

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Johnson & Johnson and its subsidiaries (J&J) have approximately 132,200 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Johnson & Johnson is a holding company, with operating companies conducting business in virtually all countries of the world. J&J's primary focus is products related to human health and well-being. J&J is organized into three business segments: Consumer Health, Pharmaceutical and Medical Devices.

Consumer Health

The Consumer Health segment includes a broad range of products focused on personal healthcare used in the beauty, over-the-counter pharmaceutical, baby care, oral care, women's health and wound care markets.

Medical Devices

The Medical Devices segment includes a broad range of products used in the orthopaedic, surgery, interventional solutions (cardiovascular and neurovascular) and eye health fields.

Pharmaceutical

The Pharmaceutical segment is focused on six therapeutic areas: Immunology (e.g., rheumatoid arthritis, inflammatory bowel disease and psoriasis), Infectious Diseases (e.g., HIV/AIDS), Neuroscience (e.g., mood disorders, neurodegenerative disorders and schizophrenia), Oncology (e.g., prostate cancer and hematologic malignancies), Cardiovascular and Metabolism (e.g., thrombosis and diabetes) and Pulmonary Hypertension (e.g., Pulmonary Arterial Hypertension).

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Argentina
- Australia
- Belgium
- Brazil
- Canada
- China
- Colombia
- Dominican Republic
- Egypt
- France
- Germany
- Greece
- India
- Indonesia
- Ireland
- Israel
- Italy
- Japan
- Malaysia
- Mexico
- Netherlands
- Philippines
- Puerto Rico
- Republic of Korea
- Singapore
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- Turkey
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Venezuela (Bolivarian Republic of)

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Other C-Suite Officer	J&J's corporate governance structure is comprised of an external Board of Directors and an internal management leadership group – the Executive Committee. The individual with responsibility for climate-related issues is the Executive Vice President & Chief Global Supply Chain Officer. As a member of the Executive Committee, and management member of the Regulatory Compliance Committee and Science, Technology & Sustainability Committee, this position has direct oversight of the Environmental Health, Safety & Sustainability Department. Responsibility for climate-related issues have been assigned to this position because it has direct responsibility for many inter-related climate change risks and opportunities, including all aspects of Supply Chain for J&J's business segments (Consumer Health, Medical Devices, and Pharmaceutical). An example of a decision made by this individual is approval of the climate-related Health for Humanity 2020 goals.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	Every quarter each subject matter expert (SMEs) for relevant Health for Humanity 2020 Goals provide a briefing to the Worldwide Vice President, Environmental Health, Safety and Sustainability (VP, EHS&S) regarding progress. These updates include progress toward J&J's Health for Humanity Goals, including relevant climate issues such as our absolute carbon reduction target, renewable energy targets, our water risk assessment goal, and Earthwards® revenue targets. The VP, EHS&S provides regular updates (at least quarterly) to the Executive Vice President and Chief Global Supply Chain Officer, who is a member of the Company's Executive Committee, and a management representative on the Science, Technology and Sustainability Committee (STSC) of the J&J Board of Directors. The WW VP of EHS&S presents updates on the progress towards goals and targets to the STSC at least annually and is also a management attendee invited to every Committee meeting. The Executive Vice President and Chief Global Supply Chain Officer has ultimate approval over climate risk strategy, policies, and release of climate-related information.
Sporadic - as important matters arise	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures	<Not Applicable>	Many of these topics would be scheduled line items only if there were new policies implemented (for example, the water risk assessment program implemented in 2015, which was ultimately approved by the Executive Vice President and Chief Global Supply Chain Officer). These include providing employee incentives; reviewing and guiding business plans; reviewing and guiding major plans of action; reviewing and guiding risk management policies; reviewing and guiding strategy; setting performance objectives; reviewing and guiding corporate responsibility strategy; and reviewing innovation/R&D priorities related to environmental performance. Otherwise, these would be sporadic as important matters arise. Additionally, several of these mechanisms have climate change integrated into the governance process but may not be reported to the Board as a specific line item unless it were critical or required additional input. For example, risk management teams review acquisitions during due diligence for their risks and/or costs to conform to regulatory standards, internal standards such as J&J's water risk program, and long-term operational risks. When an acquisition is presented to the Board, only the top risks are presented, of which climate is not likely to be at the top. Similar mechanisms exist for reviewing and guiding annual budgets or overseeing major capital expenditures. Climate change and/or water budgets are typically handled through business segments but may have further review by the Executive Vice President and Chief Global Supply Chain Officer and/or Executive Committee if needed.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Sustainability committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Not reported to the board

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

CSO - The Worldwide Vice President of Environmental Health, Safety and Sustainability (VP, EHS&S, equivalent to CSO) reports to the Executive Vice President and Chief Global Supply Chain Officer (the highest level of responsibility for climate change), who is a member of the company's Executive Committee. This position also is a management attendee of the Science, Technology and Sustainability Committee (STSC) of the J&J Board of Directors and is invited to every STSC Board Committee meeting. Several lines of business directly responsible for sustainability issues, including energy management, water risk and product stewardship, report to this position. While these lines of business have direct management of their programs (for example, energy managers will manage the Health for Humanity 2020 Goal for an absolute 20% carbon reduction by 2020), this position has management oversight of areas identified as priority impacts. Climate change-related issues have been assigned to this position because of its responsibility for managing environment-related Health for Humanity 2020 Goals. For example, when J&J determined that a water risk goal was more appropriate as a corporate water management strategy than an absolute water use reduction goal (as climate change will have a localized effect on water in the future), subject matter experts (SMEs) within EHS&S determined an appropriate course of action and worked with the VP, EHS&S to finalize the approach.

Sustainability Committee - To enhance our corporate governance structure, J&J established the J&J Enterprise Governance Council (EGC) in early 2016. The EGC acts as the primary governance body overseeing ESG topics and supporting the Company's Enterprise Risk Management Framework. The EGC is comprised of senior leaders who represent our Pharmaceutical, Medical Devices and Consumer Health business segments and our global enterprise functions with line of sight to, and ability to impact, ESG issues. Throughout 2019, the EGC continued to lead initiatives to embed ESG considerations in business decisions. Specifically, the EGC provided oversight for the Company's latest Priority Topics Assessment (PTA) aimed at identifying priority ESG topics. The Enterprise Governance Council Working Group (EGCWG) as the cross-functional "activation arm" of the EGC met four times in 2019 to review the status of key projects. In addition, the EGCWG refreshed its membership to more fully represent the global nature of the business. The EGCWG has accountability for tracking and managing the Health for Humanity 2020 Goals (which include several climate-change related goals such as carbon reduction, renewable energy targets, water risk assessments, revenue targets for Earthwards® products), UN SDG commitments (specifically on the connection between climate, air quality and human health), and J&J's Health for Humanity Report, and works proactively across the enterprise to foster engagement around goal progress and commitments. Responsibility lies with the EGC because it's a cross-functional group that oversees a broad number of sustainability topics, including climate change. While the EGC does not report directly to the Board, the Worldwide Vice President of Environmental Health, Safety and Sustainability (VP, EHS&S, equivalent to CSO) sits on the EGC and reports on behalf of the Committee to Executive Committee Members regularly and relevant Board Committees (Science, Technology and Sustainability Committee) at least annually.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Energy manager	Monetary reward	Emissions reduction target	Regional/sector energy managers own climate-related Health for Humanity 2020 Goals (such as emission reduction activities) applicable to their particular region or business segment. For example, our Health for Humanity 2020 Goal to achieve 35% of electricity from renewable sources, reductions in energy use, and emission reduction targets are allotted to regional energy managers based on operational footprint in various regions. Achieving these goals is tied to each energy manager's Goals and Objectives and performance against this plan influences pay increases and bonuses.
Environment/Sustainability manager	Monetary reward	Emissions reduction target	EHS&S managers are responsible for their facility's portion of climate-related Health for Humanity 2020 Goals, i.e. targets on energy use and emissions reductions and increasing renewable energy consumption. Achieving these goals is tied to each EHS&S manager's Goals and Objectives, and their performance against this plan influences pay increases and bonuses.
Facilities manager	Monetary reward	Emissions reduction target	Facility and Site managers are responsible for their facility's portion of climate-related Health for Humanity 2020 Goals, i.e. targets on energy use and emissions reductions and increasing renewable energy consumption. Achieving these targets is tied to each Facility/Site manager's Goals and Objectives, and their performance against this plan influences pay increases and bonuses.
Business unit manager	Monetary reward	Emissions reduction target	Business segment managers are responsible for certain portions of the Health for Humanity 2020 Goals, which include several climate change-related targets including emission reduction targets. Business segment managers work with energy managers, EHS&S managers, and facilities/site managers within their units to set goals and approve projects related to their portion of the 2020 Goals. Business segment managers have Goals and Objectives that include achieving the goals that they own, and performance against those plans is tied to their reviews and bonuses. There are additional monetary "Inspire" awards that can be given to employees or a team if a segment excels in achieving their goals, including climate change goals.
Other C-Suite Officer	Monetary reward	Emissions reduction target	Executive Vice President and Chief Global Supply Chain Officer has oversight of our Health for Humanity 2020 Goals, which include climate change-related goals. Bonuses are awarded as a result of meeting many criteria, which may include progress against J&J's Health for Humanity 2020 Goals.
Procurement manager	Monetary reward	Supply chain engagement	Procurement Category Leaders are responsible for the achievement of sustainability commitments through our Sustainable Procurement Program. Our Health for Humanity 2020 Goal is to enrol suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program, with 71% of our spend participating in 2019. Suppliers within the annual percentage spend target are required to participate. Participating suppliers must conform to our Responsibility Standards for Suppliers and fulfil one or more of four requirements listed below, determined for each supplier category by category leadership: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Category leaders across the enterprise work with their respective category teams to manage, measure, and confirm achievement through enterprise and category scorecards. In 2017 we integrated foundational elements of our Sustainable Procurement into our internal Category Management and Supplier Management processes, providing our category teams with clear guidance and standard integration. In 2017, we formed an internal council, the Responsible Procurement Council, to support program expansion. This Council comprises representatives from all 30 procurement categories to ensure J&J's policies and goals are implemented and measured in our external supply base. Responsible Procurement Council members, in addition to category leaders, have Goals and Objectives that include achieving the goals they own. Their performance against the category goals is tied to their reviews and bonuses.
Chief Procurement Officer (CPO)	Monetary reward	Supply chain engagement	The CPO is ultimately responsible for the success of J&J Procurement function and the achievement of our Health for Humanity 2020 Goal to enrol suppliers covering 80% of our spend in the Sustainable Procurement Program. Bonuses are awarded as a result of meeting several criteria, including achievement of the Health for Humanity 2020 Goals. Our CPO strongly believes that by collaborating with our partners to strengthen the social, environmental and economic performance of our supply chain, we are driving sustainability efforts beyond our four walls and strengthening J&J as well.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	Short-term horizons are aligned with a general financial planning time horizon and a view of energy efficiency / renewable energy project planning horizons. These time frames are generally aligned with other business practice time horizons.
Medium-term	3	10	Medium-term horizons are aligned with J&J's broader strategy and vision and are specifically used for long-term goals. J&J has traditionally set medium-term climate-related goals, with the current goal from 2010 – 2020. These timeframes are generally longer than other business practice time horizons considered "medium-term" (3-5 years).
Long-term	10	40	Long-term horizons are aligned with science-based targets, which include a 2050 goal (with a 2010 baseline). These timeframes are longer than other business practice time horizons considered "long-term" (5-10 years).

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks:

Risk management requires a broad understanding of internal and external factors that can impact achievement of strategic and business objectives. Historically, risks to the Company's success have been categorized as Strategic, Operational, Compliance, and Financial & Reporting. However, as the world in which we operate becomes more complex and unpredictable, the corresponding risks and their potential impact have increased (The World Economic Forum Global Risks Report). To ensure the Johnson & Johnson Enterprise Risk Management (ERM) Framework appropriately incorporates the evolving risk landscape, our risk categories now also address Environmental, Social and Cybersecurity risks. Additionally, the Compliance risk category has been expanded to explicitly include legal and regulatory risk.

Our thinking about risk categories is also informed by the results of internal risk assessments and risk assurance work, as well as insights from various industry sources such as the Gartner Risk Management Leadership Council, The World Economic Forum Global Risks Report, The Global Reporting Initiative Framework, The Carbon Disclosure Project and The Task Force on Climate-related Financial Disclosures.

Financial risks are categorized according to their ability to impact the achievement of strategic and business decisions, including in the context of financial targets based upon our Global Growth Drivers and overall business performance. We define substantive financial risk at the enterprise level in context of Security & Exchange Commission (SEC) required disclosures around "Risk Factors" which are publicly disclosed annually in our 10-K. These risk factors consider both various qualitative and quantitative variables in assessing the potential financial impact to the enterprise.

While it is clear that climate change will have profound implications on the health for humanity, it is not always known with precision the exact magnitude or probability of future risks and how those may impact J&J. As a result, we use a definition for "substantive strategic impact" that enables us to analyze possible futures and put in place programs to increase the resilience of our organization in the face of uncertainty. Substantive strategic impacts are disclosed in this report, which are risks / opportunities with a meaningful impact to reputation and/or public trust, potential for action that could impede Johnson & Johnson from manufacturing or distributing some product volume, and are considered possible, likely, more likely or highly likely in the short- to long-term future.

