

# 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 environment, social and governance (ESG). 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

As the largest and most diversified healthcare company in the world, Johnson & Johnson plays a leading role in advancing sustainable business. Sustainability both protects our business from risks—such as climate change risk, reputational risk and more—and furnishes us with opportunities to engage more deeply with those impacted by our business and, therefore, understand how we may better meet their expectations and needs. In this way, we are better equipped to allocate resources to deliver the health solutions the world needs most. 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 keep us on track.

## 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

Our aspiration to blend heart, science and ingenuity to profoundly change the trajectory of health for humanity includes positively impacting patients, consumers and customers, as well as the health of our employees, our communities and the planet. Our sustainability approach is inextricably linked to our vision of a world where a

healthy mind, body and environment are within reach for everyone, everywhere. The governance of sustainability at Johnson & Johnson engages the highest levels of our Company's leadership within the Enterprise and across all three business segments (Consumer Health, Medical Devices and Pharmaceutical), and aims to reach every employee around the world. The key levels of governance include:

**Johnson & Johnson Board of Directors:** The Board has overall accountability for our sustainability strategy, programs and practices through the oversight of a Board Committee: The Science, Technology & Sustainability Committee (STSC). The STSC reviews annual progress against our Health for Humanity strategy and goals, initiatives being advanced by the Enterprise Governance Council, and our overall citizenship and sustainability efforts.

**Johnson & Johnson Executive Committee (EC):** The EC is directly accountable for the creation of our sustainability strategy and delivering against commitments. The EC reviews progress against our Health for Humanity strategy and goals annually, and select EC members review the annual Health for Humanity Report prior to publication.

**Our Office of Corporate Governance:** The Office of Corporate Governance is responsible for raising visibility of sustainability 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 Office of Corporate Governance connects and aligns various activities that contribute to advancing our sustainability agenda.

**Enterprise Governance Council (EGC):** The EGC is a senior forum created to advance the management of sustainability topics, and is comprised of senior leaders who represent our three business segments and our global enterprise functions. The EGC operates under a formalized process and protocols, including a quarterly assessment of our sustainability (or ESG) priority topics and ongoing review and assessment. This process is informed by our Enterprise Risk Management Framework, which assists the EGC, management teams and the Board of Directors in identifying potential business risks.

ESG priority topics are integrated into the ongoing standardized approach to risk assessment across the Enterprise so that we can prepare a clear and consistent view of existing and emerging risks, identify controls, and develop mitigation plans. The outcomes of these risk assessments are reflected in the progress updates shared as part of the ESG priority topics scorecard reviews by the EGC.

The EGC also reviews and supports progress against our [Health for Humanity Goals](#) and our [United Nations Sustainable Development Goals \(SDGs\)](#) commitments. The EGC may establish working groups from time to time in order to review and refresh our approach on certain priority topics.

For more information, please see our latest [Priority Topics Assessment](#) and our [Enterprise Risk Management Framework](#).

**Enterprise Governance Council Working Group (EGCWG):** Serving as the cross-functional "activation arm" of the EGC, the EGCWG is comprised of key enterprise functions and draws on the expertise of subject matter experts across the Company, consulting with external advisors for specialized insight, as needed, to drive actions identified by the EGC. The EGCWG meets on average every quarter to review the status of key projects and emerging ESG topics. The EGCWG also has accountability for tracking and managing our Health for Humanity Goals, UN SDGs commitments, and our annual Health for Humanity Report, and works proactively across the Enterprise to foster engagement around goal progress and other sustainability commitments.

**Thousands of 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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