

Johnson & Johnson

Agenda Topics

- Introduction to Johnson & Johnson
- What is Product Stewardship?
- What are the drivers?
- RoHS & REACH
- Earthwards

Johnson & Johnson

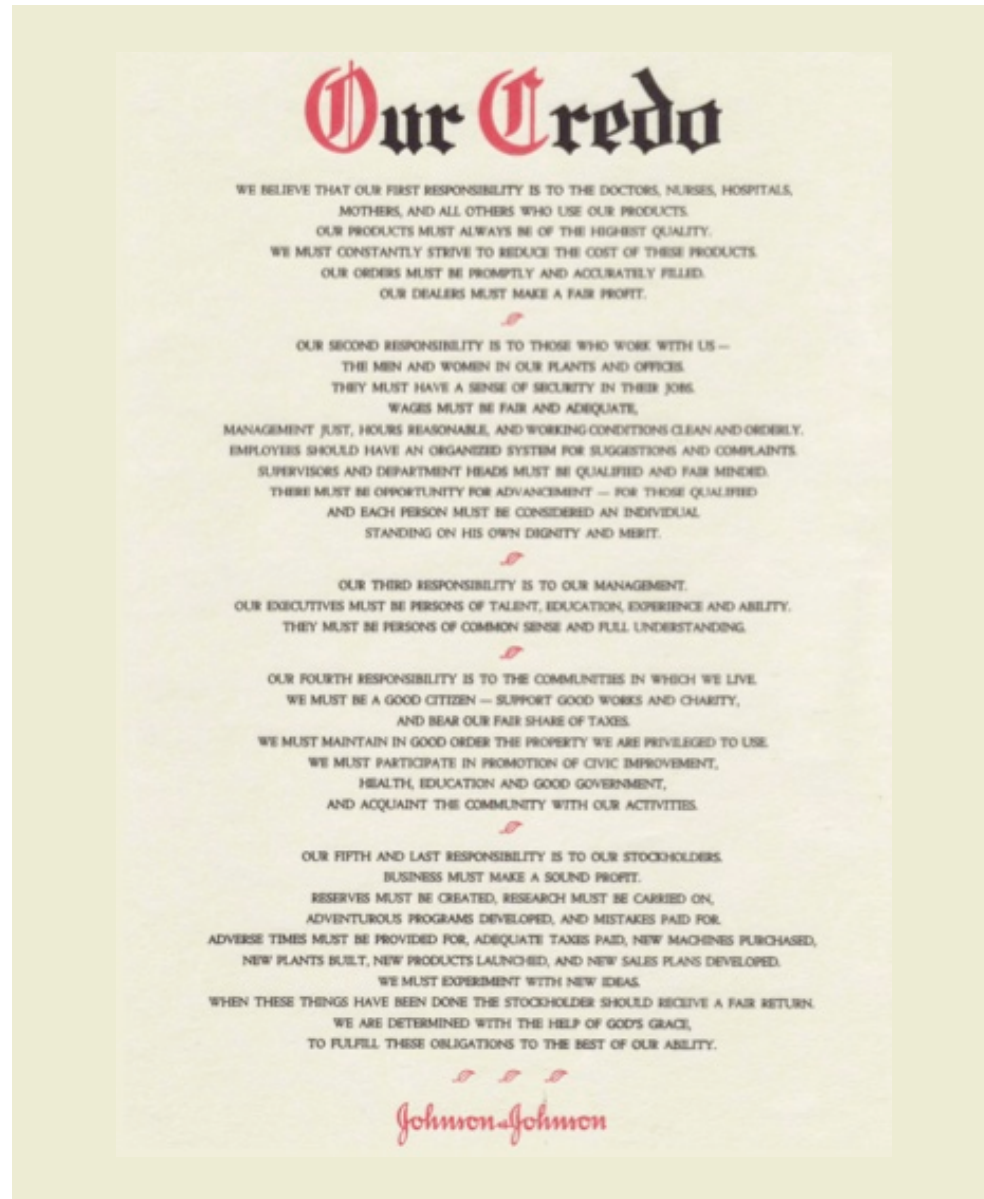
The world's most comprehensive and broadly based manufacturer of health care products, as well as a provider of related services.