All risks and opportunities disclosed meet the criteria for a substantive strategic impact but do not meet the criteria for a substantive financial risk for the purposes of this report.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The Johnson & Johnson Enterprise Risk Management (ERM) framework helps identify potential events that may affect the enterprise, manage the associated risks and opportunities, and provide reasonable assurance that our Company's objectives will be achieved. Our approach to ERM is informed by principles outlined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Climate-related risks are integrated into this company-wide risk management process. The Johnson & Johnson ERM Framework comprises five intertwined components: 1) STRATEGY & OBJECTIVE SETTING: The Executive Committee (EC) establishes overarching strategic goals and sets financial targets based upon our Global Growth Drivers. These goals are cascaded to our businesses around the world, ensuring alignment across the enterprise. Senior management is accountable for meeting these goals and objectives. Business unit, functional and individual employee goals and objectives are typically aligned to those of the overall organization. 2) PERFORMANCE: Internal and external issues and events affecting our ability to achieve established objectives are typically identified at various points in the business cycle. During planning and review processes, business unit management assesses the marketplace and competitive environment, including megatrends, to identify risks and opportunities facing their business. The various risk management functions provide expertise, support and input into the process as needed. Business leaders, in partnership with the applicable risk management functions, determine the appropriate way to address identified risks. The activity or situation posing the risk may be avoided, accepted, reduced, shared or transferred, depending on the facts and circumstances. To help ensure risk responses are consistently implemented, risk management functions may set policies, define minimum standards and/or issue guidelines that apply to Johnson & Johnson business activities. Risk management functions help support the implementation of these policies, standards and guidelines through monitoring tools, including self-assessments, that enable local leaders to understand where controls are necessary, as well as where improvement may be required. 3) REVIEW & REVISION: Critical to our ERM Framework is a review and reporting process to ensure risks are effectively assessed and appropriate risk responses and controls are in place. Testing, auditing and assessments are typically performed by personnel who don't report into the business in order to provide assurance that risk responses are being implemented, procedures are understood and followed, and appropriate controls are in place. 4) INFORMATION, COMMUNICATION & REPORTING: Information and communication channels are in place, so business leaders and employees are aware of risks that fall into their area of responsibility. Key risk functions meet regularly with the Johnson & Johnson Board of Directors, the EC, each Business Sector leadership team and select other senior leadership teams to ensure visibility and ownership of critical risks. Policies and procedures are in place that require incidents of noncompliance, adverse events, control failures or critical unmitigated risks to be escalated to senior management and, if appropriate, the proper authorities in a timely manner. 5) GOVERNANCE & OVERSIGHT: Our Board of Directors provides oversight of senior leadership's management of the various risks the Company faces. The Board meets at regular intervals with EC members, other senior business leaders and leaders of risk management functions to discuss risk factors related to the Company. It also receives regular reports from senior representatives of the Company's independent auditor. The EC establishes overarching strategic goals and oversees the business sectors as well as the risk functions. Johnson & Johnson business leaders are accountable for managing risks affecting their respective business segments and the overall enterprise. Risk management functions are responsible for identifying and assessing risks to business leaders and collaborating with them to find effective ways to manage identified risks. Case study – physical risks: Climate-induced water risk was identified and elevated to management by the EHS&S teams within J&J. Following the ERM process the strategy and goal objective was established to mitigate risk from water issues by assessing all manufacturing and R&D facilities for water risk and implementing business continuity plans in those locations identified as high risk. Baseline performance was established via a comprehensive water risk assessment, where individual performance indicators were applied as needed at the business and facility level. These risks were compiled by an external consultancy and reviewed and revised through ongoing testing and assessments of existing and new facilities. Progress on goals is communicated at facility, business segment, and C-suite levels in various frequencies and methods, with governance and oversight established at the top levels of the company (Executive Vice President & Chief Global Supply Chain Officer, overseen by the Science, Technology & Sustainability Committee of the Board of Directors). This goal was also included in the Company's 2020 Health for Humanity Goals, and progress was publicly disclosed on an annual basis in the Company's Health for Humanity Report. Case study – transitional risks: Climate-related regulations and reputational concerns were elevated by EHS&S teams as a potential risk to J&J. Following the ERM process, the strategy and goal objective was established to mitigate risk from climate issues by reducing GHG emissions by 20% by 2020 and 80% by 2050, from a 2010 baseline. Baseline performance was established via monthly tracking of GHG emissions in dedicated systems. The risks are reviewed and revised continuously through energy management teams within J&J and from 3rd party consultants. Progress is communicated to multiple levels of the company, included business segments, energy managers, and C-suite at regularly established intervals depending on position. Governance and oversight were established at the top level of the company (Executive Vice President & Chief Global Supply Chain Officer, overseen by the Science, Technology & Sustainability Committee of the Board of Directors). This goal was also included in the Company's 2020 Health for Humanity Goals, and progress was publicly disclosed on an annual basis in the Company's Health for Humanity Report. As a result of these processes, J&J is on track to meet the 20% reduction goal a year early, has increased renewable energy consumption in of our portfolio, and continued existing measures to ensure financial planning is aligned with risk mitigation.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation is considered a relevant operational or strategic risk that is always included in risk assessments. An example of risks considered as part of current regulation include Johnson & Johnson's exposure to carbon tax and emission trading schemes, which currently include the EU ETS and UK CRC, and potential impacts of other carbon regulation in our supply chain. This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Emerging regulation	Relevant, always included	Emerging regulation is considered a relevant operational or strategic risk that is always included in integrated risk assessments. J&J evaluates emerging regulation and its potential to increase operating costs in our direct operations and our supply chain. As a global company with 260+ operating companies conducting business in countries around world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 8 in the United Kingdom; 13 in California, 1 in Australia, 4 in Canada, 11 in Brazil, and 55 in Europe. Currently 2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. For longer-term impacts, we have conducted a qualitative scenario analysis of future risks based on the IEA World Energy Outlook (IEA WEO) under a Business as Usual (BAU) scenario and a Sustainable Development Scenario (1.7C – 1.8C). J&J also evaluates potential costs of emerging regulation (i.e., a carbon tax in all operations) to determine the economic feasibility of certain contractual instruments such as renewable energy Power Purchase Agreements (PPAs). This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Technology	Relevant, always included	Technology risks (improvements or innovations that support the transition to a low-carbon, energy-efficient economic system) are relevant operational risks and always included in climate-related risk assessments. As a consumer-facing company that sells consumer goods, medical devices and pharmaceuticals, an example of a relevant risk is fluctuations in technology costs for renewable sources used in our operations. As of 2019, we have 48 solar arrays and five wind turbines, totalling 40 megawatts of capacity on our properties in 14 countries – enough to power an estimated 5,800 households for a year. All renewable energy projects are evaluated for risks related to fluctuating technology performance and costs before they are approved. This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Legal	Relevant, always included	Legal risk is considered a relevant strategic risk that is always included in integrated risk assessments. As a consumer-facing company that sells consumer goods, medical devices and pharmaceuticals, climate-related litigation claims are unlikely compared to other industries. However, J&J does monitor indirect climate-litigation risks such as non-compliance litigation for water or carbon. We monitor legal and regulatory environments in markets where we operate. This issue is monitored by Environmental Health, Safety and Sustainability (EHS&S) teams at the local level with the support of the law department as needed.
Market	Relevant, always included	Market risk is considered a relevant operational or strategic risk that is always included in integrated risk assessments. Examples of risks included as part of climate-related market fluctuations are the following: the availability of raw materials such as fossil fuel-based substances and ecological system services such as forest goods, including wood-derived (paper products) and palm-derived (Oleochemicals). For example, forest product sourcing was determined to be a potential risk to our reputation or public trust; to this end we have recently updated our Forest Products Sourcing Principles and rolled out a supplier program focused on a systemic approach to identifying, assessing and controlling forestry risk. This is incorporated into risk management assessments from the EHS&S and Procurement teams.
Reputation	Relevant, always included	Reputational risk is considered a relevant strategic risk that is always included in risk assessments because a potential perception that J&J is a large consumer of natural resources and non-renewable energy sources could lead to a decrease in sales and/or reputational damage. Examples of risks assessed include consumer perceptions of products, our corporate responsibility programs and community perceptions of our impact in their areas (for example, responsible water usage in water-stressed areas or campaigns from NGOs on transparency of palm derivatives supply chains). This is incorporated into risk assessment processes of many enterprise functions including EHS&S and Risk & Crisis Management.
Acute physical	Relevant, always included	Acute physical impacts are considered a relevant operational, strategic and/or financial risk that is always included in risk assessments. Examples of risks considered as part of 'acute physical' include exposure to extreme storm events such as hurricanes and floods (for example, Hurricane Maria's impacts to our facilities in Puerto Rico in 2017). Facility-level risks are documented as part of Business Continuity Plans and managed at a corporate level through multiple parties. Climate-related risk exposure is managed in part through the EHS&S Department, which provides information on general risks such as the increased frequency of acute physical events because of climate change. Oversight of mitigation and management lies within the Engineering and Property Services Organization, which manages and coordinates cross-functional J&J teams and processes involved in emergency planning, response and recovery efforts for crisis events. This includes natural, wartime or technological disasters with the potential to impact our employees, facilities, or product flow to customers. Certain acute physical risks such as flooding are also evaluated through our comprehensive water risk assessment process, whereby all manufacturing and/or R&D locations must undergo a risk assessment, and high-risk sites must develop mitigation plans. We've also implemented a new risk & crisis management team within Engineering & Properties Services responsible for managing and coordinating cross-functional teams and processes across Johnson & Johnson involved in emergency planning, response and recovery efforts for crisis events, including natural, wartime or technological disasters with the potential to impact our employees, facilities, or product flow to customers. This position is also responsible for providing executive summaries to keep management informed of these situations.
Chronic physical	Relevant, always included	'Chronic physical' is considered a relevant operational, strategic and/or financial risk that is always included in risk assessments. Examples of risks considered as part of 'chronic physical' include our comprehensive water risk assessment that evaluates water stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, total water use, economic implications (water spend), and reputational impacts. Each high-water risk site is expected to develop a mitigation plan which may include budget allocations to mitigate risk. These mitigation plans are integrated into broader enterprise risk management plans and Business Continuity Plans. Climate-related risk exposure is managed in part through the EHS&S Department, which coordinates the water risk assessment process. General Business Continuity Planning is managed by multiple groups including Enterprise Facilities Management teams.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

As a global company with 260+ operating companies conducting business in virtually all countries of the world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 8 in the United Kingdom; 13 in California, 1 in Australia, 4 in Canada, 11 in Brazil, and 55 in Europe. Currently

2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. It is possible that thresholds in any of these areas could be lowered and could thereby include additional J&J facilities, but J&J does not currently consider this to be likely. J&J also does not consider these risks to be material based on the cost of energy as a percent of sales and on our existing efforts to prepare for a carbon-constrained economy. The total cost of energy in 2019 for all facilities worldwide was approximately \$236 million US. Energy represents less than one half of one percent when compared to 2019 sales of \$82.059 billion US. We have evaluated the impact of carbon tax scenarios with a range of \$/tonne carbon price for all J&J locations. This amount is not considered to be a material financial risk to the Company.

Time horizon

Short-term

Likelihood

Very unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

4600000

Potential financial impact figure – maximum (currency)

100000000

Explanation of financial impact figure

Approach & Assumptions: A \$40/ton price (approximately \$40M) is aligned to the proposed Climate Leadership Council's US Carbon Fee, which was designed to meet the goals the US's commitment of the Paris Climate Accord to keep warming below 2 degrees C. We have used a broader range of carbon pricing to examine scenarios of minimal regulation (\$5 / ton) to significant regulation (\$100 / ton). Figures used in calculation: We have evaluated the carbon tax implications for our business for the scenarios of \$5/tonne, \$10/tonne, \$40/tonne, and \$100/tonne. The figure of \$5 million is based on the \$5/tonne scenario multiplied by our total 2019 Scope 1 and 2 market-based emissions, while the potential maximum is based on a \$100/tonne.

Cost of response to risk

24900000

Description of response and explanation of cost calculation

J&J considers decreasing our emissions, and increasing our energy efficiency, to be the most effective method to manage increased operational costs from carbon regulation. Our management method is a combination of ambitious climate goals, supporting policies that facilitate the transition to a clean energy economy, and investing in projects that reduce our emissions. In 2015, we set a science-based goal for our Scope 1 and 2 emissions to reduce emissions by 20% by 2020 and 80% by 2050. We also have a goal to produce/procure 35% of electricity from renewable sources by 2020 and to power all facilities with renewable electricity by 2050. Since 2004, we have had a dedicated \$40 million CO2 Capital Relief Program for projects that have a proven CO2 reduction and an internal rate of return of >15%. Case study on reducing risk from emerging carbon regulations impacting direct operations: In 2019, J&J spent \$24.9 million on projects that will reduce our GHG emissions, increase our renewable energy capacity, and generate energy cost savings. We also work to decrease our dependence on fossil fuels and diversify our energy portfolio. In 2019, we accelerated our renewable energy efforts with four new power purchase agreements in Belgium, Ireland, Mexico and the Netherlands totalling over 370,000 megawatt-hours (MWh) per year, significantly advancing progress toward our 100% renewable electricity goal. We also installed a windmill at our largest chemical production site in Geel, Belgium. The windmill has a capacity of 3.4 MW of electricity production and is expected to provide up to 15% of Geel's electricity consumption. We also have 48 solar arrays and five wind turbines, totalling 40 megawatts of capacity on our properties in 14 countries – enough to power an estimated 5,800 households for a year. How cost of response was calculated: The cost of management is \$24.9M and was derived from the cost of capital investments in 30 projects implemented or under construction in 2019 that reduce our carbon emissions and, by extension, our risk exposure to increased pricing of carbon emissions. This is an annual investment as part of our dedicated CO2 Capital Relief Program, where \$431 million total spend on 231 projects completed since 2005 has avoided 287,931 metric tons CO2e.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

J&J relies on global supply chains, and production and distribution processes that are complex and are subject to increasing regulatory requirements that may affect sourcing, supply and pricing of materials used in the Company's products. These processes may also be subject to lengthy regulatory approvals. J&J therefore has some indirect risks relating to increased regulatory exposure of its supply base, particularly regulations that would affect chemical and petrochemical producers. As suppliers in cascading tiers of J&J's supply chain face increased costs resulting from complying with regulations in geographical regions affected by carbon legislation, these increased costs may translate to an increased cost in raw materials. We have evaluated the impact of carbon tax scenarios with a range of \$/tonne carbon, with an estimated cost of \$40/tonne that could result in as much as \$460 million if evenly applied to all regions in which J&J has suppliers (an unlikely scenario). Additionally, as a diverse and decentralized organization, cost of goods increases resulting from cap and trade schemes would potentially only impact certain areas of certain business segments in diversified regions and is not likely to significantly impact the Company as a whole.

Time horizon

Long-term

Likelihood

Exceptionally unlikely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

460000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions: A \$40/ton price (approximately \$40M) is aligned to the proposed Climate Leadership Council's US Carbon fee, which was designed to meet the goals the US's commitment of the Paris Climate Accords to keep warming below 2 degrees C. We believe that Purchased Goods & Services and Logistics are the most relevant scope 3 categories for assessing this risk, as they would be the most likely to pass on these costs. Other Scope 3 categories such as employee commuting, end of life treatment of sold products, etc., are not as likely to transfer costs of carbon regulation. Figures used in calculation: We have evaluated the carbon tax implications for our business for the scenarios of \$5/tonne, \$10/tonne, \$40/tonne, and \$100/tonne. The figure of \$460 million is based on the \$40/tonne scenario multiplied by our total supplier 2019 emissions (purchased goods and services and upstream and downstream logistics).

Cost of response to risk

43000

Description of response and explanation of cost calculation

J&J manages risk by collaborating with suppliers to accelerate environmental and social improvements across the value chain, with a goal of enrolling suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program. Suppliers within the annual percentage spend target are required to participate in the Sustainable Procurement Program. Participating suppliers must conform to our Responsibility Standards for Suppliers and fulfil one or more of four requirements, supplier category dependent: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Case study on reducing risk from emerging carbon regulation in supply chain: In 2019, we had 779 cumulative suppliers since 2015 enrolled in our Sustainable Procurement Program, representing approximately 71% percent of spend, or \$17.1 billion. Of these suppliers, 344 were invited to participate in the CDP Supply Chain Climate program, and 84% participated (up from 305 suppliers invited in 2018). By encouraging our suppliers to increase their transparency, calculate direct and indirect carbon emissions, and disclose their risks from climate change in a comprehensive way, we can better manage risk in our supply chain. These actions also help us understand where there are opportunities to reduce our value chain emissions. In the next stage, we look to establish programs to encourage emissions reductions within our supply chain. As one example of this, J&J sits on the Renewable Energy Buyers Alliance (REBA) Supply Chain Advisory Board, which evaluates strategies to increase the use of renewable energy in supply chains. How cost of response was calculated: The cost of management is \$43,000 and is derived from annual fees required for participation in the CDP supply chain reporting program. This is the main method used for gathering information regarding our suppliers' climate programs and progress.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Changes to global climate, extreme weather and natural disasters could affect demand for the Company's products and services, cause disruptions in manufacturing and distribution networks, alter the availability of goods and services within the supply chain, and affect the overall design and integrity of products and operations. Climate change is predicted to increase the intensity of precipitation events, particularly in tropical and high latitude areas. While we are a geographically diverse company that has facilities in many countries, we have several locations in areas such as Puerto Rico with severe frequent storms. In 2017 Hurricane Maria in Puerto Rico had an impact on our operations, where we have facilities that manufacture product lines across multiple segments (Consumer Health, Medical Devices, and Pharmaceutical). While J&J facilities were well prepared for this extreme weather event through our Business Continuity preparedness and our emergency generation sources and backup water supplies, the destruction of public infrastructure resulted in business disruptions. This storm can be used as a proxy for similar risks in that it caused damage to physical assets, reduced productivity on the island, and reduced the availability of our product vs. generics in certain markets. J&J continues to evaluate risks related to increased frequencies of such extreme weather events, and we have established robust risk management procedures and supply chain continuity programs to address them, such as investing in backup power and strategic redundancies of product manufacturing in various regions.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

25000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions: As it is difficult to assess future weather events, we are using a recent event with known financial impacts to estimate the impacts of climate scenarios for other potential future events. Additionally, there can be a range of financial impacts from any acute weather event that can be directly or indirectly incurred. For the purposes of this report, only lost sales as a result of Hurricane Maria are reported. Figures used in calculation: This figure is an estimate of lost sales from Hurricane Maria in 2017 and is consistent in approach with figures reported in our 10k. Other damages may have been incurred in other financial categories that are not included in this figure.

Cost of response to risk

24900000

Description of response and explanation of cost calculation

We approach management of physical risks through a combination of risk and climate mitigation activities. Related to climate mitigation: in 2015, we set a science-based goal for our Scope 1 and 2 emissions to reduce emissions by 20% by 2020 and 80% by 2050. In parallel we undertook policy initiatives, including joining the Climate Leadership Council (CLC) in 2017, advocating for a carbon dividend in the US, and pledging support for the C40 Cities Climate Leadership group with a commitment of \$1 million over two years. Related to business continuity: oversight of mitigation and management of acute physical risks at an asset level lies with Enterprise Facilities Management, who manages and coordinates cross-functional J&J teams and processes involved in emergency planning, response and recovery efforts for crisis events. Case study on mitigation activities that reduce contribution to climate change and acute events: In 2019, we became founding members with board representation of the Renewable Energy Buyers Alliance (REBA), an association for large-scale energy buyers working toward the creation of a resilient, zero-carbon energy system across the United States. In 2019, we also accelerated our renewable energy efforts with four new power purchase agreements in Belgium, Ireland, Mexico and the Netherlands totalling over 370,000 megawatt-hours (MWh) per year, significantly advancing progress toward our 100% renewable electricity goal. We also installed a windmill at our largest chemical production site in Geel, Belgium. The windmill has a capacity of 3.4 MW of electricity production and is expected to provide up to 15% of Geel's electricity consumption. How cost of response was calculated: The cost of management here is reported as climate mitigation activities that reduce our operational emissions. The cost of management is \$24.9 million and was derived from the cost of capital investments in 30 projects implemented or under construction in 2019 that reduce our carbon emissions and, by extension, our risk exposure to increased pricing of carbon emissions. This is an annual investment as part of our dedicated CO2 Capital Relief Program, where \$431 million total spend on 231 projects completed since 2005 has avoided 287,931 metric tons CO2e. Other aspects of risk management, including costs incurred as part of Business Continuity Measures implemented locally at sites affected, are not included here.

Comment**Identifier**

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
------------------	---

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Access to clean water is essential for improving human health and well-being. Businesses also rely on high quality water as a key input in manufacturing operations. Growing population, economic activity and consumption, combined with weak water governance and infrastructure in many regions around the world, are leading to increased competition for water and pose threats to water quality. Climate change is expected to exacerbate this problem, where water scarcity may increase with more frequent droughts and floods. We have identified increased water risk, including water stress, as a substantive strategic climate-based risk to our operations that has the potential to cause disruptions in operations or increase operational costs. We define water risk to include water issues such as water stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, waste water management and regulatory issues, total water use, economic implications (water spend), and reputational impacts. Water scarcity is a concern in many areas of the world where we operate, where 13 facilities in Belgium, China, India, Indonesia, Italy, Mexico, South Africa, and the US are classified as high or extremely high baseline water stress. Fluctuations in our ability to access sufficient high-quality water could lead to increased capital expenses (e.g., new equipment to improve the water quality) and/or increased operational expenses (i.e., if water demand increases the price of water). For example, in 2017 we experienced increased operational costs to truck water onsite to our Aurangabad, India facility to meet production during a drought. Operational costs also increased when our Cape Town, South Africa facility was at risk of a city-wide water shortage and mitigation plans necessitated capital investments to ensure business continuity. As water is a critical component in many of our products – for example, it can represent up to 80% of the contents of shampoo – we have implemented a comprehensive water risk assessment for our manufacturing and R&D sites to determine where to prioritize efforts and implement mitigation and reduction efforts.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4689500

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & assumptions: Our approach is to report on capital projects that mitigate our current or future water risk. Even in water-stressed regions, the cost of water alone is not an accurate picture of the strategic risk associated with climate-induced water scarcity. Sites identified as under water risk and/or water stress are not anticipated to experience reductions or disruptions in production capacity in the short term (1-3 years). In areas affected by extreme water shortages, such as Cape Town, South Africa, updates to the Business Continuity Plan, in addition to capital funding for high priority projects, are likely to mitigate financial impact from water scarcity in the short term. Our assumption is that increased cost of water will not present as a substantive risk in the near-term future, so it is a better indicator of risk to show the capital investments made to ensure that a reliable source of high-quality water is available for operations. Figures used in calculation: This figure is based on the capital investments with a water benefit in 2019 (33 projects).

Cost of response to risk

170000

Description of response and explanation of cost calculation

We are responding to this risk as part of our corporate Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D locations and implement resource protection plans at the high-risk sites. In most cases these resource protection plans include updates to Business Continuity Plans. Resource mitigation plans consider water issues such as stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, waste water management and regulatory issues, total water use, economic implications (water spend), reputational impacts, and pharmaceuticals in the environment (PIE) and personal care products in the environment (PCPE). In many cases, these resource mitigation plans include projects with capital expenditures for initiatives designed to reduce our water usage and mitigate water risk. Case study on mitigating climate-induced water scarcity in our direct operations: At our facility in Mexico, we installed a biological treatment plant in 2019 with a capacity of 75m³ per day to give a second life to gray water, manufacturing process water, cafeteria food preparation process water, and discharge water from organic waste processing. The treated water is used for irrigation of green areas and donation to the municipal water agency, resulting in reuse of 22% of the site's wastewater. How cost of response was calculated: The cost of management is \$170k and is derived from operational expenditures in 2016 for water risk assessments. Many costs of management, including human resources needed for ongoing assessments and mitigation activities, are already included into existing budgets and are not represented as separate line items.

Comment**Identifier**

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market	Changing customer behavior
--------	----------------------------

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Customer preferences are changing because of increased awareness of the impacts of climate change. This in turn impacts our various businesses in different ways – for example, health care systems such as the National Health Service (NHS) have stated their commitment to sustainability, and new procurement policies could impact our Pharmaceutical or Medical Devices business. Similarly, many customer segments of our Consumer Health business have voiced concerns over the carbon footprint and sustainable sourcing of their products. 'Sustainable sourcing' can include a number of concerns over climate change impacts such as water scarcity, pollution, environmental practices and deforestation. Failure to effectively communicate technical improvements with consumers, or failure to provide environmentally / climate change-friendly products could cede market space to competitors.

Time horizon

Short-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure**Cost of response to risk**

100000

Description of response and explanation of cost calculation

Our methods of managing risks related to changing consumer behaviour include: responsible sourcing practices through our supply chain programs and responsible sourcing standards; product sustainability programs; and communicating improvements to customers. We approach responsible sourcing through our Sustainable Procurement Program, with a goal to enrol 80% of our spend by 2020. We partner with suppliers to manage those environmental impacts, improve water stewardship and

reduce deforestation through the internationally recognized CDP processes. To address deforestation in our supply chain, we have established a set of expectations for purchased products through our Wood-Fiber Products Sourcing Criteria and Responsible Palm Oil Sourcing Criteria. Our product sustainability efforts include a Health for Humanity 2020 Goal (achieved in 2019) for new and existing products representing 20% of J&J revenue achieving Earthwards® recognition for sustainable innovations. Earthwards® has served as an approach we have been using to integrate sustainability across our diverse product portfolio since 2009. We communicate these programs to our customers through information on our website and in our annual Health for Humanity Report. The cost of management is \$100,000 and is derived from the costs associated with managing risks regarding customer preferences for sustainable brands.

Comment

The costs associated with managing risks regarding customer preferences for sustainable brands can be attributed to some aspects of the maintenance.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

As a global company with 260+ operating companies conducting business in virtually all countries of the world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 8 in the United Kingdom; 13 in California, 1 in Australia, 4 in Canada, 11 in Brazil, and 55 in Europe. Currently 2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. Fuel/energy taxes and regulations have the potential to increase energy costs in regions where they are implemented, and J&J's global presence means that there is global exposure to fluctuating fuel and carbon prices. An increase in cost from climate change regulation can make the capital investment in renewable energy more attractive, which often saves money over a longer period of time. While energy costs as a percent of sales is very low for J&J (<1% in 2019), we have successfully reduced our energy costs by our combination of energy efficiency and renewable energy projects.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

80000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions: Our CO2 Capital Relief Program was implemented in 2005 to capitalize on energy cost saving opportunities resulting from a programmatic approach to managing carbon emissions. This dedicated \$40 million per year budget is available for projects that demonstrate potential CO2 savings and provide a financial return of 15% or higher. Our approach is to disclose the annual energy cost savings of this program as it has had success in reducing our operational costs through efficiency gains and cost reductions. Figures used in calculation: Results are reported as cumulative annual energy cost savings from completed projects since the program was implemented in 2005. Energy consumption and GHG emissions avoided are calculated by comparing energy consumption before project implementation and expected consumption after implementation using engineering estimates at the time the projects are approved. Since 2005, we have completed 231 projects with annual energy cost avoidance of \$80 million.

