W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Johnson & Johnson (J&J) and its subsidiaries (the Company) have approximately 132,200 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. Johnson & Johnson is a holding company, with operating companies conducting business in virtually all countries of the world. The Company's primary focus is products related to human health and well-being. The Company 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).

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

<table>
<thead>
<tr>
<th>Reporting year</th>
<th>Start date</th>
<th>End date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 1, 2019</td>
<td>December 31, 2019</td>
</tr>
</tbody>
</table>

W0.3
(W0.3) Select the countries/areas for which you will be supplying data.
Argentina
Belgium
Brazil
Canada
China
Colombia
Dominican Republic
Egypt
France
Germany
Greece
India
Indonesia
Ireland
Israel
Italy
Japan
Malaysia
Mexico
Netherlands
Puerto Rico
Republic of Korea
South Africa
Spain
Sweden
Switzerland
Thailand
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela (Bolivarian Republic of)

(W0.4) Select the currency used for all financial information disclosed throughout your response.
USD

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.
Companies, entities or groups over which operational control is exercised

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?
Yes

(W0.6a) Please report the exclusions.

<table>
<thead>
<tr>
<th>Exclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities whose primary activities are not research and development (R&amp;D), and/or manufacturing are excluded. For example, J&amp;J does not collect water data from locations that house primarily administrative activities such as sales/marketing office buildings and warehouses.</td>
<td>Water impacts related to office buildings and warehouses do not significantly impact J&amp;J's overall water footprint.</td>
</tr>
<tr>
<td>Withdrawals of groundwater related to remediation of contamination.</td>
<td>Groundwater pump and treat projects may be operated at sites no longer entirely under J&amp;J's control and/or operated by third parties. It is presumed that the volume of water not returned to the environment as a result of these activities is not significant relative to the footprint of our manufacturing and R&amp;D activities.</td>
</tr>
<tr>
<td>Withdrawals of groundwater as drainage from construction activities.</td>
<td>Water withdrawn as drainage is as such returned to the environment. It is presumed that the volume of water not returned to the environment as a result of these activities is not significant relative to the footprint of our manufacturing and R&amp;D activities.</td>
</tr>
<tr>
<td>Water data from manufacturing and research and development locations acquired via the purchase of a business within the last year.</td>
<td>We align our public environmental reporting to the operational boundary conditions established by the GHG Protocol. Under that Protocol, an acquisition is not included in reporting until 2 years from acquisition date.</td>
</tr>
</tbody>
</table>

W1. Current state
(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

<table>
<thead>
<tr>
<th>Sufficient amounts of good quality freshwater available for use</th>
<th>Direct use importance rating</th>
<th>Indirect use importance rating</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vital</td>
<td>Vital</td>
<td>Direct Use: Water is vital for our operations because high-quality water is required for use as a manufacturing aid and/or as a product ingredient. This is determined to be vital because future production could be compromised for certain product lines and processes if the water supply was insufficient. Indirect Use: The primary use of water in indirect operations is a manufacturing aid and/or a product ingredient. Indirect use is rated as vital because sufficient amounts of high-quality water must be used to pass product quality standards for certain categories of product, such as upstream suppliers for pharmaceutical ingredients. Primary Use: Water use varies depending on the product or business line, where for certain consumer goods (such as shampoo) most water use is distributed in our direct operations, whereas for other products most water use lies upstream in our value chain. Future water dependency is likely to remain the same (vital for direct and indirect use) given the nature of our product lines across Consumer Health, Pharmaceutical and Medical Devices Companies. While specific processes or product lines may change, our business segments (particularly Consumer Health and Pharmaceutical) will rely on high quality water in sufficient quantities as either an ingredient within our products or as a manufacturing aid.</td>
<td></td>
</tr>
<tr>
<td>Important</td>
<td>Important</td>
<td>Primary use - Direct Operations: Recycled water is used in operations as an offset for fresh water where appropriate, such as in manufacturing processes (e.g., cooling towers), but could be mitigated by internal efficiencies or supply chain diversification. Why this rating was chosen: the rating reflects the importance of offsetting fresh water usage when possible, especially in areas of water risk. However, recycled/brackish water is not of sufficient quality to be used as a product ingredient and is therefore not ‘vital’. Primary use - Indirect Operations: As with direct operations, recycled water is used as a manufacturing aid for reducing fresh water usage in our supply chain. Why this rating was chosen: It is rated as important for reducing overall water impact, as some of our supply chain may be in areas of water stress and/or water-intensive industries, but not vital because it does not meet quality standards necessary for use in products. Future recycled water dependency is likely to remain the same given the nature of our product lines across Consumer Health, Pharmaceutical and Medical Devices business segments. While specific processes or product lines may change, it is not expected that recycled water could be used as a product ingredient in the future. Our business segments will use recycled water to offset fresh water usage when feasible.</td>
<td></td>
</tr>
</tbody>
</table>

W1.2
| Water withdrawals – total volumes | 100% | Our organization monitors all ‘water withdrawals – total volumes’ as part of our approach to water efficiency and water risk management. The frequency of monitoring ranges based on billing periods (monthly to quarterly being most common) from vendor meters and/or meters that are subject to government approval for use. For locations where a meter is not available, water output is calculated based on mass balance equations to account for water use in products and/or processes. This row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water withdrawals – volumes by source | 100% | Our organization monitors all ‘water withdrawals – volumes by source’ as part of our approach to water efficiency and water risk management. The frequency of monitoring ranges based on billing periods (monthly to quarterly being most common) from vendor meters and/or meters that are subject to government approval for use. For locations where a meter is not available, water output is calculated based on mass balance equations to account for water use in products and/or processes. This row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water discharges – total volumes | 100% | Our organization monitors all ‘water discharges – total volumes’. Discharges are typically subject to permits which require metering and monitoring. The frequency of monitoring ranges based on billing periods (monthly to quarterly being most common) from vendor meters and/or meters that are subject to government approval for use. For locations where a meter is not available, water output is calculated based on mass balance equations to account for water use in products and/or processes. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water discharges – volumes by destination | 100% | Our organization monitors all ‘water discharges – volumes by destination’. Discharges are typically subject to permits which require metering and monitoring, and all wastewater is categorized by destination for reporting. The frequency of monitoring ranges based on billing periods (monthly to quarterly being most common) from vendor meters and/or meters that are subject to government approval for use. For locations where a meter is not available, water output is calculated based on mass balance equations to account for water use in products and/or processes. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water discharges – volumes by treatment method | 100% | Our organization monitors all ‘water discharges – volumes by treatment method’. Discharges are typically subject to permits which require metering and monitoring, and all wastewater is categorized by treatment method for reporting. The frequency of monitoring ranges based on billing periods (monthly to quarterly being most common) from vendor meters and/or meters that are subject to government approval for use. For locations where a meter is not available, water output is calculated based on mass balance equations to account for water use in products and/or processes. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water discharge quality – by standard | 100% | Our organization monitors all ‘water discharge quality – by standard’ parameters where required by local or permitting. Pursuant to discharge permit conditions and/or internal company requirements, discharge quality data comes via onsite analysis and/or offsite analysis by appropriately accredited laboratories. Manufacturing and R&D sites with direct discharge to surface water yearly report selected parameters to corporate. The frequency of monitoring discharge quality will vary based on permit requirements, which may range from continuous to annual. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water discharge quality – temperature | 100% | Our organization monitors ‘water discharge quality – temperature’ if required per discharge permit, which is often, but not always, required. Pursuant to discharge permit conditions and/or internal company requirements, discharge quality data comes via onsite analysis and/or offsite analysis by appropriately accredited laboratories. Manufacturing and R&D sites with direct discharge to surface water yearly report selected parameters to corporate. The frequency of monitoring discharge quality will vary based on permit requirements, which may range from continuous to annual. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water consumption – total volume | 100% | Water consumption – total volume’ is monitored indirectly as part of our corporate water reporting program, though some facilities may track this directly as part of water efficiency measures. This is generally calculated as total withdrawals subtracted by water discharge at a corporate level. The frequency of monitoring ranges based on a number of factors but is generally quarterly or annually and is based on onsite meters and/or mass balance calculations. All waters sources including recycled water are categorized by source and maintained within internal tracking systems for corporate reporting. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |
| Water recycled/reused | 100% | Our organization monitors all ‘water recycled/reused’ as part of our approach to water efficiency and water risk management. The frequency of monitoring ranges based on a number of factors but is generally quarterly or annually and is based on onsite meters and/or mass balance calculations. All waters sources including recycled water are categorized by source and maintained within internal tracking systems for corporate reporting. In this row, ‘facilities’ refers to all manufacturing and R&D sites as defined by our operational boundary. Excluded sources, such as certain facility types (administrative, sales, warehouses, marketing locations), and withdrawals of groundwater (for remediation of contamination or as drainage for construction activities), are a de minimus source relative to the water sources included. |

The provision of fully-functioning, safely managed WASH services to all workers | 100% | Our organization monitors the provision of fully-functioning, safely managed WASH services to all workers’ as part of our approach to Environmental Health, Safety & Sustainability (EHS&S) and our public commitment to the Human Right to Water. This is monitored on an ongoing basis, where all locations have access to clean drinking water and water for washing, where some locations have on-site showers. For our Company, ‘facilities’ refers to all locations within our operational boundary in all geographies.
W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

<table>
<thead>
<tr>
<th>Withdrawals</th>
<th>% withdrawn from areas with water stress</th>
<th>Comparison with previous reporting year</th>
<th>Identification tool</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raven</td>
<td>Higher</td>
<td>Not applicable</td>
<td>WRRI Aqueduct</td>
<td>Water stress, in alignment with the CDP definition (sites defined by the WRRI Aqueduct tool with baseline water stress greater than or equal to “High”), accounts for 59% of our water withdrawals. The WRRI Aqueduct tool was used for defining water stress in this question because it is in alignment with the internal comprehensive risk assessment upon which our Health for Humanity 2020 Goal is based. This internal tool assesses, among other inputs, site-level questionnaires and several water stress models that evaluate water availability, including the Water Supply Stress Index Model (WSSI), WRRI Aqueduct, Water Risk Filter, EarthStat, and SEDAC.</td>
</tr>
</tbody>
</table>

W1.2h

(W1.2h) Provide total water withdrawal data by source.

<table>
<thead>
<tr>
<th>Source</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water, including rainwater, water from wetlands, rivers, and lakes</td>
<td>Relevant</td>
<td>11705</td>
<td>About the same</td>
</tr>
<tr>
<td>Brackish surface water/Seawater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Groundwater – renewable</td>
<td>Relevant</td>
<td>2846</td>
<td>Lower</td>
</tr>
<tr>
<td>Groundwater – non-renewable</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Produced/Entained water</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Third party sources</td>
<td>Relevant</td>
<td>8676</td>
<td>Higher</td>
</tr>
</tbody>
</table>

This source is not relevant since J&J does not withdraw from brackish surface water/seawater in the 50 countries where manufacturing and R&D sites are present. This trend (not relevant) is expected to stay the same as there are no plans to include brackish surface water/seawater into our production processes.

Water withdrawal from fresh water is considered relevant because it represents 2% of our total water withdrawal in the 30 countries where manufacturing and R&D sites are present. Fresh surface water withdrawals increased by 4% from 2018 to 2019; however, as this is a small amount of water overall (only 13.75 megaliters), it is categorized as “about the same”.

Water withdrawal from brackish surface water is considered relevant because it represents 2% of our total water withdrawal in the 30 countries where manufacturing and R&D sites are present. Fresh surface water withdrawals increased by 4% from 2018 to 2019; however, as this is a small amount of water overall (only 13.75 megaliters), it is categorized as “about the same”. Water trends from this source have stayed the same despite an increase in production because of efficiency projects implemented in some of the 12 sites that use fresh surface water. This source includes rainwater, surface water, greywater, and other fresh water designations. Most of the volume reported is from direct measurements but may be supplemented by mass balance equations. This volume is expected to remain constant or increase slightly as we seek to implement rainwater harvesting and greywater where appropriate to reduce our consumption of other fresh water and third-party sources.

Future volume is expected to stay the same or slightly decrease as a result of projects to improve our water efficiency and reduce dependency on groundwater sources.

Future volume is expected to stay the same or slightly decrease as a result of projects to improve our water efficiency and reduce dependency on groundwater sources.

This source is not relevant as J&J does not withdraw from produced water sources in the 30 countries where manufacturing and R&D sites are present. This trend (not relevant) is expected to stay the same as there are no plans to include produced water into our production processes.

This source is not relevant since J&J does not withdraw from third-party sources in the 30 countries where manufacturing and R&D sites are present. This trend (not relevant) is expected to stay the same as there are no plans to include third-party sources into our production processes.
(W1.2i) Provide total water discharge data by destination.

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water</td>
<td>Relevant</td>
<td>2375</td>
<td>About the same</td>
</tr>
<tr>
<td>Brackish surface water/seawater</td>
<td>Relevant</td>
<td>118</td>
<td>About the same</td>
</tr>
<tr>
<td>Groundwater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>Water is not discharged to groundwater in the 30 countries where manufacturing and R&amp;D sites are present and is therefore not relevant. This trend (not relevant) is expected to stay the same as there are no plans to discharge to groundwater in the future.</td>
</tr>
<tr>
<td>Third-party destinations</td>
<td>Relevant</td>
<td>5457</td>
<td>Higher</td>
</tr>
</tbody>
</table>

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers
Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number
Less than 1%

% of total procurement spend
1-25

Rationale for this coverage

As the world’s largest, most broadly-based healthcare company, J&J works with more than 58,000 suppliers across our three business segments. To prioritize engagement around sustainability issues including water, we have set a Health for Humanity 2020 Goal to enrol suppliers in our Sustainable Procurement Program (SPP) covering 80% of our spend. The SPP 1) ensures supplier conformance with J&J’s Responsibility Standards for Suppliers; and 2) encourages and supports suppliers in achieving excellence by embedding sustainable social and environmental practices, including transparency, target setting and public disclosure, into their businesses and respective supply chains. We further prioritize our suppliers by requesting that those with water-intensive operations or those in water-stressed areas report using the CDP Supply Chain Water Security Questionnaire. Incentives include reporting CDP scores in Supplier scorecards among other indicators.

Impact of the engagement and measures of success

Information requested from suppliers includes responding to the CDP Supply Chain Water Security Questionnaire, which contains a mixture of quantitative and qualitative disclosure on water risk. This information is used in Supplier Scorecards, which include a mixture of other topics. These scorecards are reviewed on an ongoing basis with J&J category leads to drive performance. Success is measured by increasing the number of suppliers who report to the CDP Supply Chain Water Security Questionnaire and enrol in the SPP program. For example, in 2019, we achieved the highest number of suppliers responding (112) and an 84% participation rate.

Comment

W1.4b
(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
Onboarding & compliance

Details of engagement
Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number
76-100

% of total procurement spend
76-100

Rationale for the coverage of your engagement
We articulate our expectations of supplier business conduct in the Johnson & Johnson Responsibility Standards for Suppliers (Standards). Our Standards include a standard to reduce the environmental impacts of their operations including wastewater discharges and implement programs to manage wastewater, ensuring compliance and protection of human health and the environment.

Impact of the engagement and measures of success
Beneficial outcomes of this activity include reducing our risk from harmful wastewater discharges in our supply chain that could have environmental and reputational consequences. Success is measured by all suppliers understanding and complying with the requirements set forth in this document. We include elements of the Standards in Purchase Order terms and conditions, Contract Templates and Requests for Proposals, and take steps to assess our suppliers’ conformance to them.

Comment

Type of engagement
Incentivizing for improved water management and stewardship

Details of engagement
Water management and stewardship is integrated into supplier evaluation processes

% of suppliers by number
Less than 1%

% of total procurement spend
1-25

Rationale for the coverage of your engagement
Water management and stewardship is currently integrated into the supplier evaluation process by including applicable suppliers’ CDP Supply Chain Water Security Questionnaire in our Supplier Scorecards, which are reviewed with other impacts such as compliance, EHS&S, and business continuity issues on an ongoing basis with business segment leads.

Impact of the engagement and measures of success
Beneficial outcomes of this activity will include reducing our indirect water risk in the future by increasing water risk knowledge and transparency throughout our supply chain. Success is measured by increasing the total number of suppliers reporting to the CDP Supply Chain Water Security platform, which was 112 in 2019 (an 84% participation rate).

Comment

W1.4c

(W1.4c) What is your organization’s rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

We engage with our customers by providing public information on our website on water aspects of product sustainability through our Earthwards program and the GAIA Protocol, where the strategy is to provide information on product sustainability as we work to reduce our products’ water footprint. The Global Aquatic Ingredient Assessment (GAIA) Tool was developed to measure the potential “end-of-life” environmental impact of ingredients in new formulations. The GAIA tool evaluates the biodegradability, persistence, bioaccumulation and toxicity of formulations on a scale from 0 to 100, enabling us to rank and score products in a measurable, scalable and definable way. Earthwards® has served as an approach to identify and quantify improvement opportunities across seven key sustainability impact areas: materials, packaging, energy, waste, water, social impact and innovation. The rationale for this approach to water in our value chain is to integrate water with other critical sustainability components of product sustainability. Success is measured through our Health for Humanity 2020 Goal for new and existing products representing 20% of J&J’s revenue to achieve Earthwards® recognition for sustainability innovation improvements, which may include water. This goal was met early in 2019.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?
Yes

W2.1a
(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

| South Africa | Other, please specify (SOUTH AFRICAN WATER MANAGEMENT AREAS (WMAs)) |

Type of impact driver & Primary impact driver

| Physical     | Drought |

Primary impact

Constraint to growth

Description of impact

A severe multi-year drought in Cape Town, South Africa impacted our Cape Town facility that produced some products in our Consumer Health segment for mainly African and European markets. From February 2017 onward, increasing levels of water restrictions were imposed by the government as 'Day Zero', or the depletion of the city's water supply. While the output for J&J's production at this site was not impacted, this event required significant updates to Business Continuity Plans in case a complete disruption of water supply occurred. These updates included capital investments for water efficiency projects, ensuring product supply, and ensuring that local employees and their families were supported. Scale of impact: This event qualified as a substantive operational and/or strategic risk, despite the fact that there was no impact to production, because there was a 'highly likely' probability of water shortages for that facility where one or more product lines for one or more countries could be affected.

Primary response

Amend the Business Continuity Plan

Total financial impact

922000

Description of response

To respond to the potential detrimental impact at the Cape Town facility, a Project Steering Committee was formed to update the Business Continuity Plan and approach the problem to save water, secure water, secure product, and secure people. To save water, initiatives were implemented to reduce consumption, harvest water or increase the use of greywater for ancillary processes. To secure water, two projects were approved to provide the site with buffer storage capacity to absorb water supply interruptions and to provide the site with an alternative water source. To secure product, teams investigated dual sourcing and re-siting options for critical products. To secure people, Company personnel ensured appropriate working conditions on site. This response strategy is part of the broader J&J Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites. The response strategy began implementation in 2017 and continues through 2020. The response is expected to be effective in preventing future financial and operational impacts and improve water security at that site. The cost estimate of impact was derived from the total cost of capital investments for projects implemented at the Cape Town facility in 2018 and 2019 to mitigate water risk. This figure is the most appropriate because production was not reduced, and sales were not impacted.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.
Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Other

Tools and methods used
WRI Aqueduct
WWF Water Risk Filter
Internal company methods
External consultants

Comment
Each manufacturing and/or R&D site undergoes a comprehensive water risk assessment that evaluates many aspects of water risk. This process uses several water stress models that include the Water Supply Stress Index Model (WaSSI), WRI Aqueduct, Water Risk Filter, EarthStat, and SEDAC, which have varying assumptions but include risks/impacts 10+ years into the future. Each high-water risk site develops a mitigation plan which includes budget allocations to mitigate risk. This assessment occurred for all facilities in 2016, and in subsequent years (2018 and 2019) additional assessments occurred for acquisitions and changes to methodology (such as the recent updates to the WRI Aqueduct).

Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Type of tools and methods used
Other

Tools and methods used
Internal company methods
Other, please specify (CDP Supply Chain Water Security; WRI Aqueduct)

Comment
Water risks are partially assessed as part of ongoing supply chain business continuity planning and through our Sustainable Procurement Program (SPP). Information requested from suppliers includes responding to the CDP Supply Chain Water Security Questionnaire. This information is used in Supplier Scorecards, which include a mixture of other compliance, EHS&S and business continuity topics. These scorecards are reviewed on an ongoing basis with Company category leads to drive performance.

Other stages of the value chain

Coverage
None

Risk assessment procedure
<Not Applicable>

Frequency of assessment
<Not Applicable>

How far into the future are risks considered?
<Not Applicable>

Type of tools and methods used
<Not Applicable>

Tools and methods used
<Not Applicable>

Comment

W3.3b
Which of the following contextual issues are considered in your organization's water-related risk assessments?

<table>
<thead>
<tr>
<th>Relevance &amp; Inclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water availability at a basin/catchment level</strong></td>
<td>Water availability at a basin/catchment level is relevant because of the use of water as a manufacturing aid and/or product ingredient across our business segments (Consumer Health, Pharmaceutical, and Medical Devices). Availability at the basin level can vary significantly based on geography even within a country — for example, of our 10 sites in China, two are characterized at high-risk (in-part) because of water availability at the basin level in the Yangtze River &amp; Huang He river basins. This issue is incorporated into our direct operations for current and emerging issues through our comprehensive water risk assessment tool. As part of our Health for Humanity 2020 goal, we have evaluated all of our manufacturing and R&amp;D sites for water risk. This risk assessment evaluates both water withdrawal and discharges, including: 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), reputational impacts, and pharmaceuticals in the environment (PCPE). Implications of water on key commodities/raw materials is relevant as a business continuity issue in our supply chain, as some of our 58,000 suppliers may be in areas of water stress and/or in industries that are water intensive. This issue is incorporated into our direct operations for current and emerging issues through our comprehensive water risk assessment tool as part of our Sustainable Procurement Program (SPP). We assess supplier risk for water-related issues prior to requesting participation in the CDP Supply Chain Water Security Questionnaire by conducting a review of suppliers in water-intensive operations and located in water-stressed areas. This assessment requests information on current water consumption, risk exposure, water risks &amp; opportunities, governance, business strategy, targets, and other water-related data information. We have set a Health for Humanity 2020 Goal to engage with our 30 largest suppliers to ensure water performance at least 80% of our spend. The SPP 1) ensures supplier engagements to meet our corporate targets and; 2) encourages and supports suppliers in achieving excellence by embedding sustainable and environmental practices, including transparency, target setting and public disclosure into their businesses and respective supply chains. A subset of this program tracks participation rates of suppliers participating in the CDP Supply Chain Water program. We also incorporate consider water resource issues to broader sustainability issues such as forest commodity and forest degradation committed to our greenhouse gas emissions, biodiversity loss, shifts in water cycles and loss of economic value. Water’s impact on forest commodities is broadly assessed as part of a larger strategy to source forest materials responsibly as stated in our Wood-Fiber Products Sourcing Criteria and Responsible Palm Oil Sourcing Criteria. Water-related regulatory frameworks are relevant as part of our commitment to comply with all local regulations. This issue can be particularly important in our Consumer Health and Pharmaceutical business segments where the potential legal and regulatory framework concerning pharmaceuticals in the environment (PCPE) and the greater environment may be addressed as part of our health-related activity and in our “Respecting Biodiversity” public document. This issue is incorporated into our direct operations for current and emerging issues through our comprehensive water risk assessment tool. As part of our Health for Humanity 2020 goal, we have evaluated all of our manufacturing and R&amp;D sites for water risk. This risk assessment evaluates both water withdrawal and discharges, including: 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), reputational impacts, and pharmaceuticals in the environment (PCPE). The tool is our site-specific questionnaire where this issue is addressed, which is used in the overall site risk evaluation. Status of ecosystems and habitats is relevant as part of an identified priority issue on our global ranking of priority topics such as biodiversity, and we have statements on managing our direct and indirect impact on biodiversity as outlined in our “Respecting Biodiversity” public document. This issue is incorporated into our direct operations for current and emerging issues through our comprehensive water risk assessment tool. As part of our Health for Humanity 2020 goal, we have evaluated all of our manufacturing and R&amp;D sites for water risk. This risk assessment evaluates both water withdrawal and discharges, including: 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), reputational impacts, and pharmaceuticals in the environment (PCPE). Other contextual issues, please specify</td>
</tr>
</tbody>
</table>

**Customers** 
Customers are relevant and included as part of water-related risk assessments. As it states in Our Credo, everything we do must be of high quality. It’s our first responsibility to maintain a lien on people around the world who use and trust Johnson & Johnson products. Future water scarcity could impact production capacity and/or increase operational costs (which could be passed on to the consumer), or compromise quality if these issues are not assessed and mitigated as part of water risk assessments. At an enterprise level, we engage with customers on all issues through direct contact through sales, customer relationship managers, customer call centers, customer meetings, and industry trade group/meetings. Feedback about water issues specifically may come from customers on a subset of these methods to understand general trends. The importance of water-related issues is considered for all three stages of the value chain (where operational risk is particularly relevant both current and in the future). Operational water-risk issues are managed through our Water Risk Assessment tool, which evaluates 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), reputational impacts, and pharmaceuticals in the environment (PCPE). The tool used includes WRP: Access to Safe Drinking Water; Access to Improved Sanitation. The site-specific questionnaire also contains relevant questions regarding this issue.

**Employees** 
Our 132,000 employees are a relevant stakeholder group included as part of water-related risk assessments, as employee concern over company sustainability practices in general, and water practices specifically, is one factor of many that may impact our ability to recruit and retain employees. We also assess how water issues can affect our employees — for example, during the Cape Town water crisis, ensuring the support of our people and their families was a crucial component of our Business Continuity Plan.

**Please explain**
<table>
<thead>
<tr>
<th>Relevance &amp; inclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Local communities</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>NGOs</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Other water users at a basin/catchment level</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Other water users at the local level</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Other water users at the local level</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Water utilities at a local level</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td>Other stakeholder, please specify</td>
<td>Please select</td>
</tr>
</tbody>
</table>
Operations: The level of coverage of water-related risks is for all manufacturing and R&D sites within our operations (where the majority of our impacts are). This is assessed through our Water Risk Assessment tool, which evaluates many aspects of water risk. Inputs to the Water Risk Assessment tool include several models such as Water Supply Stress Index Model (WaSSI), WRI Aqueduct, Water Risk Filter, EarthStat, and SEDAC, which have varying assumptions but include risks/impacts 10+ years into the future. These tools were selected to provide a comprehensive view of risk from an ecological, social, economic and reputational perspective. Risks are classified at an asset level for risk mitigation plans, and overall risks are managed at an enterprise level as part of Health for Humanity 2020 Goal.

For each site classified as high risk, the Environmental Health, Safety and Sustainability (EHS&S) team provides guidance on risks and potential actions to mitigate the risks identified through the risk assessment process. Site personnel then conduct feasibility studies and mitigation plans to address the risks. Before approval, EHS&S reviews the proposed plans and analyzes the change in water risk categorization if the mitigation plans were implemented. In the case that risks cannot be fully mitigated and must be accepted, the site then integrates findings into existing Business Continuity Plans.

Value chain – supply chain: To prioritize engagement around sustainability issues including water, we have set a Health for Humanity 2020 Goal to enroll suppliers in our Sustainable Procurement Program (SPP) covering 80% of our spend. We further prioritize suppliers that may have more risk from being in an industry that is water-intensive and/or are located in an area of high water stress. These suppliers are requested to disclose more water-related information through the CDP Supply Chain Water Security Questionnaire. This information is used in Supplier Scorecards, which include a mixture of other compliance, EHS&S and business continuity topics. These scorecards are reviewed on an ongoing basis with Company Category leads to drive performance.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Definition of ‘substantive financial or strategic impact’ when identifying or assessing water-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 approach to 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 J&J from manufacturing or distributing some product volume, and are considered possible, likely, more likely or highly likely in the short- to long-term future. This definition applies to direct operations and supply chain. For example, the drought in Cape Town, South Africa in 2017 qualified as a substantive risk, even though there was no impact to production, because there was a “highly likely” probability of water shortages for that facility where one or more product lines for one or more countries could be affected.

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.
### W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

<table>
<thead>
<tr>
<th>Total number of facilities exposed to water risk</th>
<th>% company-wide facilities this represents</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 13</td>
<td>1-25</td>
<td></td>
</tr>
</tbody>
</table>

`Facilities' refers to all manufacturing and R&D sites as defined by our operational boundary. Risk is defined as the highest rated risk based on an in-house-designed risk assessment model that includes criteria from several water stress models and site-specific data.

### W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

**Country/Area & River basin**

#### China
- Huang He (Yellow River)

<table>
<thead>
<tr>
<th>Number of facilities exposed to water risk</th>
<th>% company-wide facilities this represents</th>
<th>Production value for the metals &amp; mining activities associated with these facilities</th>
<th>% company’s annual electricity generation that could be affected by these facilities</th>
<th>% company’s global oil &amp; gas production volume that could be affected by these facilities</th>
<th>% company’s total global revenue that could be affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Less than 1%</td>
</tr>
</tbody>
</table>

#### Country/Area & River basin

- **South Africa**
  - Other, please specify (SOUTH AFRICAN WATER MANAGEMENT AREAS (WMAs))

<table>
<thead>
<tr>
<th>Number of facilities exposed to water risk</th>
<th>% company-wide facilities this represents</th>
<th>Production value for the metals &amp; mining activities associated with these facilities</th>
<th>% company’s annual electricity generation that could be affected by these facilities</th>
<th>% company’s global oil &amp; gas production volume that could be affected by these facilities</th>
<th>% company’s total global revenue that could be affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Less than 1%</td>
</tr>
</tbody>
</table>

#### Country/Area & River basin

- **China**
  - Yangtze River (Chang Jiang)

<table>
<thead>
<tr>
<th>Number of facilities exposed to water risk</th>
<th>% company-wide facilities this represents</th>
<th>Production value for the metals &amp; mining activities associated with these facilities</th>
<th>% company’s annual electricity generation that could be affected by these facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Country/Area &amp; River basin</td>
<td>Number of facilities exposed to water risk</td>
<td>% company-wide facilities this represents</td>
<td>Production value for the metals &amp; mining activities associated with these facilities</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>United States of America</td>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Other, please specify</td>
<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>United States of America</td>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>California</td>
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<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1</td>
<td>Less than 1%</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Godavari</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Number of facilities exposed to water risk
1
% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

% company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company’s total global revenue that could be affected
Less than 1%

Comment

Country/Area & River basin

Mexico  Other, please specify (Rio Grande)

Number of facilities exposed to water risk
1
% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

% company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company’s total global revenue that could be affected
Less than 1%

Comment

Country/Area & River basin

Mexico  Balsas

Number of facilities exposed to water risk
1
% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

% company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company’s total global revenue that could be affected
Less than 1%

Comment

Country/Area & River basin

Indonesia  Other, please specify (GHAAS Basin 1666)
Company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

Company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

Company’s total global revenue that could be affected
Less than 1%

Comment

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puerto Rico</td>
</tr>
<tr>
<td>Other, please specify (GHAAS Basin 1834)</td>
</tr>
</tbody>
</table>

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

Company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

Company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

Company’s total global revenue that could be affected
Less than 1%

Comment

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>Meuse</td>
</tr>
</tbody>
</table>

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

Company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

Company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

Company’s total global revenue that could be affected
Less than 1%

Comment

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Other, please specify (GHAAS Basin 4131)</td>
</tr>
</tbody>
</table>

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

Company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

Company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

Company’s total global revenue that could be affected
Less than 1%

Comment
(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa

Other, please specify (SOUTH AFRICAN WATER MANAGEMENT AREAS (WMAs))

Type of risk & Primary risk driver

Primary potential impact
Reduction or disruption in production capacity

Company-specific description
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. As a result of this effort we have identified that 39% of our water is withdrawn in regions of high or extremely high baseline water stress. Growing population, economic activity and consumption combined with climate change impacts and weak water governance and infrastructure are leading to increased water scarcity in many parts of the world. This impacts J&J in several locations; we have identified 13 facilities in our operations classified as under water stress in Belgium, China, India, Indonesia, Italy, Mexico, South Africa, and the US. We have identified increased water risk, including water stress, as a substantive strategic climate-based risk to our operations with the potential to cause disruptions in operations or increase operational costs. 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 from 2017–2019 and mitigation plans necessitated capital investments to ensure business continuity. While our Cape Town facility represents <5% of the water withdrawal from areas of extremely high risk, it is used as a recent example of potential risks from reduction or disruption in production capacity and how a comprehensive risk management approach can mitigate financial impacts.

Timeframe
Current up to one year

Likelihood
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
922000

Explanation of financial impact
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 short term financial impacts. The most relevant financial impact figure for this risk is therefore ongoing capital expenditures to lower the risk of reduction or disruptions in production capacity. The reported figure is based on the capital investments at our Cape Town facility with a water benefit that were implemented in 2018 and 2019. This is a sub-set of the $7.2 million capital expenditures in 2019 related to projects with a water benefit associated with our comprehensive water risk assessment program.

Primary response to risk
Amend the Business Continuity Plan

Description of response
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 sites and implement resource protection plans at high-risk sites. In most cases these resource protection plans include updates to Business Continuity Plans as well. 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. In 2019, we implemented 33 projects in Asia Pacific, EMEA, Latin America and North America, where 3 of these projects will occur in areas categorized as “Critical” or “Major” from our internal water risk assessment process (which includes many factors including water scarcity). As a 2019 case study specific to our efforts in Cape Town, our Consumer Health manufacturing facility in Cape Town has been supporting the city’s efforts to mitigate drought risk through several water security and water saving projects, including the installation of air-cooled instead of water-cooled cooling towers. Several additional initiatives are planned and slated for implementation in 2020.

Cost of response
19900

Explanation of cost of response
The cost of management is operational expenditures associated with additional risk assessments in 2018 and 2019 as a result of new acquisitions and updates to the WRI Aqueduct methodology. While this did not include a specific assessment or re-evaluation of our Cape Town facility as it was not necessary in the reporting year, it is indicative of annual costs to support the ongoing relevancy and accuracy of our water risk assessments.
(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

**Country/Area & River basin**

<table>
<thead>
<tr>
<th>Country/Area</th>
<th>River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Rhine</td>
</tr>
</tbody>
</table>

**Stage of value chain**

Supply chain

**Type of risk & Primary risk driver**

<table>
<thead>
<tr>
<th>Physical</th>
<th>Flooding</th>
</tr>
</thead>
</table>

**Primary potential impact**

Increased operating costs

**Company-specific description**

As the world’s largest, most broadly-based healthcare company, J&J maintains operations in virtually all 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. Water stress is anticipated to increase as climate change impacts global precipitation patterns and exacerbates droughts in certain areas. This can be expected to impact our global supply chain, particularly for some water-intensive industries such as chemicals or pharmaceutical ingredients. Water stress varies greatly throughout our supply chain, which may contain some water-intensive suppliers (such as pharmaceutical ingredients or chemicals). As part of our supply chain program, we assess annually a list of suppliers for multiple criteria, including if they are in a water-intensive industry or a region of water stress (using the WRI Aqueduct tool) and request that they report using the CDP Supply Chain Water Security Questionnaire. While we view the primary benefit of this process as increasing the knowledge of water risk within our supply chain, we are beginning to assess what risks our suppliers report, if any, can directly translate to a financial impact to J&J. We evaluated a subset of suppliers that reported a quantified financial risk to the CDP Water questionnaire and indicated that their response may have some impact on J&J. Of this subset, the river basin “Rhine” was chosen as the most frequently reported river basin across suppliers with the aforementioned criteria. These suppliers reported some risks (such as flooding, increased water stress, seasonal supply variation, declining water quality, and increased water-related regulation) that could translate into financial impacts that could reasonably increase their costs to customers such as us in the event that risk mitigation was not possible. The country and river basin reported in this question is a small subset of our suppliers who have provided information to the CDP Water Risk Questionnaire and reported a detrimental water-related impact and is not reflective of all areas of physical water stress.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

170000

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

The potential financial impact figure is calculated from supplier-reported financial impacts from water-related risks in J&J’s 2019 request to respond to the CDP Supply Chain Water Security Questionnaire. The river basin “Rhine” was chosen as the highest number of records across our suppliers with impacts that could reasonably translate to an increase in cost (such as flooding, increased water stress, seasonal supply variation, declining water quality, and increased water-related regulation). J&J then allocated a total financial impact based on J&J’s spend relative to total revenue of that specific supplier (for example, if Supplier A’s total revenue was $1M, J&J’s spend was 100k, and they reported a risk of $200k, J&J’s allocated cost would be (100k/$1M)*$200k=20k). This resulted in an allocated financial risk of $170,000 for the Rhine river basin in Austria.

**Primary response to risk**

Supplier engagement: Increase supplier reporting on water

**Description of response**

To prioritize engagement around sustainability issues including water, we have set a Health for Humanity 2020 Goal to enrol suppliers in our Sustainable Procurement Program (SPP) covering 80% of our spend. The SPP: 1) ensures supplier conformance with J&J’s Responsibility Standards for Suppliers as well as applicable legal and regulatory requirements; and 2) encourages and supports suppliers in achieving excellence by embedding sustainable social and environmental practices, including transparency, target setting and public disclosure, into their businesses and respective supply chains. For water risk specifically, we also review if they are in a water-intensive industry and/or a region of water stress, using the WRI Aqueduct tool. For this selection of suppliers, we also request that suppliers report using the CDP Supply Chain Water Security Questionnaire. J&J incentivizes suppliers to report by including their CDP score in our Supplier Scorecards, (which include a mixture of other compliance, EHS and business continuity topics) and are reviewed on an ongoing basis with business segment leads. Success is measured by progressing towards our goal of enrolling 80% of our spend in the SPP program. As of 2019, approximately 71% of our spend was enrolled (200 cumulative since program launch in 2015), with 112 suppliers responding to the CDP Water Security Questionnaire.

**Cost of response**

<Not Applicable>
Explanation of cost of response
The cost of the response includes fees to the CDP supply chain program, which is our primary method of collecting water data (qualitative and quantitative) from our suppliers. This cost is recurring.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Efficiency

Primary water-related opportunity
Cost savings

Company-specific description & strategy to realize opportunity
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 or limit its availability. We use natural resources to make our products that millions of people rely on every day. It is vitally important that we operate our business within planetary boundaries. Equally, economies realized through resource efficiency support business resilience and continuity. 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 and R&D sites and implementing resource protection plans at high-risk sites. Resource mitigation plans consider 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, total water use, economic implications (water spend), and reputational impacts. In many cases, the result of these resource continuity plans are projects that have ongoing operational savings from reduced water and/or energy consumption. This is an actual positive benefit for the organization and in 2019 applied to 33 projects in Asia Pacific, Europe, Middle East & Africa, Latin America and North America, where several projects will occur in areas categorized as "Critical" or "Major" from our internal water risk assessment process. As a result of these efforts, we have decreased global water withdrawal per million USD revenue from 1.83 million m³ in 2010 to 1.43 million m³ in 2019 – a reduction of 22%. As a case study, our Consumer Health manufacturing facility in Cape Town has been supporting the city's efforts to mitigate drought risk through several water security and water saving projects, including the installation of air-cooled instead of water-cooled cooling towers. Several additional initiatives are planned and slated for implementation in 2020.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial 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)
250000

Potential financial impact figure – maximum (currency)
1200000

Explanation of financial impact
Financial impact was calculated based on the range of yearly estimated cost savings/avoidance from 2017–2019. The cost savings for these projects are derived from either reduced water or energy usage, as several of these projects have an energy saving benefit.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number
Facility 1

Facility name (optional)
Facility 1

Country/Area & River basin
China Huang He (Yellow River)
Latitude
34.28
Longitude
109.01
Located in area with water stress
Yes
Primary power generation source for your electricity generation at this facility
<Not Applicable>
Oil & gas sector business division
<Not Applicable>

<table>
<thead>
<tr>
<th>Total water withdrawals at this facility (megaliters/year)</th>
<th>158.25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparison of total withdrawals with previous reporting year</td>
<td>Lower</td>
</tr>
<tr>
<td>Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes</td>
<td>6.36</td>
</tr>
<tr>
<td>Withdrawals from brackish surface water/seawater</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from groundwater - renewable</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from groundwater - non-renewable</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from produced/entrained water</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from third party sources</td>
<td>151.89</td>
</tr>
<tr>
<td>Total water discharges at this facility (megaliters/year)</td>
<td>140.83</td>
</tr>
<tr>
<td>Comparison of total discharges with previous reporting year</td>
<td>Lower</td>
</tr>
<tr>
<td>Discharges to fresh surface water</td>
<td>21</td>
</tr>
<tr>
<td>Discharges to brackish surface water/seawater</td>
<td>0</td>
</tr>
<tr>
<td>Discharges to groundwater</td>
<td>0</td>
</tr>
<tr>
<td>Discharges to third party destinations</td>
<td>119.83</td>
</tr>
<tr>
<td>Total water consumption at this facility (megaliters/year)</td>
<td>17.42</td>
</tr>
<tr>
<td>Comparison of total consumption with previous reporting year</td>
<td>Much lower</td>
</tr>
</tbody>
</table>

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Facility 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility name (optional)</td>
<td>Facility 2</td>
</tr>
<tr>
<td>Country/Area &amp; River basin</td>
<td>South Africa Other, please specify (SOUTH AFRICAN WATER MANAGEMENT AREAS (WMAs))</td>
</tr>
</tbody>
</table>

Latitude
-34.04
Longitude
18.46
Located in area with water stress
Yes
Primary power generation source for your electricity generation at this facility
Oil & gas sector business division

Total water withdrawals at this facility (megaliters/year)
32.17

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entained water
0

Withdrawals from third party sources
32.17

Total water discharges at this facility (megaliters/year)
21.1

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
21.1

Total water consumption at this facility (megaliters/year)
11.07

Comparison of total consumption with previous reporting year
Much lower

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 3

Facility name (optional)
Facility 3

Country/Area & River basin

| China   | Yangtze River (Chang Jiang) |

Latitude
31

Longitude
121.38

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
338.31

Comparison of total withdrawals with previous reporting year
Higher
Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0
Withdrawals from brackish surface water/seawater
0
Withdrawals from groundwater - renewable
0
Withdrawals from groundwater - non-renewable
0
Withdrawals from produced/entrained water
0
Withdrawals from third party sources
338.31
Total water discharges at this facility (megaliters/year)
191.23
Comparison of total discharges with previous reporting year
Higher
Discharges to fresh surface water
0
Discharges to brackish surface water/seawater
0
Discharges to groundwater
0
Discharges to third party destinations
191.23
Total water consumption at this facility (megaliters/year)
147.08
Comparison of total consumption with previous reporting year
Lower

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 4
Facility name (optional)
Facility 4
Country/Area & River basin
United States of America Other, please specify (GHAAS Basin 891)

Latitude
40.16
Longitude
-76.32
Located in area with water stress
Yes
Primary power generation source for your electricity generation at this facility
<Not Applicable>
Oil & gas sector business division
<Not Applicable>
Total water withdrawals at this facility (megaliters/year)
340.16
Comparison of total withdrawals with previous reporting year
Higher
Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0
Withdrawals from brackish surface water/seawater
0
Withdrawals from groundwater - renewable
0
Withdrawals from groundwater - non-renewable
0
Withdrawals from third party sources
338.31
Withdrawals from produced/entrained water
0
Withdrawals from third party sources
340.16
Total water discharges at this facility (megaliters/year)
205.88
Comparison of total discharges with previous reporting year
Higher
Discharges to fresh surface water
0
Discharges to brackish surface water/seawater
0
Discharges to groundwater
0
Discharges to third party destinations
205.88
Total water consumption at this facility (megaliters/year)
134.28
Comparison of total consumption with previous reporting year
Lower
Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 5
Facility name (optional)
Facility 5
Country/Area & River basin

<table>
<thead>
<tr>
<th>United States of America</th>
<th>Other, please specify (California)</th>
</tr>
</thead>
</table>

Latitude
33.95
Longitude
-118.38
Located in area with water stress
Yes
Primary power generation source for your electricity generation at this facility
<Not Applicable>
Oil & gas sector business division
<Not Applicable>
Total water withdrawals at this facility (megaliters/year)
82.14
Comparison of total withdrawals with previous reporting year
Lower
Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0
Withdrawals from brackish surface water/seawater
0
Withdrawals from groundwater - renewable
0
Withdrawals from groundwater - non-renewable
0
Withdrawals from produced/entrained water
0
Withdrawals from third party sources
82.14
Total water discharges at this facility (megaliters/year)
57
Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
57

Total water consumption at this facility (megaliters/year)
25.14

Comparison of total consumption with previous reporting year
Much lower

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 6

Facility name (optional)
Facility 6

Country/Area & River basin

<table>
<thead>
<tr>
<th>Country/Area</th>
<th>River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>Godavari</td>
</tr>
</tbody>
</table>

Latitude
19.88

Longitude
75.34

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
31.89

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
31.89

Total water discharges at this facility (megaliters/year)
14.1

Comparison of total discharges with previous reporting year
Much higher

Discharges to fresh surface water
9.24

Discharges to brackish surface water/seawater
0

Discharges to groundwater
### Discharges to third party destinations

4.86

### Total water consumption at this facility (megaliters/year)

17.79

### Comparison of total consumption with previous reporting year

Much lower

### Please explain

Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

<table>
<thead>
<tr>
<th>Facility reference number</th>
<th>Facility name (optional)</th>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 7</td>
<td>Facility 7</td>
<td>Mexico, Other, please specify (Rio Grande)</td>
</tr>
</tbody>
</table>

**Latitude**

31.62

**Longitude**

-106.36

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>

**Oil & gas sector business division**

<Not Applicable>

### Total water withdrawals at this facility (megaliters/year)

88.75

### Comparison of total withdrawals with previous reporting year

Lower

### Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

### Withdrawals from brackish surface water/seawater

0

### Withdrawals from groundwater - renewable

0

### Withdrawals from groundwater - non-renewable

0

### Withdrawals from produced/entrained water

0

### Withdrawals from third party sources

88.75

### Total water discharges at this facility (megaliters/year)

88.75

### Comparison of total discharges with previous reporting year

Lower

### Discharges to fresh surface water

0

### Discharges to brackish surface water/seawater

0

### Discharges to groundwater

0

### Discharges to third party destinations

88.75

### Total water consumption at this facility (megaliters/year)

0

### Comparison of total consumption with previous reporting year

About the same
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 8

Facility name (optional)
Facility 8

Country/Area & River basin

| Mexico | Other, please specify (Rio Grande) |

Latitude
31.61

Longitude
-106.39

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
84.07

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
4.43

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
79.64

Total water discharges at this facility (megaliters/year)
83.81

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
4.17

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
79.64

Total water consumption at this facility (megaliters/year)
0.26

Comparison of total consumption with previous reporting year
About the same

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.
Facility name (optional)
Facility 9

Country/Area & River basin

Mexico     Balsas

Latitude
19.17

Longitude
-98.4

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
24.57

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
24.57

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
19.01

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
19.01

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
5.56

Comparison of total consumption with previous reporting year
Much lower

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 10

Facility name (optional)
Facility 10

Country/Area & River basin

Indonesia     Other, please specify (GHAAS Basin 1666)

Latitude

CDP
Longitude
106.86

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
34.34

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
34.34

Total water discharges at this facility (megaliters/year)
3.23

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
3.23

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
31.11

Comparison of total consumption with previous reporting year
Higher

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 11

Facility name (optional)
Facility 11

Country/Area & River basin
Puerto Rico

Latitude
18.259163

Longitude
-65.977901

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>
## Facility 12

### Facility name (optional)
Facility 12

### Country/Area & River basin
<table>
<thead>
<tr>
<th>Belgium</th>
<th>Meuse</th>
</tr>
</thead>
</table>

### Latitude
51.31

### Longitude
4.87

### Located in area with water stress
Yes

### Primary power generation source for your electricity generation at this facility
<Not Applicable>

### Oil & gas sector business division
<Not Applicable>

### Total water withdrawals at this facility (megaliters/year)
612.43

### Comparison of total withdrawals with previous reporting year
Lower

<table>
<thead>
<tr>
<th>Description</th>
<th>Volume (megaliters/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from brackish surface water/seawater</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from groundwater - renewable</td>
<td>28.11</td>
</tr>
<tr>
<td>Withdrawals from groundwater - non-renewable</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawals from produced/entrained water</td>
<td>241.5</td>
</tr>
<tr>
<td>Total water discharges at this facility (megaliters/year)</td>
<td>173.76</td>
</tr>
<tr>
<td>Comparison of total discharges with previous reporting year</td>
<td>Higher</td>
</tr>
<tr>
<td>Discharges to fresh surface water</td>
<td>0</td>
</tr>
<tr>
<td>Discharges to brackish surface water/seawater</td>
<td>0</td>
</tr>
<tr>
<td>Discharges to groundwater</td>
<td>0</td>
</tr>
<tr>
<td>Discharges to third party destinations</td>
<td>173.76</td>
</tr>
</tbody>
</table>

### Comparison of total consumption with previous reporting year
Much lower

**Please explain**

Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.
Withdrawals from brackish surface water/seawater: 0
Withdrawals from groundwater - renewable: 0
Withdrawals from groundwater - non-renewable: 0
Withdrawals from produced/entrained water: 0
Withdrawals from third party sources: 532.69

Total water discharges at this facility (megaliters/year): 501.04
Comparison of total discharges with previous reporting year: Higher
Discharges to fresh surface water: 501.04
Discharges to brackish surface water/seawater: 0
Discharges to groundwater: 0
Discharges to third party destinations: 0

Total water consumption at this facility (megaliters/year): 111.39
Comparison of total consumption with previous reporting year: Much lower

Please explain:
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.

Facility reference number
Facility 13

Facility name (optional)
Facility 13

Country/Area & River basin
Italy
Other, please specify (GHAAS Basin 4131)

Latitude
41.694822

Longitude
12.590745

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year): 442.06
Comparison of total withdrawals with previous reporting year: Lower
Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes: 0
Withdrawals from brackish surface water/seawater: 0
Withdrawals from groundwater - renewable: 442.06
Withdrawals from groundwater - non-renewable: 0
| Withdrawals from produced/entrained water | 0 |
| Withdrawals from third party sources | 0 |
| Total water discharges at this facility (megaliters/year) | 63.32 |
| Comparison of total discharges with previous reporting year | Lower |
| Discharges to fresh surface water | 63.32 |
| Discharges to brackish surface water/seawater | 0 |
| Discharges to groundwater | 0 |
| Discharges to third party destinations | 0 |
| Total water consumption at this facility (megaliters/year) | 378.74 |
| Comparison of total consumption with previous reporting year | Lower |

Please explain
Volumes are sourced from direct measurements and substituted with mass balance equations when necessary. Consumption is withdrawals minus discharges. Thresholds are determined by much higher/much lower being greater than 50%. This volume is expected to decrease in the future as a result of projects to achieve our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites.
(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water withdrawals – volume by source
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water withdrawals – quality
% verified
76-100

What standard and methodology was used?
All sites must verify drinking water quality and use an accredited lab for review.

Water discharges – total volumes
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water discharges – volume by destination
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water discharges – volume by treatment method
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water discharge quality – quality by standard effluent parameters
% verified
76-100

What standard and methodology was used?
All sites have to have a verification of their effluent water quality and use an accredited lab for measurements.

Water discharge quality – temperature
% verified
76-100

What standard and methodology was used?
All sites have to have a verification of their effluent water quality and use an accredited lab for measurements.

Water consumption – total volume
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.

Water recycled/reused
% verified
76-100

What standard and methodology was used?
Information relevant to our Health for Humanity 2020 Goals, including water KPIs, undergo 3rd party review, similar to verification, for public reporting.
(W6.1) Does your organization have a water policy?
Yes, we have a documented water policy that is publicly available.

(W6.1a) Select the options that best describe the scope and content of your water policy.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide</td>
<td>Description of business dependency on water</td>
</tr>
<tr>
<td></td>
<td>Description of business impact on water</td>
</tr>
<tr>
<td></td>
<td>Description of water-related performance standards for direct operations</td>
</tr>
<tr>
<td></td>
<td>Description of water-related standards for procurement</td>
</tr>
<tr>
<td></td>
<td>Reference to international standards and widely-recognized water initiatives</td>
</tr>
<tr>
<td></td>
<td>Company water targets and goals</td>
</tr>
<tr>
<td></td>
<td>Commitment to align with public policy initiatives, such as the SDGs</td>
</tr>
<tr>
<td></td>
<td>Commitments beyond regulatory compliance</td>
</tr>
<tr>
<td></td>
<td>Commitment to water-related innovation</td>
</tr>
<tr>
<td></td>
<td>Commitment to stakeholder awareness and education</td>
</tr>
<tr>
<td></td>
<td>Commitment to water stewardship and/or collective action</td>
</tr>
<tr>
<td></td>
<td>Acknowledgement of the human right to water and sanitation</td>
</tr>
<tr>
<td></td>
<td>Recognition of environmental linkages, for example, due to climate change</td>
</tr>
</tbody>
</table>

Methods to share the content of our water policies to the public include: 1) our Position on Water and Waste Management (describes our dependence and business impact on water, commitments beyond regulatory compliance, water stewardship and/or collective action, water-related innovation, and the links between water and climate change); 2) our Position on the Human Right to Water (as defined by the United Nations); 3) our annual Health for Humanity sustainability report (describes our company water targets and goals and commitment to stakeholder awareness and action); 4) our J&J Responsibility Standards for Suppliers, and 5) our Position on Impact of Pharmaceuticals and Personal Care Products in the Environment (PCPE). The rationale for this scope is to cover material water topics in our direct operations and value chain and demonstrate our commitment to these topics.

