



*2006 Annual Environmental Performance Report Form*

Johnson & Johnson

Name of corporation

410 George Street, GS 509

Street address (U.S. corporate headquarters)

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Street address (continued)

New Brunswick, NJ 08901

City/State/Zip code

Please give us information about your contact person for the Performance Track Corporate Leader designation.

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**Annual Report #:** 2<sup>nd</sup>

**Membership Term:** 1

**Reporting Year:** 2006

**Due Date:** July 31, 2007

# Section A

## *Your environmental performance goals.*

Please summarize your company's progress toward its environmental performance goals, relative to the baseline year.

### *Part 1*

#### **First goal**

1	Category:	Water use
	Indicator:	Water used
	Baseline quantity (2003):	3,276 million gallons
	2004 quantity:	2,906 million gallons
	2005 quantity:	2,959 million gallons
	2006 quantity (actual):	3,065 million gallons
	Goal (2010) quantity:	3,210 million gallons

*NOTE: Facilities divested during the year are not included in that year's figures. When a new facility is acquired or begins operation, it must begin reporting environmental data within 18 months. This data reflects some minor changes that were found as a result of routine internal auditing. The 2010 target quantity was adjusted to maintain a 2% commitment as well.*

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

#### Status: Meeting commitment

The Johnson & Johnson commitment is for a 2% absolute reduction in the amount of water used by 2010 with 2003 as the baseline year. In the past year, water consumption increased 4% over the previous year, a period during which sales increased 5.6%. This reflects the challenge of absolute goals... trying to decrease consumption while the business continues to grow and more products are produced. We are optimistic that water conservation projects planned for the goal period will be sufficient to meet the 2010 goal.

Our more than 250 operating companies utilize many technologies and practices to continue to decrease their consumption of water. These include xeriscaping, low-flow plumbing, re-use of facility grey water, and more efficient cleaning operations. One example is from Ethicon, Inc. in San Lorenzo, Puerto Rico. Through the adoption of new HVAC cleaning technology, the site achieved a 34% reduction in daily wastewater discharge.

## Second goal

1	Category:	Air emissions
	Indicator:	Total greenhouse gas (GHG) emissions / US & PR
	Baseline quantity (2001):	802,197 tons
	2005 quantity:	689,012 tons
	2006 quantity (actual):	648,516 tons
	Goal (2010) quantity:	689,890 tons

*NOTE: Numbers reported are substantially different from last year's report – we discovered that we had inadvertently used global numbers last year. All of the numbers above reflect US & PR performance. They also include emissions from our fleet vehicles. In addition, J&J follows the WRI/WBCSD protocol which requires the recalculation of historical emissions to reflect acquisitions & divestitures*

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

Status: Meeting commitment

Johnson & Johnson committed to a 14% absolute reduction in carbon dioxide emissions, as compared to 2001, for our US and Puerto Rico operations. This is the same goal made under the EPA Climate Leaders program. By the end of 2006, we had achieved a 19% reduction. Our challenge is to maintain that reduction as the company grows and the carbon offset markets change in the coming years.

Carbon dioxide emission reductions have been and will continue to be achieved by mixing operational controls, such as using lights that consume less electricity, with the use of renewable or lower carbon energy resources and the purchase of carbon offsets for our facilities. At the same time, we are addressing emissions from our fleet by purchasing hybrid vehicles and those that use biodiesel fuels. At year-end 2006, the US fleet had 554 hybrid vehicles; by the end of 2007, we plan to have at least 1,000 hybrid vehicles on the road.

Per the World Resources Institute, Johnson & Johnson was the second-largest corporate user of on-site solar energy in the United States. In 2006, we neared completion of a 260-kilowatt rooftop system for a research and development facility in La Jolla, CA. We also began design of a 1.1-megawatt ground-mounted solar tracking system in Vacaville, CA. The Vacaville solar field will be the largest privately owned system in CA and will provided 50% of the electric load during peak hours to our pharmaceutical manufacturing facility. With the anticipated completion of that project, J&J operating companies will have 3.5 megawatts of solar photovoltaic panels installed in the US.

### **Part 2**

List your facilities that newly joined Performance Track or similar state performance-based programs in 2006.

GPSG, Vacaville, CA

# Section B

## *Your value chain environmental performance goals.*

Please summarize your company's progress toward its value chain environmental performance goals, relative to the baseline year.

### First goal

- |                           |  |
|---------------------------|--|
| Category:                 | Suppliers  |
| Indicator:                | % of audited External Manufacturers (EMs);<br>% of EMs with business terms/conditions that incorporate EHS compliance language |
| Baseline quantity (2003): | 25% of EMs audited;<br>60% of terms/conditions include EHS compliance language   |
| 2005 quantity:            | 93% of EMs audited;<br>95% of terms/conditions include EHS compliance language   |
| 2006 quantity:            | 93% of EMs audited;<br>97% of terms/conditions include EHS compliance language   |
| Goal (2006) quantity:     | 100% of EMs audited;<br>100% of EMs with EHS compliance language in terms/conditions   |
- Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

Status: Essentially complete; adding a new commitment

In 2004, when Johnson & Johnson was making its Corporate Leader commitments, we were on the very start of our journey to understand the breadth and significance of the Company's third-party external manufacturing (EM) suppliers. At the time, it was even difficult to determine an accurate count of the EMs across our decentralized 250+ operating companies. In the past two years, we've come to understand this part of our supply chain much better. By the end of 2006, we had audited 93% of our EMs, versus our goal of 100%. We consider this 'essentially complete'. There are some EMs who resist our admittance to audit, some whom we accept as having substantial EHS programs based on other evidence, and some EM's audits were put on hold awaiting the new assessment process (described in the next paragraph).

In 2006, we began a transition from requirements for our suppliers related to compliance with Environment, Health & Safety regulations and our Employment of Young Persons Policy to a broader set of standards. This change for our external manufacturers (EMs) became effective May 2006. These new standards (*Johnson & Johnson Standards for*

Responsible External Manufacturing) encompass business conduct, product quality, labor and employment practices in addition to EHS practices. While this change included new expectations for our suppliers in areas of business conduct and labor & employment practices, we also expanded our EHS requirements. Our new *Standards* broadened our EHS requirements to expect both the implementation of the applicable technical programs and to have the management systems in place to support and maintain the programs.

New commitments:

By 2008, 100% of our EMs, will be prioritized to determine the appropriate level/type of assessment.

By 2010, 100% of our EMs will be in conformance with our new *Standards*.

**Second goal**

1	Category:	Packaging design/redesign
	Indicator:	Amount of certified/recycled content packaging
	Baseline quantity (2004):	N/A
	2005 quantity (baseline):	76.3 million kg (69%)
	2006 quantity:	68.9 million kg (68%)
	Goal (2010) quantity:	75% of packaging by 12/2010

*NOTE: Original commitment in 2004 Corporate Leader application was a 50% increase over the baseline amount of packaging from certified/recycled (minimum 30% post-consumer) sources. During 2005, we learned that our existing percentage was higher than we thought (69%). A 50% increase goal was no longer appropriate. Our new commitment is reflected above.*

- 2 Summarize how you achieved improvements for this indicator through 2006 or, if relevant, any circumstances that delayed progress.

Status: Capability evolving, data gathering challenge, commitment restated

Forest product supply chains are complex; the development of sustainable forestry practices and certification programs are still evolving around the world. With this complexity in mind, we formed a partnership with the World Wildlife Fund, by becoming members of its North America Forest & Trade Network (NAFTN) and its Global Forest & Trade Network (GFTN) in 2005. The GFTN is a network of private companies and environmental organizations committed to promoting responsible forestry and credible certification. Our participation in the NAFTN has helped us understand current threats to our forests and the varying ways we could help protect endangered forests.

Looking at our goal of 75% by 2010, we anticipate two main challenges. The first is building understanding of complex topics such as forest management certification and chain-of-custody certification with our environmental and procurement professionals. To address this challenge, we deployed web-based and in-person training events in 2006. Even with these activities, we did not see a measurable improvement from our data for 2005 to 2006. The second challenge has been gathering data from our suppliers regarding the origin and environmental status of our forest products. We are now using a Forest Products Supplier Questionnaire to assist with this data collection effort. It is our hope that as suppliers are asked to provide this information for more customers, they will improve their ability to trace the origin of their products.

# Section C

On behalf of [Johnson & Johnson](#)  
[my company],

I certify that:

I have read and agree to the terms and conditions for Membership as a Performance Track Corporate Leader, as specified in the *Performance Track Corporate Leader Guide* and in the *Application Instructions*. The company, to the best of my knowledge, continues to meet the program criteria.

I have personally examined and am familiar with the information contained in this Annual Report. The information contained in this Report is, to the best of my knowledge and based on reasonable inquiry, true, accurate, and complete.

I agree that EPA's decision whether to accept companies into or remove them from the Performance Track Corporate Leader designation is wholly discretionary, and I waive any right to challenge EPA's acceptance or removal decision. I also understand that my company's membership in the program will not be considered to be legally relevant in any enforcement proceedings for violations of environmental requirements.

I am a senior executive of the company to whom the environmental function reports and am fully authorized to execute this statement on behalf of the company applying for the Performance Track Corporate Leader designation.

Signature / Date	_____
Printed Name / Title	<a href="#">Brian K. Boyd, VP, WW EHS</a>
Phone Number / E-mail	<a href="#">732-524-3773 / bboyd@corus.jnj.com</a>
Company Name	<a href="#">Johnson &amp; Johnson</a>
Company Street Address	<a href="#">410 George Street</a>
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The National Environmental Performance Track is a U.S. Environmental Protection Agency program. Please direct inquiries to Dan Fiorino, 202-566-2869, or e-mail [fiorino.dan@epa.gov](mailto:fiorino.dan@epa.gov).

To submit your membership application:

- 1) E-mail the completed form to [fiorino.dan@epa.gov](mailto:fiorino.dan@epa.gov),
- and
- 2) Fax the completed and signed participation statement (not the entire form) to 202-566-2985.

If you cannot e-mail the membership application, mail a hard copy of the entire completed form to:

Dan Fiorino  
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U.S. Environmental Protection Agency  
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