

# Message From the Chairman

## Caring for the world...one person at a time

Over the past 20 years, the idea of a triple bottom line has emerged as a framework for reporting a company's sustainability—its total impact on the world. This idea has been succinctly expressed as “People. Planet. Profit.” But more than 65 years ago—long before “triple bottom line” was a reporting goal—Our Credo offered Johnson & Johnson a business philosophy that continues to drive a deep commitment to operating sustainably.

We aim to make the world a better and healthier place through everything we do—the businesses we pursue, the products we discover and develop, the philanthropy we give, and the programs and alliances we build and join. Our mission is reflected in the way we run our businesses around the world, every day. Our approach to corporate citizenship defines who we are and how we aspire to act in the world. It is rooted in an enduring appreciation of true sustainability.

### OUR REPORTING PRIORITIES

We see corporate citizenship, or sustainability, not as a set of “add-ons” to our business but rather as intrinsic to everything we do. We've long recognized that the sustainability of our business depends on being attuned to society's expectations across many domains—including the environment, access to medicines, advocacy, governance and compliance. In all these areas and more, we find the engagement of stakeholders invaluable. We support and partner with them. More important, we listen to and learn from them.

Stakeholders have asked us to be more specific about the social aspects of our sustainability, as well as measures we use to assess our progress. With this report, and with accompanying information that will be placed on our websites, we are embarking on a path of providing more information. We do not expect to achieve all this in one report, but we do expect to make good progress.

Our report this year will give you a sense of the challenges and opportunities before Johnson & Johnson and help you understand the approaches we are taking, the goals and priorities we've set, and the impact of our performance. This expanded data may still

not meet the preferences and requests of all stakeholders. We acknowledge that there's more to do, and we're working to provide additional performance reporting for the future.

### ASSESSING OUR IMPACTS

After assessing various matters that could impact our ability to execute our business strategy, the degree to which our Company can impact these matters, and what we have heard from stakeholders, we believe there are several areas that could impact sustainability for Johnson & Johnson. These include:

- Researching, developing and bringing to market new medicines, medical devices and diagnostics that address unmet medical needs and new consumer products that improve health and well-being
- Enhancing access to our health care products
- Conducting our business to the highest ethical standards
- Ensuring the quality and safety of our products
- Managing our environmental impacts

Each of these is intrinsic to our success.

### BRINGING NEW PRODUCTS TO MARKET

Like all health care companies, we face important challenges to innovation that reflect the increasing demand for health care around the world. In the U.S. and other nations, payers are seeking to reform health care and reduce costs. Some of these approaches could have a negative impact on the ability of research-intensive companies to bring innovative products to patients and customers. We are working



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Chairman, Board of Directors,  
and Chief Executive Officer

closely with governments and other stakeholders to address these issues through creative policy approaches. For more information about our views on health care policy, see page 8.

We also face competitive pressures, patent expirations and a slower economy. We have successfully managed for these changes and delivered solid growth in 2008. In addition, we have strengthened our core franchises and built a robust pipeline of new medicines. Even as we grow our business in several new directions, we have maintained our financial strength with strong cash flows and a triple-A credit rating. We have also made cost structure improvements that will help us operate more efficiently.

Despite challenges, we see enormous opportunity for continued growth. One area discussed in this report is wellness and prevention, where we are pioneering an exciting new business area for Johnson & Johnson. An aging population is creating high demand for both preventive services and health care. Another area we discuss here is growth in emerging markets, where we are building capacity and developing products specifically designed for these markets. Against all these issues, we believe we made good progress in bringing important new products to market in 2008.

## ENHANCING ACCESS

Access to our medicines is more than a philanthropic obligation. If patients do not have access, our work of developing new medicines, devices and diagnostics does not meet its goal. Among our efforts to increase access, we:

- Advocate for enhanced access through health care coverage and participate in many coalitions in the U.S. and elsewhere to improve access to care;
- Offer reduced pricing based on local market conditions;
- Work with key public-private partnerships to bring important new medicines to patients in the developing world;
- Collaborate with generic manufacturers to ensure our HIV medicines reach patients in those countries;
- Support access programs both in the U.S. and through our Global Access Program.

Our access efforts demonstrate that patents need not be a barrier to access. We believe we have made good progress in enhancing access (discussed on pages 8 and 30), and we expect to expand our global efforts in the future.

## ETHICAL BEHAVIOR

Conducting our business to the highest ethical standards is a cornerstone of our commitment to putting patients first. Our Credo attracts people who are committed to making a positive difference in the world, and we provide them with comprehensive systems that support ethical behavior and compliance with laws and regulations. We have a solid compliance organization with a Health Care Compliance Office and a Chief Compliance Officer. This office provides oversight at the corporate level, in addition to the many compliance units in our businesses around the world.

In 2008, new sales and marketing codes were implemented in the U.S. pharmaceuticals and medical devices and diagnostics businesses, as was a new direct-to-consumer communications code. In addition, the U.S. pharmaceuticals and medical devices and diagnostics businesses are now posting educational grants and charitable contributions on their websites and have committed to post their payments to physicians by June 2011. We've listed many of our policies and codes of behavior on page 10. Our progress in this area in 2008 was good.

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## QUALITY & SAFETY

Ensuring the quality and safety of our products is a hallmark of the trust our customers and patients place in us. Every product we sell must meet high standards, and our products are assessed at each major stage of their lifecycle (see page 12).

Even so, new information about rare side effects or reactions may emerge only after a product is used in large populations. We have worked with others to educate policymakers and the public about the importance of understanding the risks of treatment in the context of benefits. It is only by seeing both risks and benefits that good clinical decisions can be made and optimal outcomes achieved.

In addition to working to ensure the safety of our finished products, we also carefully evaluate component ingredients and materials. We made good progress in 2008 in further enhancing our quality and safety programs.

## PROTECTING THE ENVIRONMENT

Our accountability for managing environmental impacts has grown since 1990, when we began setting long-term goals to help us reduce our environmental footprint. Our progress in meeting each of these goals has been good and is discussed on pages 22–25. We're now drawing to the end of the current *Healthy Planet 2010* goal period, and we're actively developing our next set of goals. To guide our goal-setting process, we are seeking input from stakeholders, including government officials, environmental groups, other

companies and academic thought leaders.

For additional information on any of the topics covered in this report, visit our website.<sup>1</sup> This year we have keyed our report topics to the Global Reporting Index and have included in the index at the back of this book specific links to [jnj.com](http://jnj.com) and other Johnson & Johnson publications.

Our corporate citizenship is about doing the right thing in all aspects of our business and in every way we touch the world. That's what has always inspired our people, and that's what defines our culture of caring for the world, one person at a time. We are committed to advancing our business and, through it, the health and well-being of people everywhere.



**William C. Weldon**

Chairman, Board of Directors,  
and Chief Executive Officer

June 1, 2009

This report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from Johnson & Johnson's expectations and projections. Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations; and trends toward health care cost containment. A further list and description of these risks, uncertainties and other factors can be found in Exhibit 99 of the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2008. Copies of this Form 10-K, as well as subsequent filings, are available online at [www.sec.gov](http://www.sec.gov), [www.jnj.com](http://www.jnj.com) or on request from Johnson & Johnson. Johnson & Johnson does not undertake to update any forward-looking statements as a result of new information or future events or developments.

<sup>1</sup> [www.jnj.com/connect/about-jnj/views-positions](http://www.jnj.com/connect/about-jnj/views-positions).