(W6.2) Is there board level oversight of water-related issues within your organization?
Yes.

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

<table>
<thead>
<tr>
<th>Position of individual</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other C-Suite Officer</td>
<td>J&amp;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 water-related issues is the Executive Vice President &amp; Chief Global Supply Chain Officer. As a member of the Executive Committee, and management member of the Regulatory Compliance Committee and Science, Technology &amp; Sustainability Committee, this position has direct oversight of the Environmental Health, Safety &amp; Sustainability Department. Responsibility for water-related issues have been assigned to this position because it has direct responsibility for many inter-related climate &amp; water-related risks and opportunities, including all aspects of Supply Chain for J&amp;J's business segments. One example of a water-related decision made by this individual/committee: this position approved water-related Health for Humanity 2020 goals in 2016.</td>
</tr>
</tbody>
</table>
W6.2b) Provide further details on the board’s oversight of water-related issues.

<table>
<thead>
<tr>
<th>Frequency that water-related issues are a scheduled agenda item</th>
<th>Governance mechanisms into which water-related issues are integrated</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled - some meetings</td>
<td>Monitoring implementation and performance</td>
<td>Every quarter each subject matter expert (SMEs) for relevant Health for Humanity 2020 Goals provides a briefing to the Worldwide Vice President, Environmental Health, Safety &amp; Sustainability (VP, EHS&amp;S) regarding progress. This includes progress towards our water risk assessment goal. The VP, EHS&amp;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 &amp; Sustainability Committee (STSC) of the J&amp;J Board of Directors. Relevant subject matter experts present updates on the progress towards goals and targets to the STSC at least annually. The Executive Vice President and Chief Global Supply Chain Officer has ultimate approval over all water risk strategy, policies, and release of water risk-related information. Additionally, several of these mechanisms have water risk integrated into the process but may not be reported to the board as a specific line item unless it is critical or requires additional input. For example, only the top risks are presented when an acquisition is presented to the Board, of which water is not likely to be at the top. Similarly, water budgets are typically handled through business segments but may have further review if needed.</td>
</tr>
<tr>
<td>1 - some meetings</td>
<td>Overseeing acquisitions and divestiture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overseeing major capital expenditures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Providing employee incentives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding annual budgets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding business plans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding major plans of action</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding risk management policies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding corporate responsibility strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing innovation/R&amp;D priorities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Setting performance objectives</td>
<td></td>
</tr>
</tbody>
</table>

W6.3
W6.3 Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)
Chief Sustainability Officer (CSO)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Worldwide Vice President of Environmental Health, Safety & Sustainability (VP, EHS&S equivalent to CSO) reports to the Executive Vice President and Chief Global Supply Chain Officer (CGSCO-the highest level of responsibility), who is a member of the company’s Executive Committee. The VP, EHS&S reports to the CGSCO quarterly or more frequently on metrics that provide insight on progress towards water-related Health for Humanity 2020 Goals. Several lines of business directly responsible for sustainability issues, including water risk, report to the VP, EHS&S. This individual is the Business Lead for Health for Humanity 2020 Goals, which include water as one of the focus areas. For example, when J&J determined that a water risk goal was more appropriate than an absolute water use reduction goal (as climate change will have a localized effect on water in the future), SMEs within EHS&S determined an appropriate course of action and worked with the VP, EHS&S to finalize the approach.

Name of the position(s) and/or committee(s)
Sustainability committee

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Not reported to board

Please explain
The J&J Enterprise Governance Council (EGC) is comprised of senior leaders who represent our three business segments and our global enterprise functions with line of sight to, and ability to impact, Environmental Social & Governance (ESG) issues. The EGC has a formalized process and protocols for this governing body, including the quarterly assessment of an ESG priority topics scorecard, proprietary reputational research on our identified ESG priority topics, and ongoing elevation of topics for further review and assessment. The Enterprise Governance Council Working Group (EGCWG) has accountability for tracking and managing the Health for Humanity 2020 Goals, UN SDG commitments, and our Health for Humanity Report, and works proactively across the enterprise to foster engagement around goal progress and commitments. Water risk is included as one of the topics in EGC’s remit because of its oversight of a broad number of highly inter-related sustainability topics.

W6.4 Do you provide incentives to C-suite employees or board members for the management of water-related issues?

<table>
<thead>
<tr>
<th>Provide incentives for management of water-related issues</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

W6.4a What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

<table>
<thead>
<tr>
<th>Role(s) entitled to incentive</th>
<th>Performance indicator</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Purchasing Officer (CPO) Other C-suite Officer (Executive Vice President &amp; Chief Global Supply Chain Officer)</td>
<td>Supply chain engagement Other, please specify (Implementation of water risk mitigation plans)</td>
<td>The CPO is ultimately responsible for the success of J&amp;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&amp;J as well. Executive Vice President and Chief Global Supply Chain Officer has oversight of our Health for Humanity 2020 Goals, which include water-related goals. Bonuses are awarded as a result of meeting many criteria, which may include progress against J&amp;J’s Health for Humanity 2020 Goals.</td>
</tr>
<tr>
<td>No one is entitled to these incentives</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
</tr>
</tbody>
</table>

W6.5 Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations
Yes, funding research organizations
**W7.1** Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

<table>
<thead>
<tr>
<th>Are water-related issues integrated?</th>
<th>Long-term time horizon (years)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, water-related issues are integrated</td>
<td>11-15</td>
<td>Water-related issues are integrated as part of our overall sustainability approach that closely links business strategy, including water, to our long-term business objectives. Environmental health, including water risk, is a focus area of our sustainability approach because water supply and quality is vital to the importance of our operations, and climate change is anticipated to impact the availability of water in the future. Water issues integrated into our long-term business objectives include: 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, regulatory requirements, total water use, economic implications (water spend), and reputational impacts. These issues are analyzed and prioritized in our comprehensive water risk assessment process. This decision was taken to mitigate water risk to minimize the probability of supply chain disruptions, associated loss of revenue, and reputational concerns. With a longer-term outlook (11-15 years) we can set 5-year interim goals such as our Health for Humanity 2020 Goals to ensure we have measurable KPIs that keep us on track for long-term our business objectives. Risk mitigation plans incorporate both immediate concerns as well as long-term viability of water given current and project water use.</td>
</tr>
<tr>
<td>Yes, water-related issues are integrated</td>
<td>11-15</td>
<td>The strategy for achieving our long-term objective to mitigate water risk is our corporate Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&amp;D sites and implement resource protection plans at high-risk sites. Resource protection plans consider 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, regulatory requirements, total water use, economic implications (water spend), and reputational impacts. This decision was taken to incorporate water risk in our corporate goals in order to use an existing program with past successes. With a longer-term outlook (11-15 years) we can set 5-year interim goals such as our Health for Humanity 2020 Goals to ensure we have measurable KPIs behind our long-term strategy that keep us on track. Our guiding strategy is to take a long-term approach to environmental and water stewardship. Caring for the environment and respecting the earth’s finite resources have been enshrined in Our Credo (written in 1943) as a fundamental element of business’s role in society for decades, which calls for “protecting the environment and natural resources”, among other principles.</td>
</tr>
<tr>
<td>Yes, water-related issues are integrated</td>
<td>11-15</td>
<td>Water-related issues are integrated into our financial planning process through either our water risk assessment program or indirectly through our CO2 Capital Relief Program. While this capital fund is specifically for projects with a carbon benefit, there are many instances where there is a similar water improvement, and many water projects are currently funded through this dedicated allocation of $40 million available per year. We are working to further integrate water projects into this dedicated capital funding approach. With a longer-term outlook (11-15 years) we can set 5-year interim goals such as our Health for Humanity 2020 Goals to ensure we have measurable KPIs around which financial planning can occur. J&amp;J recognizes that mitigating climate risk, including water, requires a long-term planning time. Water issues integrated into our long-term business objectives include: 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. total water use, economic implications (water spend), and reputational impacts. These issues are analyzed and prioritized in our comprehensive water risk assessment process.</td>
</tr>
</tbody>
</table>

**W7.2**
(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

<table>
<thead>
<tr>
<th>Row 1</th>
<th>Water-related CAPEX (+/- % change)</th>
<th>54</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Anticipated forward trend for CAPEX (+/- % change)</td>
<td>-25</td>
</tr>
<tr>
<td></td>
<td>Water-related OPEX (+/- % change)</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>Anticipated forward trend for OPEX (+/- % change)</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Please explain
CAPEX investment has been increasing as a result of our Health for Humanity 2020 goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites. To complete our goal on time, CAPEX spend is expected to peak in 2018 and slightly decrease in 2019 and 2020. OPEX anticipated forward trend is calculated by taking the compound annual growth rate (CAGR) from 2017 to 2019. Water-related expenditures for CAPEX include 33 projects implemented or budgeted in 2019 in many facilities throughout the world, including Asia Pacific, EMEA, North America, and Africa. Water-related OPEX expenditures include water withdrawal and discharge costs (mainly to third parties such as water utilities and wastewater treatment plants).

