Position on Sustainability Governance

Background

Sustainability in business refers to responsible, transparent and accountable practices alongside aspirations to generate a positive social and environmental contribution, in addition to strong business results, for the benefit of current and future generations. Sustainability is used as an overarching term that includes the similar concepts of corporate citizenship, social impact or value, corporate social responsibility or environmental, social and governance (ESG) work. In today’s business landscape, sustainability is considered to be a strategic component of businesses that are successful over the long term, helping enhance shareholder value as well as delivering other benefits.

By definition, sustainability addresses all aspects of a business’s activities, involving all levels of leadership and staff, and all business functions, making the proactive management of sustainability an important capability as it reflects the cross-functional nature of a business and its geographic breadth. In order to drive sustainability strategically, therefore, it is necessary to establish a leadership and management structure for decision-making, assessment and prioritization of relevant topics and organizational engagement.

Relevance

Now more than ever, businesses are expected to lead in the present and drive progress for the future. For more than 130 years, Johnson & Johnson has aimed to create a healthier world. Today, as the world’s largest and most diversified healthcare company, Johnson & Johnson plays a leading role in advancing a sustainable business. Effectively managing our sustainability topics both helps protect our business from risks—such as climate change risk, reputational risk and more—and furnishes us with occasions to engage more deeply with those impacted by our business and, therefore, understand how we may better meet their expectations and needs, as well as uncover opportunities for unlocking business value. In this way, we are better equipped to allocate resources to deliver on Our Purpose to change the trajectory of health for humanity. Given our large size and geographical breadth, it is imperative that we take a proactive leadership approach to sustainability and maintain a supportive governance structure to continue to address the interests of our stakeholders and provide value to our shareholders, ensuring the long-term success of Johnson & Johnson.

Guiding Principles

As stated in Our Credo: “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, better health and education, and bear our fair share of taxes.”
Our Position

Johnson & Johnson has a unique ability to apply its expertise and partnering power to solve some of the most difficult global health challenges. As a purpose-driven company, how we deliver enduring impact is embedded in our business strategy through execution of our ESG strategy, which frames our ambitions, informs our operations and creates accountability for our vision of the future. We focus our efforts on the areas where we are uniquely positioned to achieve the greatest impact – championing global health equity, empowering our employees and advancing environmental health. Leading with accountability and innovation is foundational to these efforts and essential to achieving Our Purpose, creating a virtuous circle that enhances economic, environmental and social value for all those we serve.

Our ESG focus areas are grounded in Our Credo values, fuel progress toward our Company’s Purpose and build on a foundation of accountability and innovation. Our ESG strategy serves as our guide for creating sustainable value over the long term while also informing the goals we set and disclosures we make. Our ESG management approach is designed to effectively govern and manage ESG risks while also enabling us to identify opportunities that accelerate our business strategy and unlock business value to benefit a wide variety of stakeholders. This reflects our long-held belief that creating societal value is inextricably linked with generating long-term business value.

The oversight of ESG management and sustainability at Johnson & Johnson starts at the top and engages the highest levels of our Company’s leadership within the Enterprise and across all three business segments (Pharmaceutical, MedTech and Consumer Health). Effective ESG oversight requires both management engagement and Board-level oversight. The key levels of governance include:

**Johnson & Johnson Board of Directors (Board):** The Board’s ESG risk management approach is designed to effectively govern and manage the ESG risks and opportunities that are integral to the Company’s core business strategy. Significant ESG risks are reviewed and evaluated by the Board and its Committees as part of their ongoing risk oversight of our Company. For example, the Regulatory Compliance Committee meets with the Chief Quality Officer to review and provide input on our product quality program and performance indicators on a quarterly basis. Furthermore, the Science, Technology & Sustainability Committee (STSC) reviews and provides input on components of the Company’s ESG program and various related topics including our climate change actions. The STSC also reviews performance on our ESG management approach and reviews the disclosures and transparency housed in the Company’s annual Health for Humanity Report, including progress on our Health for Humanity Goals. The Board has overall accountability for ESG risk management oversight. The Board also considers feedback from our shareholders and other stakeholders to ensure that our short- and long-term strategies are appropriately designed to promote sustainable growth.