- 3 Segments: Pharmaceuticals, Medical Devices & Diagnostics, and Consumer
- More than 250 operating companies
- More than 114,000 employees worldwide
- Selling products in more than 175 countries
- 2012 Sales \$ 67.2 billion



1943 Our Credo

Robert Wood Johnson
crafted Our Credo
long before anyone ever
heard the terms
“sustainability” or “corporate
social responsibility.”



Sustainability Definition

*We define sustainability as fulfilling Our Credo responsibilities so **people**, **planet** & **business** can all live in good health, today & tomorrow*



2015 Healthy Future 2015

Healthy People



- Research and development for neglected diseases
- Affordable access to medicines
- Advancing community wellness
- Fostering the most engaged, health-conscious and safe employees in the world

Healthy Planet



- Building on our legacy in safeguarding the planet
- Reduce the environmental impact of our operations
- Increase the sustainable design of our products

Healthy Business



- Enhancing outcome measurement in philanthropy
- Partnering with suppliers that embrace sustainability
- Committing to enhanced transparency and accessing the power of external collaboration

What is Product Stewardship?

A business process that identifies chemical and environmental product risks to the business

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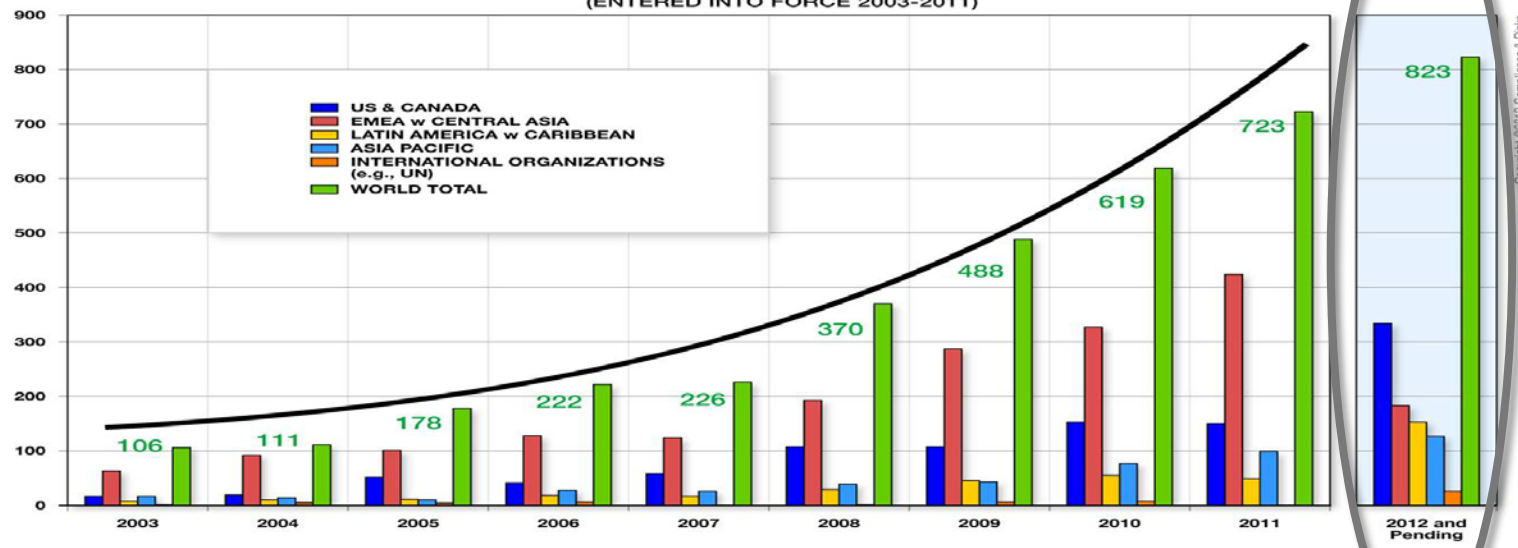
identifies opportunities to *innovate* products toward sustainability to meet our customers and stakeholders expectations of J&J.

**Drivers
for
Action for
PS**

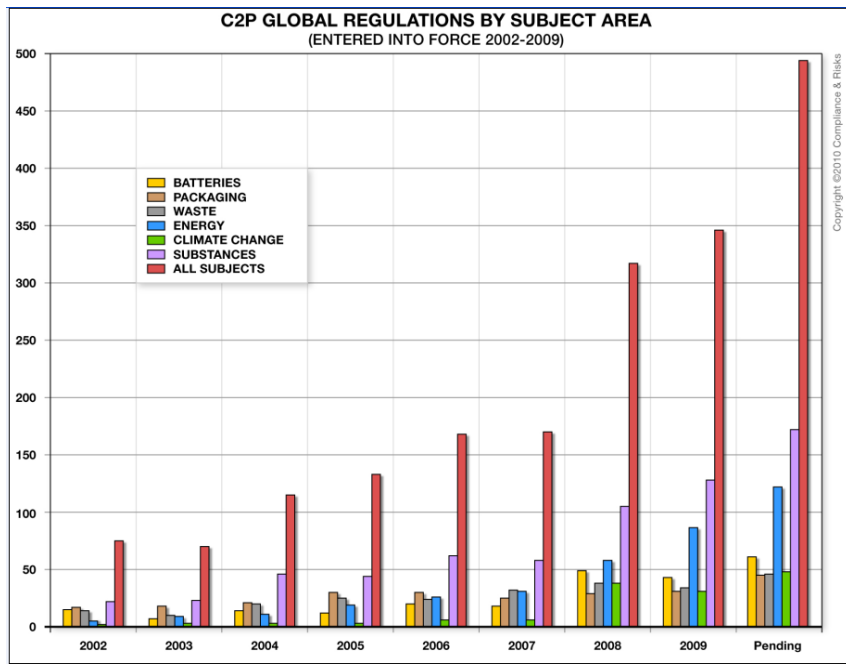
- **Can't Make it...**
- **Can't Sell it...**
- **Won't Buy it...**

Increasing Global Product Regulations...

C2P GLOBAL REGULATIONS BY REGION
(ENTERED INTO FORCE 2003-2011)

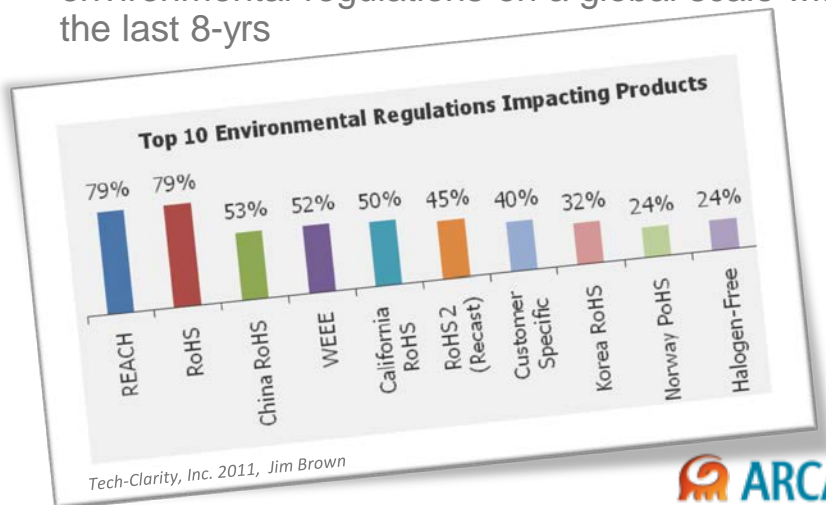


C2P GLOBAL REGULATIONS BY SUBJECT AREA
(ENTERED INTO FORCE 2002-2009)



Regulations by Subject Area

↑ 10-fold increase in number of potential environmental regulations on a global scale within the last 8-yr

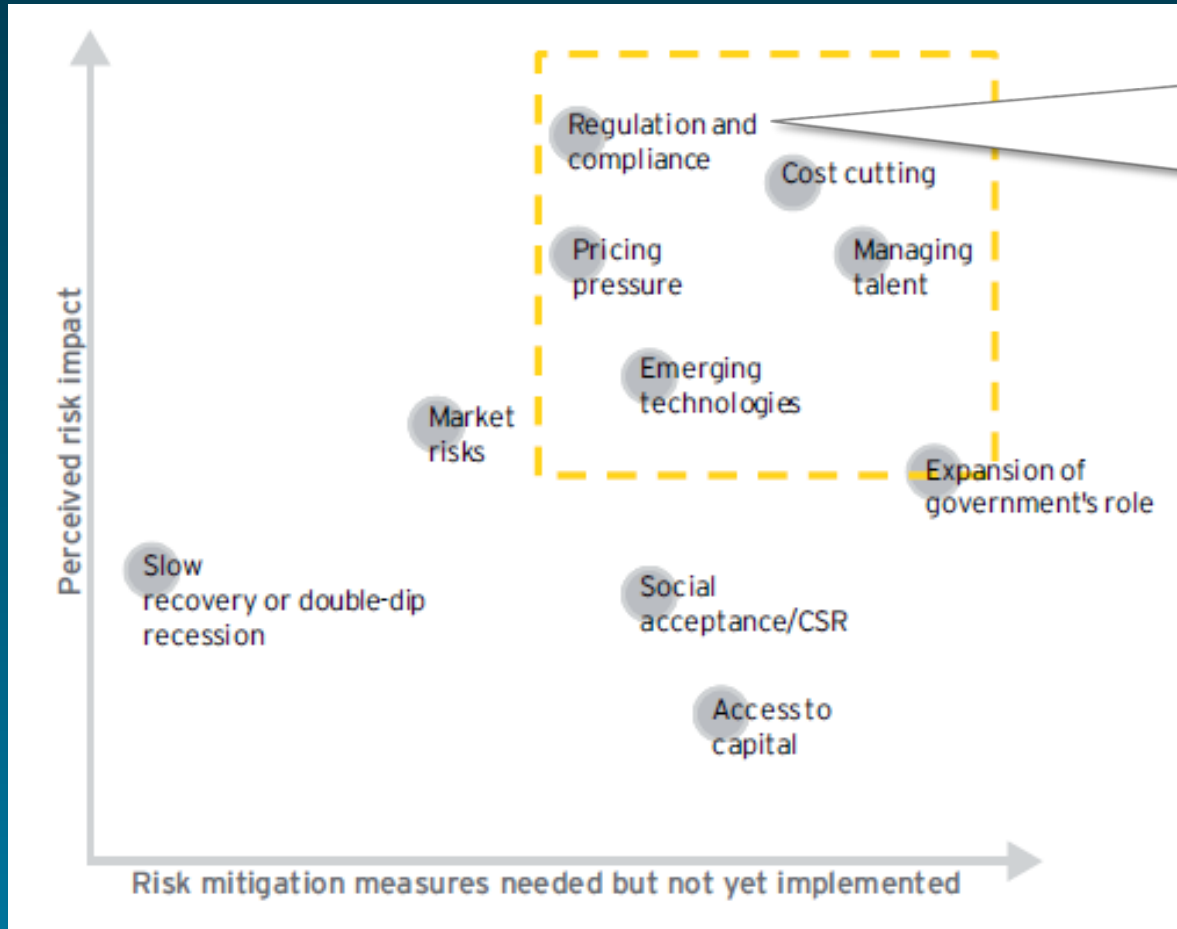


Tech-Clarity, Inc. 2011, Jim Brown



Left: Charts based on information tracked with the C2P Regulatory Database (2009, 2012), provided by Compliance and Risk

Evaluating the Business Risks



Regulation and compliance risks are the most serious perceived threat to global firms.

– Ernst & Young

[http://www.ey.com/Publication/vwLUAssets/The_top_10_risks_and_opportunities_for_global_organizations/\\$FILE/Business%20Challenge%20main%20report-%20SCORED.pdf](http://www.ey.com/Publication/vwLUAssets/The_top_10_risks_and_opportunities_for_global_organizations/$FILE/Business%20Challenge%20main%20report-%20SCORED.pdf)

EU RoHS

- **RoHS** = Restriction of Hazardous Substances
 - **Legal Reference:** [2011/65/EU](#)
 - **Instrument Type:** Directive
-
- **Scope:** electric and electronic equipment (E&E)
 - **Purpose:** to eliminate dangerous chemicals from E&E equipment on EU market
 - **Enforcement Mechanism:** national authorities ensure CE marking covers RoHS compliance
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- **Business Relevance:**
 - All E&E equipment needs to be free of 6 RoHS substances (Pb, Cd, Hg, Cr6+, PBE, PBDE)
 - RoHS compliance needed to obtain CE marking (presumption of conformity will be audited)
 - Risk of restricted market access
 - Potential need for product redesign

- Operative Principles:
 - Products need a declaration of conformity with EU RoHS provisions
 - Technical files for CE marking to include EU RoHS compliance proof
 - Manufacturing audits by national competent authorities, incl. unannounced visits

- Updates on RoHS

- **Timelines:** Compliance deadlines **July 2014 (MDs); July 2016 (IVDs).**
- New EU RoHS substances review ongoing

Key Activities

- Clarity on chemical composition – Bill of Materials (BOM) on all product components
- Provision for “clean” EU supply chain by 2019 – repair/refurbishment
- Interaction with other ‘patient safety’ regulations such as MD/IVD Directives (DoCs, Tech Files, etc.).
- Enforcement mechanism

EU REACH

- **REACH** = Registration, Evaluation and Authorization of Chemicals
 - **Legal Text:** [EC1907/2006](#)
 - **Instrument Type:** Regulation
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- **Scope:** all industries (horizontal regulation)
 - **Goal:** to ensure:
 - **Registration** of all chemicals on the EU market
 - **Evaluation** of the chemicals' effects on human health and the environment (CMR, bioaccumulative, etc) and classification of the dangerous ones (Substances of Very High Concern=SVHCs)
 - **Authorization** to be required for placing products with SVHCs on the EU market
 - Ultimately, a **restriction**/ sunset date for most dangerous substances
 - **Enforcement Mechanism:** EU Chemicals Agency and national authorities for authorization and restriction
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- **Business Relevance:**
 - Substances in articles and substances used in manufacturing
 - Exemptions
 - Scarcity of supply or other supply chain pressures from customers
 - Potential spillover from EU to other regions

- **Operative Principles:**

- Registration of any new chemical compounds with all their exposure scenarios
- Notification/communication of the presence of any SVHC in 'articles' (proactively or in response to customer inquiries)
- Gradual de-selection of hazardous chemicals across the supply chain and investment in alternatives
- Severe penalties (fees, potential imprisonment) determined at national level
- Market pressures through supply chain (retailers, hospitals)

- **Updates on REACH**

- **Timelines:** SVHC Roadmap 2020 – 440 chemicals

- **Activities**

- SVHC list growing quickly and Authorization follows
- REACH evaluation process could lead to new SVHCs/restrictions
- NGO lists (e.g. SIN list) put political pressure on REACH and are a source of chemicals
- Risk of diminishing supply/increasing prices of vital chemicals

J&J MD&D Product Stewardship Vision

Product stewardship vision

- Use of life cycle thinking
- Continuous improvement – greenER products
- Create business value by meeting customers needs

Why develop Earthwards[®] and a score card system?

- Focus- building on past successes/programs
- Evaluation of products using a life cycle process
- Develop more sustainable products
- Generate scientifically based marketing claims
- A clear way to demonstrate our greenER products

What is EARTHWARDS®?

A design and evaluation process that supports sustainable product innovation within the Johnson & Johnson Family of Companies, moving us towards a healthier future.

EARTHWARDS® Objectives

- Support the development of more sustainable products
- Provide tools & resources to enable sustainable innovation
- Enable meaningful and credible claims

EARTHWARDS[®] Development



MATERIALS



PACKAGING



ENERGY



WASTE



WATER



SOCIAL



INNOVATION

The EARTHWARDS[®] process has been reviewed by a panel of sustainability experts from government, academia, business, and an environmental NGO.

A proprietary scorecard was developed to evaluate products in seven key categories that we feel have the most potential for environmental and social impacts.

Earning EARTHWARDS[®] Designation



To be considered for EARTHWARDS[®] designation, teams must use the scorecard to take a product through a four-step evaluation process.

Earning EARTHWARDS® Designation

Teams use the scorecard to go through a four-step process

1. SATISFY PRE-REQUISITES

Teams answer a series of questions that gauge their general understanding of the sustainable attributes of their product:

- What materials are we using?
- Where do they come from?
- What happens to a product after it's used?

Earning EARTHWARDS® Designation

Teams use the scorecard to go through a four-step process

2. UNDERGO SCREENING

The product undergoes a life cycle screening that examines its environmental impacts and quantifies its improvements in up to seven different categories.

Earning EARTHWARDS® Designation

Teams use the scorecard to go through a four-step process

3. IDENTIFY IMPROVEMENTS

A product must show three improvements of 10% or greater across the seven category areas in order to be recognized as an EARTHWARDS® product.

Earning EARTHWARDS® Recognition

Teams use the scorecard to go through a four-step process

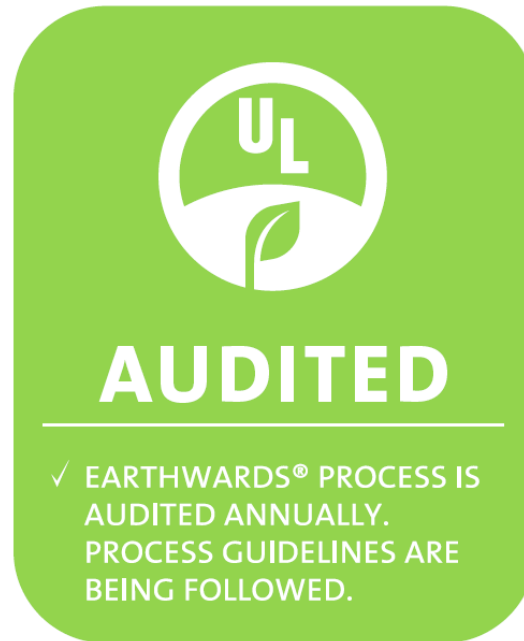
4. SUBMIT FOR REVIEW

Teams then submit a scorecard with their results to a review board of both internal and an external product sustainability expert (WWF & PGH).

The board then determines if the product warrants EARTHWARDS® designation and provides suggestions for further improvements.

3rd Party Assurance – UL Environment

Third-party, independent assurance audit that Johnson & Johnson is following the EARTHWARDS® process when awarding products the EARTHWARDS® recognition.





Questions?

THANK YOU



Parynaz Mehta
Senior Manager
MD&D Product Stewardship
Johnson & Johnson
PMehta3@its.jnj.com

BACK UP SLIDES