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

<table>
<thead>
<tr>
<th>Use of climate-related scenario analysis</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Our risk assessment model specific to water 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). J&amp;J also 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. Indicators including carbon pricing, political instability, sustainable material substitution, commodity availability, fossil fuel cost, consumer awareness and stakeholder concern, severe weather events, long-term shifts in climate patterns, and growth for sustainable business were developed and assessed under a business as usual (BAU) and Low-Carbon.</td>
</tr>
</tbody>
</table>

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?
Yes

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization’s response?

<table>
<thead>
<tr>
<th>Climate-related scenarios and models applied</th>
<th>Description of possible water-related outcomes</th>
<th>Company response to possible water-related outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEA Sustainable Development Scenario Other, please specify</td>
<td>In addition to J&amp;J’s Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&amp;D sites and implement resource protection plans at high-risk sites by 2020, J&amp;J also undertook a qualitative climate-related scenario analysis in line with the TCFD recommendations in 2018. Related to the Health for Humanity Goal, our 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, waste water management and regulatory issues, total water use, economic implications (water spend), and reputational impacts. Related to the TCFD-aligned climate-related scenario analysis, J&amp;J identified physical risks such as long-term shifts in weather patterns leading to water stress and drought, which could impact higher prices for raw materials.</td>
<td>Operational or strategy response to water-related outcomes: J&amp;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. The results and approach from the TCFD-aligned scenario analysis is also being used to inform J&amp;J’s next generation sustainability goals, which may include water targets. Anticipated timescale for responses: By the end of 2019, 100% of all high-risk sites identified developed mitigation plans and budgeted for their implementation in 2020; 35% of these have already completed their mitigation plans. Some aspects of this program are likely to continue in the medium-term future as we evaluate updates to our next generation sustainability goals.</td>
</tr>
</tbody>
</table>

(W7.4)
Does your company use an internal price on water?

No, but we are currently exploring water valuation practices.

Please explain:

J&J is exploring water pricing as one approach to strategic, operational and financial planning. In the past several years we have shifted focus to water risk rather than absolute water reductions. This is reflected in our Health for Humanity 2020 Goal to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans at high-risk sites. By the end of 2019, 100% of all high-risk sites identified developed mitigation plans and budgeted for their implementation in 2020; 35% of these have already completed their mitigation plans. While our current process is using existing funding mechanisms in combination with mitigation plans to prioritize water reductions in areas of high stress, we may incorporate other mechanisms such as a dedicated water capital fund, or an internal price on water.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

<table>
<thead>
<tr>
<th>Levels for targets and/or goals</th>
<th>Monitoring at corporate level</th>
<th>Approach to setting and monitoring targets and/or goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide targets and goals</td>
<td>Targets are monitored at the corporate level</td>
<td>Our approach to water-related targets and goals is to improve water efficiency across our operations by reducing water demand and increasing water reuse, and to prioritize water management actions using a risk-based approach that accounts for location-specific water risks at our sites worldwide. Our J&amp;J Health for Humanity 2020 Goal (an enterprise-wide goal) is to conduct a comprehensive water risk assessment at 100% of manufacturing and R&amp;D sites, and implement resource protection plans at high-risk sites, which can involve site-specific targets. By the end of 2019, 100% of all high-risk sites identified developed mitigation plans and budgeted for their implementation in 2020; 35% of these have already completed their mitigation plans. Targets are also cascaded to the site-level in two ways. If a site is identified as high-risk, a site-specific target may be implemented as part of a site Water Risk Mitigation plan for progress towards our Health for Humanity 2020 Goal. Additionally, we certify all manufacturing and R&amp;D sites to ISO 14001 Environmental Management System Standard within three years of establishment or acquisition. Under this certification, sites must define environment aspects and impacts and evaluate the relevance of water, among other things. In some cases, continuous improvement plans may be implemented with site-specific targets. We ensure targets and goals reflect geographic, regulatory and other contextual factors through an in-house risk assessment tool that leverages several water stress models, regional and local media coverage on water risks, local regulatory factors, site wastewater management and watershed health, water use and costs, in addition to many other inputs and processes. Any site-specific goals are integrated into this risk assessment process and formalized in Business Continuity Plans and Risk Mitigation Plans. Water usage is tracked in dedicated internal databases and monitored on a frequent basis (either quarterly or annually) at both a site and corporate level.</td>
</tr>
<tr>
<td>Business level specific targets and/or goals</td>
<td>Goals are monitored at the corporate level</td>
<td></td>
</tr>
<tr>
<td>Site/facility specific targets and/or goals</td>
<td>Site/facility specific targets and/or goals</td>
<td></td>
</tr>
</tbody>
</table>

W8.1a
(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Other, please specify (Risk Mitigation Plans - High-Risk Sites)

Level
Company-wide

Primary motivation
Risk mitigation

Description of target
Our approach to water-related targets and goals is to improve water efficiency across our operations by reducing water demand and increasing water reuse, and to prioritize water management actions using a risk-based approach that accounts for location-specific water risks at our sites worldwide. Our J&J Health for Humanity 2020 Goal is to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites, and implement resource protection plans at high-risk sites, which can involve site-specific targets.

Quantitative metric
Other, please specify (Budget Allocated - High-Risk Sites)

Baseline year
2015

Start year
2016

Target year
2020

% of target achieved
100

Please explain
By the end of 2019, 100% of all high-risk sites identified developed mitigation plans and budgeted for their implementation in 2020; 35% of these have already completed their mitigation plans.

Target reference number
Target 2

Category of target
Other, please specify (Water risk assessments)

Level
Company-wide

Primary motivation
Risk mitigation

Description of target
Our approach to water-related targets and goals is to improve water efficiency across our operations by reducing water demand and increasing water reuse, and to prioritize water management actions using a risk-based approach that accounts for location-specific water risks at our sites worldwide. Our J&J Health for Humanity 2020 Goal is to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites, and implement resource protection plans at high-risk sites, which can involve site-specific targets.

Quantitative metric
Other, please specify (Risk Assessments Conducted)

Baseline year
2015

Start year
2016

Target year
2020

% of target achieved
100

Please explain
Our J&J Health for Humanity 2020 Goal is to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites and implement resource protection plans by 2020. In order to implement resource protection plans within this timeframe, it was necessary to conduct the water risk assessment before 2017. As of 2017, J&J has conducted a risk assessment of all manufacturing and R&D sites and is on track to achieve this target.

W8.1b
(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

**Goal**
Other, please specify (Prioritize water actions with risk lens)

**Level**
Company-wide

**Motivation**
Risk mitigation

**Description of goal**
Our J&J Health for Humanity 2020 Goal is to conduct a comprehensive water risk assessment at 100% of manufacturing and R&D sites, and implement resource protection plans at high-risk sites, which can involve site-specific targets. The Health for Humanity 2020 Goal is important to J&J because water is a vital resource to our operations (in alignment with our water dependency as reported) and implementing water risk mitigation plans in 31 locations worldwide where water risk has been identified aids in the resiliency of our business. Our approach to water-related targets and goals is to improve water efficiency across our operations by reducing water demand and increasing water reuse, and to prioritize water management actions using a risk-based approach that accounts for location-specific water risks at our sites worldwide. This goal was chosen at a corporate level to ensure that local water risk realities would be prioritized appropriately throughout our organization even if local water cost do not meet traditional capital investment requirements, in alignment with the vital importance of water quality and quantity to our operations. J&J is implementing the goal by conducting local assessments and tracking centrally company-wide to ensure that activities outlines in site-specific risk mitigation plans are appropriately prioritized.

**Baseline year**
2015

**Start year**
2016

**End year**
2020

**Progress**
Indicators used to assess progress are development of detailed mitigation plans with budget allocated for implementation. The threshold for success is measured by percent of high-risk facilities sites with detailed mitigation plans having budget allocated for implementation; interim goals include 22% in 2017, 47% in 2018 and 100% in 2019. By the end of 2019, 100% of all high-risk sites identified developed mitigation plans and budgeted for their implementation in 2020; 35% of these have already completed their mitigation plans.

W9. Verification

**W9.1**

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
No, but we are actively considering verifying within the next two years

W10. Sign off

**W-FI**

(W-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.

**W10.1**

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

<table>
<thead>
<tr>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Vice President and Chief Global Supply Chain Officer, member of the company’s Executive Committee</td>
<td>Board/Executive board</td>
</tr>
</tbody>
</table>

**W10.2**

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate’s Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].
No
SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

<table>
<thead>
<tr>
<th></th>
<th>Annual revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>$820,590,000</td>
</tr>
</tbody>
</table>

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

This is confidential

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

<table>
<thead>
<tr>
<th>Are you able to provide geolocation data for your facilities?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, this is confidential data</td>
<td></td>
</tr>
</tbody>
</table>

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

<table>
<thead>
<tr>
<th>I am submitting my response</th>
<th>Public or Non-Public Submission</th>
<th>Are you ready to submit the additional Supply Chain Questions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors, Customers</td>
<td>Public</td>
<td>Yes, submit Supply Chain Questions now</td>
</tr>
</tbody>
</table>

Please confirm below

I have read and accept the applicable Terms