

# Priority Topics Assessment



Solar panels help power Johnson & Johnson's São José dos Campos Campus in Brazil.

**A materiality assessment<sup>1</sup> is a foundational tool used by companies to identify, prioritize and strategically address relevant environmental, social and governance (ESG) topics that can have a significant impact on society or their business.**

Johnson & Johnson has been conducting such assessments, which we call Priority Topics Assessments (PTAs), since 2008, and we continually seek to enhance our PTA methodology with each assessment. Typically, we have conducted a PTA every two to three years, but due to the continued world-shaping events of the COVID-19 pandemic and racial and social events of 2020, we have conducted refreshes of our PTA in both 2020 and 2021. Our 2019 and 2020 PTAs shaped and informed our current set of public commitments (Health for Humanity 2025 Goals), which were released in May 2021. These 21 goals are aligned with our Company's purpose, reflect the areas where our stakeholders expect us to lead, and help fuel the global UN Sustainable Development Goals agenda for a sustainable future for all. As part of a larger effort to further formalize our ESG strategy and to enhance our ESG governance to reflect the evolving nature of management of ESG topics across the Company, we concluded this additional PTA in fall 2021.

<sup>1</sup> Materiality as defined in the PTA is strictly in the context of ESG. The Securities and Exchange Commission utilizes the U.S. securities law's definition of materiality, which indicates that a fact is material if there is a "substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."



## Our PTA Process

Our PTA process involves outreach to a wide range of stakeholders through surveys, personal interviews and workshops. We engage, listen and seek to understand their feedback on the most important impacts of our business on them and their decisions in relation to Johnson & Johnson. Alongside stakeholder views, we assess the resilience of our business strategy and capabilities, which are underpinned by Our Credo and Our Purpose to change the trajectory of health for humanity. This includes integration of the ESG risks defined in our Johnson & Johnson [Enterprise Risk Management Framework](#) and global risks and megatrends, peer benchmarking and other frameworks such as the UN Sustainable Development Goals.

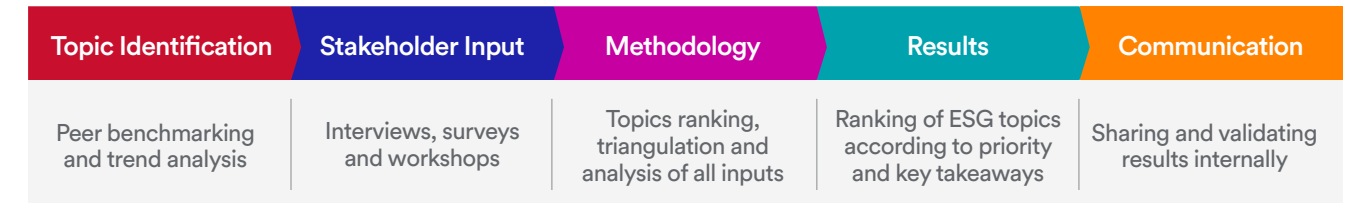
Our analysis of all these inputs enables prioritization of the topics that are of most importance to Johnson & Johnson's business as well as those reflecting the expectations and concerns of our stakeholders. These priority topics inform our ESG strategy, Health for Humanity reporting, ESG disclosure and Health for Humanity Goals. For more about the stakeholders we consider in our engagement and PTA processes, see our [Position on Stakeholder Engagement](#).

All Johnson & Johnson PTA processes are conducted with the support of an external expert consulting firm that provides:

- Guidance and support for adherence to due process in stakeholder selection and engagement
- Impartial outreach to stakeholders to encourage openness and honesty
- Consistency in methodology and independent assessment of results

## Process for the 2021 PTA

The methodology for the 2021 PTA included a more targeted stakeholder engagement across our ESG priority topics. In collaboration with an external consulting firm, we completed the following:



## Topic Identification

Our 2021 PTA is an evolution of our two most recent PTAs from 2019 and 2020. The 2019 PTA methodology included engagement across many stakeholders, with expertise across a diversity of ESG topics. In 2020, we updated the 2019 PTA with detailed research relating to key events and trends affecting businesses in 2020 and our own corporate responses to the COVID-19 pandemic and U.S. social justice movements, and a Datamaran<sup>2</sup> analysis of ESG topics from peer benchmarking, social media, news and the regulatory landscape. Building on both these 2019 and 2020 PTAs, in 2021, we aimed to further improve alignment with the evolving needs of stakeholders and keep pace with industry best practices as they relate to ESG. We developed an updated list of ESG priority topics in consultation with key internal and external stakeholders, leveraging:

- Johnson & Johnson's 2019 and 2020 PTAs
- An analysis of new and emerging ESG standards, frameworks and relevant industry guidance
- An analysis of peer ESG disclosures across our three business segment

<sup>2</sup> Datamaran is a cloud-based data analytics platform that tracks the frequency and emphasis of ESG topics in narrative text from a variety of publicly available sources, including corporate annual reports, regulations, digital media and social media.

## Topic Identification (continued)

In 2021 we revised our PTA approach to include the concept of “double materiality,” in which we examined ESG priority topics at the Enterprise level (Johnson & Johnson Corporate) from two standpoints: the impact of a topic on Johnson & Johnson’s business results; and the impact of Johnson & Johnson’s business on people, the environment and society in general.

Our analysis yielded 25 ESG priority topics. All priority topic definitions are shown in [Appendix 1](#). Through our analysis we also looked at topics relevant to our individual business segments (Consumer Health, MedTech and Pharmaceutical) as sub-topics within the larger enterprise-level ESG priorities. The additional business segment-level dimension was designed to tailor our ESG-related strategies for each business segment.

The results of the 2021 PTA Refresh helped inform our Enterprise ESG strategy, governance and reporting.

## 2021 PTA Stakeholder Input

Given prior PTAs conducted annually in 2019 and 2020, in 2021 our objective was to consult with a more targeted group of internal and external stakeholders to confirm current topics remain relevant and receive feedback in terms of relative prioritization of the topics. Our outreach for the 2021 PTA update therefore included fewer stakeholders than in prior years, with a total of 166 internal and external stakeholders across nine different stakeholder groups engaged for the PTA update through multiple forums to collect a variety of inputs.

### EXTERNAL FEEDBACK

We obtained feedback from 74 external stakeholders through a mix of surveys and personal interviews.

They comprised:

- 23%** Healthcare professionals
- 20%** NGOs / advocacy groups
- 11%** Suppliers
- 10%** Consumers / patients
- 36%** Others (including customers, trade associations, academics, think tanks, external partners, peers and investors)

Of these stakeholders:

- 7%** of the participants were from Asia Pacific
- 28%** were from Europe, Middle East and Africa
- 8%** were from Latin America
- 41%** were from North America
- 16%** identified as Global (region agnostic)

### INTERNAL FEEDBACK

We conducted informative interviews and surveys with 92 Johnson & Johnson senior leaders and employees across 13 departments and four business regions, plus many who identified as region agnostic (as noted below), as well as two workshops with members of Johnson & Johnson’s Enterprise Governance Council, the governing body for ESG, and members of the Company’s Executive Committee, and personal interviews with members of the Board of Directors.

Of those stakeholders:

- 5%** of the participants identified as being in Asia Pacific
- 15%** were from Europe, Middle East and Africa
- 5%** were from Latin America
- 28%** were from North America
- 47%** identified as Global (region agnostic)

## 2021 PTA Methodology

We used similar methods as in previous years to engage with stakeholders, including interviews and surveys with internal and external stakeholders and workshops (internal only). Stakeholders were asked to rate each topic in terms of impact on Johnson & Johnson’s business for the long-term and importance to people and society, using a scale of 1 – 4 (1 = not important at all, 4 = highly important).

Data collected through stakeholder engagement was aggregated for each topic by stakeholder group, and pre-determined weightings were applied to the aggregated result for each group. Each stakeholder group was assessed against two criteria—influence and dependence—to determine the overall weighting:

- Stakeholders with the greatest ability to **influence** Johnson & Johnson’s business
- Stakeholders with the greatest **dependence** upon Johnson & Johnson’s business

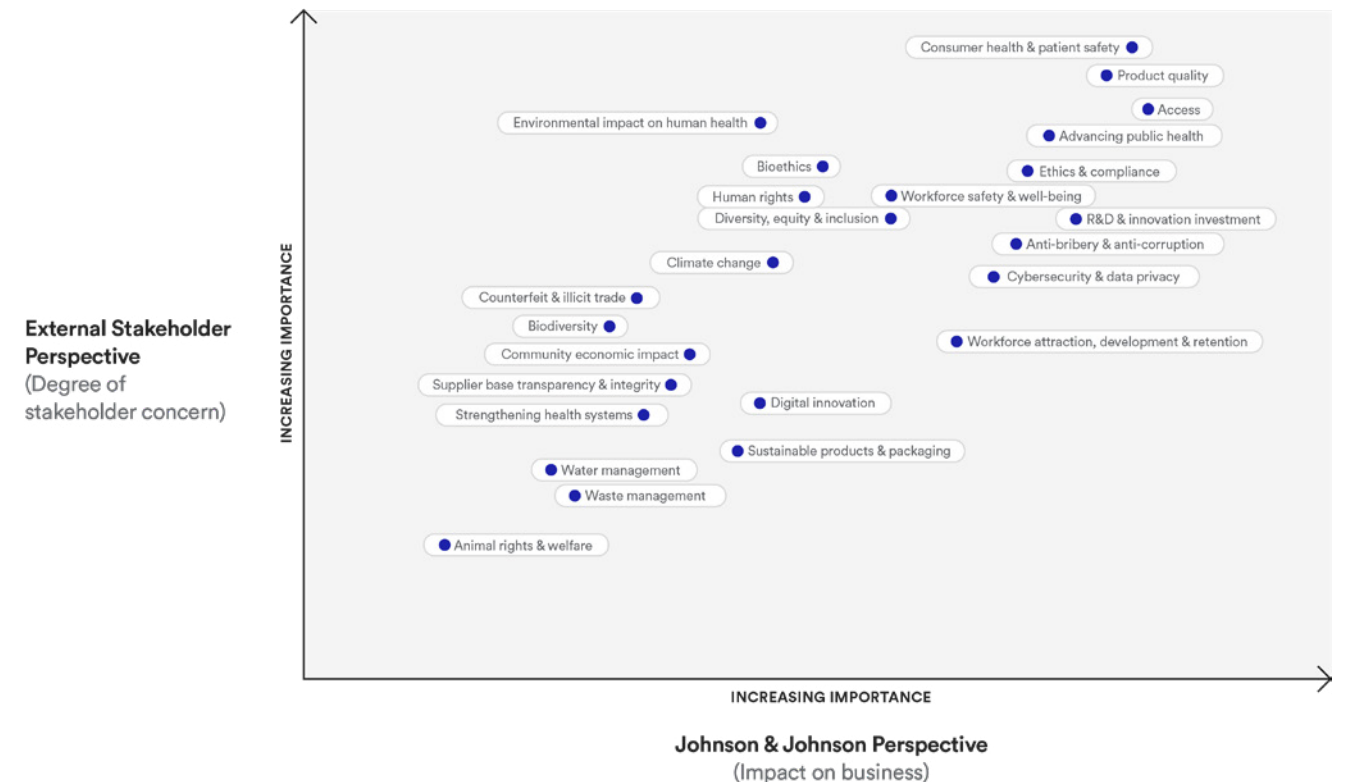
Validation workshops were then held with select members of our Executive Committee overseeing ESG priority topics to review and analyze results in order to identify any potential gaps or refinements needed to topics and definitions.

Finalized results were visualized on a matrix grid to reflect the two axes and to represent which ESG topics are of highest priority for Johnson & Johnson. The PTA served as a critical input to help inform and shape Johnson & Johnson’s ESG strategy, governance and reporting – see Figure 1 on page 8 for how each ESG topic was incorporated into our ESG strategy Focus Areas and Foundation.

## 2021 PTA Results

The below matrix shows the results from the 2021 PTA Refresh that reflect which ESG topics are of highest priority to both internal (x-axis) and external (y-axis) stakeholders in terms of importance to Johnson & Johnson’s business strategy and results. Table 1 on the next page shows the ranking of topics by both internal and external stakeholders from the perspective of the impact of Johnson & Johnson’s business on people, the environment and society—our approach to incorporating “double materiality.”

### Priority Topics Matrix



**Table 1: Impact on People and Society Rating Results**

(incorporates views from both internal and external stakeholders)

Ranking	Topic
1	Consumer Health & Patient Safety
2	Access
3	Advancing Public Health
4	Product Quality
5	Environmental Impact on Human Health
6	Human Rights
7	Diversity, Equity & Inclusion
8	Ethics & Compliance
9	Climate Change
10	R&D & Innovation Investment
11	Bioethics
12	Community Economic Impact
13	Cybersecurity & Data Privacy
14	Workforce Safety & Well-Being
15	Anti-Bribery & Anti-Corruption
16	Supplier Base Transparency & Integrity
17	Strengthening Health Systems
18	Biodiversity
19	Workforce Attraction, Development & Retention
20	Counterfeit & Illicit Trade
21	Sustainable Products & Packaging
22	Water Management
23	Digital Innovation
24	Waste Management
25	Animal Rights & Welfare

## Key Takeaways from 2021 – Enterprise

Given changes made in 2021 to the priority topics assessed by our stakeholders, a direct comparison between 2021 and 2020 is not possible. However, in general, we see similar areas of focus compared to prior years, with the highest priority topics remaining in top place: four topics that remained uppermost priorities for both stakeholders and for Johnson & Johnson’s business success are:

- **Consumer Health & Patient Safety** and **Product Quality**: both viewed by stakeholders as foundational for our business and two of our top priorities.
- **Access**: recognized as the highest priority social topic by majority of stakeholders, who understood it to be foundational to our Company and an area in which Johnson & Johnson has direct influence. Access was also among the topics with the highest alignment in importance between external and internal stakeholders, aligning to its placement as a top business priority. Other topics with high alignment include Anti-Bribery & Anti-Corruption; Sustainable Products & Packaging; and Digital Innovation.
- **Advancing Public Health**: recognized as a high priority topic, right below Access as stakeholders perceive that Advancing Public Health is not a topic on which Johnson & Johnson alone can make a significant impact. Impact here requires collective action with key partners across the healthcare ecosystem.

### ADDITIONAL INSIGHTS:

- Stakeholders view Consumer Health & Patient Safety, Product Quality and Access as critical, interrelated priority topics.
- Many stakeholders see Johnson & Johnson’s global, diverse workforce as an asset to the Company.
- Environmental Impact on Human Health is viewed by stakeholders as the most important environmental topic where Johnson & Johnson can impact people and society as it links directly to human health. Stakeholders also acknowledged that many of the environmental topics were foundational to operationalizing the Johnson & Johnson business. Environmental topics had the highest average delta and were typically rated higher by external stakeholders.



## Key Takeaways from 2021 – Business Segment

Results of the business segment analysis provided additional insights relevant to our Pharmaceutical, MedTech and Consumer Health businesses. These results and insights will be incorporated into the annual business and strategy planning process for each business segment and will inform their strategic sustainability initiatives.

### Communicating Results Internally

We shared the 2021 PTA process and results with internal stakeholders, including the leaders of our Consumer Health, MedTech and Pharmaceutical business segments, the Enterprise Governance Council, and other corporate functions to enable further discussion and use of the insights to inform Corporate, business segment and functional strategies.



## Informing ESG Strategy

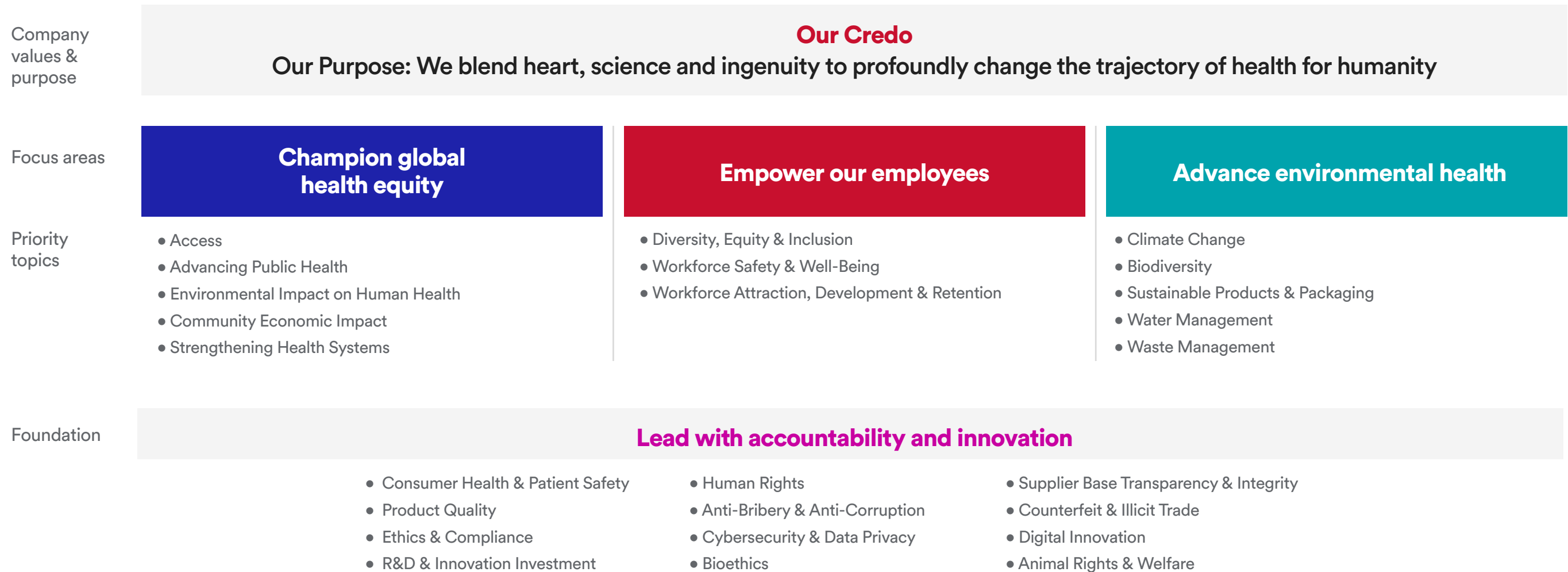
The insights and data generated from the 2021 PTA Refresh served as a critical input into our ESG strategy. While all 25 ESG priority topics are important, some are deemed critical for our business and others are areas where we can strategically invest and have a greater impact. Additionally, stakeholders also shared the growing importance of ESG, and the need to leverage our size for generating societal impact, especially considering the interrelated nature of ESG topics. Taking this feedback into account, we strengthened our Enterprise ESG strategy built around three key focus areas: Champion Global Health Equity, Empower Our Employees and Advance Environmental Health, all underpinned by a foundation to Lead with Accountability & Innovation. See Figure 1 on page 8 for how each ESG topic was incorporated into our ESG strategy Focus Areas and Foundation.

These areas reflect key themes from the 2021 PTA:

- Access and Advancing Public Health – both were highly prioritized due to their wide-reaching impact and a sense of duty as part of Johnson & Johnson’s overall purpose as a healthcare company and our ability to solve health problems globally through collaboration.
- Diversity, Equity & Inclusion – this was a top priority due to its integral role in attracting and retaining diverse workforce talent, which leads to business success.
- Stakeholders acknowledged that many of the environmental topics were foundational to Johnson & Johnson’s business and that we can use our influence to make a significant impact as it pertains to climate change.
- R&D & Innovation was also resonant as critical for Johnson & Johnson’s business success and our ability to make positive impacts on both people and society.
- While not its own ESG priority topic, trust was viewed as being foundational to all topics, with stakeholders recognizing Ethics & Compliance as a highly prioritized table stake for Johnson & Johnson.

To learn more about our ESG strategy and focus areas, see our [ESG Strategy](#) and our [Health for Humanity Report](#), which aligns with our ESG focus areas and foundation noted below and details our progress for each priority topic.

**Figure 1:**  
**Priority Topics Alignment by ESG Focus Areas and Foundation**





## Appendix 1. Priority Topics List and Definitions

### ACCESS

Improving the availability of drugs, vaccines, medical devices and other personal healthcare products, collaborating with partners to address all relevant barriers to access (e.g., the registration process, education and adoption, supply chain management).

### ADVANCING PUBLIC HEALTH

Addressing unmet consumer health and patient needs around the world, including efforts to strengthen global health security and collaborating with stakeholders to address health and health equity issues at a global level (e.g., pandemics, epidemics, infectious diseases, antimicrobial resistance [AMR]).

### ANIMAL RIGHTS & WELFARE

Ensuring the ethical treatment of animals used in laboratory settings to advance patient safety and well-being. Commitment to replacing, reducing and refining the use of animals while keeping patients and consumers as safe as possible.

### ANTI-BRIBERY & ANTI-CORRUPTION

Ensuring our interactions with public and private entities and individuals (e.g., healthcare providers) are in accordance with ethical and anti-bribery and anti-corruption standards, strictly prohibiting bribes.

### BIODIVERSITY

Conserving biodiversity (i.e., protecting the diversity of ecosystems, natural resources and species, and ecological practices that support them), and minimizing potential impacts on biodiversity in our operations and supply chain.

### BIOETHICS

Identifying and addressing ethical concerns that arise in clinical research. Helping ensure that the well-being and best interests of research participants receive the utmost consideration. Considering the global impact of our clinical research and advancing the equitable inclusion of diverse populations. Helping ensure access to our products in the communities where we develop them if the need for the product persists. Advocating adherence to bioethical principles and championing bioethical decision-making across the Enterprise.

### CLIMATE CHANGE

Managing the risks and opportunities associated with a changing climate. Reducing or eliminating carbon emissions in our business operations and value chain (upstream from purchased goods and services and downstream from the use and disposal of our products). Advocating for and supporting responsible climate, environmental health and energy policies around the world.

### COMMUNITY ECONOMIC IMPACT

Supporting local communities in which Johnson & Johnson and its suppliers operate through paying fair share of taxes, employment of locals, fair wages and contracting with local suppliers, as well as engaging in local initiatives and supporting community development.

### CONSUMER HEALTH & PATIENT SAFETY

Prioritizing the safety of patients and consumers above all else. Making decisions about products, devices and ingredients that keep patients and consumers as safe as possible. Post-market monitoring, and swift and ethical response to safety issues. Minimizing the risk of accidental misuse or abuse, and education and awareness to encourage proper use, treatment adherence and understanding of both efficacy and risk.

#### **COUNTERFEIT & ILLICIT TRADE**

Working to protect patients / consumers by preventing counterfeiting and illicit trade, and ensuring value chain security.

#### **CYBERSECURITY & DATA PRIVACY**

Secure and ethical collection, use, processing, maintenance and storage of Company, consumer and patient/personal data and health information to ensure protection of data, meet privacy requirements, prevent business disruption and reduce regulatory risks.

#### **DIGITAL INNOVATION**

Delivering innovative healthcare products and solutions through R&D investment, IT investment and supply chain innovations based on the use of advanced digital technologies, and engaging with patients and consumers to facilitate adoption of digital-based healthcare.

#### **DIVERSITY, EQUITY & INCLUSION**

Advancing inclusion, equity and belonging in our workplace; building a workforce which represents the diversity of our marketplace; driving supplier diversity; and collaborating to eliminate healthcare disparities and promote racial equity.

#### **ENVIRONMENTAL IMPACT ON HUMAN HEALTH**

Healthy people need a healthy planet and thus our purpose to profoundly change the trajectory of health for humanity is also inextricably linked with our efforts to help change the trajectory of planetary health. This includes our efforts to support research, advocacy and partnerships, and to have an impact beyond our own business such as identifying and supporting solutions at the intersection of environment impacting human health (e.g., climate's impact on health equity, infectious diseases and mental health).

#### **ETHICS & COMPLIANCE**

Compliance with all relevant regulations, including those related to taxes, competitive behavior (antitrust), policies and codes of conduct, lobbying transparency and transparency of relationships with healthcare providers, as well as responsible marketing practices and labeling, and conducting appropriate investigations, due diligence and training.

#### **HUMAN RIGHTS**

Respecting and promoting the human rights of individuals in our own operations, across our value chain and in the local communities in which we operate (e.g., no forced or child labor, fair labor practices, safe working conditions, non-discrimination and anti-harassment policies).

#### **PRODUCT QUALITY**

Ensuring high-quality products are manufactured and distributed by implementing robust quality and compliance policies and standards, proactive compliance monitoring, robust risk management strategy development, and applying continuous improvement actions.

#### **R&D & INNOVATION INVESTMENT**

Prioritizing investments in R&D and innovation, which includes embracing emerging technologies across the entire value chain to enable innovation in products, including commitment to maintaining high investments in the research and development of treatments that address unmet medical needs and to advancing practices that make products more sustainable.

#### **STRENGTHENING HEALTH SYSTEMS**

Improving healthcare delivery, systems and infrastructure through capacity building, data sharing, digital capabilities, training for healthcare professionals, partnerships, sustainable financing and new business models, building resiliency toward current and future shifts, promoting health literacy and awareness and driving more equitable healthcare solutions.

#### **SUPPLIER BASE TRANSPARENCY & INTEGRITY**

Understanding supplier environmental and social impacts, and influencing safe, ethical and sustainable operations throughout the supply base, including responsible sourcing practices, social audits, risk management strategies, training and teaming with partners.

#### **SUSTAINABLE PRODUCTS & PACKAGING**

Integrating sustainable design into our products and solutions and business model innovation, taking into account the environmental impacts throughout a product's lifecycle—from design and formulation, through raw material sourcing and manufacturing, to packaging and delivery and product use, to end-of-life, including circular and reuse models.

#### **WASTE MANAGEMENT**

Improving practices related to waste management, reduction, effective use and reuse, and disposal throughout operations and the value chain.

#### **WATER MANAGEMENT**

Practicing responsible water stewardship by optimizing water consumption in addition to ensuring proper water treatment and discharge throughout operations and the value chain, especially in water-stressed areas.

#### **WORKFORCE ATTRACTION, DEVELOPMENT & RETENTION**

Strong attraction and engagement practices that increase retention, improve access to educational resources for growth and skills development opportunities, fair performance management processes and equipping employees for the range of future work scenarios.

#### **WORKFORCE SAFETY & WELL-BEING**

Ensuring an injury-free workplace and active participation of the workforce in programs that improve their health and physical, mental and emotional well-being, fostering a culture that encourages enterprise-wide engagement in employee safety, health and wellness.





# Priority Topics Assessment

For Johnson & Johnson ESG resources, please see [here](#).

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