made over the past year, and where there is more to be done.**

But first, it is important to stress that the **gender pay gap** differs from **equal pay**. The gender pay gap compares pay for all employees in a business, without considering differences in job function, job level, qualifications, performance, and experience. For example, the gender pay gap analysis groups together an intern and a long-tenure PhD scientist without considering reasons why they are not paid the same.

By contrast, an equal pay analysis compares the pay of employees performing the same or similar jobs.

We have long embraced pay equality. Our Credo reflects our belief in fair compensation and equal opportunity for employment, development, and advancement for qualified talent. We continue developing our practices and programs today to do the same.

### Gender pay gap reporting – UK Government approach

The gender pay gap legislation requires employers in Great Britain with more than 250 employees to report four types of figures annually:

- Gender pay gap (mean and median): the difference in the average pay of all men and all women across an organization.
- Gender bonus gap (mean and median): the difference in the average bonuses of all men and women across an organization.

- Proportion of men and women receiving bonuses.
- Proportion of men and women in each quartile of the organization's pay structure.

The UK legislation defines what pay and bonus to include in the required reports, as well as the specific formulas for how to calculate these values:

- As defined by the UK legislation, ordinary pay includes basic pay, allowances (such as payments for

extra responsibilities, location-related payments, car allowances, recruitment or retention incentives), pay for piecework, pay for leave, and shift premium pay.

- The UK legislation defines bonus to include any rewards related to profit-sharing, productivity, performance, incentive and commission, and can also include cash, vouchers, securities and securities options, and interests in securities.



# Gender pay gap reporting

## J&J Gender Pay Gap Analysis

**Our UK Gender Pay Gap Report 2018 publishes gender pay gap data for Johnson & Johnson's five legal entities in the UK with more than 250 employees.**

These companies are: DePuy International LTD, Janssen Cilag LTD, Johnson & Johnson Consumer Services EMEA, LTD, Johnson & Johnson Limited, and Johnson & Johnson Medical LTD.

Across these five entities, the mean gender pay gap as defined by the UK legislation ranged from 8% to 20% in 2018. The range of the gaps for these five companies decreased from last year (12% to 24%).

**We are pleased with the progress we are making, but recognize that the most meaningful thing is not whether there is a decrease or increase in a single year, but progress over time. Our efforts focus on long-term and lasting change.**

The bonus pay gaps for Johnson & Johnson's UK companies vary by entity. The mean difference ranges from 20% to 45%. As with pay, this represents an overall decrease from the 2017 figures (a range from 39% to 68%).

As of April 5 2018, the "snap shot" date set by the UK Government for this year's report, the average gender pay gap for all UK companies is 17.9%. Compared to other UK companies, two of our Johnson & Johnson UK companies had a below-average gender pay gap (8.34% and 16.21%) and three had an above average gap (18.45%, 19.03% and 19.72%).



**Laura Devaney**  
Associate Director

**FT LGBT+ Role Model, Future Leaders Award**  
Franchise R&D – Length of Service: 13 Years



I've always enjoyed working for J&J and truly never felt that being a woman has held me back. I've been given incredible opportunities for growth and development based on merit and attitude and have felt like I've had the opportunity to shape my career regardless of gender.



# Breaking down our results

We have five legal entities that are required to report. Their individual results are set out below.

## DePuy International LTD

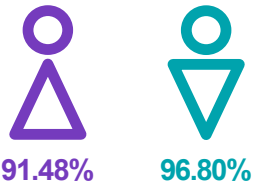
**8.34%**  
Mean gender pay gap

**5.72%**  
Median gender pay gap

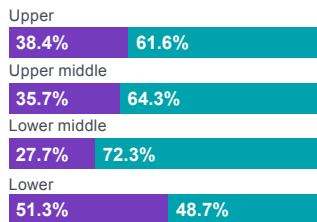
**19.83%**  
Mean bonus pay gap

**12.12%**  
Median bonus pay gap

Proportion of women and men paid a bonus



Population by pay quartiles



## Janssen Cilag LTD

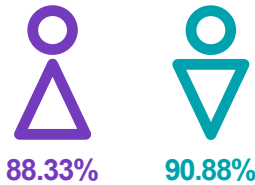
**18.45%**  
Mean gender pay gap

**12.81%**  
Median gender pay gap

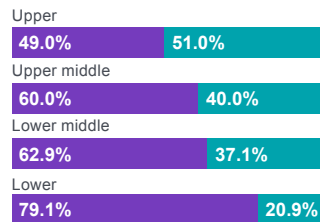
**28.89%**  
Mean bonus pay gap

**34.64%**  
Median bonus pay gap

Proportion of women and men paid a bonus



Population by pay quartiles



## Johnson & Johnson Consumer Services EMEA, LTD

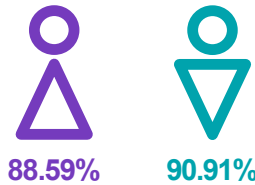
**16.21%**  
Mean gender pay gap

**11.47%**  
Median gender pay gap

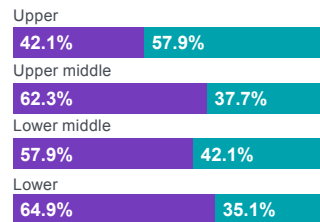
**35.95%**  
Mean bonus pay gap

**22.69%**  
Median bonus pay gap

Proportion of women and men paid a bonus



Population by pay quartiles



## Johnson & Johnson Limited

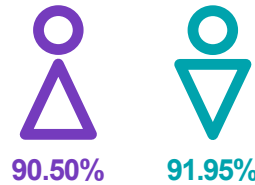
**19.03%**  
Mean gender pay gap

**17.49%**  
Median gender pay gap

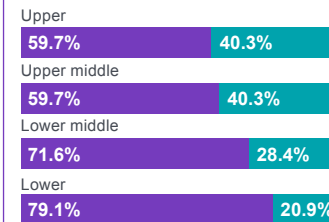
**45.15%**  
Mean bonus pay gap

**28.89%**  
Median bonus pay gap

Proportion of women and men paid a bonus



Population by pay quartiles



## Johnson & Johnson Medical LTD

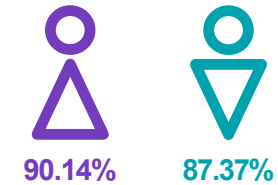
**19.72%**  
Mean gender pay gap

**19.06%**  
Median gender pay gap

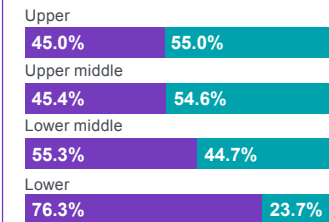
**38.99%**  
Mean bonus pay gap

**52.80%**  
Median bonus pay gap

Proportion of women and men paid a bonus



Population by pay quartiles



● Female  
● Male





# Understanding the numbers

**As required by the UK Government, the published figures are for an “unadjusted gap” based on an average across all employees in the legal entity, without adjusting for factors such as job level, function, performance, and experience.**

When we adjust solely for employees’ different job levels (as measured by pay grade), the gender pay gap drops to a range of -2.23% (favoring women) to 3.1%. This shows how the impact of such factors is important even though not included in the gender pay gap analysis.

While we recognize that we still have work to do and opportunities to improve, the impact of adjusting even for job level alone does provide insight for our understanding of the published gender pay gap figures.

We also think it is important to understand that the reported bonus pay gaps represent an “unadjusted gap” that averages all employees receiving bonuses, without adjusting for factors such as job level, function, performance, and experience. Adjusting for job level (as measured by pay grade) has a large impact. Once job level is considered, the mean bonus pay gap drops to a range of 7.2% to 14.3% across the five companies.

Whichever way you review the data, we believe the gender pay gap reporting process helps raise awareness and encourages discussion of how we can improve gender equality as part of diversity and inclusion in the workplace. While we are pleased to see our progress from our first gender pay gap report in 2017, we fully recognize there is more work to be done.

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**Closing the gender pay gap will take time, but we are committed to continuing our efforts to promote gender equality.**

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We recognize that just as the gender pay gap is part of a much broader issue of diversity and inclusion, the results in this report represent a small part of what we are doing. We assess our progress under a number of measurements reflecting Our Credo principles and our commitments to our colleagues (more information available in our annual Health for Humanity report, [www.healthforhumanityreport.jnj.com/](http://www.healthforhumanityreport.jnj.com/)).

# Why is there a gender pay gap?

**The gender pay gap and bonus pay gap represent a set of multiple issues for businesses to address.**

From our own company data, we've identified two key points that explain why there is a reported gap:

- More men in senior positions: Like many businesses in the UK, we face a challenge with the number of women compared to men in senior roles. This is a central reason for the reported gender pay gap in our UK businesses. But, we are seeing more women moving up the organization into the upper quartile. Comparing 2017 and 2018, there was an increase of women representation in the upper pay quartile of each of Johnson & Johnson's reporting entities in the UK.
- Challenge with Science, Technology, Engineering and Math (STEM) recruitment: Within our industries, and more broadly across the UK, there is a challenge with recruiting women into STEM roles.

It is our belief that tackling these challenges will help address the gender pay gap.

An additional factor at play regarding our bonus gap figures is the number of women in part time positions. We have 242 women in part time working positions across our entities, compared to eight men in part time roles. The reported bonus pay gap compares bonuses for full time and part time employees without taking into account this difference.

We work hard to support greater employee choice, and see flexible working as an important part of our talent strategy.



**Vanessa Dawkins**  
EMEA FP&A CoE Lead  
Length of service: 24 years



At Johnson & Johnson, I have always felt supported by female role models and an inclusive environment. I believe that my ideas will be heard, and that I can contribute to my full potential whilst balancing my family and other commitments.



# Our strategy

A multi-dimensional approach to fostering an inclusive culture, for all people

**The gender pay gap represents several complex issues, and therefore should be tackled through a holistic diversity and inclusion strategy.**

A key part of this is listening to our colleagues. As part of our annual “Our Voice” survey, we asked for their perspectives on how to enhance an inclusive environment.

We listened to what they had to say and have added to our award-winning program of supportive benefits.

Currently, we are focused on a three-pronged approach for diversity and inclusion, which helps get at the crux of some of the challenges driving the gender pay gap in UK:

1

Ensure personal and career development is supported at all levels

2

Do our absolute best to make our business attractive and inclusive

3

Increase the talent pool of women at the entry level



**Mark Hickson**  
Managing Director  
Janssen UK and Ireland

“

At Johnson & Johnson we celebrate diversity and I feel very fortunate to be part of an organisation that places so much emphasis on this – because for me personally, it’s not just about acknowledging differences; it’s about actively respecting everyone’s unique voice and perspective.

”

# 1 Our strategy

Ensure personal and career development is supported at all levels

**Through a multitude of strategic programs and initiatives, we are working to deliver learning at all levels. We are creating more diverse career progression opportunities for leaders of the future, with a strong talent pipeline to help us deliver on improving health for humanity.**

- We are recruiting, developing, and retaining more and more women in senior roles. Through our Women's Leadership & Inclusion (WLI) employee resource group, 5,000 employees connect and network across our global companies, supporting each other's development. WLI is committed to the development, advancement and retention of women leaders with a vision to "achieve gender equality across our businesses globally to enhance our competitive advantage and fuel the future of human health."
- To help more women get into our management board rooms, we launched ASCEND – a bespoke leadership training and coaching program for high potential women across our EMEA businesses. Over the

past 12 years, more than 300 senior women from over 24 countries have participated in ASCEND. Of those that joined the program globally in 2018, 20% have already transitioned to new roles. We are starting to see results at the senior level: over the last year the percentage of female representatives at the commercial board level has increased across our reporting entities.

- We are driving awareness of unconscious bias. In 2017, we engaged with Professor Mahzarin Banaji of Harvard University to provide an "Unconscious Bias" training program to all our people leaders. This curriculum was reinforced with e-learning modules and group discussions which focus on helping our employees understand how unconscious bias can impact our thinking and how to mitigate it in our day-to-day work. Over the last year, the training was rolled out to all employees.
- We are also embedding key concepts into our talent management processes to reduce the risk of unconscious bias in career development and recruitment. Through these

steps, we will be better able to tap into our diverse backgrounds and unique experiences to fuel how our company adapts and innovates.

- As a healthcare company, we have several health and wellness programs in place for employees. We are actively training our employees in the principles of Energy for Performance® in Life (EPIL), a training program developed by the Johnson & Johnson Human Performance Institute leveraging principles from their Corporate Athlete Performance course. The program is unique in that it takes a multidimensional approach to teach people how to be more spiritually nourished, physically focused and direct their energy towards what is purposeful in life. We are well on our way to our goal of training 100,000 employees in EPIL, with more than 73,000 involved so far.

Key implications of programs such as EPIL include their association with increased employee performance and retention.



# 2 Our strategy

Do our absolute best to make our business attractive and inclusive

## We view talent management as the foundation for keeping our organization healthy and innovative.

Each employee contributes a unique set of experiences, skills and cultural backgrounds that enables us to better serve our diverse customers around the globe. And we know that people join our companies to build a balanced and meaningful career, so we need to have an attractive and inclusive culture that can deliver that.

We are committed to supporting parenthood, for a healthy family life and work life balance.

- As of the end of 2017, we now offer a global standard for Parental Leave, where our employees across the globe—including countries like Brazil, China, India, Japan and the United Kingdom—are eligible to take a minimum of eight weeks' paid parental leave for birth or adoption.
- Additional family benefits include surrogacy and fertility support, adoption support, support for children with special needs and childcare.

- In particular, we are very proud to have recently launched our assisted reproduction program, supporting both men and women with IVF in the UK. Our private healthcare scheme covers assisted fertility diagnostic tests, treatments and specialist consultations.
- We believe this has helped encourage parents in the workplace, as 91% of parents, both men and women have returned to work at Johnson & Johnson after parental leave.

We aspire to have the healthiest workforce in the world, both physically and mentally.

- We embrace diversity and want every employee to be who they truly are. That's why we've enhanced our private healthcare scheme to offer coverage for gender dysphoria and support anyone who's questioning their sense of identity.
- We also know mental health for parents is intrinsically linked to the mental health of their children. We have produced specialist guides to help families open-up the conversation. For example, we know that

1 in 2 people in the UK will be diagnosed with cancer at some point in their lifetime. To help families communicate, we've developed a series of booklets with Bupa that they can read with their children to help them to understand cancer.

## We are immensely proud of our culture and the recognition we've received:



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



Named #38 in Glassdoor 2018 Employees Choice Awards, recognizing Best Places To Work



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

# 3 Our strategy

## Increase the talent pool of women at the entry level

While the gender pay gap is partly attributed to differences in the representation of women at senior levels of business, the nature of the healthcare industry means that this will only be reversed if we increase the talent pool of women at the entry level with STEM<sup>2</sup>D (Science, Technology, Math, Manufacturing and Design) interests and qualifications.

We have developed a new campaign focusing on R&D in the supply chain for STEM.

Our STEM<sup>2</sup>D programs are working to increase representation of qualified women in science and technical fields, including programs addressing young women in graduate, undergraduate, and earlier school levels, and aim to reach 2,000 young women in the

UK in 2018 alone. And through mentoring partnerships, we are providing young women and girls around the world with the resources they need to become leaders in the workforce and in their communities.

We've already seen an encouraging return on investment from a business perspective.



# Our Credo

Diversity & Inclusion is how we've done business at Johnson & Johnson for 132 years.

That's why as part of our 75th anniversary of Our Credo, we specifically added inclusion, fulfillment and purpose to the wording of Our Credo, the guiding principles of our business.

We did this because we believe it is not enough just to have a diverse workforce. You need to create an environment where people are supported and empowered to bring forward their unique backgrounds to drive innovation in service of our shared purpose.

**Our mission is to make diversity & inclusion our way of doing business.**



*We believe our first responsibility is to the patients, doctors and nurses, 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 provide value, reduce our costs and maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our business partners must have an opportunity to make a fair profit.*

*We are responsible to our employees who work with us throughout the world. We must provide an inclusive working environment where each person must be considered as an individual. We must respect their diversity and dignity, and recognise their merit. They must have a sense of security, fulfilment and purpose in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must support the health and well-being of our employees, and help them fulfil both their family and other personal 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 highly capable leaders, 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 help people to be healthier by supporting better access and care in more places around the world. We must be good citizens - by supporting good works and charities, improving health and education, and bearing our fair share of taxes. 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, investments made for the future 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 realise a fair return.*