Cost to realize opportunity

24900000

Strategy to realize opportunity and explanation of cost calculation

The primary method for capitalizing on opportunities related to resource efficiency is increasing our energy efficiency and renewable energy capacity. As part of our Health for Humanity 2020 Goals, we have targets including 20% CO2 reduction by 2020 (80% by 2050) and a renewable energy production/procurement goal of 35% of electricity from renewable sources by 2020 (100% renewable energy by 2050). We have a \$40 million per year CO2 Capital Relief Program for projects that increase our energy efficiency. We also have several processes in place designed to ensure successful completion of our goals and to capitalize on opportunities resulting from potential future carbon reduction. In addition to setting aside capital to fund carbon reduction projects, the Internal Rate of Return (IRR) for projects with carbon/energy efficiency

components tend to have a lower acceptable IRR compared to other cost improvement projects in J&J. We create personal accountability by assigning aspects of the Health for Humanity 2020 Goals to all levels of our three business segments and enterprise functions, including managements groups and energy, EHS&S and Facility/Site managers. Case study describing efforts to realize the opportunity: At one of our largest global manufacturing facilities in Belgium, in 2019 we commenced drilling of two geothermal energy wells, each around 2.4 kilometers (1.5 miles) deep, that will bring hot water up from the ground. When completed, this renewably sourced hot water will substantially reduce the site's energy needs and CO2 emissions. We also have made significant investments in energy efficiency, such as optimizing chilled water systems in our Puerto Rico location, including the replacement of two chillers and three cooling towers with more energy-efficient technology. How cost to realize opportunity was calculated: The strategy cost of \$24.9 million was derived from the cost of capital investments in 2019 in projects that reduce our carbon emissions and, by extension, reduce ongoing costs. It is important to note that we are reporting on the cost incurred for projects completed or under construction in the reporting year to aid in consistency of reporting.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Operational savings are one aspect of our water risk program that presents an opportunity, particularly in areas of high water risk where current or future water supply disruptions may cause the price of water to increase. As a direct result of our water management methods over the past decades and the implementation of our rounds of water reduction / water risk assessment goals, we recognize the opportunity to reduce operational costs by managing water risk. While the cost of water is relatively low in most regions of the world, there are often positive linkages between water and energy savings that lead to further savings. We have identified many instances where projects that reduce our energy usage / GHG emissions as part of our Health for Humanity 2020 Goal (reduce our GHG emissions by 20% by 2020) had a similar water savings opportunity. In 2019, there were several projects that demonstrated this linkage, for example 5 sites implementing water projects (3 in Latin America, 1 in North America, and 1 in Europe) realized positive energy benefits in addition to reducing water use by a total of 4 million gallons per year.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1200000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions: As the cost of water is relatively low in most regions of the world, many water-related projects can be difficult to approve on cost savings alone. While significant investment in water projects occurs as part of our comprehensive water risk assessment Health for Humanity 2020 goal, resilience rather than cost savings is the primary opportunity for those projects. We are therefore reporting on a subset of projects approved as part of the CO2 Capital Relief Program that demonstrate water and energy savings. While these projects offer significant water consumption reductions, energy cost reductions still represent much of the financial opportunity. For example, of the \$1.2 million savings from these projects, less than 5% of this was directly attributed to water cost savings. Figures used in calculation: Results are reported as expected energy and water cost savings from projects completed or under construction in 2019. Energy and water consumption and are calculated by comparing consumption before project implementation and expected consumption after implementation using engineering estimates at the time the projects are approved.

Cost to realize opportunity

6600000

Strategy to realize opportunity and explanation of cost calculation

As part of our corporate Health for Humanity 2020 Goal, we have managed this opportunity by conducting a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implementing resource protection plans at the high-risk sites. Resource mitigation plans consider water issues such as water stress/scarcity, projected future increases in site and watershed demand, economic implications (water spend), and reputational impacts. In many cases, the result of these resource mitigation plans are projects that have ongoing operational savings from reduced water and/or energy consumption. As of 2019, 100% of all high-risk sites identified in our water risk assessment process have developed mitigation plans and have budget allocated to start implementation. Case study describing efforts to realize the opportunity: At our facility in Mexico, we installed a biological treatment plant in 2019 with a capacity of 75m³ per day to give a second life to gray water, manufacturing process water, cafeteria food preparation process water, and discharge water from organic waste processing. The treated water is used for irrigation of green areas and donation to the municipal water agency, resulting in reuse of 22% of the site's wastewater. We continue to implement innovative water-savings initiatives at our facilities around the world, with total volume of recycled and reused water reaching 0.81 million m³, which represented 6.9% of our total water demand in 2019. How cost to realize opportunity was calculated: The strategy cost of \$6.6 million was derived from the cost of capital investments in projects completed or under construction in 2019 that have a significant water saving component and demonstrate energy and water savings. It is important to note that we are reporting on the cost incurred for projects completed or under construction in the reporting year to aid in consistency of reporting.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

In 2019, 30% of J&J's electricity was produced or procured from renewable energy sources, including 48 solar arrays and 5 wind turbines on our properties in 14 countries. A mindset towards long-term investment in renewables has resulted in energy-related operational savings, rate stability, and supporting momentum in the transition to a low-carbon economy. The transition to clean energy represents a significant opportunity; according to the Renewable Energy Buys Alliance (REBA), "The private sector is responsible for over 60% of electricity consumption and a major driver of economic and political change. If companies with 100% renewable energy goals today achieve them, it will catalyze as much capacity as was installed from all US Renewable Portfolio Standards since 2011". Becoming more energy- and carbon-efficient are essential ways we can reduce our impact on the planet while maintaining cost effective manufacturing and supply for our patients, consumers and customers around the world. We have a long history of innovation and leadership in energy management, and have taken sustained, long-term action to reduce our greenhouse gas (GHG) emissions.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

27500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions: Our CO2 Capital Relief Program was implemented in 2005 to capitalize on energy cost saving opportunities resulting from a programmatic approach to managing carbon emissions, which has included significant investments in renewable energy opportunities. This dedicated \$40 million per year budget is available for projects that demonstrate potential CO2 savings and provide a financial return of 15% or higher. Our approach is to disclose the annual cost savings from a subset of this program related to renewable investments on our properties, as it has had success in reducing our ongoing energy costs. Figures used in calculation: Results are reported as a cumulative annual estimated energy cost savings from completed renewable or low-carbon energy projects on our properties since the program was implemented in 2005. Cost savings are calculated by comparing renewable or low-carbon cost savings estimates before project implementation and expected generation after implementation using engineering estimates at the time the projects are approved.

Cost to realize opportunity

13800000

Strategy to realize opportunity and explanation of cost calculation

Our strategy to realize this opportunity is to set goals to increase our production and procurement of renewable energy. As part of our Health for Humanity 2020 Goals and our RE100 participation, we have targets to increase our renewable energy production/procurement to 35% of electricity by 2020 and 100% renewable energy by 2050. In 2019, we became founding members with board representation of the Renewable Energy Buyers Alliance (REBA), an association for large-scale energy buyers working toward the creation of a resilient, zero-carbon energy system across the United States. We have collaborated heavily with non-governmental organizations and peer companies in the REBA membership, which has helped us progress our renewable energy initiatives. Case study describing efforts to realize the opportunity: In 2019, we accelerated our renewable energy efforts with four new power purchase agreements in Belgium, Ireland, Mexico and the Netherlands totaling over 370,000 megawatt-hours (MWh) per year, significantly advancing progress toward our 100% renewable electricity goal. We also installed a windmill at our largest chemical production site in Geel, Belgium. The windmill has a capacity of 3.4 MW of electricity production and is expected to provide up to 15% of Geel's electricity consumption. We will highlight the significant benefits of these projects in next year's public reporting. How cost to realize opportunity was calculated: The strategy cost of \$13.8 million was derived from the cost of renewable completed or under construction in 2019, including geothermal, wind and solar installations. This figure is reported alongside a cumulative annual savings to demonstrate how sustained annual investments translate into significant annual savings.

Comment**Identifier**

Opp4

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Other, please specify (Better competitive position to reflect shifting consumer preferences, resulting in increased revenues)

Company-specific description

With the increase in the general public's awareness of climate change, the demand for sustainable products is growing each year. Increasingly, our customers – hospitals, government healthcare systems and retailers – are considering environmental attributes of products in their procurement decisions. This is particularly the case in our

Consumer Health business segment, where there is a growing market for responsible products, sustainable packaging, and other climate-related product stewardship goals. We encourage development of more sustainable products to help make the places we live, work and sell our products healthier by using fewer, smarter resources. Our approach is based on science and a lifecycle view of product impacts – from discovery and design, raw material sourcing, and manufacturing, to product use and end of life. This includes a range of activities: assessments of products at the design phase to identify and quantify potential environmental risks; selecting and using more sustainable ingredients; Lifecycle Assessments (LCAs) of products through our in-house-developed LCA tools to identify environmental impacts and opportunities for improvements; applying green chemistry principles in design and manufacturing; advancing sustainable packaging; controlling product-end-of life impacts, including the effects of pharmaceuticals and personal care products in the environment. Our global environmental product stewardship team, which is part of the Environmental Health, Safety & Sustainability organization, leads the enterprise-wide efforts to evaluate, control and reduce the environmental footprint of our products across our Consumer Health, Medical Devices and Pharmaceutical businesses. They work in partnership with R&D, Supply Chain and Marketing teams in each segment to embed product sustainability in our product innovation processes. They also partner with our customers, governments, and advocacy and industry groups to share and exchange best practices and shape responsible science-based product stewardship policies across the world. We will continue to offer products that are increasingly sustainably designed and that will meet the growing demand for sustainable products. While we do not market Earthwards® products on our packaging, we do offer information on our process and savings for select products on our website.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact for this opportunity is not quantified.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Primary methods of managing these opportunities are: working to understand customer needs, investing in research and development to create innovative brands and products to meet those needs, and setting corporate goals to ensure that we can consistently and effectively track progress towards realizing these opportunities. Our Health for Humanity 2020 Goals have a target for new and existing products representing 20% of revenue to achieve Earthwards® recognition for sustainability innovation improvements, and in 2019 22% of our revenue was generated from Earthwards®-recognized products. This program evaluates products based on Life Cycle Assessment (LCA) methods and requires that the product improve in key climate change-related criteria such as energy, water and waste reduction. As of 2019, 70 Earthwards®-recognized products resulted in 39,300 metric tons CO₂e of GHG emissions avoided. We also engaged in multiple initiatives in 2019 to advance recycling and promote recycling infrastructure and/or circular economy principles. These included Materials Recovery for the Future project, the Closed Loop Infrastructure Fund, and the Recycling Partnerships' new Pathway to Circularity Initiative.

Comment

Identifier

Opp5

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Other, please specify (Adaptive solutions to climate-related global health issues)

Company-specific description

J&J's global public health organization was established with the vision of delivering innovation for all everywhere. To achieve that we have focused on addressing unmet needs that disproportionately impact underserved populations in low resource settings. Through an end-to-end approach from R&D to delivery we are advancing products (medicines, vaccines) and solutions that we aim to make available, accessible and affordable. According to the 2015 The Lancet Commission on Health and Climate Change, the impacts of climate change threaten to undermine decades worth of progress in healthcare. Shifting weather patterns, changes in air quality and spread of vector-borne diseases pose significant risks for people's health and well-being, particularly in resource-limited settings (Africa, Latin America and Asia where they have the potential to spread more quickly). We anticipate that climate change could impact the progress we have made in global health in many ways, whether through air pollution, how infectious diseases emerge and spread (including Neglected Tropical Diseases ((NTDs)), and pandemic threats such as Ebola and Zika) or shifting weather patterns impacting allergies. Given its far-reaching implications and associated public health costs, combating climate change could be a significant opportunity to protect public health. Emerging shifts in global disease profiles can be expected to require new products and services to help increase human resilience to disease. To aid in our ambition to achieve a world without disease, we are therefore invested in R&D and/or partnerships in critical areas such as vector-borne and zoonotic diseases with pandemic potential (such as Ebola, Zika, Dengue, Chagas Disease, Malaria, etc.), tuberculosis, and air pollution.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

When we consider global public health, including the intersection of environmental and human health, the primary impact we seek to achieve is the increase in overall health and resiliency of the general population, particularly in resource-limited settings, so that entire communities and nations can thrive. In limited cases we donate our approved medicines (e.g. neglected tropical diseases) and in the majority of cases we seek to achieve a sustainable approach for supply through equity-based tiered pricing.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

J&J manages opportunities to offer products and services through R&D, corporate targets & goals, and partnerships. Our R&D efforts are strategically focused on finding transformational solutions that can change the lives of patients in both developed and developing countries. We believe it is imperative to address disease along the entire continuum of health, including prevention, disease interceptions and cures. We do so by pooling insights and expertise from across our three business segments to determine the most promising integrated solutions. As part of our Health for Humanity 2020 Goals, we made a commitment to develop and deliver innovative, live-changing solutions to address the world's major health challenges; for example, one target for 2020 is to produce and donate 200 million doses of VERMOX to treat >100 million children per year at risk for intestinal worms. We also leverage the power of partnerships with leading experts, organizations and patients themselves across the healthcare spectrum, as well as public and private sectors around the world. Tackling pandemic threats and ensuring preparedness, we collaborated on the establishment of the Coalition for Epidemic Preparedness (CEPI) and co-founded the Global Health Security Private Sector Roundtable. For air pollution, we have partnered with the C40 Cities Climate Leadership Group and its network of cities; for NTDs we have collaborated with many governments and research communities.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, quantitative