**Johnson & Johnson Executive Committee (EC):** Individual members of the EC are directly accountable for the creation of their respective sustainability strategies and delivering against established commitments. The EC annually reviews progress against our Health for Humanity strategy and goals, with the full EC reviewing the annual Health for Humanity Report prior to publication.

**Enterprise ESG Program Office (EEPO):** The EEPO is responsible for raising visibility of ESG issues and activities that span multiple groups across the Enterprise, and for facilitating connections between teams and departments to manage ESG topics. In partnership with all other divisions in the Company, the EEPO connects and aligns various activities that contribute to advancing our sustainability agenda. The EEPO is also responsible for providing extensive disclosures on our corporate citizenship and sustainability efforts in our annual Health for Humanity Report.
Enterprise Governance Council (EGC): Responsibility for identifying and prioritizing ESG risks and opportunities is integrated across the Enterprise and managed by the EGC, which serves as the Company’s primary governance body for all ESG matters and is led by its Worldwide Vice President, Corporate Governance & Corporate Secretary. The EGC is comprised of senior leaders who represent our three business segments, our independent compliance functions and our Enterprise functions that have the ability to impact ESG issues. While the Corporate Compliance Committee serves as the primary governance structure for information sharing and coordinating compliance-related risks across core independent compliance risk functions, the EGC serves as a community of experts that includes the leaders of the independent compliance risk functions and drives visibility and alignment on both managing risks and activating opportunities related to ESG priorities.

The EGC, which meets quarterly, operates under a formalized process and protocols, including ongoing review and assessment of ESG priorities. This process is informed by the Enterprise Risk Management (ERM) framework, which assists the EGC, management teams and the Board in identifying potential business risks. ESG risks are fully integrated into our ERM framework, which helps us deepen our understanding of both financial and non-financial risks, support communication and collaboration across the Enterprise, and respond appropriately as new circumstances evolve. As ESG priority topics are integrated into our ongoing standardized approach to risk assessment, the Company can prepare a clear and consistent view of existing and emerging risks, identify controls and develop mitigation plans.

The EGC discusses and debates ESG issues that are significant to Johnson & Johnson, including the assessment of environmental and societal megatrends and shifts like climate change as well as investments needed to help contribute to a sustainable economy. The EGC continues to oversee the work of the Enterprise Human Rights Governance Council, which reports to the EGC and is responsible for strengthening our approach to human rights due diligence and management. The EGC has also developed an ESG training program for Council members and their teams.

The EGC reviews and supports progress against the Company’s Health for Humanity Goals, which serve as key performance indicators of our ESG performance. Progress on our goals and on other ESG or sustainability topics are also reviewed by the Board and its Committees on a regular basis.

The EGC leads the Company’s Priority Topics Assessment (PTA), which engages internal and external stakeholders to identify and prioritize the ESG topics that are most relevant to our business. We continually enhance the PTA methodology to conduct deeper and broader stakeholder engagement across a larger number of ESG topics. The PTA has been conducted every two to three years since 2008, but because of the continued world-shaping events of the COVID-19 pandemic and racial and social events of 2020, we conducted refreshes of our PTA in both 2020 and 2021. Our 2019 and 2020 PTAs shaped and informed our current set of public commitments, which were released in May 2021. These 21 goals are aligned with our Company’s purpose, reflect the areas where our stakeholders expect us to lead, and help fuel the global Sustainable Development Goals agenda for a sustainable future for all. As part of a larger effort to further formalize the Johnson & Johnson ESG strategy and to enhance our ESG oversight to reflect the evolving nature of management of ESG topics across the Company, we concluded this additional PTA in fall 2021.

Johnson & Johnson Employees: In addition to those across the Enterprise with formal job responsibilities related to sustainability, thousands of employees around the globe support the implementation of sustainability initiatives in their everyday work and help us make steady progress toward our bold vision of changing the trajectory of health for humanity.
Application

This Position is relevant for the Johnson & Johnson Family of Companies, as detailed in our governance materials. We provide updates, where relevant, relating to our sustainability governance in our annual Health for Humanity Report.

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