

Independent Assurance Statement GHG Emissions, Electricity and Water Data - ERM CVS

ERM Certification and Verification Services ("ERM CVS") was engaged by Johnson & Johnson to provide limited assurance in relation to 2021 (year ending December 31st 2021) GHG emissions and selected environmental data presented on pages 90-92 in the Johnson & Johnson 2021 Health for Humanity Report (the Report) and on <https://healthforhumanityreport.jnj.com> as set out below.

Engagement summary

Whether the corporate 2021* data for the following selected indicators are fairly presented, in all material respects, in accordance with the reporting criteria:

- Total absolute Scope 1 GHG emissions in metric tonnes [MT] of CO₂e
- Total absolute Scope 2 GHG emissions in metric tonnes [MT] of CO₂e reported using the location-based and market-based methods
- Total absolute Scope 1 GHG and Scope 2 (market-based) GHG emissions in metric tonnes [MT] of CO₂e
- Total absolute Scope 3 GHG emissions in metric tonnes [MT] of CO₂e for each of the following categories:

- 1: Purchased goods and services
- 2: Capital goods
- 3: Fuel and energy-related activities
- 4: Upstream transportation and distribution
- 5: Waste generated in operations
- 6: Business travel
- 8: Upstream leased assets
- 9: Downstream transportation and distribution for U.S. operations (from the EPA SmartWay program for the year ending 31st December 2020)

Scope of our assurance engagement

- Percentage renewable electricity: global
- Percentage renewable electricity by region - North America (U.S. and Canada)
- Percentage renewable electricity by region - Europe
- Total NOx emissions from facility combustion sources in metric tonnes [MT]
- Total SOx emissions from facility combustion sources in metric tonnes [MT]
- Total water withdrawn [million m³]
- Total water consumed [million m³]
- Total water recycled and reused [million m³]
- Total water discharged [million m³]
- Percentage of water withdrawn in regions of high or extremely high baseline water stress
- Percentage of water consumed in regions of high or extremely high baseline water stress

* 2020 for Scope 3 Category 9 downstream transportation and distribution emissions for U.S. operations

Engagement summary

Reporting criteria

The WBCSD/WRI GHG Protocol: A Corporate Accounting and Reporting Standard (2004, as updated January 2015) for the Scope 1, 2 and 3 emissions.
Johnson & Johnson's internal reporting criteria and definitions for the other metrics.

Assurance standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements [ISAE 3000 (Revised)].

Assurance level

Limited assurance.

Respective responsibilities

Johnson & Johnson is responsible for preparing the data and for its correct presentation in the Report to third parties, including disclosure of the reporting criteria and boundary.
ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the following selected 2021* corporate metrics are not fairly presented, in all material respects, with the reporting criteria. This conclusion is to be read in the context of the remainder of this statement, in particular the information in the emphasis of matter and inherent limitations paragraphs below.

- Scope 1 GHG emissions:** 367,674 MT CO₂e
- Scope 2 GHG (location-based) emissions:** 616,093 MT CO₂e
- Scope 2 GHG (market-based) emissions:** 397,086 MT CO₂e
- Total Scope 1 GHG and Scope 2 (market-based) GHG emissions:** 764,760 MT CO₂e
- Scope 3 GHG emissions for the following categories:**
 - 1: Purchased goods and services 6,605,416 MT CO₂e
 - 2: Capital goods 207,060 MT CO₂e
 - 3: Fuel and energy related activities 241,021 MT CO₂e
 - 4: Upstream transportation and distribution 1,541,624 MT CO₂e
 - 5: Waste generated in operations 8,759 MT CO₂e
 - 6: Business Travel 225,317 MT CO₂e
 - 8: Upstream Leased Assets 24,657 MT CO₂e
 - 9: Downstream transportation and distribution 55,332 MT CO₂e

(*2020, from the EPASmartWay program)

- Percentage renewable electricity by region - Europe:** 79%
- Percentage renewable electricity by region - North America:** 67%
- Percentage renewable electricity - global:** 52%
- Total mono-nitrogen oxides (NOx) emissions:** 37 MT
- Total sulfur oxides (SOx) emissions:** 53 MT
- Total water withdrawn:** 11.04 million m³
- Total water consumed:** 3.89 million m³
- Total water recycled and reused:** 0.81 million m³
- Total water discharge:** 7.15 million m³
- Water withdrawn in regions of high or extremely high baseline water stress:** 40%
- Water consumed in regions of high or extremely high baseline water stress:** 52%

Emphasis of matter

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Johnson & Johnson relating to the data on page 91 of the Report, in particular the limitations relating to the data for the Scope 3 emissions category 9 on page 93 of the Report which should be read in conjunction with the data.

Additionally, without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Johnson & Johnson relating to the data on page 90 of the Report, in particular the limitations relating to potential additional sources of GHG emissions on page 60 of the Report which should be read in conjunction with the data.

Our assurance activities

Our objective was to assess whether the assured emissions data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. We applied a 5% material error threshold.

A multi-disciplinary team of environmental and assurance specialists performed the following activities:

- Virtual interviews with relevant corporate staff to understand internal reporting guidance and processes, including the use of its GHG Management Plan, internal spreadsheets, and its various internal data management and reporting systems for each of the metrics in scope;
- Review of reporting boundary compared to J&J's internal reporting criteria
- Virtual site visits to eight sites (Bangkok, Thailand; Ciudad Juarez, Mexico; Beersse, Belgium; Ft. Washington, U.S.; San Angelo, U.S.; Cork, Ireland; South Holland, The Netherlands; Sao Jose dos Campos, Brazil (desk-based)) to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- A review of a sample of primary data for each metric in scope;
- A review of the calculations undertaken, including conversion factors and emission factors used;
- A review of estimates, extrapolations, and assumptions made in relation to the data for relevant GHG Scope 3 emissions categories; and
- An analytical review of the consolidated year end data for each metric.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Due to COVID travel restrictions, we planned our assurance engagement to include virtual site visits. While we believe this approach does not affect our limited assurance conclusion(s) above, we draw attention to the possibility that if we had undertaken in person visits we may have identified errors and omissions in the assured information that we did not discover through the alternative assurance program.

Our observations

We have provided Johnson & Johnson with a separate Management Report with our detailed (non-material) findings and recommendations.

Without affecting the conclusion presented above, we make the following observation:

- The accuracy of the water balance (water consumed minus water discharge) could be improved through consistency of accounting for evaporative losses at relevant manufacturing locations.

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