C3.1b

(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 4.5 RCP 8.5 IEA Sustainable development scenario IEA CPS	Scenario identification, assumptions & methods: J&J undertook a qualitative climate-related scenario analysis in line with the TCFD recommendations in 2018. Nine existing climate scenarios were evaluated covering transitional and physical risks, with the IEA’s 2018 World Energy Outlook (WEO) selected as a reference for transitional risks and the IPCC AR5 selected as reference for physical risks. Business as Usual (BAU) scenarios included the Current Policies Scenario (6C) for transition risks and RCP 8.5 for physical risks, and Low Carbon Scenarios included the Sustainable Development Scenarios for transitional risks and RCP 4.5 for physical risks. Indicators were developed and assessed under a BAU and Low-Carbon scenario in order to categorize overall impact and preparedness to mitigate risk or capitalize opportunity. Time horizon & relevance: Time horizons considered were up to 2040 for transitional risks, and up to 2100 for physical risks. This is relevant because it includes timeframes where significant transitional & physical changes could be expected to impact J&J under different BAU and Low-Carbon Scenarios. -Areas of business considered: Areas J&J considered in the scenario analysis include both direct operations and supply chain in areas of energy pricing, political stability, global disease profiles, technological changes, consumer awareness, physical impacts and deforestation. Summary of results: Transition risks included: - Policy & Legal risks of increased carbon pricing under low-carbon scenarios, and political stability constraining trade or introducing new tariffs - Technology & market risks for sustainable forestry products such as paper and palm oil, which could introduce higher procurement costs for sustainable or certified products – impacting the J&J Consumer Health segment - Market risks such as increased competition and prices from a decreased supply of raw materials, and higher fossil fuel prices both either direct operational use and raw material use (i.e., plastics and chemicals) - Reputational risks such as a potential consumer perception that J&J is a consumer of unsustainable materials, or that our products contain unsustainable materials Physical risks included: - Event-driven severe weather impacts that could introduce high costs from damage to infrastructure and facilities, and potentially impact supply chain and operations or introduce delays in distribution - Long-term shifts in weather patterns leading to water stress and drought could lead to higher prices for raw materials Opportunities identified included: - Market opportunities for our pharmaceutical business to meet the demand for products that address increased occurrence of vector-borne diseases and allergies resulting from a changing climate - Products & services opportunities for J&J to meet customer demands for sustainable products throughout our business. Informing business strategy: The results of the scenario analysis have informed our environmental objectives and strategy in several ways: 1) Updating our current public disclosure to include results of the scenario analysis; 2) Socializing climate-related scenario analysis internally to relevant groups as a helpful strategic tool; 3) Re-enforcing existing business objectives such as Health for Humanity 2020 Goal targets (including science-based targets; water-risk assessment targets, renewable energy targets, etc); 4) determining how to iterate current scenario analysis and a roadmap for incorporating findings throughout the organization. Case study/example: An example of how the results of the scenario analysis are influencing our business objectives and strategy include a focus in 2019 of how current processes, such as Enterprise Risk Management (ERM) programs, could be updated or modified to mitigate risk or capitalize opportunity from events related to climate change.
Other, please specify	Our water risk assessment model features several tools that use climate-related scenario analysis, such as the WRI Aqueduct, Water Supply Stress Index Model (WaSSI), Water Risk Filter, and Socio-Economic Design and Applications Center (SEDAC). These tools model the impacts of water availability under various climate change scenarios, which are used to categorize water risk at a site. This information is used with other risk model inputs to evaluate scenarios of water stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, total water use, economic implications (water spend), and reputational impacts. As of 2019, this analysis showed that approximately 13 facilities are exposed to water risk. J&J has responded to scenario analysis as part of our water risk assessments by creating mitigation plans for all sites categorized by high water risk. As of 2019, 100% of all high-risk sites identified in our water risk assessment process have developed mitigation plans and have budget allocated to start implementation in 2019.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	How strategy has been influenced: Risks from climate change could impact products and services in several ways; regulatory risks (e.g., carbon taxes), the availability of raw materials, and supply chain disruptions from chronic or acute physical climate change events could increase the costs of raw materials and energy. This could be passed along to the consumer and change the price competitiveness of our products and services, or cause disruptions in supply. For example, while a significant drought in Cape Town, South Africa did not result in supply disruptions for goods produced in that region, it is possible that a continued prolonged draught may have impacted the availability or price of certain products in some markets. Similarly, there are climate-related opportunities for our Consumer Health and Medical Devices segments as our customers – hospitals, government healthcare systems and retailers – are giving more consideration to environmental attributes of products in their procurement decisions. We also anticipate that climate change will impact global health in many ways, including how infectious diseases emerge and spread, which may increase the need for new products and services in areas such as Neglected Tropical Diseases (NTDs) and pandemic preparedness. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 goals address several aspects of these risks. To address price competitiveness specifically related to energy, we have implemented a goal to reduce our carbon emissions 20% by 2020, which has energy-saving implications. To address the risk of water scarcity impacting local supply disruptions, we have implemented a goal to conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites.
Supply chain and/or value chain	Yes	How strategy has been influenced: Our stakeholders—including patients, consumers, customers and investors—are increasingly interested in knowing more about our global procurement practices. The purchasing power of global manufacturing companies is a key asset. However, it can become a source of significant risk if not managed responsibly. We believe that improving supply chain transparency and sustainability creates value by reducing sourcing risks and protecting our brand reputation and can have far-reaching positive impacts on society and the natural environment. As the world’s largest, most broadly-based healthcare company, J&J maintains operations in many countries of the world and works with more than 58,000 suppliers across our three business segments. We manage a highly complex network of supplier relationships that are critical to business success and our ability to fulfill our obligations to those we serve. Risks from climate change impact our supply chain in several ways; regulatory risks that could increase the cost of materials used in our products; physical risks (such as droughts and extreme weather events) that have the potential to interrupt supply chains; and reputational risks that could arise from climate issues in our supply chain. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 goals address several aspects of these risks. Our goal to enrol suppliers covering 80% of our spend in our Sustainable Procurement Program helps accelerate environmental improvements across the value chain. Our participation in the CDP Supply Chain program (climate & water) also helps us understand where there are risks and opportunities in our supply chain.
Investment in R&D	Yes	How strategy has been influenced: As a global healthcare leader, J&J is at the forefront of addressing the world’s most intractable diseases. As part of our ambition to create a world without disease our R&D efforts are strategically focused on finding transformational solutions that can change the lives of patients in both developed and developing countries. Climate change could impact global health in many ways, including how infectious diseases emerge and spread, resulting in the need for new products and services in areas such as pandemic threat (vector borne and zoonotic diseases, tuberculosis). This can be both a risk and an opportunity – a risk if global disease trends are not anticipated with enough time to develop and market products, and an opportunity to develop and deliver new products to address the need. Our R&D investment strategy has been informed by global health trends, in which climate change plays an indirect role. The magnitude of this impact to date has been small in comparison to other measures (such as total operational costs and/or revenues). Time horizons covered are short, medium and long-term. Case study of substantial strategic decisions made in this area to date: Together with the Bill & Melinda Gates Foundation, we co-founded the Pandemic Action Network, a global advocacy initiative dedicated to ending COVID-19 and preparing the world for future pandemics. We maintain a wide range of collaborations to address global health security and pandemic preparedness. Specifically, we collaborate with the Biomedical Advanced Research and Development Authority (BARDA), part of the U.S. Department of Health and Human Services, and others to advance research and the development of solutions for a range of diseases with pandemic potential, including Influenza, Ebola, COVID-19, Dengue, Chagas and others. Further we have developed and maintain a specialized innovation unit in JLABS @ Washington, DC dedicated to the advancement of medical countermeasures aimed at securing the U.S. from chemical, biological, radiological and nuclear threats, as well as from pandemic influenza and emerging infectious diseases. In 2019, as co-lead of the Private Sector Roundtable on Global Health Security we brokered an MOU with the Ugandan government as a model for future public-private partnerships to better prevent, detect, and respond to health threats.
Operations	Yes	How strategy has been influenced: Risks from climate change have impacted operations in several ways, including: rising operational costs from carbon regulation and/or rising energy costs, and chronic/acute physical risk impacts such as water scarcity and/or increased frequency or intensity of hurricanes. J&J is already beginning to see the operational impacts from events such as Hurricane Maria in 2017 and drought in areas such as Cape Town, South Africa. As a result of these risks, we have implemented measures to have capital funding available to reduce current and long-term exposure to operational costs whenever possible, such as a \$40 million CO2 Carbon Capital Relief Program, for carbon and water-reducing projects. We have also updated operational processes to assess and mitigate impacts from water risk by implementing a program to thoroughly assess and address many aspects of water risk in our operations. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 Goals address several aspects of these risks. To address price competitiveness specifically related to energy, we have implemented a goal to reduce our carbon emissions 20% by 2020, which has energy-saving implications. To address the risk of water scarcity impacting local supply disruptions, we have implemented a goal to conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Assets	Revenues: Risks included are increased operating costs that may reduce profit margins, reputational risks related to consumers seeking to purchase from sustainable companies, and supply chain disruptions from physical risks (whether acute or chronic) that could either cause products to not be available or shift consumer preferences. Time horizons for this element are short to medium-term. Direct costs: Risks from climate include rising operational costs from carbon regulation and/or rising energy costs, and chronic/acute physical risk impacts such as water scarcity and/or increased frequency of hurricanes. Case study: We seek to dedicate funding for costs associated with achieving Health for Humanity 2020 goals, including our goal to conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites. A site is only considered as achieving the goal if it receives budget to implement the protection plans that result from the outcome of the water risk assessment. Time horizons for this element range from short to long term depending on the goal. Indirect Costs: We have budgeted ongoing programs such as our Sustainable Procurement Program and our CDP Supply Chain Program involvement. Time horizons for this element are in the short-medium term. Capital expenditures: Risks from climate change are factored into our financial planning process through our implementation of a \$40 million CO2 Capital Relief Program for carbon and water-reducing projects. Time horizons for this element are medium-long term. Acquisitions & Divestments: While climate change is not a distinct line item when reviewing risks for an acquisition, all acquisitions are reviewed for their adherence to existing J&J programs and processes, including climate-related risks such as carbon taxes/ litigation and water risk assessments. In general, these risks would not rank in the top 20% of risks presented to the Board of Directors. Time horizons for this element are short-medium term. Assets: Risks and opportunities from climate changes have factored into asset financial planning processes through existing processes for capital allocation and Business Continuity Planning. Time horizons for this element are short-medium term.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2015

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2010

Covered emissions in base year (metric tons CO2e)

1364881

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

20

Covered emissions in target year (metric tons CO2e) [auto-calculated]

1091904.8

Covered emissions in reporting year (metric tons CO2e)

933636

% of target achieved [auto-calculated]

157.978973991139

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

This target was set in 2010 as a long-term goal. In 2015 it was evaluated to determine if it was in alignment with science-based targets. The evaluation concluded that our original goal was consistent with a 2-degree pathway and also provided us with additional information for setting a long-term 2050 goal. Additionally, our next generation goal (scopes 1, 2 and 3) has been pre-approved by the Science-based Targets Initiative and will be launched in the next year. While we do not currently have a quantitative CO2 reduction goal for Scope 3 emissions, we continue to drive improvement across our supply base through our Sustainable Procurement Program. Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program. In 2019 the top 71% of suppliers within the annual percentage spend target participated. Participating suppliers must conform to our Responsibility Standards for Suppliers and fulfil one or more of four requirements listed below, determined for each supplier category by category leadership: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. We then use this data to identify opportunities to collaborate with our suppliers on emission reduction activities.

Target reference number

Abs 2

Year target was set

2015

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2010

Covered emissions in base year (metric tons CO2e)

1364881

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2050

Targeted reduction from base year (%)

80

Covered emissions in target year (metric tons CO2e) [auto-calculated]

272976.2

Covered emissions in reporting year (metric tons CO2e)

933636

% of target achieved [auto-calculated]

39.4947434977848

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

In addition to our 2020 Goal, we have a goal to reduce absolute carbon emissions 80% by 2050. This target was evaluated in 2015 and found to be in alignment with the 2-degree pathway science-based targets using the Sectoral Decarbonization Approach (SDA) model.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**Target reference number**

Low 1

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2015

Figure or percentage in base year

2

Target year

2020

Figure or percentage in target year

35

Figure or percentage in reporting year

30

% of target achieved [auto-calculated]

84.8484848484848

Target status in reporting year

Underway

Is this target part of an emissions target?

Contributes to emission reduction targets Abs1 and Abs2

Is this target part of an overarching initiative?

RE100

Please explain (including target coverage)

Renewable electricity consumption in the reporting year is generated from the following sources: (on-site solar and wind generators, renewable energy contracts in Switzerland, Germany, Sweden, and Greece; a power purchase agreement (PPA) from a 100MW wind farm in Texas which began operation in January 2017, and a direct PPA in Mexico which began operation in 2019).

Target reference number

Low 2

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2015

Figure or percentage in base year

2

Target year

2050

Figure or percentage in target year

100

Figure or percentage in reporting year

30

% of target achieved [auto-calculated]

28.5714285714286

Target status in reporting year

Underway

Is this target part of an emissions target?

