



Disclosing the Business Impacts of Climate Change: A Company Perspective On The Issues and Process

Johnson & Johnson

Daniel Usas
Global Energy Manager

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Johnson & Johnson



Who is responsible for the process? How are potential disclosures evaluated?

- Business Representatives for respective areas evaluate impact in committee with Finance, Corporate Secretary, Risk Management, Corporate Communications, Investor Relations



What have your disclosures looked like?

- J&J currently and will continue to report:
 - Carbon Disclosure Project (www.cdproject.net)
 - Annual Sustainability Reports (www.jnj.com)
 - Socially Responsible Investment questionnaires (SAM, FTSE4GOOD, CERES, Oekom, KLD)



What have your disclosures looked like?

- Form 10-K
 - Raw Materials, Patents and Trademarks, Seasonality, Competition, Research and Development, Environment, Regulation
- Exhibit 99 to the Company's Annual Report on Form 10-K
 - List of some important factors that could cause the Company's actual results to differ from the Company's expectations in any forward-looking statements.



What have your disclosures looked like?

- **(Form 10-K 3/1/10) Environment**
 - Johnson & Johnson's operating companies are subject to a variety of U.S. and international environmental protection measures. Johnson & Johnson believes that its operations comply in all material respects with applicable environmental laws and regulations. Johnson & Johnson's compliance with these requirements did not during the past year, and is not expected to, have a material effect upon its capital expenditures, cash flows, earnings or competitive position.



What have your disclosures looked like?

- (Exhibit 99) Currently recognize several factors that can cause changes in actual results from expectations:
 - General Industry Conditions & Competition
 - Economic Conditions (Interest Rate, Currency Exchange Rate Fluctuations)
 - Technological advances & patents attained by competitors
 - Challenges inherent in new product development (obtaining regulatory approval)
 - Domestic & Foreign health care reforms and governmental laws & regulations
 - Trends toward health care cost containment




What are your views on the new guidance?

- New Guidance serves as the SEC's acknowledgement of the discussion and efforts taking place on the issue of climate change and that businesses need to evaluate and disclose its impact




Do you anticipate changing your practices?

- New factor added that could cause the Company's actual results to differ from the Company's expectations in any forward-looking statements. (2009 Annual Report, Ex99, 10-K, Filed 3/1/10):
 - The potential impact of climate change concerns on the design, manufacturing, marketing and sale of health care products
- Additional discussion to happen in 2010



Do you anticipate changing your practices?

- 2009 Sustainability Report:
 - Cited several **general risks** that will require attention and mitigation strategies: **changing regulations**; forecast of more **extreme weather events**; climate implications that could affect the **availability of raw materials or water** and alter migration patterns; and **increased cases of disease**.
 - **Regulatory risks** could include **increased energy costs** due to taxes and renewable-energy directives, higher costs due to additional requirements for tracking and managing climate change issues, and increased investment in CO2 reduction projects. These costs are **not anticipated to be material to the cashflow of J&J, as our businesses are not energy intensive**.
 - Of the risks to our business related to climate change, the most significant in the next decade is an extreme weather event, such as a hurricane or flood that would cause the closing of a manufacturing facility, disruption in the supply chain or loss of product inventory.



What do you believe your stakeholders expect?

- **Transparency & Continued Evaluation**
 - Views and Actions
 - J&J believes in climate change and is taking action to reduce its footprint. J&J believes that responsible domestic and international climate policy is a necessary part of the solution.
 - Risks & Opportunities
 - J&J is well-position to compete in an energy and carbon constrained environment.

Questions?