

2017 PROGRESS UPDATE

While Johnson & Johnson's usage is relatively small, its ambition and commitment to help advance responsible palm oil production is big. The following is a summary of Johnson & Johnson's activities and progress in 2017:

TRACE

- **Alignment with Sourcing Criteria:** Johnson & Johnson is committed to ensuring that 100% of its top suppliers, accounting for over 85% of its upstream palm oil and palm kernel oil usage, have sourcing commitments as strong as its own. In 2017 the Company engaged its top suppliers to evaluate alignment of their sourcing policies to its Responsible Palm Oil Sourcing Criteria. As a result, Johnson & Johnson confirmed that 50% of its top suppliers have palm oil sourcing policies or commitments aligned with its Responsible Palm Oil Sourcing Criteria.
- **Transparency:** Johnson & Johnson is dedicated to achieving 100% transparency across all mills feeding into its supply chains. To this end, the Company engaged its top suppliers to drive transparency in their respective supply chains, achieving an exceptional 68% traceability back to mill for its palm oil derivatives supply chains.

SOURCE

- **RSPO Certification:** Johnson & Johnson has been a member of the RSPO since 2006 and believes that a strong and recognized industry sustainability standard, like RSPO, is the best way to ensure long-term responsible production. The Company is committed to purchasing certificates, using RSPO-certified material from mass balance and segregated sources, and increasing its supply of certified material every year. Johnson & Johnson reports its progress on an annual basis through the RSPO [Annual Communication of Progress \(ACOP\)](#). Currently, 64% of the palm oil and palm oil derivatives used in J&J products are RSPO certified, with the following breakdown per certification category:
 - Segregated: 12%
 - Mass Balance: 1%
 - Book & Claim: 51%

IMPROVE

In addition to its traceability and certification efforts, Johnson & Johnson makes investments through its dedicated Responsible Palm Oil Fund, to support on-the-ground projects that contribute to positive impact in palm oil management practices in its supply chains.

There were three projects underway in 2017:

- In partnership with Earthworm Foundation's Rurality Project, Johnson & Johnson created an action plan specifically developed for farmers in the Sei Nilo region of the Pelalawan sub-district in Indonesia to improve palm oil fruit quality, shorten supply chains and identify other potential commodities as alternative income generators.
- Through efforts with The Sustainable Trade Initiative, Johnson & Johnson helped increase productivity of palm oil plantations through smallholder capacity development and established farmer institutions that supervise and facilitate farmers in obtaining RSPO certification in Rokan Hulu, Indonesia.
- Johnson & Johnson supported an initiative with the University of Wageningen that was successful in increasing yields in smallholder palm oil fields and training farmers on implementing better management practices starting from the constraints faced on existing farms. Johnson & Johnson extended this project into 2019 to monitor progress on the effect of the program on yields and the impact of the training.