Contributes to emission reduction targets Abs1 and Abs2

Is this target part of an overarching initiative?

RE100

Please explain (including target coverage)

Renewable electricity consumption in reporting year is generated from the following sources: (on-site solar and wind generators, renewable energy contracts in Switzerland, Germany, Sweden, and Greece; a power purchase agreement (PPA) from a 100MW wind farm in Texas which began operation in January 2017, and a direct PPA in Mexico which began operation in 2019).

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2015

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with suppliers	Other, please specify (% spend enrolled in Sustainable Procurement Program)
---------------------------	---

Target denominator (intensity targets only)

<Not Applicable>

Base year

2015

Figure or percentage in base year

25

Target year

2020

Figure or percentage in target year

80

Figure or percentage in reporting year

71

% of target achieved [auto-calculated]

83.6363636363636

Target status in reporting year

Underway

Is this target part of an emissions target?

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program, and suppliers representing 71% of spend participated in 2019. Suppliers within the annual percentage spend target are required to participate.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	26	26268
To be implemented*	10	145059
Implementation commenced*	19	37848
Implemented*	17	73484
Not to be implemented	1	306

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Motors and drives
--------------------------------	-------------------

Estimated annual CO2e savings (metric tonnes CO2e)
332

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
192382

Investment required (unit currency – as specified in C0.4)
907775

Payback period
4-10 years

Estimated lifetime of the initiative
16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Cooling technology
---	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)
1333

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
631517

Investment required (unit currency – as specified in C0.4)
4090223

Payback period
4-10 years

Estimated lifetime of the initiative
16-20 years

Comment

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)
389

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

122004

Investment required (unit currency – as specified in C0.4)

2926000

Payback period

21-25 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Cooling technology
---	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)

116

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

97561

Investment required (unit currency – as specified in C0.4)

600000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Fuel switch
---	-------------

Estimated annual CO2e savings (metric tonnes CO2e)

152

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

63795

Investment required (unit currency – as specified in C0.4)

508003

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

149

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

198730

Investment required (unit currency – as specified in C0.4)

174000

Payback period

<1 year

Estimated lifetime of the initiative

11-15 years

Comment

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

313

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

352620

Investment required (unit currency – as specified in C0.4)

1262569

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Cooling technology
---	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)

263

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

68889

Investment required (unit currency – as specified in C0.4)

343000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Cooling technology
---	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)

1034

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

275354

Investment required (unit currency – as specified in C0.4)

1125000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

1093

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

256956

Investment required (unit currency – as specified in C0.4)

847534

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Waste heat recovery
---	---------------------

Estimated annual CO2e savings (metric tonnes CO2e)

5132

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1277468

Investment required (unit currency – as specified in C0.4)

4213112

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

912

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

137376

Investment required (unit currency – as specified in C0.4)

1027725

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment**Initiative category & Initiative type**

Energy efficiency in production processes	Smart control system
---	----------------------

Estimated annual CO2e savings (metric tonnes CO2e)

34

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

177713

Investment required (unit currency – as specified in C0.4)

661000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment**Initiative category & Initiative type**

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

483

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

98664

Investment required (unit currency – as specified in C0.4)

637201

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment**Initiative category & Initiative type**

Low-carbon energy consumption	Low-carbon electricity mix
-------------------------------	----------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

3345

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

1-2 years

Comment

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix
-------------------------------	----------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

19121

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

3-5 years

Comment

Initiative category & Initiative type

Energy efficiency in production processes	Product or service design
---	---------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

39282

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

Please select

Estimated lifetime of the initiative

1-2 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Core to improving our energy efficiency is our CO2 Capital Relief Program, which includes a \$40 million per year capital budget to support programs that reduce energy use and emissions.
Lower return on investment (ROI) specification	To attain CO2 reduction funding for a project, it must have at least a 15% IRR with a meaningful CO2 reduction impact. The 15% minimum represents a 6- or 7-year payback period and at times is a lower threshold than a typical cost improvement project within J&J.
Employee engagement	For 36 consecutive years we have hosted an annual energy week event for employees and their children to raise climate change awareness and increase engagement. Activities include team building events, giveaways, site fairs, volunteering, etc. Part of this event is a children's colouring contest that receives global participation. The winning child from each site is given a monetary award and recognition within the Company.
Internal incentives/recognition programs	We host an annual sustainability awards program to recognize J&J sites and individuals around the globe who have made a significant positive impact towards our environmental, health and safety goals. Employees submit applications which are then judged internally and externally to decide the winners. Winners are recognized with monetary awards.
Internal incentives/recognition programs	Most large J&J facilities have local "green teams" dedicated to driving energy efficiency and sustainability initiatives on site. Team members are comprised of volunteers from throughout the organization who are regularly recognized with monetary awards.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2010

Base year end

December 31 2010

Base year emissions (metric tons CO2e)

492241

Comment

Data has been rebaselined to incorporate recent acquisitions.

Scope 2 (location-based)

Base year start

January 1 2010

Base year end

December 31 2010

Base year emissions (metric tons CO2e)

872639

Comment

Data has been rebaselined to incorporate recent acquisitions.

Scope 2 (market-based)

Base year start

January 1 2010

Base year end

December 31 2010

Base year emissions (metric tons CO2e)

872639

Comment

Data has been rebaselined to incorporate recent acquisitions.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

415094

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

648598

Scope 2, market-based (if applicable)

518542

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

9229943

Emissions calculation methodology

Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Mellon's 2002 dataset. Where more specific primary data was able to be obtained, it was used in place of the IO calculation methodology.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

281092

Emissions calculation methodology

Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Mellon's 2002 dataset. Where more specific primary data was able to be obtained, it was used in place of the IO calculation methodology.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

47245

Emissions calculation methodology

Emissions from Fuel-and Energy-related Activities were calculated for emissions from transportation and distribution losses from purchased electricity. Emissions were calculated by combining purchased electricity with an appropriate emissions factor and percentage grid loss for each location.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2201590

Emissions calculation methodology

Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Mellon's 2002 dataset. Where more specific primary data was able to be obtained, it was used in place of the IO calculation methodology.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3618

Emissions calculation methodology

Emissions from Waste Generated in Operations were calculated for non-hazardous waste from manufacturing and R&D operations using DEFRA's emissions factors for waste.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

601637

Emissions calculation methodology

Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Mellon's 2002 dataset. Where more specific primary data was able to be obtained, it was used in place of the IO calculation methodology.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

24

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

267881

Emissions calculation methodology

Emissions from Employee Commuting were calculated using survey data from several properties and extrapolated for global operations. It should be noted that due to the assumptions that were made, J&J did not receive 3rd-party limited assurance for this scope but will work to improve these assumptions in the coming years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

5

Please explain

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

39830

Emissions calculation methodology

Emissions from Upstream Leased Assets were calculated by applying the energy intensity from office locations in our Scope 1 and 2 footprint to the building area of leased assets less than 50,000 SqFt, which are excluded from Scope 1 and 2 reporting.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

65447

Emissions calculation methodology

Emissions from Downstream Transportation and Distribution were calculated using the U.S. EPA's SmartWay Program and are provided for U.S. shippers only. As data is not available until December of the following year, we are reporting 2018 data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is most applicable to companies that sell intermediate products with many potential downstream applications, each of which have a different GHG emissions profile. This is not applicable to J&J as our products are sold directly to our customers and do not require any subsequent processing. This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc) deemed as "relevant" under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" criteria of "sector guidance" as defined in Table 6.1.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

7417224

Emissions calculation methodology

Emissions from the Use of Sold Products and the End-of-Life Treatment of Sold Products were calculated using sales volumes for all J&J products combined with Life Cycle Assessment (LCA) models where sales volumes could be obtained, and where there they could not be obtained, sales revenues and average unit prices were used to estimate volumes. Due to the size of our product portfolio, LCA's were not performed for every J&J product, so products were placed into LCA categories and a representative product LCA was applied. It should be noted that due to the assumptions that were made, J&J did not receive 3rd party limited assurance for these scopes but will work to improve these assumptions in the coming years. Total use phase emissions of 7,417,224 metric tonnes includes 168,612 metric tonnes from the direct use phase and 7,248,612 metric tonnes from the indirect use phase.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

209994

Emissions calculation methodology

Emissions from the Use of Sold Products and the End-of-Life Treatment of Sold Products were calculated using sales volumes for all J&J products combined with life cycle assessment (LCA) models where sales volumes could be obtained, and where they could not be obtained, sales revenues and average unit prices were used to estimate volumes. Due to the size of our product portfolio, LCA's were not performed for every J&J product, so products were placed into LCA categories and a representative product LCA was applied. It should be noted that due to the assumptions that were made, J&J did not receive 3rd party limited assurance for these scopes but will work to improve these assumptions in the coming years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc) deemed as "relevant" under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" criteria of "sector guidance" as defined in Table 6.1. Any leased assets are a small portion of J&J's total footprint.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All operations from franchises are included in J&J's Scope 1 and 2 emissions. This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc) deemed as "relevant" under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" criteria of "sector guidance" as defined in Table 6.1.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

According to the WRI/WBCSD, this category is designed primarily for private or public financial institutions and is therefore not considered a relevant Scope 3 category under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" criteria of "sector guidance" as defined in Table 6.1.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000011378

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

933636

Metric denominator

unit total revenue

Metric denominator: Unit total

82059000000

Scope 2 figure used

Market-based

% change from previous year

10.4

Direction of change

Decreased

Reason for change

Revenue increased by 0.6% while emissions reduced by 9.9%. Emissions intensity reduced by 10.3% from 2018 to 2019 as a result of emission reduction activities, including a combination of energy efficiency measures and low-carbon installations and purchases equating to approximately 16,700 metric ton reduction.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	401673	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	194	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	248	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	12979	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	189
Australia	105
Belgium	35203
Brazil	3931
Canada	3719
China	16825
Colombia	431
Dominican Republic	54
Egypt	67
France	4666
Germany	3888
Greece	584
India	1123
Indonesia	479
Ireland	20437
Israel	1048
Italy	10200
Japan	367
Malaysia	1834
Mexico	2668
Netherlands	4716
Philippines	203
Puerto Rico	29682
South Africa	1050
Republic of Korea	4352
Spain	587
Sweden	0
Switzerland	10263
Thailand	1391
United Kingdom of Great Britain and Northern Ireland	2183
United States of America	252816
Venezuela (Bolivarian Republic of)	33

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Consumer Health	63382
Medical Devices	57362
Non-Operating	139006
Pharmaceuticals	155344

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Argentina	3469	3469	9856	0
Australia	1932	1932	2590	0
Belgium	22332	24486	129991	0
Brazil	10671	10671	91284	0
Canada	254	88	14697	9607
China	67513	67513	126959	0
Colombia	1995	1995	14809	0
Dominican Republic	2399	2399	4589	0
Egypt	476	476	1076	0
France	2375	1820	34227	0
Germany	14556	18493	34757	9378
Greece	2991	2903	5608	742
India	20053	20053	27740	0
Indonesia	4134	4134	5356	0
Ireland	58383	69771	153680	0
Israel	9004	9004	16160	0
Italy	19227	28648	58798	0
Japan	6359	5970	12127	0
Malaysia	11497	11497	17614	0
Mexico	22891	21505	47818	2894
Netherlands	16153	19385	50230	0
Philippines	2548	2548	3791	0
Puerto Rico	62975	62975	145702	0
Singapore	724	724	1827	0
South Africa	13726	13726	15182	0
Republic of Korea	12835	12835	23791	0
Spain	1417	1289	4890	0
Sweden	322	151	50190	46146
Switzerland	2232	134	77223	73275
Thailand	15408	15408	32281	0
Turkey	393	393	849	0
United Arab Emirates	399	399	606	0
United Kingdom of Great Britain and Northern Ireland	4633	7145	18755	0
United States of America	231996	74277	623343	407897
Venezuela (Bolivarian Republic of)	326	326	1130	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Consumer Health	167261	148622
Medical Devices	279404	215354
Non-Operating	18689	6728
Pharmaceuticals	183243	147839

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	8812	Decreased	0.9	Of the 9.9% total reduction seen from 2018 to 2019, a 0.9% decrease can be attributed to new renewable projects starting in 2019. New renewable projects included a direct PPA in Mexico, green tariffs in Greece, several onsite solar installations, and an onsite wind installation in Ireland. The projects resulted in an addition 8,812 metric tons decrease. Emission value calculation is change in emissions divided by 2018 Scope 1 and 2 emissions = -8,812 MT/ 1,035,768 MT = -0.9%.
Other emissions reduction activities	7921	Decreased	0.8	Of the 9.9% total reduction seen from 2018 to 2019, 0.8% can be attributed to emission reduction activities. Energy efficiency and renewable energy projects supported by the CO2 Capital Relief Program with full year savings in the reporting year that resulted 7,921 metric tons CO2e. Emission value calculation is change in emissions divided by 2018 Scope 1 and 2 emissions = 7,921MT/ 1,035,768 MT = -0.8%.
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	31600	Decreased	3	Of the 9.9% total reduction seen from 2018 to 2019, 3% can be attributed to a change in output from site closures. Sites closing from organic decline in the reporting year resulted in a reduction of -31,600 metric tons CO2e. Emission value calculation is change in emissions divided by 2018 Scope 1 and 2 emissions = -31,600 MT/ 1,035,768 MT = -3%.
Change in methodology	73987	Decreased	7.1	Of the 9.9% total reduction seen from 2018 to 2019, 7.1% can be attributed to changes in methodology from improved ancillary fuel data collection from 2018 to 2019 and greening of the grid (changes in emission factors from 2018 to 2019, mainly in Ireland, Switzerland, and some utilities in the US). Improvements in ancillary fuel data collection resulted in -26,010 metric tons CO2e. Greening of the grid from using country-level emission factors attributed to -47,976 metric tons CO2e. Total methodology-related reductions equal -26,010 + -47,976 = -73,987 metric tons CO2e. Emission value calculation is change in emissions divided by 2018 Scope 1 and 2 emissions = -73,987 MT/ 1,035,768 MT = -7.1%.
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified	20188	Increased	1.9	This figure was calculated by determining the delta between the known emissions changes from renewable energy (-8,812), other emission reduction activities (-7,921), change in output (-31,600) and change in methodology (-73,987) from the known changes in emissions from 2018 to 2019). 1,035,768 (2018 emissions, rebaselined to include recent acquisitions) – 933,636 (2019 emissions)=102,131 metric tons CO2e reduced. 102,313 – 8,812 (net renewable energy decrease from 2018 to 2019) – 31,600 (change in output) – 73,987 (change in methodology – 7,921 (other emission reduction activities) = 20,188 unidentified emission increases. Emission value calculation is change in emissions divided by 2018 Scope 1 and 2 emissions = 20188 MT/ 1,035,768 MT = 1.9%.
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?
Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	10576	2094840	2105416
Consumption of purchased or acquired electricity	<Not Applicable>	525119	1258402	1783520
Consumption of purchased or acquired heat	<Not Applicable>	15800	16052	31852
Consumption of purchased or acquired steam	<Not Applicable>	6519	35134	41653
Consumption of purchased or acquired cooling	<Not Applicable>	2501	0	2501
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	50103	<Not Applicable>	50103
Total energy consumption	<Not Applicable>	610616	3404428	4015045

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1335593

MWh fuel consumed for self-generation of electricity

3225

MWh fuel consumed for self-generation of heat

1254857

MWh fuel consumed for self-generation of steam

35279

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

42233

Emission factor

50.34285

Unit

kg CO2e per GJ

Emissions factor source

US EPA Mandatory Reporting Rule (EPA MRR)

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

129244

MWh fuel consumed for self-generation of electricity

22576

MWh fuel consumed for self-generation of heat

41928

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

64741

Emission factor

70.34088

Unit

kg CO2e per GJ

Emissions factor source

US EPA Mandatory Reporting Rule (EPA MRR)

Comment

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

14076

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

14076

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

58.73012

Unit

kg CO2e per GJ

Emissions factor source

US EPA Mandatory Reporting Rule (EPA MRR)

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 6

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

4057

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

4057

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

75.3538

Unit

kg CO2e per GJ

Emissions factor source

US EPA Mandatory Reporting Rule (EPA MRR)

Comment

Fuels (excluding feedstocks)

Biogas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

7228

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

7228

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

0

Unit

kg CO2e per GJ

Emissions factor source

US EPA Climate Leaders

Comment

Fuels (excluding feedstocks)

Primary Solid Biomass

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

3348

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

3348

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

0

Unit

kg CO2e per GJ

Emissions factor source

US EPA Climate Leaders

Comment

Fuels (excluding feedstocks)

Jet Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

41076

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

41076

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

212.214

Unit

kg CO2e per MWh

Emissions factor source

WRI GHG Protocol "Emission Factors from Cross Sector Tools"

Comment**Fuels (excluding feedstocks)**

Petrol

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

570794

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

570794

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

200.915

Unit

kg CO2e per MWh

Emissions factor source

Manufacturer information for carbon intensity, US EPA MRR for heating value

Comment**C8.2d**

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	121388	118800	51153	48565
Heat	51491	51491	1539	1539
Steam	35279	35279	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

407897

Comment

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Canada

MWh consumed accounted for at a zero emission factor

9607

Comment

Virtual PPA in TX

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Mexico

MWh consumed accounted for at a zero emission factor

2894

Comment

Direct PPA in Mexico

Sourcing method

Heat/steam/cooling supply agreement

Low-carbon technology type

Biomass

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

15800

Comment

Contract for district heat supply with energy supplier in Helsingborg and Uppsala, Sweden

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

21326

Comment

Contract for electricity supply with energy supplier in Helsingborg, Sweden

Sourcing method

Heat/steam/cooling supply agreement

Low-carbon technology type

Other, please specify (Other low-carbon cold water supply)

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

2501

Comment

Contract for district cooling supply with energy supplier in Helsingborg, Sweden

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Switzerland

MWh consumed accounted for at a zero emission factor

73275

Comment

Contracts for electricity supply with energy suppliers in Switzerland.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Germany

MWh consumed accounted for at a zero emission factor

9378

Comment

Contracts for electricity supply with energy suppliers in Germany.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Greece

MWh consumed accounted for at a zero emission factor

742

Comment

Contracts for electricity supply with energy suppliers in Greece.

Sourcing method

Heat/steam/cooling supply agreement

Low-carbon technology type

Biomass

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

6519

Comment

Contract for steam supply in Uppsala, Sweden.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/ section reference

Pg. 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/ section reference

Pg. 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/ section reference

Pg. 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Capital goods

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream leased assets

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Renewable energy products	ISO14064-3	As part of our Scope 1, 2 and 3 verification, we also verify the percentage of electricity use generated by renewable energy sources ERM CVS 2020 GHG Assurance Statement JJ_FINAL_2Jun20.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

EU ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS

8.3

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1 2019

Period end date

December 31 2019

Allowances allocated

33971

Allowances purchased

0

Verified Scope 1 emissions in metric tons CO2e

34329

Verified Scope 2 emissions in metric tons CO2e

0

Details of ownership

Facilities we own and operate

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The sites under the EU ETS scheme currently have excess allowances and do not need to purchase carbon credits to comply with regulations. Should events change, and the number of allowances is lowered, these sites will continue to invest in energy efficiency and other efforts to lower their respective footprint. Should purchase of certified emissions reductions (CERs) or other compliance credits be required, we will develop and implement an active strategy for doing so in the most cost-effective manner. For example, in 2019 we installed a windmill at our largest chemical production site in Geel, Belgium, which reports to the EU ETS. The windmill has a capacity of 3.4 MW of electricity production and is expected to provide up to 15% of Geel's electricity consumption.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Drive energy efficiency
Drive low-carbon investment

GHG Scope

Scope 1
Scope 2
Scope 3

Application

J&J approaches internal price on carbon in two ways. The first is through our CO2 Capital Relief Program, which values carbon by providing dedicated funding for projects that reduce GHG emissions but may not meet normal capital funding criteria. While there is no specific carbon price in an analysis, it internalizes carbon externalities by ensuring that viable energy efficiency projects receive funding. The second method is through our recent membership in the Climate Leadership Council, a US coalition of thought leaders and businesses, which advocates for; 1) a gradually increasing carbon fee, 2) carbon dividends for all Americans, 3) border carbon adjustments, and 4) regulatory simplification. As part of membership, we reviewed the impact of varied carbon fee scenarios (\$40/ metric ton up to \$100/ metric ton) on our scope 1, 2, and 3 operations as one method of quantifying climate regulatory risks to our business.

Actual price(s) used (Currency /metric ton)

40

Variance of price(s) used

We have evaluated the carbon tax implications for our business for the scenarios of \$5/tonne, \$10/tonne, \$40/tonne, and \$100/tonne. While the Climate Leadership Council recommendation starts at \$40/ metric ton as part of their policy objectives (US meeting the Paris Agreement climate commitments), we also evaluated several different variances up to \$100. These prices were uniform (applied as a single price throughout the organization) and static (each scenario assumed the same price over time, though we acknowledge that evolutionary pricing will likely be more appropriate as the field evolves).

Type of internal carbon price

Implicit price

Impact & implication

The impact of carbon pricing has been two-fold depending on the mechanism. For the dedicated CO2 Capital Relief Program, the impact has been tangible progress towards our emissions targets since 2005, 231 projects completed resulting in approximately \$80 million in annual energy cost savings, and 287,000 metric tons CO2e annual GHG emissions avoided. For the Climate Leadership Council analysis, the impacts are still evolving as we utilize these findings to have discussions with internal stakeholders to determine if other measures besides a dedicated capital relief mechanism will continue or accelerate our emission reduction goals. It has also been a helpful financial analysis for larger longer-term projects such as our 100 MW wind farm PPA, and how an emerging regulatory environment may impact the financial aspects of this deal in the next decade. To date we have only used an actual price on carbon for modelling purposes and do not have a roadmap to establish a formalized price or process further than the CO2 Capital Relief Program.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Climate change performance is featured in supplier awards scheme

% of suppliers by number

0.8

% total procurement spend (direct and indirect)

71

% of supplier-related Scope 3 emissions as reported in C6.5

65

Rationale for the coverage of your engagement

The rationale for the coverage of our engagement is to combine climate impact with influence by targeting within a range of spend, setting a Health for Humanity 2020 Goal to enroll suppliers covering 80% of spend in our Sustainable Procurement Program. To achieve this, we enroll suppliers to meet our annual targets, with 279 suppliers newly enrolled in 2019. The requirements for all enrolled suppliers are fully transparent, and are communicated through our Supplier Sustainability Toolkit, updated in 2017 and available on our corporate website. The toolkit serves as a resource to educate suppliers on environmental issues such as climate change as well featuring the overall importance of Sustainability and Citizenship. All participating suppliers must conform to our Responsibility Standards for Suppliers which are also publicly available on jnj.com. We verify supplier's conformance using the globally recognized EcoVadis platform which includes environmental management criteria such as GHG emission reporting and climate change strategies and performance. We monitor EcoVadis score improvements and expect to see improvement over time through category team engagement with the supplier. Additionally, suppliers are required to implement at least one of the following goals set for them by category teams: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Engagement in the Sustainable Procurement Program is one way through which we engage our suppliers on the issues of sustainability and their importance to our business. In 2017, we integrated foundational elements of the Sustainable Procurement Program into our Supplier and Category Strategies – including the supplier scorecard which contributes to supplier performance and awards.

Impact of engagement, including measures of success

The impact of the climate-related supplier engagement is broadening the program to additional suppliers who then set their own sustainability goals. As an example of this impact, as of 2019 we have enrolled 779 suppliers into our Sustainable Procurement Program (cumulative since the program launch), representing approximately 71% of spend, or \$17.1 billion. Suppliers enrolled in the Sustainable Procurement Program were assessed against our Responsibility Standards for Suppliers through an EcoVadis assessment which includes environmental management criteria such as GHG emission reporting and climate change strategies. As a recent measure of success in 2019, 750 suppliers underwent an EcoVadis assessment. Among the suppliers we have assessed more than once, we see our program driving supplier improvements across all areas of sustainability, most notably labor standards and environmental performance, increasing scores by 4% and 2.5% respectively. An important part of this program is encouraging our suppliers to publicly disclose their environmental performance—including emissions and water use—to CDP as part of our own CDP Supply Chain commitment. In 2019, 344 Johnson & Johnson suppliers were requested to disclose to CDP, an increase of 13% over 2018. This progress demonstrates the positive influence a large sustainability-minded procurement organization can have across its entire supply chain, influencing the way business impacts social development and environmental stewardship through multiple suppliers around the world. In 2018 and 2019, we achieved recognition by CDP as a CDP Supplier Engagement Leader for leadership on supplier engagement to tackle climate change. We were among the highest scoring 3% of companies in CDP's third annual Supplier Engagement Rating.

Comment

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Materials managed unsustainably, such as timber and palm oil, can be contributors to deforestation, which is a major contributor to climate change. As part of our broader climate strategy, we developed responsible sourcing criteria for commodities that have been linked to deforestation such as our Responsible Palm Oil Sourcing Criteria and our Wood-Fiber Products Sourcing Criteria. We are also working with other partners in the value chain to implement these commodity-specific sourcing criteria. These value chain partners include NGOs (such as the Rainforest Alliance and Earthworm Foundation with whom we are engaging to work with our suppliers on timber and palm oil, respectively), research institutions (such as University of Wageningen), local communities, and smallholders.

Case study / example: Ongoing initiatives with value chain partners in 2019 include:

In 2019, we have completed the first full year of our multi-year partnerships with the World Wildlife Fund (WWF).

In the first year of our partnership with WWF, we laid the foundation for advancing innovations in sustainable palm oil production that support forests, wildlife, and long-term community well-being. WWF's work synthesized existing research to better understand the relationship between human health, tropical forests, and the threshold at which forests can no longer recover from degradation. Additionally, WWF is conducting a review of critical landscapes impacted by deforestation that are also ripe for demonstrating the potential health benefits of forest conservation. With this information in hand, we are working with WWF to explore and champion innovations in sustainable landscape initiatives and investments that benefit forests and people.

Throughout 2019 we also maintained our investment in smallholder projects. Through partnerships with Earthworm Foundation's Rurality Project, The Sustainable Trade Initiative, and the University of Wageningen, we have worked with smallholder groups across three regions in Indonesia to:

- improve palm oil fruit quality;
- train farmers on implementing best management practices;
- avoid expansion in areas unsuitable according to RSPO Principles & Criteria;
- identify other potential commodities as alternative income generators; and
- facilitate farmers in obtaining RSPO certification.

In 2019, through the above listed efforts, we impacted over 1,000 smallholder palm oil farmers in key Indonesian palm oil growing regions through our on-going NGO collaborations.

For direct paper-based packaging, we work with a partner, the Rainforest Alliance, to assist with our due diligence efforts. Our most recent assessment in 2019 included 91% of spend, including all of our suppliers in Asia Pacific due to the heightened risk for deforestation in this region.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support with minor exceptions	In 2017, we joined the Climate Leadership Council, a policy institute created to promote a carbon dividends framework in the United States, as a founding member.	The Climate Leadership Council is proposing four pillars of a carbon dividends plan, including: 1) a gradually increasing carbon fee, 2) carbon dividends for all Americans, 3) border carbon adjustments, and 4) regulatory simplification.
Clean energy generation	Support	We are signatories of the Business Backs Low-Carbon USA and We Are Still In initiatives which affirms our deep commitment to addressing climate change through the implementation of the historic Paris Climate Agreement.	1) Continuation of low-carbon policies to allow the US to meet or exceed our promised national commitment and to increase our nation's future ambition 2) Investment in the low carbon economy at home and abroad in order to give financial decision-makers clarity and boost the confidence of investors worldwide 3) Continued U.S. participation in the Paris Agreement, in order to provide the long-term direction needed to keep global temperature rise below 2 degrees Celsius.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

EFPIA – European Federation of Pharmaceutical Industries and Associations

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The EFPIA has stated that the driving motivation of the pharmaceutical industry is to improve human health and supports responsible contribution to progress in the form of science-based reduction targets, establishing climate change policies/strategies based on materiality and impact for individual companies, developing actions that support science-based carbon reduction targets, contributing to increased energy efficiency, and aiming to use more energy from renewable resources. These positions are in line with J&J's Climate Policy that states that 1) in the field of climate science, there is consensus that human activity is a driving factor in climate change, 2) environmental health impacts human health, 3) risks resulting from climate change have the potential to negatively impact economies around the world, and 4) we have a responsibility to help abate climate change and environmental degradation.

How have you influenced, or are you attempting to influence their position?

We support the EFPIA's position on climate change and consider it to be consistent with our own practices.

Trade association

IFPMA- International Federation of Pharmaceutical Manufacturers & Associations

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The IFPMA has stated that climate change will challenge the global community in its efforts to tackle health concerns and inequalities across the world. In addition to research on diseases that are likely to be impacted directly or indirectly by climate change, they support carbon reductions in direct and indirect operations, pursuing energy efficiencies, and joining other key stakeholders - governments, business and civil society - on individual and collective opportunities to reduce the impact of climate change on health. These positions are in line with J&J's Climate Policy that states that 1) in the field of climate science, there is consensus that human activity is a driving factor in climate change, 2) environmental health impacts human health, 3) risks resulting from climate change have the potential to negatively impact economies around the world, and 4) we have a responsibility to help abate climate change and environmental degradation.

How have you influenced, or are you attempting to influence their position?

We support the IFPMA's position on climate change and consider it to be consistent with our own practices.

Trade association

National Association of Manufacturers

Is your position on climate change consistent with theirs?

Inconsistent

Please explain the trade association's position

The National Association of Manufacturers considers the Environmental Protection Agency (EPA) to have an overly aggressive agenda, where "The EPA's actions will add new burdens and restrictions, increase costs, destroy jobs and undermine U.S. manufacturers' ability to compete in the global marketplace." This includes lobbying against climate change legislation. This differs from our Climate Policy, which states that "while companies have a responsibility and ability to impact these issues, the unilateral capabilities of businesses are limited; addressing these issues requires the collaboration of companies with governments and non-governmental organizations to achieve systemic change at scale."

How have you influenced, or are you attempting to influence their position?

We are a member of trade associations that advocate for our industry and market-based health solutions, and we provide financial support to several policy development organizations and think tanks whose purpose is to develop policy position papers or model legislation, among other civic activities. We acknowledge that we may not align with or support every public position each of these broad-based groups takes. However, when we do disagree with a position, we have a range of approaches we can employ to respond, and we believe that our dissenting voice has greater impact as a member of these organizations. We take input from our stakeholders and determine how best to express our views to an organization—from simply declining to participate in certain initiatives sponsored by the organization, to partnering with other members to amplify our viewpoint both within the organization and externally, to reaching out directly to the organization's leadership to examine a possible change in position.

Trade association

Business Roundtable

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The Business Roundtable has the following policy objectives: taking action and reporting progress, improving energy efficiency, developing and deploying low-GHG technologies, increasing R&D investment, investing in climate science, aligning reduction timelines with the trajectory for new technologies, following a flexible step-wise approach, selecting the right policy tools, applying policy solutions equitably, maximizing access to limited feedstock and energy supplies, and adopting global solutions to a global problem. This position aligns with several aspects of our J&J Climate Policy but differs in approach, such as supporting domestic carbon legislation and the need for collaboration of companies with governments and non-governmental organizations to achieve systemic change at scale.

How have you influenced, or are you attempting to influence their position?

We are a member of trade associations that advocate for our industry and market-based health solutions, and we provide financial support to several policy development organizations and think tanks whose purpose is to develop policy position papers or model legislation, among other civic activities. We acknowledge that we may not align with or support every public position each of these broad-based groups takes. However, when we do disagree with a position, we have a range of approaches we can employ to respond, and we believe that our dissenting voice has greater impact as a member of these organizations. We take input from our stakeholders and determine how best to express our views to an organization—from simply declining to participate in certain initiatives sponsored by the organization, to partnering with other members to amplify our viewpoint both within the organization and externally, to reaching out directly to the organization's leadership to examine a possible change in position.

Trade association

US Chamber of Commerce

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

J&J is not currently on the board and serves only as a member. The US Chamber of Commerce's current position is that "Climate change is a serious challenge that needs to be addressed through thoughtful policies that will have a meaningful impact. The Chamber supports efforts to reduce greenhouse gas emissions and believes technology and innovation offer the greatest potential to reduce emissions and mitigate the negative impacts of climate change." However, "The best solutions are going to come from the private sector—or the private sector working together with government," and they have a history of lobbying against climate change legislation. This differs from our J&J Climate Policy, which state that "while companies have a responsibility and ability to impact these issues, the unilateral capabilities of businesses are limited; addressing these issues requires the collaboration of companies with governments and non-governmental organizations to achieve systemic change at scale."

How have you influenced, or are you attempting to influence their position?

We are a member of trade associations that advocate for our industry and market-based health solutions, and we provide financial support to several policy development organizations and think tanks whose purpose is to develop policy position papers or model legislation, among other civic activities. We acknowledge that we may not align with or support every public position each of these broad-based groups takes. However, when we do disagree with a position, we have a range of approaches we can employ to respond, and we believe that our dissenting voice has greater impact as a member of these organizations. We take input from our stakeholders and determine how best to express our views to an organization— from simply declining to participate in certain initiatives sponsored by the organization, to partnering with other members to amplify our viewpoint both within the organization and externally, to reaching out directly to the organization's leadership to examine a possible change in position.

Trade association

Renewable Energy Buyers Alliance (REBA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

REBA is an alliance of large clean energy buyers, developers, and service providers that, together with NGO partners, are unlocking the marketplace for all non-residential energy buyers to lead a rapid transition to a cleaner, prosperous, zero-carbon energy future. As stated by REBA: "The commercial & industrial sector is the largest emitter of energy-related greenhouse gas emissions in the United States. To solve the global climate change challenges, the majority of the world's energy must come from zero-carbon power sources. It is necessary to reduce human-caused global CO2 emissions to net-zero by 2050. The private sector is responsible for over 60% of electricity consumption and a major driver of economic and political exchange. The private sector's actions on climate issues are strong, and they want to do more. If companies with 100% renewable energy goals today achieve them, it will catalyse as much capacity as was installed from all US Renewable Portfolio Standards since 2011."

How have you influenced, or are you attempting to influence their position?

We support the REBA's position on climate change and consider it to be consistent with our own practices.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

J&J engages with organizations and policy makers to encourage further action and positive impact on a broader scale by participating in national and international partnerships and dialogues on climate change.

In 2017, we joined the Climate Leadership Council, a policy institute created to promote a carbon dividends framework in the United States, as a founding member. The Climate Leadership Council is proposing four pillars of a carbon dividends plan, including; 1) a gradually increasing carbon fee, 2) carbon dividends for all Americans, 3) border carbon adjustments, and 4) regulatory simplification. We also strengthened our partnership with the C40 Cities Climate Leadership Group and its network of cities to help fund programs that will link cities acting on climate with the benefits to air quality and human health. Through research and education, the C40 partnership will help connect the dots between better climate and air to measurably improve health benefits in vulnerable urban areas, and to gain political and financial buy-in, and drive greater action and impact at scale.

In 2016, we undertook several actions to support clean energy policy both domestically and internationally, including the Renewable Energy Buyers Alliance (REBA). In 2015, we committed to RE100, a collaborative global initiative of influential businesses in partnership with the Climate Group and CDP to procure 100% renewable electricity. Additionally, we signed the American Business Act on Climate Pledge to support action on climate change and the conclusion of a climate change agreement in Paris that takes a strong step forward toward a low-carbon, sustainable future. We participated in Business Backs Low-Carbon USA, showing our support for the US government to 1) swiftly implement the Clean Power Plan and other related low-carbon policies, and 2) Invest in the low-carbon economy at home and abroad giving financial decision-makers clarity. We also participated in the US Department of Energy's Better Buildings, Better Plants Challenge. Finally, we were a founding member of the Rocky Mountain Institutes Business Renewables Center which was designed to increase the amount of renewable energy within the US grid. These policies all align with our J&J Climate Policy, which outlines our company's views on climate science, energy management policies, the impacts of climate on human health, and our commitments to improving our energy efficiency and reducing carbon emissions. This policy is available publicly on our website.

At the international level, we are members of several organizations such as:

- The World Wildlife Fund's Climate Savers program member, a global platform to engage business and industry on climate and energy. Member companies commit to reducing GHG emissions and influencing market or policy developments by promoting their vision, solutions and achievements.
- Founding signatory of the Renewable Energy Buyer's Principles (facilitated by the WRI and WWF)

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

J&J defines strategic imperatives as well as internal policies and implements processes to assure adherence to policies. For example, J&J's Climate Policy, newly updated in 2018, was reviewed by senior management, is applicable to all of the J&J Family of Companies and is shared publicly with all stakeholders on our website. This policy states our positions on climate change, our commitments, and governance around the policy. The Science, Technology & Sustainability Committee of J&J's Board of Directors reviews the Company's policies, programs and practices on environment, health, and sustainability, including enterprise goals directed at carbon reduction and renewable energy. In general, our Policies and Positions resources are reviewed and updated as required in conjunction with our annual Health for Humanity reports to enable stakeholders to more easily access and understand our policies on climate change.

If inconsistencies are discovered: We are a member of trade associations that advocate for our industry and market-based health solutions, and we provide financial support to several policy development organizations and think tanks whose purpose is to develop policy position papers or model legislation, among other civic activities. We acknowledge that we may not align with or support every public position each of these broad-based groups takes. However, when we do disagree with a position, we have a range of approaches we can employ to respond, and we believe that our dissenting voice has greater impact as a member of these organizations. We take input from our stakeholders and determine how best to express our views to an organization— from simply declining to participate in certain initiatives sponsored by the organization, to partnering with other members to amplify our viewpoint both within the organization and externally, to reaching out directly to the organization's leadership to examine a possible change in position.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2019-health-for-humanity-report-johnson-johnson.pdf

Page/Section reference

• Governance (pg. 19) • Strategy (pg. 9) • Risks & Opportunities (pg. 20) • Emissions figures (pg. 91-95) • Emission targets (pg. 91-95) • Other metrics (pg. 97; 104)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

J&J publishes information on its governance, strategy, risks & opportunities, emissions figures, emission targets, and other sustainability-related metrics in its annual Health for Humanity Report. We also disclose information on oversight of risk, including ESG risk, in our Proxy Statement.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive Vice President and Chief Global Supply Chain Officer, member of the company's Executive Committee	Board/Executive board

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	82059000000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

No

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	We do not currently believe that this challenge is easily overcome for several key reasons. 1) JnJ produces a diverse portfolio of products in its 3 business segments (Consumer, Medical Devices and Diagnostics, and Pharmaceutical), making unit allocation (i.e., the ratio of products sold to a customer to all products produced) an inaccurate and uninformative way to allocate emissions. 2) Products are not always produced inside JnJ facilities and our ability to track emission information on external manufacturers is limited. 3) While facility-level data is available, any given facility may produce multiple products throughout the course of a year and the cost to sub-meter production lines or specific equipment and link to product and overhead does not currently provide favorable business value.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

Our efforts have been concentrated in product improvement rather than customer allocations. In order to strive for product improvement, we have created a rigorous internal process and scorecard called Earthwards that uses principles of Life Cycle Assessment to identify product strengths and areas for improvement. However, the cost of conducting Life Cycle Assessments for all of our products is prohibitive at this time and therefore we are not able to attribute all Scope 1, 2 & 3 emissions (i.e., all emissions from cradle to grave of products) for products purchased by our customers at this time.

While we intend to maintain a rigorous and accurate inventory of our operational emissions, we currently do not have plans to sub-meter all product lines for purposes of allocating emissions to products. In addition, while we do not intend to perform LCAs on all of our products, we constantly strive to improve their environmental performance in strategic and cost-effective ways. One of our Health for Humanity 2020 Goals is to have new and existing products representing 20% of J&J revenue achieve Earthwards recognition for sustainable innovation improvements, which requires that products improve in key climate change-related criteria such as energy, water and waste reduction.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC3.1

(SC3.1) Do you want to enroll in the 2020-2021 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2019-2020 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms