

C0. Introduction

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C0.1

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

Johnson & Johnson and its subsidiaries (J&J) have approximately 136,400 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Johnson & Johnson is a holding company, with operating companies conducting business in virtually all countries of the world. 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.

Medical Devices

The Medical Devices segment includes a broad range of products used in the Interventional Solutions, Orthopaedics, Surgery, and Vision 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).

Consumer Health

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

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

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

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

**C0.4**

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

- USD

**C0.5**

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

- Operational control

**C1. Governance**

**C1.1**

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

- Yes

**C1.1a**

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

Position of individual(s)	Please explain
Other C-Suite Officer	Johnson & Johnson's corporate governance structure is comprised of an external Board of Directors and an internal management leadership group – the Executive Committee. The individual with responsibility for climate-related issues is the Executive Vice President & Chief Global Supply Chain Officer. As a member of the Executive Committee, and a management member of the Johnson & Johnson Board of Directors' Regulatory Compliance Committee and Science, Technology & Sustainability Committee (STSC), this position has direct oversight of the Environmental Health & Safety and Sustainability Departments. Responsibility for climate-related issues have been assigned to this position because it has direct responsibility for many inter-related climate change risks and opportunities, including all aspects of supply chain and procurement for Johnson & Johnson's business segments (Consumer Health, Medical Devices, and Pharmaceutical). An example of a climate-related decision made in 2020 by this individual is approval of J&J's 2030 Carbon Neutrality Goal for its own operations.

## C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Chief Sustainability Officer (CSO), who leads the Sustainability Department, presents updates on the progress toward climate-related goals and targets to the Science, Technology and Sustainability Committee (STSC) of the J&J Board of Directors at least annually. The CSO 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 STSC and the Regulatory Compliance Committee (RCC) of the Johnson & Johnson Board of Directors. The Executive Vice President and Chief Global Supply Chain Officer has ultimate approval over the climate risk strategy, policies, and release of climate-related information. Our progress toward our climate goals is included in the scorecard that is used to hold our CEO and senior executives accountable for business performance, and is reviewed with our Board of Directors on a quarterly basis. This scorecard is used as part of the process to determine executive compensation, and includes both financial (such as sales and earnings per share (EPS)) and non-financial (such as product quality, product, patient and consumer safety, diversity and climate) goals.
Sporadic – as important matters arise	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> <li>Monitoring implementation and performance of objectives</li> <li>Overseeing major capital expenditures, acquisitions and divestitures</li> </ul>	<Not Applicable>	Many of these topics would be scheduled line items only if there were significant changes in strategic direction (for example, the water risk assessment program implemented in 2015, which was ultimately approved by the Executive Vice President and Chief Global Supply Chain Officer). These include providing employee incentives; reviewing and guiding business plans; reviewing and guiding major plans of action; reviewing and guiding risk management policies; reviewing and guiding strategy; setting performance objectives; reviewing and guiding corporate responsibility strategy; and reviewing innovation/R&D priorities related to environmental performance. Otherwise, these would be sporadic as important matters arise. Additionally, several of these mechanisms have climate change integrated into the governance process but may not be reported to the Board as a specific line item unless it is critical or requires additional input. For example, risk management teams review acquisitions during due diligence for their risks and/or costs to conform to regulatory standards, internal standards such as J&J's water risk program, and long-term operational risk management. When an acquisition is presented to the Board, only the top risks are presented, of which climate is not likely to be at the top. Similar mechanisms exist for reviewing and guiding annual budgets or overseeing major capital expenditures. Climate change and/or water budgets are typically handled through business segments but may have further review by the Executive Vice President and Chief Global Supply Chain Officer and/or Executive Committee if needed.

## C1.2

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

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

## C1.2a

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

The CSO reports to the Executive Vice President & Chief Global Supply Chain Officer (the highest level of responsibility for climate-related issues), who is a member of the company's Executive Committee. The CSO is invited as necessary to Committee meetings for environmental sustainability agenda items. Several lines of business directly responsible for environmental sustainability issues, including energy management, waste, water risk and product stewardship compliance, report to this position. While these lines of business have direct management of their programs (for example, energy managers will manage the Health for Humanity 2020 Goal for an absolute 20% carbon reduction by 2020), this position has management oversight of areas identified as priority impacts. Climate change-related issues have been assigned to this position because of its responsibility for managing environment-related strategy and goals including Health for Humanity Goals. For example, in 2020 the CSO and the Executive Vice President & Chief Global Supply Officer approved the setting of a 2030 Carbon Neutrality Goal for J&J Operations that will begin in 2021.

## C1.3

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

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

**C1.3a**

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Energy manager	Monetary reward	Emissions reduction target	Regional/sector energy managers own climate-related Health for Humanity 2020 Goals (such as emission reduction activities) applicable to their particular region or business segment. For example, our Health for Humanity 2020 Goal to achieve 35% of electricity from renewable sources, reductions in energy use, and emission reduction targets are allotted to regional energy managers based on operational footprint in various regions. Achieving these goals is tied to each energy manager's Goals and Objectives and performance against this plan influences pay increases and bonuses.
Environment/Sustainability manager	Monetary reward	Emissions reduction target	Environmental Health, Safety and Sustainability (EHS&S) managers are responsible for their facility's portion of climate-related Health for Humanity 2020 Goals, i.e. targets on energy use and emissions reductions and increasing renewable energy consumption. Achieving these goals is tied to each EHS&S manager's Goals and Objectives, and their performance against this plan influences pay increases and bonuses.
Facilities manager	Monetary reward	Emissions reduction target	Facility and Site managers are responsible for their facility's portion of climate-related Health for Humanity 2020 Goals, i.e. targets on energy use and emissions reductions and increasing renewable energy consumption. Achieving these targets is tied to each Facility/Site manager's Goals and Objectives, and their performance against this plan influences pay increases and bonuses.
Business unit manager	Monetary reward	Emissions reduction target	Business segment managers are responsible for certain portions of the Health for Humanity 2020 Goals, which include several climate change-related targets including emission reduction targets. Business segment managers work with energy managers, EHS&S managers, and facilities/site managers within their units to set goals and approve projects related to their portion of the 2020 Goals. Business segment managers have Goals and Objectives that include achieving the goals that they own, and performance against those plans is tied to their reviews and bonuses. There are additional monetary "Inspire" awards that can be given to employees or a team if a segment excels in achieving their goals, including climate change goals.
Other C-Suite Officer	Monetary reward	Emissions reduction target	Executive Vice President and Chief Global Supply Chain Officer has oversight of our Health for Humanity 2020 Goals, which include climate change-related goals. Bonuses are awarded as a result of meeting many criteria, which may include progress against J&J's Health for Humanity 2020 Goals.
Procurement manager	Monetary reward	Supply chain engagement	Procurement Category Leaders are responsible for the achievement of the sustainability commitments through our Sustainable Procurement Program. Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To make progress towards the goal, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program. 74% of our suppliers by spend participated in the Sustainable Procurement Program in 2020. Suppliers within the annual percentage spend target are required to participate. Participating suppliers are required to conform to our Responsibility Standards for Suppliers and fulfill one or more of four requirements listed below, determined for each supplier category by category leadership: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Category leaders across the enterprise work with their respective category teams to manage, measure, and confirm achievement through enterprise and category scorecards. In 2017 we integrated foundational elements of our Sustainable Procurement into our internal Category Management and Supplier Management processes, providing our category teams with clear guidance and standard integration. In 2017, we formed an internal council, the Responsible Procurement Council, to support program expansion. This Council comprises representatives from all 30 procurement categories to ensure J&J's policies and goals are implemented and measured in our external supply base. Responsible Procurement Council members, in addition to category leaders, have Goals and Objectives that include achieving the goals they own. Their performance against the category goals is tied to their reviews and bonuses.
Chief Procurement Officer (CPO)	Monetary reward	Supply chain engagement	The CPO is ultimately responsible for the success of J&J Procurement function and the achievement of our Health for Humanity 2020 Goal to enroll suppliers covering 80% of our spend in the Sustainable Procurement Program. Bonuses are awarded as a result of meeting several criteria, including achievement of the Health for Humanity 2020 Goals. Our CPO strongly believes that by collaborating with our partners to strengthen the social, environmental and economic performance of our supply chain, we are driving sustainability efforts beyond our four walls and strengthening J&J as well.
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	Our progress toward our climate goals is included in the scorecard that is used to hold our CEO and senior executives accountable for business performance, and is reviewed with our Board of Directors on a quarterly basis. This scorecard is used as part of the process to determine executive compensation, and includes both financial (such as sales and earnings per share [EPS]) and non-financial (such as product quality, product, patient and consumer safety, diversity and climate) goals.
Chief Sustainability Officer (CSO)	Monetary reward	Emissions reduction target	Chief Sustainability Officer has oversight of our environmentally-focused Health for Humanity Goals, which include climate change-related goals. Bonuses are awarded as a result of meeting many criteria, which may include progress against J&J's Health for Humanity Goals.

**C2. Risks and opportunities**

**C2.1**

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

Yes

**C2.1a**

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

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

## C2.1b

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

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

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

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

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

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

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

## C2.2

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

### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

### Risk management process

Integrated into multi-disciplinary company-wide risk management process

### Frequency of assessment

More than once a year

### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

### Description of process

The Johnson & Johnson Enterprise Risk Management (ERM) framework helps identify potential events that may affect the enterprise, manage the associated risks and opportunities, and provide reasonable assurance that our Company's objectives will be achieved. Our approach to ERM is informed by principles outlined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Climate-related risks are integrated into this company-wide risk management process. The Johnson & Johnson ERM Framework comprises five intertwined components: 1) STRATEGY & OBJECTIVE SETTING: The Executive Committee (EC) establishes overarching strategic goals and sets financial targets based upon our Global Growth Drivers. These goals are cascaded to our businesses around the world, ensuring alignment across the enterprise. Senior management is accountable for meeting these goals and objectives. Business unit, functional and individual employee goals and objectives are typically aligned to those of the overall organization. 2) PERFORMANCE: Internal and external issues and events affecting our ability to achieve established objectives are typically identified at various points in the business cycle. During planning and review processes, business unit management assesses the marketplace and competitive environment, including megatrends, to identify risks and opportunities facing their business. The various risk management functions provide expertise, support and input into the process as needed. Business leaders, in partnership with the applicable risk management functions, determine the appropriate way to address identified risks. The activity or situation posing the risk may be avoided, accepted, reduced, shared or transferred, depending on the facts and circumstances. To help ensure risk responses are consistently implemented, risk management functions may set policies, define minimum standards and/or issue guidelines that apply to Johnson & Johnson business activities. Risk management functions help support the implementation of these policies, standards and guidelines through monitoring tools, including self-assessments, that enable local leaders to understand where controls are necessary, as well as where improvement may be required. 3) REVIEW & REVISION: Critical to our ERM Framework is a review and reporting process to ensure risks are effectively assessed and appropriate risk responses and controls are in place. Testing, auditing and assessments are typically performed by personnel who don't report into the business in order to provide assurance that risk responses are being implemented, procedures are understood and followed, and appropriate controls are in place. 4) INFORMATION, COMMUNICATION & REPORTING: Information and communication channels are in place, so business leaders and employees are aware of risks that fall into their area of responsibility. Key risk functions meet regularly with the Johnson & Johnson Board of Directors, the EC, each Business Sector leadership team and select other senior leadership teams to ensure visibility and ownership of critical risks. Policies and procedures are in place that require incidents of noncompliance, adverse events, control failures or critical unmitigated risks to be escalated to senior management and, if appropriate, the proper authorities in a timely manner. 5) GOVERNANCE & OVERSIGHT: Our Board of Directors provides oversight of senior leadership's management of the various risks the Company faces. The Board meets at regular intervals with EC members, other senior business leaders and leaders of risk management functions to discuss risk factors related to the Company. It also receives regular reports from senior representatives of the Company's independent auditor. The EC establishes overarching strategic goals and oversees the business sectors as well as the risk functions. Johnson & Johnson business leaders are accountable for managing risks affecting their respective business segments and the overall enterprise. Risk management functions are responsible for identifying and assessing risks to business leaders and collaborating with them to find effective ways to manage identified risks. Case study – physical risks: Climate-induced water risk was identified and elevated to management by the EHS&S teams within J&J. Following the ERM process the strategy and goal objective was established to mitigate risk from water issues by assessing all manufacturing and R&D facilities for water risk and implementing business continuity plans in those locations identified as high risk. Baseline performance was established via a comprehensive water risk assessment, where individual performance indicators were applied as needed at the business and facility level. These risks were compiled by an external consultancy and reviewed and revised through ongoing testing and assessments of existing and new facilities. Progress on goals is communicated at facility, business segment, and C-suite levels in various frequencies and methods, with governance and oversight established at the top levels of the company (Executive Vice President & Chief Global Supply Chain Officer, overseen by the Science, Technology & Sustainability Committee of the Board of Directors). This goal was also included in the Company's 2020 Health for Humanity Goals, and progress was publicly disclosed on an annual basis in the Company's Health for Humanity Report. Case study – transitional risks: Climate-related regulations and reputational concerns were elevated by EHS&S teams as a potential risk to J&J. Following the ERM process, the strategy and goal objective was established to mitigate risk from climate issues by reducing GHG emissions by 20% by 2020 and 80% by 2050, from a 2010 baseline. Baseline performance was established via monthly tracking of GHG emissions in dedicated systems. The risks are reviewed and revised continuously through energy management teams within J&J and from 3rd party consultants. Progress is communicated to multiple levels of the company, included business segments, energy managers, and C-suite at regularly established intervals depending on position. Governance and oversight were established at the top level of the company (Executive Vice President & Chief Global Supply Chain Officer, overseen by the Science, Technology & Sustainability Committee of the Board of Directors). This goal was also included in the Company's 2020 Health for Humanity Goals, and progress was publicly disclosed on an annual basis in the Company's Health for Humanity Report. As a result of these processes, J&J has achieved a 45% reduction in emissions in 2020 as compared to its 2010 baseline emissions, exceeding our 2020 goal of a 20% reduction. We have also increased renewable energy consumption in our portfolio, and continued existing measures to ensure financial planning is aligned with risk mitigation.

## C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation is considered a relevant operational or strategic risk that is always included in risk assessments. An example of risks considered as part of current regulation include Johnson & Johnson's exposure to carbon tax and emission trading schemes, which currently include the EU ETS and UK CRC, and potential impacts of other carbon regulation in our supply chain. This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Emerging regulation	Relevant, always included	Emerging regulation is considered a relevant operational or strategic risk that is always included in integrated risk assessments. J&J evaluates emerging regulation and its potential to increase operating costs in our direct operations and our supply chain. As a global company with 260+ operating companies conducting business in countries around world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 7 in the United Kingdom, 13 in California, 2 in Australia, 4 in Canada, 11 in Brazil, and 56 in Europe. Currently 2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. For longer-term impacts, we have conducted a qualitative scenario analysis of future risks based on the IEA World Energy Outlook (IEA WEO) under a Business as Usual (BAU) scenario and a Sustainable Development Scenario (1.7C – 1.8C). J&J also evaluates potential costs of emerging regulation (for example, a carbon tax in all operations) to determine the economic feasibility of certain contractual instruments such as renewable electricity Power Purchase Agreements (PPAs). This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Technology	Relevant, always included	Technology risks (improvements or innovations that support the transition to a low-carbon, energy-efficient economic system) are relevant operational risks and always included in climate-related risk assessments. As a consumer-facing company that sells consumer goods, medical devices and pharmaceuticals, an example of a relevant risk is fluctuations in technology costs for renewable sources used in our operations. As of 2020, we have 48 solar arrays and five wind turbines, totalling 40 megawatts of capacity on our properties in 14 countries – enough to power an estimated 5,800 households for a year. All renewable energy projects are evaluated for risks related to fluctuating technology performance and costs before they are approved. This is incorporated into facility-level risk assessments, managed at a facility and regional level by the regional energy teams and Facilities Management teams, and monitored at the corporate level.
Legal	Relevant, always included	Legal risk is considered a relevant strategic risk that is always included in integrated risk assessments. As a consumer-facing company that sells consumer goods, medical devices and pharmaceuticals, climate-related litigation claims are unlikely compared to other industries. However, J&J does monitor indirect climate-litigation risks such as non-compliance litigation for water or carbon. We monitor legal and regulatory environments in markets where we operate. This issue is monitored by Environmental Health, Safety and Sustainability (EHS&S) teams at the local level with the support of the law department as needed.
Market	Relevant, always included	Market risk is considered a relevant operational or strategic risk that is always included in integrated risk assessments. Examples of risks included as part of climate-related market fluctuations are the following: the availability of raw materials such as fossil fuel-based substances and ecological system services such as forest goods, including wood-derived (paper products) and palm-derived (Oleochemicals). For example, forest product sourcing was determined to be a potential risk to our reputation or public trust; to this end we have recently updated our Forest Products Sourcing Principles and rolled out a systemic approach to identifying, assessing and controlling forestry risk. This is incorporated into risk management assessments from the EHS&S and Procurement teams.
Reputation	Relevant, always included	Reputational risk is considered a relevant strategic risk that is always included in risk assessments because a potential perception that J&J is a large consumer of natural resources and non-renewable energy sources could lead to a decrease in sales and/or reputational damage. Examples of risks assessed include consumer perceptions of products, our corporate responsibility programs and community perceptions of our impact in their areas (for example, responsible water usage in water-stressed areas or campaigns from NGOs on transparency of palm derivatives supply chains). This is incorporated into risk assessment processes of many enterprise functions including EHS&S and Risk & Crisis Management.
Acute physical	Relevant, always included	Acute physical impacts are considered a relevant operational, strategic and/or financial risk that is always included in risk assessments. Examples of risks considered as part of 'acute physical' include exposure to extreme storm events such as hurricanes and floods (for example, Hurricane Maria's impacts to our facilities in Puerto Rico in 2017). Johnson & Johnson did not experience any significant acute climate-related physical impacts in 2020. Facility-level risks are documented as part of Business Continuity Plans and managed at a corporate level through multiple parties. Climate-related risk exposure is managed in part through the EHS&S Department, which provides information on general risks such as the increased frequency of acute physical events because of climate change. Oversight of mitigation and management lies within the Engineering and Property Services Organization, which manages and coordinates cross-functional J&J teams and processes involved in emergency planning, response and recovery efforts for crisis events. This includes natural, wartime or technological disasters with the potential to impact our employees, facilities, or product flow to customers. Certain acute physical risks such as flooding are also evaluated through our comprehensive water risk assessment process, whereby all manufacturing and/or R&D locations must undergo a risk assessment, and high-risk sites must develop mitigation plans. We've also implemented a risk & crisis management team within Engineering & Properties Services responsible for managing and coordinating cross-functional teams and processes across Johnson & Johnson involved in emergency planning, response and recovery efforts for crisis events, including natural, wartime or technological disasters with the potential to impact our employees, facilities, or product flow to customers. This position is also responsible for providing executive summaries to keep management informed of these situations.
Chronic physical	Relevant, always included	'Chronic physical' is considered a relevant operational, strategic and/or financial risk that is always included in risk assessments. Examples of risks considered as part of 'chronic physical' include our comprehensive water risk assessment that evaluates water stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, total water use, economic implications (water spend), and reputational impacts. Each high-water risk site has developed a mitigation plan which includes budget allocations to mitigate risk. These mitigation plans are integrated into broader enterprise risk management plans and Business Continuity Plans. Climate-related risk exposure is managed in part through the EHS&S Department, which coordinates the water risk assessment process. General Business Continuity Planning is managed by multiple groups including Enterprise Facilities Management teams.

**C2.3**

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

Yes

**C2.3a**

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

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

As a global company with 260+ operating companies conducting business in virtually all countries of the world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 7 in the United Kingdom; 13 in California, 2 in Australia, 4 in Canada, 11 in Brazil, and 56 in Europe. Currently 2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. It is possible that thresholds in any of

these areas could be lowered and could thereby include additional J&J facilities, but J&J does not currently consider this to be likely. J&J also does not consider these risks to be material based on the cost of energy as a percent of sales and on our existing efforts to prepare for a carbon-constrained economy. The total cost of energy in 2020 for all facilities worldwide was approximately \$215 million US. Energy represents less than one third of one percent when compared to 2020 sales of \$82.6 billion US. We have evaluated the impact of carbon tax scenarios with a range of \$/tonne carbon price for all J&J locations. This amount is not considered to be a material financial risk to the Company.

**Time horizon**

Short-term

**Likelihood**

Very unlikely

**Magnitude of impact**

Low

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

3700000

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

74800000

**Explanation of financial impact figure**

Approach & Assumptions: A \$40/ton price (approximately \$40M) is aligned to the proposed Climate Leadership Council's US Carbon Fee, which was designed to meet the goals the US's commitment of the Paris Climate Accord to keep warming below 2 degrees C. We have used a broader range of carbon pricing to examine scenarios of minimal regulation (\$5 / ton) to significant regulation (\$100 / ton). Figures used in calculation: We have evaluated the carbon tax implications for our business for the scenarios of \$5/tonne, \$10/tonne, \$40/tonne, and \$100/tonne. The figure of \$3.7 million is based on the \$5/tonne scenario multiplied by our total 2020 Scope 1 and 2 market-based emissions, while the potential maximum is based on a \$100/tonne: Financial impact calculation: \$5 \* 747,669 market-based tonnes = \$3,738,347 rounded to \$3.7m \$100 \* 747,669 market-based tonnes = \$74,766,931 rounded to \$74.8m

**Cost of response to risk**

32900000

**Description of response and explanation of cost calculation**

Our management method is a combination of ambitious climate goals, supporting policies that facilitate the transition to a clean energy economy, and investing in projects that reduce our emissions. J&J considers decreasing our emissions and increasing our energy efficiency to be the most effective method to manage increased operational costs from carbon regulation. In 2015, we set a science-based goal to reduce Scope 1 & 2 emissions 20% by 2020 and 80% by 2050. J&J has achieved a 45% reduction compared to its 2010 baseline, exceeding our 2020 goal. In 2020, we committed to and received validation of a SBT to reduce absolute Scope 1 & 2 GHG emissions 60% by 2030 from 2016 and to reduce absolute upstream scope 3 GHG emissions 20% over the same period. In 2015, we also set a goal to produce/procure 35% of electricity from renewable sources by 2020 and to power all facilities with renewable electricity by 2050. J&J has produced/procured 54% of electricity from renewable sources in 2020, exceeding our 2020 goal. We also accelerated our 100% renewable electricity goal from 2050 to 2025. Since 2004, we have had a dedicated \$40 million CO2 Capital Relief Program for projects that have a proven CO2 reduction and an internal rate of return of >15%. Case study on reducing this risk: In 2020, J&J spent \$32.9M on projects that will reduce our GHG emissions, increase our renewable energy capacity, and generate energy cost savings. We also work to decrease our dependence on fossil fuels and diversify our energy portfolio. In 2020, four renewable power purchase agreements went into effect in Belgium, Ireland, Mexico and the Netherlands totaling over 370,000 MWh/yr, as well as green tariff electricity contracts in Germany, Greece and Japan, significantly advancing progress toward our 100% renewable electricity goal. We also installed a wind turbine at our largest chemical production site in Geel, Belgium in 2019, which was operational in 2020. We also have 48 solar arrays and five wind turbines, totaling 40MW of capacity on our properties in 14 countries. How cost of response was calculated: The cost of management is \$32.9M and was derived from the cost of capital investments in 43 carbon-reduction projects implemented or under construction in 2020. This is an annual investment as part of our dedicated CO2 Capital Relief Program, where \$445M total spend on 241 projects completed since 2005 has avoided 298,905 MT CO2e: 1 yr \* CO2 Capital Relief of \$32.9M = \$32,900,000

**Comment**

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

J&J relies on global supply chains, and production and distribution processes that are complex and are subject to increasing regulatory requirements that may affect sourcing, supply and pricing of materials used in the Company's products. These processes may also be subject to lengthy regulatory approvals. J&J therefore has some indirect risks relating to increased regulatory exposure of its supply base, particularly regulations that would affect chemical and petrochemical producers. As suppliers in cascading tiers of J&J's supply chain face increased costs resulting from complying with regulations in geographical regions affected by carbon legislation, these increased costs may translate to an increased cost in raw materials. We have evaluated the impact of carbon tax scenarios with a range of \$/tonne carbon, with an estimated cost of \$40/tonne that could result in as much as \$462 million if evenly applied to all regions in which J&J has suppliers (an unlikely scenario). Additionally, as a diverse and decentralized organization, cost of goods increases resulting from cap and trade schemes would potentially only impact certain areas of certain business segments in diversified regions and is not likely to significantly impact the Company as a whole.

**Time horizon**

Long-term

**Likelihood**

Exceptionally unlikely

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

462000000

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Approach & Assumptions: A \$40/ton price (approximately \$40M) is aligned to the proposed Climate Leadership Council's US Carbon fee, which was designed to meet the goals the US's commitment of the Paris Climate Accords to keep warming below 2 degrees C. We believe that Purchased Goods & Services, and Logistics are the most relevant scope 3 categories for assessing this risk, as they would be the most likely to pass on these costs and represent the largest portion of our upstream Scope 3 emissions. Other Scope 3 categories such as employee commuting, end of life treatment of sold products, etc., are not as likely to transfer costs of carbon regulation. Figures used in calculation: We have evaluated the carbon tax implications for our business for the scenarios of \$5/tonne, \$10/tonne, \$40/tonne, and \$100/tonne. The figure of \$462 million is based on the \$40/tonne scenario multiplied by our total supplier 2020 emissions (purchased goods and services and upstream and downstream logistics). Financial impact calculation:  $\$40 \times 11,538,623 \text{ tonnes} = \$461,544,925$  rounded to \$462 million

**Cost of response to risk**

43000

**Description of response and explanation of cost calculation**

J&J manages risk by collaborating with suppliers to accelerate environmental and social improvements across the value chain, with a goal of enrolling suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. We achieved 74% enrollment in 2020. To achieve this, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program. Suppliers within the annual percentage spend target are required to participate in the Sustainable Procurement Program. Participating suppliers are required to conform to our Responsibility Standards for Suppliers and fulfill one or more of four requirements, supplier category dependent: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Case study: In 2020, we had 1,107 cumulative suppliers since 2015 enrolled in our Sustainable Procurement Program, representing approximately 74% percent of spend, or \$18.9 billion. Of these suppliers, 423 were invited to participate in the CDP Supply Chain Climate program, and 80% participated (up from 344 suppliers invited in 2019). By encouraging our suppliers to increase their transparency, calculate direct and indirect carbon emissions, and disclose their risks from climate change in a comprehensive way, we can better manage risk in our supply chain. These actions also help us understand where there are opportunities to reduce our value chain emissions. In the next stage, we look to establish programs to encourage emissions reductions within our supply chain. As one example of this, J&J sits on the Renewable Energy Buyers Alliance (REBA) Supply Chain Advisory Board, which evaluates strategies to increase the use of renewable energy in supply chains. How cost of response was calculated: The cost of management is \$43,000 and is derived from annual fees required for participation in the CDP supply chain reporting program. This is the main method used for gathering information regarding our suppliers' climate programs and progress. Cost calculation:  $\$43,000 \times 1 \text{ fee/year} = \$43,000$

**Comment****Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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**Primary potential financial impact**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Changes to global climate, extreme weather and natural disasters could affect demand for the Company's products and services, cause disruptions in manufacturing and distribution networks, alter the availability of goods and services within the supply chain, and affect the overall design and integrity of products and operations. Climate change is predicted to increase the intensity of precipitation events, particularly in tropical and high latitude areas. While we are a geographically diverse company that has facilities in many countries, we have several locations in areas such as Puerto Rico with severe frequent storms. In 2017 Hurricane Maria in Puerto Rico had an impact on our operations, where we have facilities that manufacture product lines across multiple segments (Consumer Health, Medical Devices, and Pharmaceutical). While J&J facilities were well prepared for this extreme weather event through our Business Continuity preparedness and our emergency generation sources and backup water supplies, the destruction of public infrastructure resulted in business disruptions. This storm can be used as a proxy for similar risks in that it caused damage to physical assets, reduced productivity on the island, and reduced the availability of our product vs. generics in certain markets. J&J experienced no significant acute climate-related physical events in 2020. J&J continues to evaluate risks related to increased frequencies of such extreme weather events, and we have established robust risk management procedures and supply chain continuity programs to address them, such as investing in backup power and strategic redundancies of product manufacturing in various regions.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

25000000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Approach & Assumptions: As it is difficult to assess future weather events, we are using a recent event with known financial impacts to estimate the impacts of climate scenarios for other potential future events. Additionally, there can be a range of financial impacts from any acute weather event that can be directly or indirectly incurred. For the purposes of this report, only lost sales as a result of Hurricane Maria are reported. Figures used in calculation: This figure (\$25 million) is an estimate of lost sales from Hurricane Maria in 2017 and is consistent in approach with figures reported in our 10K. Other damages may have been incurred in other financial categories that are not included in this figure. Financial impact calculation: We assume that one major climate-related event could have an impact of \$25M: 1 event/year \* \$25,000,000 = \$25,000,000

**Cost of response to risk**

32900000

**Description of response and explanation of cost calculation**

We approach management of physical risks through a combination of risk and climate mitigation activities. Related to climate mitigation: in 2015, we set a science-based goal for our Scope 1 and 2 emissions to reduce emissions by 20% by 2020 and 80% by 2050. In parallel we undertook policy initiatives, including joining the Climate Leadership Council (CLC) in 2017, advocating for a carbon dividend in the US, and pledging support for the C40 Cities Climate Leadership group with a commitment of \$1 million over two years. Related to business continuity: oversight of mitigation and management of acute physical risks at an asset level lies with Enterprise Facilities Management, who manages and coordinates cross-functional J&J teams and processes involved in emergency planning, response and recovery efforts for crisis events. Case study: In 2019, we became founding members with board representation of the Renewable Energy Buyers Alliance (REBA). In 2020, we signed a green tariff electricity contract for our operations in the Philippines, which went into effect in October 2020. This follows our signature of renewable Power Purchase Agreements (PPAs) in 2019 for our operations in Belgium, Ireland, Mexico and the Netherlands, significantly advancing progress toward our 100% renewable electricity goal. We also installed a wind turbine at our largest chemical production site in Geel, Belgium in 2019. In 2020, at Janssen's facility in Xi'an, China, we completed a 1 MW carport plus ground mount solar installation where the solar panels also serve as a covered roof for parked employee vehicles and include charging stations for electric bicycles. How cost of response was calculated: The cost of management here is reported as climate mitigation activities that reduce our operational emissions. The cost of management is \$32.9 million and was derived from the cost of capital investments in 43 projects implemented or under construction in 2020 that reduce our carbon emissions and, by extension, our risk exposure to increased pricing of carbon emissions. This is an annual investment as part of our dedicated CO2 Capital Relief Program, where \$445 million total spend on 241 projects completed since 2005 has avoided 298,905 metric tons CO2e. Other aspects of risk management, including costs incurred as part of Business Continuity Measures implemented locally at sites affected, are not included here. Cost calculation: 1 year \* CO2 Capital Relief of \$32.9M = \$32,900,000

**Comment**

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C2.4

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

Yes

C2.4a

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

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

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

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

As a global company with 260+ operating companies conducting business in virtually all countries of the world, J&J has facilities in areas with current and pending carbon tax or carbon cap and trade schemes, including 13 in China, 7 in the United Kingdom, 13 in California, 2 in Australia, 4 in Canada, 11 in Brazil, and 56 in Europe. Currently 2 of J&J's facilities are active under the EU ETS, and all other facilities fall below the requirements for current or pending schemes. Fuel/energy taxes and regulations have the potential to increase energy costs in regions where they are implemented, and J&J's global presence means that there is global exposure to fluctuating fuel and carbon prices. An increase in cost from climate change regulation can make the capital investment in renewable energy more attractive, which often saves money over a longer period of time. While energy costs as a percent of sales is very low for J&J (<0.3% in 2020), we have successfully reduced our energy costs by our combination of energy efficiency and renewable energy projects.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

83000000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Approach & Assumptions: Our CO2 Capital Relief Program was implemented in 2005 to capitalize on energy cost saving opportunities resulting from a programmatic approach to managing carbon emissions. This dedicated \$40 million per year budget is available for projects that demonstrate potential CO2 savings and provide a financial return of 15% or higher. Our approach is to disclose the annual energy cost savings of this program as it has had success in reducing our operational costs through efficiency gains and cost reductions. Figures used in calculation: Results are reported as cumulative annual energy cost savings from completed projects since the program was implemented in 2005. Energy consumption and GHG emissions avoided are calculated by comparing energy consumption before project implementation and expected consumption after implementation using engineering estimates at the time the projects are approved. Since 2005, we have completed 241 projects with cumulative annual energy cost savings of \$83 million. Financial impact calculation: \$80 million cumulative annual energy cost savings from projects completed between 2005 and 2019 + \$3 million additional savings in 2020 = \$83,000,000

**Cost to realize opportunity**

32900000

**Strategy to realize opportunity and explanation of cost calculation**

The primary method for capitalizing on opportunities related to resource efficiency is increasing our energy efficiency and renewable energy capacity. As part of our Health for Humanity 2020 Goals, we have targets including 20% CO2 reduction by 2020 (80% by 2050) and a renewable energy production/procurement goal of 35% of electricity from renewable sources by 2020 (100% renewable electricity by 2050). In 2020, we set a goal of achieving carbon neutrality in our operations by 2030. We have a \$40 million per year CO2 Capital Relief Program for projects that increase our energy efficiency. We also have several processes in place designed to ensure successful completion of our goals and to capitalize on opportunities resulting from potential future carbon reduction. In addition to setting aside capital to fund carbon reduction projects, the Internal Rate of Return (IRR) for projects with carbon/energy efficiency components tend to have a lower acceptable IRR compared to other cost improvement projects in J&J. We create personal accountability by assigning aspects of the Health for Humanity 2020 Goals to all levels of our three business segments and enterprise functions, including managements groups and energy, EHS&S and Facility/Site managers. Case study describing efforts to realize the opportunity: At one of our largest global manufacturing facilities in Belgium, in 2020 we completed the drilling of two geothermal energy wells, each around 2.4 kilometers (1.5 miles) deep, that will bring hot water up from the ground. This renewably sourced hot water will substantially reduce the site's energy needs and CO2 emissions. How cost to realize opportunity was calculated: The strategy cost of \$32.9 million was derived from the cost of capital investments in 2020 in projects that reduce our carbon emissions and, by extension, reduce ongoing costs. It is important to note that we are reporting on the cost incurred for projects completed or under construction in the reporting year to aid in consistency of reporting. Cost calculation: 1 year \* CO2 Capital Relief of \$32.9 million = \$32,900,000

**Comment**

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Reduced water usage and consumption

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Operational savings are one aspect of our water risk program that presents an opportunity, particularly in areas of high water risk where current or future water supply disruptions may cause the price of water to increase. As a direct result of our water management methods over the past decades and the implementation of our rounds of water reduction / water risk assessment goals, we recognize the opportunity to reduce operational costs by managing water risk. While the cost of water is relatively low in most regions of the world, there are often positive linkages between water and energy savings that lead to further savings. We have identified many instances where projects that reduce our energy usage / GHG emissions as part of our Health for Humanity 2020 Goal (reduce our GHG emissions by 20% by 2020) had a similar water savings opportunity. In 2020, there were several projects completed that demonstrated this linkage, for example 4 sites implementing water projects (1 in Latin America, 2 in North America, and 1 in Asia Pacific) realized positive energy benefits in addition to reducing water use by a total of 15 million gallons per year.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1500000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Approach & Assumptions: As the cost of water is relatively low in most regions of the world, many water-related projects can be difficult to approve on cost savings alone. While significant investment in water projects occurs as part of our comprehensive water risk assessment Health for Humanity 2020 goal, resilience rather than cost savings is the primary opportunity for those projects. We are therefore reporting on a subset of projects approved as part of the CO2 Capital Relief Program that demonstrate water and energy savings. While these projects offer significant water consumption reductions, energy cost reductions still represent much of the financial opportunity. For example, of the \$1.5 million savings from these projects, less than 5% of this was directly attributed to water cost savings. Figures used in calculation: Results are reported as expected energy and water cost savings from projects completed in 2020. Energy and water consumption and are calculated by comparing consumption before project implementation and expected consumption after implementation using engineering estimates at the time the projects are approved. Financial impact calculation: \$1.5 million in annual cost savings from projects with water savings completed in 2020 \* 1 year = \$1,500,000

**Cost to realize opportunity**

8900000

**Strategy to realize opportunity and explanation of cost calculation**

As part of our corporate Health for Humanity 2020 Goal, we have managed this opportunity by conducting a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implementing resource protection plans at the high-risk sites. Resource mitigation plans consider water issues such as water stress/scarcity, projected future increases in site and watershed demand, economic implications (water spend), and reputational impacts. In many cases, the result of these resource mitigation plans are projects that have ongoing operational savings from reduced water and/or energy consumption. As of 2020, 100% of all high-risk sites identified in our water risk assessment process have developed mitigation plans and have budget allocated to start implementation. Case study describing efforts to realize the opportunity: At our facility in Mexico, we continued the use of a biological treatment plant that was installed in 2019 with a capacity of 75m<sup>3</sup> per day to give a second life to gray water, manufacturing process water, cafeteria food preparation process water, and discharge water from organic waste processing. The treated water is used for irrigation of green areas and donation to the municipal water agency, resulting in reuse of 22% of the site's wastewater. We continue to implement innovative water-savings initiatives at our facilities around the world, with total volume of recycled and reused water reaching 0.75 million m<sup>3</sup>, which represented 6.8% of our total water demand in 2020. How cost to realize opportunity was calculated: The strategy cost of \$8.9 million was derived from the cost of capital investments in projects completed in 2020 that have a water saving component and demonstrate energy and water savings. It is important to note that we are reporting on the cost incurred for projects completed in the reporting year to aid in consistency of reporting. Cost of response calculation: \$8.9 million allocated to projects with water savings in 2020 \* 1 year = \$8,900,000

**Comment****Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

In 2020, 54% of J&J's electricity was produced or procured from renewable energy sources, including 48 solar arrays and 5 wind turbines on our properties in 14 countries. A mindset towards long-term investment in renewables has resulted in energy-related operational savings, rate stability, and supporting momentum in the transition to a low-carbon economy. The transition to clean energy represents a significant opportunity; according to the Renewable Energy Buyers Alliance (REBA), "The private sector is responsible for over 60% of electricity consumption and a major driver of economic and political change. If companies with 100% renewable energy goals today achieve them, it will catalyze as much capacity as was installed from all US Renewable Portfolio Standards since 2011". Becoming more energy- and carbon-efficient are essential ways we can reduce our impact on the planet while maintaining cost effective manufacturing and supply for our patients, consumers and customers around the world. We have a long history of innovation and leadership in energy management, and have taken sustained, long-term action to reduce our greenhouse gas (GHG) emissions.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

20200000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Approach & Assumptions: Our CO2 Capital Relief Program was implemented in 2005 to capitalize on energy cost saving opportunities resulting from a programmatic approach to managing carbon emissions, which has included significant investments in renewable energy opportunities. This dedicated \$40 million per year budget is available for projects that demonstrate potential CO2 savings and provide a financial return of 15% or higher. Our approach is to disclose the annual cost savings from a subset of this program related to renewable investments on our properties, as it has had success in reducing our ongoing energy costs. Figures used in calculation: Results are reported as a cumulative annual estimated energy cost savings from completed renewable or low-carbon energy projects on our properties since the program was implemented in 2005. Cost savings are calculated by comparing renewable or low-carbon cost savings estimates before project implementation and expected generation after implementation using engineering estimates at the time the projects are approved. Financial impact calculation: \$19.9 million (cumulative savings from renewable energy projects between 2005 and 2019) + \$300,000 (savings achieved from completed renewable energy projects in 2020) = \$20,200,000

**Cost to realize opportunity**

23700000

**Strategy to realize opportunity and explanation of cost calculation**

Our strategy to realize this opportunity is to set goals to increase our production and procurement of renewable electricity. As part of our Health for Humanity 2020 Goals and our RE100 participation, we have targets to increase our renewable electricity production/procurement to 35% of electricity by 2020 and 100% renewable electricity by 2050. In 2020, we set a goal to become carbon neutral in our operations by 2030. We also accelerated our goal to produce/procure 100% of our electricity needs from renewable sources from 2050 to 2025. In 2019, we became founding members with board representation of the Renewable Energy Buyers Alliance (REBA), an association for large-scale energy buyers working toward the creation of a resilient, zero-carbon energy system across the United States. We have collaborated heavily with non-governmental organizations and peer companies in the REBA membership, which has helped us progress our renewable energy initiatives. Case study describing efforts to realize the opportunity: In 2020, we signed a green tariff electricity contract for our operations in the Philippines, which went into effect in October 2020. This follows our signature of renewable Power Purchase Agreements (PPAs) in 2019 for our operations in Belgium, Ireland, Mexico and the Netherlands, as well as green tariff electricity contracts in Germany, Greece and Japan, all of which took effect in 2019 or early 2020. How cost to realize opportunity was calculated: The strategy cost of \$23.7 million was derived from the cost of renewable energy projects completed or under construction in 2020, including geothermal, wind and solar installations. This figure is reported alongside a cumulative annual savings to demonstrate how sustained annual investments translate into significant annual savings. Cost of response calculation: \$23.7 million spent on renewable energy projects in 2020 \* 1 year = \$23,700,000

**Comment**

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**C3. Business Strategy**

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**C3.1**

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

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

**C3.1a**

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**(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

**C3.2**

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**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, quantitative

