

Responsible Palm Oil Sourcing Policy — Progress Update

Introduction

Johnson & Johnson has a long-standing commitment to environmental stewardship grounded in Our Credo, which reminds us that we must protect the environment and natural resources that we are privileged to use. This includes doing our part to curtail the unsustainable loss of the Earth's natural forests.

Our Pursuit of Transparency & Traceability

Johnson & Johnson primarily purchases ingredients that are made from palm oil and palm kernel oil feedstocks. Tracing the source of palm oil derivatives presents significant challenges. Feedstocks are mixed and then shipped around the world and altered into ingredients through multiple processing steps owned by multiple suppliers in a supply chain. Achieving transparency and sourcing goals is substantially more difficult for palm oil derivatives buyers, such as Johnson & Johnson, than direct buyers of palm oil because we must rely on our direct ingredient suppliers to cascade and enforce our expectations up multiple tiers of the supply chain. Because of these challenges, Johnson & Johnson began working with Earthworm Foundation in 2014 and Action for Sustainable Derivatives in late 2021 with the aim of increasing our transparency and ensuring that Johnson & Johnson's suppliers of palm oil and palm-based derivatives meet our sourcing principles.

Our Progress & Challenges

In 2021, a total of 48,407 MT of palm oil and palm kernel oil were consumed upstream in our supply chain for the ingredients Johnson & Johnson purchases directly¹, which is a decrease from previous years. For these palm-based ingredients, we achieved the following in partnership with Action for Sustainable Derivatives and Earthworm Foundation:

- Transparency to mill-level for 89% of our palm oil and palm-based derivatives volumes, a 15% increase from 2020
- Verified that 90% of our palm oil and palm-based derivatives suppliers have No Deforestation, No Peat, No Exploitation (NDPE) policies in place, a 3% increase from 2020
- Achieved 75% certification, through Roundtable for Sustainable Palm Oil (RSPO) certification schemes, for the palm oil and palm kernel oil that serves as feedstock to our derivatives, based on 2021 volumes

¹ Currently not within the scope of this commitment is palm oil volumes used by external contract manufacturers where Johnson & Johnson does not directly negotiate the purchase of raw material ingredients.

- Increased our purchases from RSPO certified physical supply chains from 24% of our total volume in 2020 to 26%² for 2021 volumes
- Updated our direct supplier and potential mill lists on our website for the fifth consecutive year

While we increased our level of transparency to mills and the percent of our direct suppliers with NDPE policies in place, we did not meet our target to maintain 100% RSPO certification for our 2021 volumes due to supply challenges. We aim to fulfill our commitment to 100% RSPO certification in future years. However, in the interim, we are working with leading environmental organizations to identify opportunities for Johnson & Johnson to invest in additional initiatives that support smallholder farmers and forest conservation in our sourcing regions.

In cases where we have determined high risk or verified non-conformance to our sourcing principles, we have engaged those sources in our [grievance process](#).

Supporting Transformational Change

Alongside pursuing higher levels of transparency and implementing our responsible sourcing principles for the volumes of palm oil and palm-based derivatives that we purchase directly, we are also committed to supporting efforts to address environmental and social issues associated with palm oil production and deforestation.

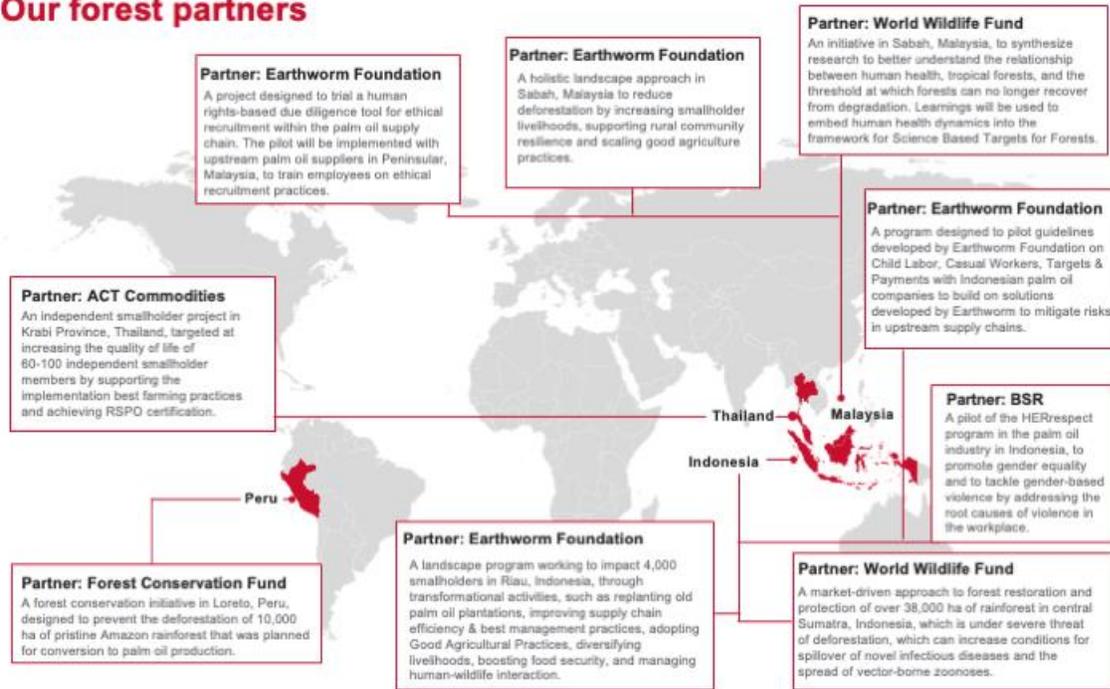
Collaboration is crucial to address these challenges and create transformational change. Therefore, we invest in partnerships and projects within our sourcing regions and in critical forest ecosystems across the globe, with a focus on initiatives that:

- Protect forests, biodiversity and human health
- Reduce greenhouse gas emissions
- Respect human rights and gender equality
- Support smallholder livelihood and inclusion
- Improve supply chain engagement and transparency

The below map outlines initiatives that we are supporting through partnerships. This work was active or initiated by year end 2021.

² Johnson & Johnson has initiated RSPO Supply Chain Certification (SCC) for these volumes.

Our forest partners



Our Path Forward

In 2021 we launched an updated [Responsible Palm Oil Sourcing Policy](#), which includes new targets to enable continued progress toward responsible sourcing of palm oil, palm kernel oil and palm oil derivatives.

We provide annual updates on our progress on JNJ.com and through our [RSPO Annual Communication on Progress](#).

Last Updated: December 2022