

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 March 2014 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

In 2020, a total of 52,525 MT of palm oil and palm kernel oil were consumed upstream in our supply chain for the ingredients Johnson & Johnson purchases. For these palm-based ingredients, we achieved the following in partnership with Earthworm Foundation:

- Transparency to mill-level for 74% of our palm oil and palm-based derivatives volumes.
- Verified that 87% of our palm oil and palm-based derivatives suppliers have No Deforestation, No Peat, No Exploitation (NDPE) policies in place consistent with our own.
- Maintained 100% 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 2020 volumes.
- Increased our purchases from RSPO certified physical supply chains from 13% to 24% of our total annual volume.
- Updated our direct supplier and potential mill lists on our website for the fourth consecutive year.

In the rare 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 Projects

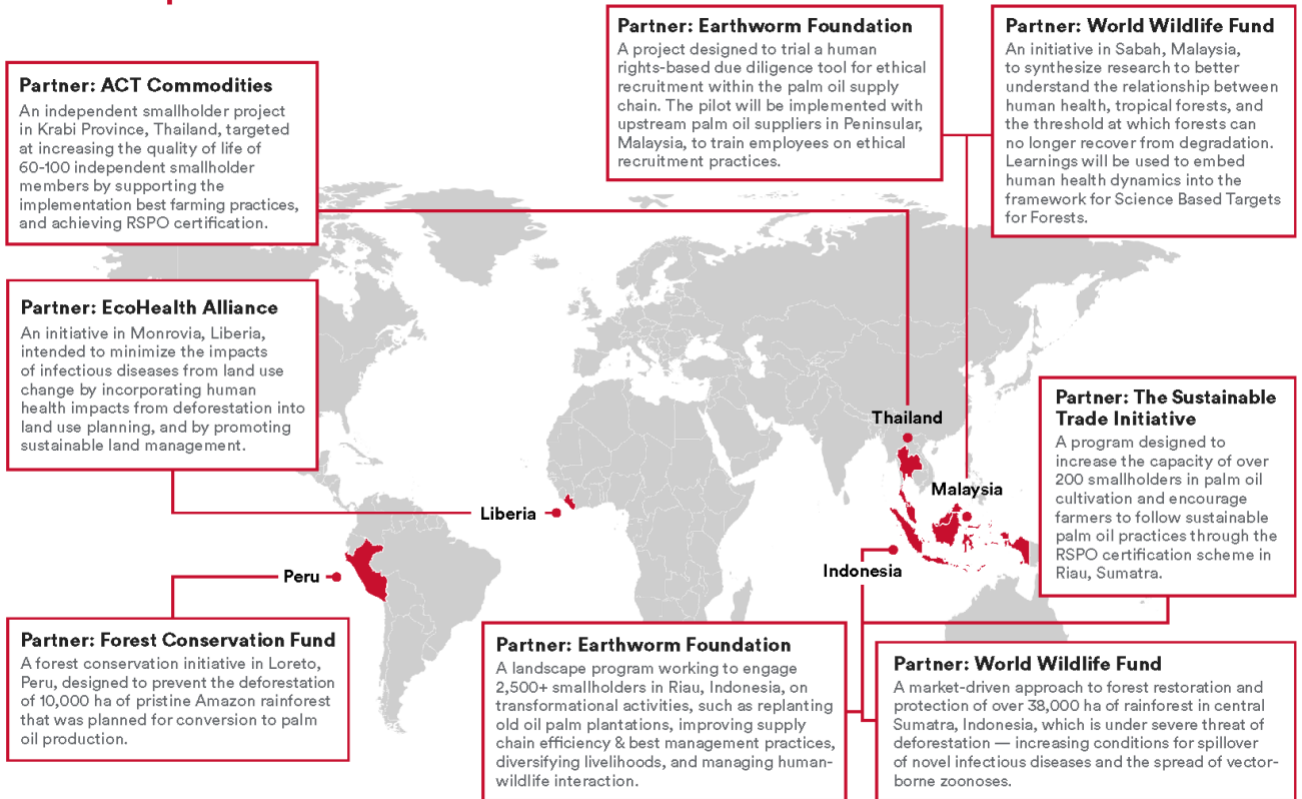
Alongside pursuing higher levels of transparency and implementing our responsible sourcing principles for the volumes of palm oil and palm-based derivatives that we purchase, we are also committed to supporting efforts to address environmental and social issues associated with palm oil production and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

Collaboration is crucial to address these challenges and create transformational change. Therefore, we invest in partnerships and projects within in 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 2020.

Our forest partners



Our Path Forward

In May 2021 we launched an updated [Responsible Palm Oil Sourcing Policy](#) which includes new targets to enable continued progress towards 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: October 2021