**C3.2a**

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**(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
RCP 4.5 RCP 8.5 IEA Sustainable development scenario IEA CPS	<p>Scenario identification, assumptions &amp; methods: J&amp;J undertook a qualitative climate-related scenario analysis in line with the TCFD recommendations in 2018. Nine existing climate scenarios were evaluated covering transitional and physical risks, with the IEA’s 2018 World Energy Outlook (WEO) selected as a reference for transitional risks and the IPCC AR5 selected as reference for physical risks. Business as Usual (BAU) scenarios included the Current Policies Scenario (6C) for transition risks and RCP 8.5 for physical risks, and Low Carbon Scenarios included the Sustainable Development Scenarios for transitional risks and RCP 4.5 for physical risks. Indicators were developed and assessed under a BAU and Low-Carbon scenario in order to categorize overall impact and preparedness to mitigate risk or capitalize opportunity. Time horizon &amp; relevance: Time horizons considered were up to 2040 for transitional risks, and up to 2100 for physical risks. This is relevant because it includes timeframes where significant transitional &amp; physical changes could be expected to impact J&amp;J under different BAU and Low-Carbon Scenarios. -Areas of business considered: Areas J&amp;J considered in the scenario analysis include both direct operations and supply chain in areas of energy pricing, political stability, global disease profiles, technological changes, consumer awareness, physical impacts and deforestation. Summary of results: Transition risks included: - Policy &amp; Legal risks of increased carbon pricing under low-carbon scenarios, and political stability constraining trade or introducing new tariffs - Technology &amp; market risks for sustainable forestry products such as paper and palm oil, which could introduce higher procurement costs for sustainable or certified products – impacting the J&amp;J Consumer Health segment - Market risks such as increased competition and prices from a decreased supply of raw materials, and higher fossil fuel prices both either direct operational use and raw material use (i.e., plastics and chemicals) - Reputational risks such a potential consumer perception that J&amp;J is a consumer of unsustainable materials, or that our products contain unsustainable materials Physical risks included: - Event-driven severe weather impacts that could introduce high costs from damage to infrastructure and facilities, and potentially impact supply chain and operations or introduce delays in distribution - Long-term shifts in weather patterns leading to water stress and drought could lead to higher prices for raw materials Opportunities identified included: - Market opportunities for our pharmaceutical business to meet the demand for products that address increased occurrence of vector-borne diseases and allergies resulting from a changing climate - Products &amp; services opportunities for J&amp;J to meet customer demands for sustainable products throughout our business. Informing business strategy: The results of the scenario analysis have informed our environmental objectives and strategy in several ways: 1) Updating our current public disclosure to include results of the scenario analysis; 2) Socializing climate-related scenario analysis internally to relevant groups as a helpful strategic tool; 3) Re-enforcing existing business objectives such as Health for Humanity 2020 Goal targets (including science-based targets; water-risk assessment targets, renewable electricity targets, etc.); 4) determining how to iterate current scenario analysis and a roadmap for incorporating findings throughout the organization. Case study/example: An example of how the results of the scenario analysis are influencing our business objectives and strategy include a decision in 2020 to publish a standalone TCFD-aligned summary document on our public website.</p>
Other, please specify (WRI Aqueduct, Water Supply Stress Index Model (WaSSI), Water Risk Filter, and Socio-Economic Design and Applications Center (SEDAC))	<p>Our water risk assessment model features several tools that use climate-related scenario analysis, such as the WRI Aqueduct, Water Supply Stress Index Model (WaSSI), Water Risk Filter, and Socio-Economic Design and Applications Center (SEDAC). These tools model the impacts of water availability under various climate change scenarios, which are used to categorize water risk at a site. This information is used with other risk model inputs to evaluate scenarios of water stress/scarcity, projected future increases in site and watershed demand, upstream storage, flooding, drought, watershed health, community safe water and sewer access, total water use, economic implications (water spend), and reputational impacts. As of 2020, this analysis showed that approximately 24 facilities are exposed to significant water risk. J&amp;J has responded to scenario analysis as part of our water risk assessments by creating mitigation plans for all sites categorized as having high water risk. By the end of 2020, 61% of all high-risk sites had completed implementation of mitigation plans and the remaining 39% are scheduled for completion in 2021.</p>

**C3.3**

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	How strategy has been influenced: Risks from climate change could impact products and services in several ways; regulatory risks (e.g., carbon taxes), the availability of raw materials, and supply chain disruptions from chronic or acute physical climate change events could increase the costs of raw materials and energy. This could be passed along to the consumer and change the price competitiveness of our products and services, or cause disruptions in supply. For example, while a significant drought in Cape Town, South Africa did not result in supply disruptions for goods produced in that region, it is possible that a continued prolonged draught may have impacted the availability or price of certain products in some markets. Similarly, there are climate-related opportunities for our Consumer Health and Medical Devices segments as our customers – hospitals, government healthcare systems and retailers – are giving more consideration to environmental attributes of products in their procurement decisions. We also anticipate that climate change will impact global health in many ways, including how infectious diseases emerge and spread, which may increase the need for new products and services in areas such as Neglected Tropical Diseases (NTDs) and pandemic preparedness. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 goals address several aspects of these risks. To address price competitiveness specifically related to energy, we have implemented a goal to reduce our carbon emissions 20% by 2020, which has energy-saving implications. In 2020, we surpassed this goal, achieving a 45% reduction in carbon emissions compared to a 2010 baseline. To address the risk of water scarcity impacting local supply disruptions, we implemented and have achieved a goal to conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites.
Supply chain and/or value chain	Yes	How strategy has been influenced: Our stakeholders—including patients, consumers, customers and investors—are increasingly interested in knowing more about our global procurement practices. The purchasing power of global manufacturing companies is a key asset. However, it can become a source of significant risk if not managed responsibly. We believe that improving supply chain transparency and sustainability creates value by reducing sourcing risks and protecting our brand reputation and can have far-reaching positive impacts on society and the natural environment. As the world's largest, most broadly-based healthcare company, J&J maintains operations in many countries of the world and works with more than 51,000 suppliers across our three business segments. We manage a highly complex network of supplier relationships that are critical to business success and our ability to fulfill our obligations to those we serve. Risks from climate change impact our supply chain in several ways; regulatory risks that could increase the cost of materials used in our products; physical risks (such as droughts and extreme weather events) that have the potential to interrupt supply chains; and reputational risks that could arise from climate issues in our supply chain. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 goals address several aspects of these risks. Our goal to enroll suppliers covering 80% of our spend in our Sustainable Procurement Program helps accelerate environmental improvements across the value chain. Our participation in the CDP Supply Chain program (climate & water) also helps us understand where there are risks and opportunities in our supply chain.
Investment in R&D	Yes	How strategy has been influenced: As a global healthcare leader, J&J is at the forefront of addressing the world's most intractable diseases. As part of our ambition to create a world without disease our R&D efforts are strategically focused on finding transformational solutions that can change the lives of patients across the world. Climate change could impact how infectious diseases emerge and spread, resulting in the need for new products and services in areas such as pandemic threat (vector borne and zoonotic diseases, tuberculosis). This can be both a risk and an opportunity – a risk if global disease trends are not anticipated with enough time to develop and market products, and an opportunity to develop and deliver new products to address the need. Our R&D investment strategy has been informed by global health trends, in which climate change plays an indirect role. The magnitude of this impact to date has been small in comparison to other measures. Time horizons covered are short, medium and long-term. Case study of substantial strategic decisions made: Together with the Bill & Melinda Gates Foundation, we co-founded the Pandemic Action Network, a global advocacy initiative dedicated to ending COVID-19 and preparing the world for future pandemics. We maintain a wide range of collaborations to address global health security and pandemic preparedness. Specifically, we collaborate with the Biomedical Advanced Research and Development Authority, part of the U.S. Dep. of Health and Human Services, and others to advance R&D of solutions for a range of diseases with pandemic potential, including Influenza, Ebola, COVID-19, Dengue, and Chagas. We have developed and maintain a specialized innovation unit in JLABS @ Washington, DC dedicated to the advancement of medical countermeasures aimed at securing the US from chemical, biological, radiological and nuclear threats, as well as from pandemic influenza and emerging infectious diseases. In August 2020, the US FDA granted our molecule in development a fast-track designation for the prevention of dengue. Dengue fever infects up to 400 million people annually, with an additional 2.25 billion people expected to be at risk of dengue (compared to 2015), driven in part by climate change. In Dec 2020, we began collaborating with King Abdullah University of Science and Technology on dengue research and innovation.
Operations	Yes	How strategy has been influenced: Risks from climate change have impacted operations in several ways, including: rising operational costs from carbon regulation and/or rising energy costs, and chronic/acute physical risk impacts such as water scarcity and/or increased frequency or intensity of hurricanes. J&J is already beginning to see the operational impacts from events such as Hurricane Maria in 2017 and drought in areas such as Cape Town, South Africa. As a result of these risks, we have implemented measures to have capital funding available to reduce current and long-term exposure to operational costs whenever possible, such as a \$40 million CO2 Carbon Capital Relief Program, for carbon and water-reducing projects. We have also updated operational processes to assess and mitigate impacts from water risk by implementing a program to thoroughly assess and address many aspects of water risk in our operations. Time horizons covered are short and medium-term. Case study of substantial strategic decisions made in this area to date: Our Health for Humanity 2020 Goals address several aspects of these risks. To address price competitiveness specifically related to energy, we have implemented a goal to reduce our carbon emissions 20% by 2020, which has energy-saving implications. In 2020, we surpassed this goal, achieving a 45% reduction in carbon emissions compared to a 2010 baseline. To address the risk of water scarcity impacting local supply disruptions, we implemented and have achieved a goal to conduct a comprehensive water risk assessment at 100% of manufacturing/R&D locations and implement resource protection plans at the high-risk sites.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

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

**C3.4a**

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

## C4. Targets and performance

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### C4.1

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

Absolute target

#### C4.1a

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

**Target reference number**

Abs 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2016

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1172325

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

100

**Target year**

2030

**Targeted reduction from base year (%)**

60

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

468930

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

747669

**% of target achieved [auto-calculated]**

60.3723370225833

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain (including target coverage)**

Johnson & Johnson commits to reduce absolute scope 1 and 2 GHG emissions 60% by 2030 from a 2016 base year. Johnson & Johnson also commits to reduce absolute upstream scope 3 GHG emissions 20% over the same target period. The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

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**Target reference number**

Abs 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 3 (upstream)

**Base year**

2016

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

12853958

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

100

**Target year**

2030

**Targeted reduction from base year (%)**

20

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

10283166.4

**Covered emissions in reporting year (metric tons CO2e)**

12406143

**% of target achieved [auto-calculated]**

17.4193427425234

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Johnson & Johnson commits to reduce absolute scope 1 and 2 GHG emissions 60% by 2030 from a 2016 base year. Johnson & Johnson also commits to reduce absolute upstream scope 3 GHG emissions 20% over the same target period. The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

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**Target reference number**

Abs 3

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2010

**Covered emissions in base year (metric tons CO2e)**

1356067

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

100

**Target year**

2020

**Targeted reduction from base year (%)**

20

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

1084853.6

**Covered emissions in reporting year (metric tons CO2e)**

747669

**% of target achieved [auto-calculated]**

224.324461844437

**Target status in reporting year**

Achieved

**Is this a science-based target?**

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

**Target ambition**

2°C aligned

**Please explain (including target coverage)**

This target was set in 2010 as a long-term goal. In 2015 it was evaluated to determine if it was in alignment with science-based targets. The evaluation concluded that our original goal was consistent with a 2-degree pathway and also provided us with additional information for setting a long-term 2050 goal. Additionally, our next generation goals (scopes 1, 2 and 3) has been approved by the Science-based Targets Initiative and were launched in 2020 (see Abs 1&2 goals). Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. We were unable to enroll enough of our supply base to achieve our 2020 target due to the impact of COVID-19 on Johnson & Johnson's capacity to perform supplier assessments and on our suppliers' abilities to meet the requirements of our Supplier Sustainability Program. To make progress towards the goal, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program. In 2020 the top 74% of suppliers within the annual percentage spend target participated. Participating suppliers are required to conform to our Responsibility Standards for Suppliers and fulfill one or more of four requirements listed below, determined for each supplier category by category leadership: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. We then use this data to identify opportunities to collaborate with our suppliers on emission reduction activities.

## C4.2

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

Target(s) to increase low-carbon energy consumption or production  
Other climate-related target(s)

## C4.2a

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

**Target reference number**

Low 1

**Year target was set**

2017

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2015

**Figure or percentage in base year**

2

**Target year**

2020

**Figure or percentage in target year**

35

**Figure or percentage in reporting year**

54

**% of target achieved [auto-calculated]**

157.575757575758

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Contributes to emission reduction targets Abs1 and Abs3

**Is this target part of an overarching initiative?**

RE100

**Please explain (including target coverage)**

Renewable electricity consumption in the reporting year is generated from the following sources: On-site solar and wind generation, renewable electricity contracts in Switzerland, Germany, Sweden, Greece, Japan, the Philippines, and the United States, and renewable Power Purchase Agreements (PPAs) in Belgium, the Netherlands, Ireland, Mexico, and the United States.

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**Target reference number**

Low 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2015

**Figure or percentage in base year**

2

**Target year**

2025

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

54

**% of target achieved [auto-calculated]**

53.0612244897959

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Contributes to emission reduction targets Abs1 and Abs3

**Is this target part of an overarching initiative?**

RE100

**Please explain (including target coverage)**

Renewable electricity consumption in the reporting year is generated from the following sources: On-site solar and wind generation, renewable electricity contracts in Switzerland, Germany, Sweden, Greece, Japan, the Philippines, and the United States, and renewable Power Purchase Agreements (PPAs) in Belgium, the Netherlands, Ireland, Mexico, and the United States.

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C4.2b

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

**Target reference number**

Oth 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

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

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

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2015

**Figure or percentage in base year**

25

**Target year**

2020

**Figure or percentage in target year**

80

**Figure or percentage in reporting year**

74

**% of target achieved [auto-calculated]**

89.0909090909091

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our Sustainable Procurement Program by 2020. To do so, we set incremental annual targets for percentage of spend with suppliers enrolled in our Sustainable Procurement Program, and suppliers representing 74% of spend participated in 2020. We were unable to enroll enough of our supply base to achieve our 2020 target due to the impact of COVID-19 on Johnson & Johnson's capacity to perform supplier assessments and on our suppliers' abilities to meet the requirements of our Supplier Sustainability Program. Suppliers within the annual percentage spend target are required to participate.

**C4.3**

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

Yes

**C4.3a**

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	23	18151
To be implemented*	4	2635
Implementation commenced*	10	6262
Implemented*	18	193246
Not to be implemented	0	0

**C4.3b**

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

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

897

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

105097

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

762000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative category & Initiative type**

Energy efficiency in production processes	Compressed air
---	----------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

343

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

139126

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

436348

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

1127

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

256636

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

948513

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

179

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

34190

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

205377

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

191

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

408236

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

2157571

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

Low-carbon energy generation	Geothermal
------------------------------	------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

856

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

109236

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

1320000

**Payback period**

11-15 years

**Estimated lifetime of the initiative**

21-30 years

**Comment**

---

**Initiative category & Initiative type**

Energy efficiency in production processes	Machine/equipment replacement
---	-------------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

748

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

282808

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

1023148

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

690

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

132061

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

634843

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

210

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

36077

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

198000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

5732

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

1065222

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

5902471

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

24575

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

11-15 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

18774

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

11-15 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

69770

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

6-10 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

2660

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

4040

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

---

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

38906

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment****Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

5055

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

11-15 years

**Comment****Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

18493

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

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

Method	Comment
Dedicated budget for energy efficiency	Core to improving our energy efficiency is our CO2 Capital Relief Program, which includes a \$40 million per year capital budget to support programs that reduce energy use and emissions.
Lower return on investment (ROI) specification	To attain CO2 reduction funding for a project, it must have at least a 15% IRR with a meaningful CO2 reduction impact. The 15% minimum represents a 6- or 7-year payback period and at times is a lower threshold than a typical cost improvement project within J&J.
Employee engagement	We Sustain, our environmental sustainability employee engagement program, mobilizes passionate employees to improve the environmental health of the places where we live, work and sell our products. In 2020, 67 We Sustain teams across the globe engaged their colleagues to protect the environment and human health through education, idea sharing and community volunteerism in environmental programs. Additionally, during our annual Environmental Month in September, we asked employees to take personal action to reduce their carbon footprint (Pause on Carbon) through reducing food waste, eating more plants and being energy smart. Through this online campaign, employees recorded tens of thousands of personal actions, which signals strong awareness and motivation by employees to be active stewards of the planet and to connect to our environmental health strategy.
Internal incentives/recognition programs	We host an annual sustainability awards program to recognize J&J sites and individuals around the globe who have made a significant positive impact towards our environmental, health and safety goals. Employees submit applications which are then judged internally and externally to decide the winners. Winners are recognized with monetary awards.
Internal incentives/recognition programs	Most large J&J facilities have local "green teams" dedicated to driving energy efficiency and sustainability initiatives on site. Team members are comprised of volunteers from throughout the organization who are regularly recognized with monetary awards.

## C4.5

---

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

No

## C5. Emissions methodology

---

### C5.1

---

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

#### Scope 1

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

492191

**Comment**

Data has been rebaselined to incorporate recent acquisitions.

#### Scope 2 (location-based)

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

863876

**Comment**

Data has been rebaselined to incorporate recent acquisitions.

#### Scope 2 (market-based)

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

863876

**Comment**

Data has been rebaselined to incorporate recent acquisitions.

### C5.2

---

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

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

## C6. Emissions data

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### C6.1

---

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

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

363924

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

C6.2

---

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

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

C6.3

---

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

**Reporting year**

**Scope 2, location-based**

641489

**Scope 2, market-based (if applicable)**

383745

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

C6.4

---

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

No

C6.5

---

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

**Purchased goods and services**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

9437330

**Emissions calculation methodology**

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

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

0

**Please explain**

## Capital goods

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

271206

### Emissions calculation methodology

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

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

0

### Please explain

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

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

183087

### Emissions calculation methodology

Emissions from Fuel-and Energy-related Activities were calculated for emissions from transmission and distribution (T&D) losses from purchased electricity, well-to-tank (WTT) emissions from purchased electricity, WTT emissions from T&D losses, and WTT emissions from purchased fuels. Emissions were calculated using IEA loss factors for electricity and DEFRA WTT emission factors for fuels and electricity.

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

0

### Please explain

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

2043109

### Emissions calculation methodology

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

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

0

### Please explain

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

8065

### Emissions calculation methodology

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

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

100

### Please explain

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

303249

### Emissions calculation methodology

Emissions were calculated using company spend in the reporting year paired with appropriate economic input/output (IO) emission factors from Carnegie Mellon's 2002 dataset. Where more specific primary data was able to be obtained, it was used in place of the IO calculation methodology. Business Travel emissions from personal vehicle travel reflect CO2 only.

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

29

### Please explain

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

131128

### Emissions calculation methodology

Data from a 2019 survey of a sample of employees in all regions, extrapolated for all employees globally were used to estimate average employee commuting emissions intensity per employee. This value, in conjunction with representative 2020 occupancy data estimates was used to calculate emissions from Employee Commuting. It should be noted that due to the assumptions that were made, Johnson & Johnson did not receive third-party limited assurance for this scope, but will work to improve these assumptions in the coming years.

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

0

### Please explain

## Upstream leased assets

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

28969

### Emissions calculation methodology

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

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

0

### Please explain

## Downstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

58184

### Emissions calculation methodology

Emissions from Downstream Transportation and Distribution were calculated using the U.S. EPA's SmartWay Program, and are provided for U.S. shippers only. Greenhouse gases covered in these calculations include CO<sub>2</sub> only. We have identified a level of uncertainty around the reporting boundary and the reported value is potentially overstated. As data is not available until December of the following year, we are reporting 2019 data.

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

100

### Please explain

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

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

## Use of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

7743936

### Emissions calculation methodology

Emissions from the Use of Sold Products and the End-of-Life Treatment of Sold Products were calculated using sales volumes for all J&J products combined with Life Cycle Assessment (LCA) models where sales volumes could be obtained, and where there they could not be obtained, sales revenues and average unit prices were used to estimate volumes. Due to the size of our product portfolio, LCA's were not performed for every J&J product, so products were placed into LCA categories and a representative product LCA was applied. It should be noted that due to the assumptions that were made, J&J did not receive 3rd party limited assurance for these scopes but will work to improve these assumptions in the coming years. Total use phase emissions of 7,743,936 metric tonnes includes 108,165 metric tonnes from the direct use phase and 7,635,771 metric tonnes from the indirect use phase.

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

0

### Please explain

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

223038

### Emissions calculation methodology

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

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

0

### Please explain

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

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

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

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

**Investments**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

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

**Other (upstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

**C6.7**

---

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

Yes

**C6.7a**

---

**(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.**

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	9	Biogenic emissions are produced by the burning of biogas at two of our sites and biomass at two sites.

**C6.10**

---

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

**Intensity figure**

0.00009053

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

747669

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

8258400000

**Scope 2 figure used**

Market-based

**% change from previous year**

23.5

**Direction of change**

Decreased

**Reason for change**

Revenue increased by 0.6% while emissions reduced by 23%. Emissions intensity reduced by 23.5% from 2019 to 2020 as a result of emission reduction activities, including a combination of energy efficiency measures and low-carbon installations and purchases equating to approximately 177,573 metric ton reduction.

## C7. Emissions breakdowns

### C7.1

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

Yes

### C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	349364	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	192	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	229	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	14139	IPCC Fifth Assessment Report (AR5 – 100 year)

### C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	179
Australia	117
Belgium	32834
Brazil	3922
Canada	3560
China	10258
Colombia	565
Dominican Republic	42
Egypt	64
France	4595
Germany	3527
Greece	514
India	1159
Indonesia	591
Ireland	23088
Israel	1203
Italy	4313
Japan	2092
Malaysia	1937
Mexico	3375
Netherlands	4507
Philippines	2
Puerto Rico	36808
South Africa	2306
Republic of Korea	4130
Spain	523
Sweden	6
Switzerland	9744
Thailand	1567
United Kingdom of Great Britain and Northern Ireland	2198
United States of America	204197

**C7.3**

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

By business division

**C7.3a**

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

Business division	Scope 1 emissions (metric ton CO2e)
Consumer Health	64095
Medical Devices	55143
Non-Operating	97175
Pharmaceuticals	147240

**C7.5**

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Argentina	3331	3331	10345	0
Australia	1663	1893	2336	0
Belgium	25431	0	126477	126477
Brazil	8602	8543	86215	599
Canada	392	71	13262	10868
China	63228	63024	122054	0
Colombia	1993	1993	12421	0
Dominican Republic	2510	2510	4469	0
Egypt	469	469	967	0
France	1780	1784	32440	0
Germany	13144	0	32759	32759
Greece	2784	0	5101	5102
India	19358	19358	25759	0
Indonesia	4088	4088	5340	0
Ireland	53542	0	161599	161904
Israel	8003	8003	16175	0
Italy	25381	30129	30063	0
Japan	5697	1496	11347	8369
Malaysia	7003	7003	10584	0
Mexico	20634	14521	45228	13400
Netherlands	15954	1045	50253	35691
Philippines	1383	1027	1969	506
Poland	1267	1449	1786	0
Puerto Rico	93850	93850	134083	0
South Africa	13041	13041	14565	0
Republic of Korea	12344	12344	23084	0
Spain	1088	822	4194	0
Sweden	2194	2328	47487	43760
Switzerland	1239	23	47316	46085
Taiwan, Greater China	482	482	862	0
Turkey	288	288	619	0
United Arab Emirates	237	237	455	0
United Kingdom of Great Britain and Northern Ireland	3806	5767	16594	0
United States of America	209150	66812	586581	432891
Thailand	15166	15166	31300	0
Russian Federation	412	412	1154	0
Singapore	554	562	1423	0

**C7.6**

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

By business division

**C7.6a**

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Consumer Health	164947	138891
Medical Devices	260764	121310
Non-Operating	15619	4898
Pharmaceuticals	200158	118646

**C7.9**

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

Decreased

**C7.9a**

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	166539	Decreased	17	Of the 23% total reduction seen from 2019 to 2020, a 17% decrease can be attributed to new renewable projects starting in 2020. New renewable projects included direct PPAs in The Netherlands, Belgium, and Ireland; green tariff contracts in Switzerland, the USA, the Philippines, and Japan; several onsite solar installations, and an onsite wind installation in Belgium. The projects resulted in an additional 166,540 metric tons decrease. Emission value calculation is change in emissions divided by 2019 Scope 1 and 2 emissions = -166,540 MT/ 971,301 MT = -17%
Other emissions reduction activities	11033	Decreased	1	Of the 23% total reduction seen from 2019 to 2020, 1% can be attributed to emission reduction activities. Energy efficiency and renewable energy projects supported by the CO2 Capital Relief Program with full year savings in the reporting year that resulted 11,033 metric tons CO2e. Emission value calculation is change in emissions divided by 2019 Scope 1 and 2 emissions = 11,033 MT/ 971,301 MT = -1%.
Divestment		<Not Applicable >		Not applicable
Acquisitions		<Not Applicable >		Not applicable
Mergers		<Not Applicable >		Not applicable
Change in output	15894	Decreased	2	Of the 23% total reduction seen from 2019 to 2020, 2% can be attributed to a change in output from site closures. Sites closing from organic decline in the reporting year resulted in a reduction of -15,894 metric tons CO2e. Emission value calculation is change in emissions divided by 2019 Scope 1 and 2 emissions = -15,894 MT/ 971,301 MT = -2%.
Change in methodology	21160	Increased	2	The 23% total reduction seen from 2019 to 2020 was offset by 2% higher emissions due to higher emission factors from 2019 to 2020, mainly in Puerto Rico. Emission value calculation is change in emissions divided by 2019 Scope 1 and 2 emissions = -21,160 MT/ 971,301 MT = 2%.
Change in boundary		<Not Applicable >		Not applicable
Change in physical operating conditions		<Not Applicable >		Not applicable
Unidentified	51327	Decreased	5	This figure was calculated by determining the delta between the known emissions changes from renewable energy (-166,539), other emission reduction activities (-11,033), change in output (-15,894) and change in methodology (21,160) from the known changes in emissions from 2019 to 2020). 971,301 (2019 emissions, rebaselined to include recent acquisitions) – 747,669 (2020 emissions) = 223,632 metric tons CO2e reduced. 223,632 – 166,539 (net renewable energy decrease from 2019 to 2020) – 15,894 (change in output) + 21,160 (change in methodology – 11,033 (other emission reduction activities) = 51,327 unidentified emission increases. Emission value calculation is change in emissions divided by 2019 Scope 1 and 2 emissions = 51,327 MT/ 971,301 MT = 5%.
Other		<Not Applicable >		Not applicable

## C7.9b

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

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	8381	1787949	1796330
Consumption of purchased or acquired electricity	<Not Applicable>	896010	748921	1646859
Consumption of purchased or acquired heat	<Not Applicable>	13007	16460	29467
Consumption of purchased or acquired steam	<Not Applicable>	0	41747	41747
Consumption of purchased or acquired cooling	<Not Applicable>	2522	0	2522
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	60621	<Not Applicable>	60621
Total energy consumption	<Not Applicable>	980540	2597006	3577546

C8.2b

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

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

C8.2c

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

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

1225429

**MWh fuel consumed for self-generation of electricity**

1927

**MWh fuel consumed for self-generation of heat**

1176793

**MWh fuel consumed for self-generation of steam**

34748

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

11960

**Emission factor**

50.34285

**Unit**

kg CO2e per GJ

**Emissions factor source**

US EPA Mandatory Reporting Rule (EPA MRR)

**Comment**

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

165062

**MWh fuel consumed for self-generation of electricity**

31593

**MWh fuel consumed for self-generation of heat**

58672

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

74797

**Emission factor**

70.34088

**Unit**

kg CO2e per GJ

**Emissions factor source**

US EPA Mandatory Reporting Rule (EPA MRR)

**Comment**

---

**Fuels (excluding feedstocks)**

Kerosene

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

5129

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

5129

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

75.2

**Unit**

kg CO2e per million Btu

**Emissions factor source**

US EPA Mandatory Reporting Rule (EPA MRR)

**Comment**

---

**Fuels (excluding feedstocks)**

Propane Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

14834

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

14834

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

58.73012

**Unit**

kg CO2e per GJ

**Emissions factor source**

US EPA Mandatory Reporting Rule (EPA MRR)

**Comment**

---

**Fuels (excluding feedstocks)**

Fuel Oil Number 6

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

3686

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

3686

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

&lt;Not Applicable&gt;

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

75.3538

**Unit**

kg CO2e per GJ

**Emissions factor source**

US EPA Mandatory Reporting Rule (EPA MRR)

**Comment**

---

**Fuels (excluding feedstocks)**

Biogas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

7846

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

7846

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

&lt;Not Applicable&gt;

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

0.25655

**Unit**

kg CO2e per million Btu

**Emissions factor source**

US EPA Climate Leadership Emission Factors for Greenhouse Gas Inventories

**Comment**

---

**Fuels (excluding feedstocks)**

Primary Solid Biomass

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

535

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

535

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

&lt;Not Applicable&gt;

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

1.556

**Unit**

kg CO2e per million Btu

**Emissions factor source**

US EPA Climate Leadership Emission Factors for Greenhouse Gas Inventories

**Comment**

---

**Fuels (excluding feedstocks)**

Jet Kerosene

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

15672

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

15672

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

212.214

**Unit**

kg CO2e per million Btu

**Emissions factor source**

WRI GHG Protocol "Emission Factors from Cross Sector Tools"

**Comment**

---

**Fuels (excluding feedstocks)**

Petrol

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

358137

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

358137

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

200.915

**Unit**

kg CO2e per MWh

**Emissions factor source**

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

**Comment**

---

C8.2d

---

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	121466	119204	57867	55605
Heat	50589	50589	5015	5015
Steam	34748	34748	0	0
Cooling	0	0	0	0

C8.2e

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

**Sourcing method**

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

**Low-carbon technology type**

Wind

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

United States of America

**MWh consumed accounted for at a zero emission factor**

442596

**Comment**

Virtual PPA in Texas

**Sourcing method**

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

**Low-carbon technology type**

Wind

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

Canada

**MWh consumed accounted for at a zero emission factor**

10868

**Comment**

Virtual PPA in Texas

**Sourcing method**

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

**Low-carbon technology type**

Wind

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

Belgium

**MWh consumed accounted for at a zero emission factor**

126477

**Comment**

Direct PPA in Belgium

**Sourcing method**

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

**Low-carbon technology type**

Wind

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

Ireland

**MWh consumed accounted for at a zero emission factor**

161904

**Comment**

Direct PPA in Ireland

**Sourcing method**

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

**Low-carbon technology type**

Solar

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

Brazil

**MWh consumed accounted for at a zero emission factor**

599

**Comment**

Direct PPA in Brazil

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**Sourcing method**

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

**Low-carbon technology type**

Wind

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

Mexico

**MWh consumed accounted for at a zero emission factor**

13400

**Comment**

Direct PPA in Mexico

---

**Sourcing method**

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

**Low-carbon technology type**

Wind

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

Netherlands

**MWh consumed accounted for at a zero emission factor**

35691

**Comment**

Direct PPA in the Netherlands

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**Sourcing method**

Heat/steam/cooling supply agreement

**Low-carbon technology type**

Biomass

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

Sweden

**MWh consumed accounted for at a zero emission factor**

13007

**Comment**

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

---

**Sourcing method**

Heat/steam/cooling supply agreement

**Low-carbon technology type**

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

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

Sweden

**MWh consumed accounted for at a zero emission factor**

2522

**Comment**

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

---

**Sourcing method**

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

**Low-carbon technology type**

Hydropower

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

Switzerland

**MWh consumed accounted for at a zero emission factor**

46085

**Comment**

Contracts for electricity supply with energy suppliers in Switzerland.

---

**Sourcing method**

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

**Low-carbon technology type**

Solar

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

Greece

**MWh consumed accounted for at a zero emission factor**

5102

**Comment**

Contracts for electricity supply with energy suppliers in Greece.

---

**Sourcing method**

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

**Low-carbon technology type**

Biomass

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

Japan

**MWh consumed accounted for at a zero emission factor**

8369

**Comment**

Contracts for electricity supply with energy suppliers in Japan.

---

**Sourcing method**

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

**Low-carbon technology type**

Geothermal

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

Philippines

**MWh consumed accounted for at a zero emission factor**

506

**Comment**

Contract for electricity supply with energy supplier in Philippines.

---

**Sourcing method**

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

**Low-carbon technology type**

Hydropower

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

Sweden

**MWh consumed accounted for at a zero emission factor**

21361

**Comment**

Contract for electricity supply with energy supplier in Helsingborg, Sweden

---

**Sourcing method**

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

**Low-carbon technology type**

Hydropower

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

Germany

**MWh consumed accounted for at a zero emission factor**

35759

**Comment**

Contracts for electricity supply with energy suppliers in Germany.

---

**Sourcing method**

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

**Low-carbon technology type**

Solar

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

United States of America

**MWh consumed accounted for at a zero emission factor**

10295

**Comment**

Contract for electricity supply with energy supplier in Georgia.

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C9. Additional metrics

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C9.1

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

C10. Verification

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C10.1

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

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

C10.1a

---

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

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/ section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

C10.1b

---

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

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/ section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/ section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

C10.1c

---

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

**Scope 3 category**

Scope 3: Purchased goods and services

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Capital goods

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

---

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

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

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Upstream transportation and distribution

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Waste generated in operations

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

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**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Business travel

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**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Upstream leased assets

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

Pg. 1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Downstream transportation and distribution

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**Page/section reference**

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**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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**C10.2**

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

Yes

**C10.2a**

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Renewable energy products	ISAE 3000	As part of our Scope 1, 2 and 3 verification, we also verify the percentage of electricity use generated by renewable sources. ERM CVS 2020 CDP Climate Change Assurance Statement.pdf

**C11. Carbon pricing**

**C11.1**

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

Yes

**C11.1a**

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

EU ETS

**C11.1b**

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

**EU ETS**

**% of Scope 1 emissions covered by the ETS**

2.8

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1 2020

**Period end date**

December 31 2020

**Allowances allocated**

33270

**Allowances purchased**

0

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

31698

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

**C11.1d**

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

The sites under the EU ETS scheme currently have excess allowances and do not need to purchase carbon credits to comply with regulations. Should events change, and the number of allowances is lowered, these sites will continue to invest in energy efficiency and other efforts to lower their respective footprint. Should purchase of certified emissions reductions (CERs) or other compliance credits be required, we will develop and implement an active strategy for doing so in the most cost-effective manner. For example, in 2019 we installed a wind turbine at our largest chemical production site in Geel, Belgium, which reports to the EU ETS. The wind turbine has a capacity of 3.4 MW of electricity production and provides approximately 23% of Geel's electricity consumption. The wind turbine was fully operational in 2020.

**C11.2**

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

No

## C11.3

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

Yes

## C11.3a

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

#### Objective for implementing an internal carbon price

Navigate GHG regulations  
Drive energy efficiency  
Drive low-carbon investment

#### GHG Scope

Scope 1  
Scope 2  
Scope 3

#### Application

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

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

40

#### Variance of price(s) used

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

#### Type of internal carbon price

Implicit price

#### Impact & implication

The impact of carbon pricing has been two-fold depending on the mechanism. For the dedicated CO2 Capital Relief Program, the impact has been tangible progress towards our emissions targets since 2005, 241 projects completed resulting in approximately \$83 million in annual energy cost savings, and 298,905 metric tons CO2e annual GHG emissions avoided. For the Climate Leadership Council analysis, the impacts are still evolving as we utilize these findings to have discussions with internal stakeholders to determine if other measures besides a dedicated capital relief mechanism will continue or accelerate our emission reduction goals. It has also been a helpful financial analysis for larger longer-term projects such as our 100 MW wind farm PPA, and how an emerging regulatory environment may impact the financial aspects of this deal in the next decade. To date we have only used an actual price on carbon for modelling purposes and do not have a roadmap to establish a formalized price or process further than the CO2 Capital Relief Program.

## C12. Engagement

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## C12.1

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

Yes, our suppliers  
Yes, other partners in the value chain

## C12.1a

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

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Climate change performance is featured in supplier awards scheme

**% of suppliers by number**

2.2

**% total procurement spend (direct and indirect)**

74

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

77

**Rationale for the coverage of your engagement**

The rationale for the coverage of our engagement is to combine climate impact with influence by targeting within a range of spend, setting a Health for Humanity 2020 Goal to enroll suppliers covering 80% of spend in our Sustainable Procurement Program. To achieve this, we enroll suppliers to meet our annual targets, with 328 suppliers newly enrolled in 2020. The requirements for all enrolled suppliers are fully transparent, and are communicated through our Supplier Sustainability Toolkit, updated in 2017 and available on our corporate website. The toolkit serves as a resource to educate suppliers on environmental issues such as climate change as well featuring the overall importance of Sustainability and Citizenship. All participating suppliers are required to conform to our Responsibility Standards for Suppliers which are also publicly available on jnj.com. We verify supplier's conformance using the globally recognized EcoVadis platform which includes environmental management criteria such as GHG emission reporting and climate change strategies and performance. We monitor EcoVadis score improvements and expect to see improvement over time through category team engagement with the supplier. Additionally, suppliers are required to implement at least one of the following four goals set for them by category teams: 1) Transparency: publicly reporting two or more sustainability goals and tracking progress over time; 2) Disclosure to Action: annual participation in CDP Supply Chain disclosure; 3) Sustainability Excellence: achieving a high performers assessment score (using industry standard methods); 4) Leadership: implementing category-specific goals that support relevant industry trends, practices or innovative ideas to which suppliers and others may contribute. Engagement in the Sustainable Procurement Program is one way through which we engage our suppliers on the issues of sustainability and their importance to our business. In 2017, we integrated foundational elements of the Sustainable Procurement Program into our Supplier and Category Strategies – including the supplier scorecard which contributes to supplier performance and awards.

**Impact of engagement, including measures of success**

The impact and measure of success of the climate-related supplier engagement is broadening the program to additional suppliers who then set their own sustainability goals. As an example of this impact, as of 2020, we have enrolled 1,107 suppliers into our Sustainable Procurement Program (cumulative since the program launch), representing approximately 74% of spend, or \$18.9 billion. Suppliers enrolled in the Sustainable Procurement Program were assessed against our Responsibility Standards for Suppliers through an EcoVadis assessment which includes environmental management criteria such as GHG emission reporting and climate change strategies. As a recent measure of success in 2020, 1,119 suppliers underwent an EcoVadis assessment. Among the suppliers we have assessed more than once, we see our program driving supplier improvements across all areas of sustainability, most notably labor and human rights, fair business practices, and environmental impact, increasing scores by 4.4, 3.4, and 3.2 percentage points, respectively. An important part of this program is encouraging our suppliers to publicly disclose their environmental performance—including emissions and water use—to CDP as part of our own CDP Supply Chain commitment. In 2020, 423 Johnson & Johnson suppliers were requested to disclose to CDP, an increase of 23% over 2019. Over 80% of these suppliers disclosed emissions data. This progress demonstrates the positive influence a large sustainability-minded procurement organization can have across its entire supply chain, influencing the way business impacts social development and environmental stewardship through multiple suppliers around the world. In 2020, we received recognition by CDP as a CDP Supplier Engagement Leader for leadership on supplier engagement to tackle climate change. We were the first healthcare company to achieve this recognition in 2017 and remain the only healthcare company on this list for four consecutive years.

**Comment**

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**C12.1d**

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

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

Case study / example: Ongoing initiatives with value chain partners in 2020 include:

In 2020, we have completed the second full year of our multi-year partnerships with the World Wildlife Fund (WWF).

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

Throughout 2020 we also maintained our investment in smallholder projects. Through partnerships with Earthworm Foundation's Rurality Project, The Sustainable Trade Initiative, and ACT Commodities we have worked with smallholder groups across three regions in Indonesia to:

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

In 2020, through the above listed efforts, we engaged over 2,900 smallholder palm oil farmers in key Indonesian palm oil growing regions through our on-going NGO collaborations to implement best management practices and diversify their sources of income.

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

**C12.3**

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

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

**C12.3a**

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support with minor exceptions	In 2017, we joined the Climate Leadership Council, a policy institute created to promote a carbon dividends framework in the United States, as a founding member.	The Climate Leadership Council is proposing four pillars of a carbon dividends plan, including: 1) a gradually increasing carbon fee, 2) carbon dividends for all Americans, 3) border carbon adjustments, and 4) regulatory simplification.
Clean energy generation	Support	We are signatories of the Business Backs Low-Carbon USA, We Are Still In (signed in 2016), and America Is All In (signed in 2020) initiatives which affirms our deep commitment to addressing climate change through the implementation of the historic Paris Climate Agreement.	1) Continuation of low-carbon policies to allow the US to meet or exceed our promised national commitment and to increase our nation's future ambition 2) Investment in the low carbon economy at home and abroad in order to give financial decision-makers clarity and boost the confidence of investors worldwide 3) Continued U.S. participation in the Paris Agreement, in order to provide the long-term direction needed to keep global temperature rise below 2 degrees Celsius.

**C12.3b**

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

Yes

**C12.3c**

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

**Trade association**

EFPIA – European Federation of Pharmaceutical Industries and Associations

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

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

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

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

---

**Trade association**

IFPMA- International Federation of Pharmaceutical Manufacturers & Associations

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

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

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

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

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**Trade association**

National Association of Manufacturers

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association's position**

The National Association of Manufacturers (NAM) advocates for "the critical balance between environmental improvement and economic growth" and states that "the need to act on climate is no longer up for debate. With federal policies that balance these goals with sound rules and regulations, manufacturers can continue leading the way toward a safer environment and stronger economy." This position aligns with our Climate Policy, which acknowledges that "businesses have an important role to play in responding to climate change by implementing voluntary reductions of GHGs within their control, and engaging in mitigation and adaptation activities outside of their immediate control where they may have influence." While our policies align with many of those put forth by the NAM, NAM has not publicly endorsed taking action on market-based solutions for climate change such as carbon pricing. J&J, in contrast, is public and explicit in our support for market-based solutions such as a carbon price.

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

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

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**Trade association**

Business Roundtable

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association's position**

The Business Roundtable supports a goal of reducing net U.S. GHG emissions by at least 80 percent from 2005 levels by 2050, and advocates that it should be achieved through the implementation of market-based solutions that preserve the competitiveness of U.S. businesses. The Business Roundtable believes this can be achieved by: putting a price on carbon; investing in low-emission and clean energy technologies; improving the efficiency of energy production, distribution, and use; developing and deploying resiliency and adaptation measures; and investing in energy infrastructure and improving permitting processes. While our policies align with many of those put forth by the Business Roundtable, we advocate for a 1.5C aligned future, whereas the Business Roundtable's goals are aligned with a well-below 2C world.

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

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

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**Trade association**

US Chamber of Commerce

**Is your position on climate change consistent with theirs?**

Mixed

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**Please explain the trade association's position**

J&J is not currently on the board and serves only as a member. The US Chamber of Commerce's current position is, "Congress should pursue market-based solutions to accelerate emissions reductions, and that the Chamber will continue its engagement to pursue meaningful, achievable progress to address the challenge of climate change." However, the Chamber of Commerce advocates that "it will be largely up to the business community to develop, finance, build, and operate the solutions needed to power economic growth worldwide, mitigate greenhouse gas emissions, and build resilient, lower-carbon infrastructure." This differs from our J&J Climate Policy, which states that "while companies have a responsibility and ability to impact these issues, the unilateral capabilities of businesses are limited; addressing these issues requires the collaboration of companies with governments and non-governmental organizations to achieve systemic change at scale."

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

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

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**Trade association**

Renewable Energy Buyers Alliance (REBA)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

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

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

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

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C12.3d

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

No

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C12.3e

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

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

In 2017, we joined the Climate Leadership Council, a policy institute created to promote a carbon dividends framework in the United States, as a founding member. The Climate Leadership Council is proposing four pillars of a carbon dividends plan, including; 1) a gradually increasing carbon fee, 2) carbon dividends for all Americans, 3) border carbon adjustments, and 4) regulatory simplification. We also strengthened our partnership with the C40 Cities Climate Leadership Group and its network of cities to help fund programs that will link cities acting on climate with the benefits to air quality and human health. Through research and education, the C40 partnership will help connect the dots between better climate and air to measurably improve health benefits in vulnerable urban areas, and to gain political and financial buy-in, and drive greater action and impact at scale. We exceeded the goal of the partnership – that "60 million citizens living across 30 cities will have benefited from climate and air quality actions that have the potential to positively impact public health" – and reported on the achievements in the 2020 SDG report.

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

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

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

## C12.3f

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

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

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

## C12.4

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

### Publication

In voluntary sustainability report

### Status

Complete

### Attach the document

johnson-johnson-2020-health-for-humanity-report.pdf

### Page/Section reference

Sections: Our Approach, Responsible Business Practices, Reporting Hub

### Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

### Comment

## C15. Signoff

### C-FI

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

### C15.1

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

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

## SC. Supply chain module

### SC0.0

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

### SC0.1

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

	Annual Revenue
Row 1	82584000000

### SC0.2

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

No

### SC1.1

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

### SC1.2

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

### SC1.3

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

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

### SC1.4

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

No

### SC1.4b

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

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

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

### SC2.1

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

SC2.2

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

No

SC4.1

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

No, I am not providing data

Submit your response

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms