



Holding Leaders Accountable for Advancing Equity

HCI Inclusive Culture Conference
April 21, 2021

**We are living
in a pivotal
moment**
for diversity, equity
and inclusion in the
workplace.



Diversity, Equity & Inclusion: A Shifting Landscape



Society Is Demanding Social Change

Society wants greater corporate transparency & accountability to address systemic inequities.

Employees Are Holding Leaders Accountable

Employees desire more diverse teams and inclusive cultures where everyone belongs and can thrive.



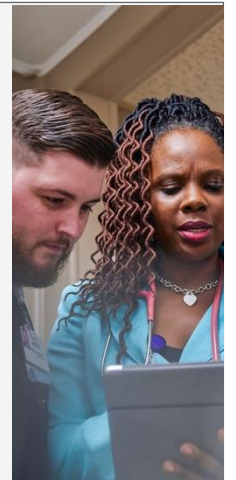
New and innovative thinking and solutions are needed to address change.

Purchasing & Employment Decisions Are Changing

Consumers are making purchasing and employment decisions based on how organizations respond to social and racial justice.

Demographics Are Changing Rapidly

It's critical that the workforce reflects the communities in which we live and serve – globally, regionally and locally.



Shifting Demographics

The world is becoming more diverse, and we need to address the resulting challenges and opportunities.

- Society is demanding social changes
- Purchasing & employment decisions are changing
- Employees are holding leaders accountable
- Demographic changes are driving innovation

Shifting Demographics Require New Business Approaches

Between 2015 and 2050, population of 60+ years

↑ 2x in global size

And by 2050,

80%

will live in low- and middle-income countries¹

Spending power of multicultural U.S. consumers²

\$3.2T USD

LGBTQ+ purchasing power⁷

\$3.6T

USD globally

Greater mobility by 2020³

↑ 50%

Single parent families⁸

↑ 22% – 29%

early- to mid-2000s vs 2025 – 2030

Plurality^{4,5} by 2045, no race or ethnic group in USA

>50%

Household budgets⁹

70%

controlled by women in the G7

People living with disabilities⁶

15% of the world's population (over 1 billion people)

Mental or neurological disorders¹⁰

25% of the world will be affected

Johnson & Johnson



Our Credo

We believe our first responsibility is to the patients, doctors and nurses, to mothers and fathers and all others who use our products and services. In meeting their needs, everything we do must be of high quality. We must constantly strive to provide value, reduce our costs and maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our business partners must have an opportunity to make a fair profit.

We are responsible to our employees who work with us throughout the world. We must provide an inclusive working environment where each person must be considered as an individual. We must respect their diversity and dignity, and recognise their merit. They must have a sense of security, fulfilment and purpose in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must support the health and well-being of our employees, and help them fulfil both their family and other personal responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide highly capable leaders, and their actions must be just and ethical.

We are responsible to the communities in which we live and work, and to the world community as well. We must help people to be healthier by supporting better access and care in more places around the world. We must be good citizens – by supporting good works and charities, improving health and education, and bearing our fair share of taxes. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programmes developed, investments made for the future and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realise a fair return.

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Approaching DEI as a Business Imperative


Business success requires:

- Top talent that reflects the diverse markets we serve around the globe
- An inclusive culture that values different backgrounds, perspectives and life experiences
- Systemic changes to create equitable opportunities for all

Diverse Teams & Companies Outperform


 **25%**
for companies in the top quartile for gender diversity


 **36%**
for companies in the top quartile for ethnic diversity


 **27%**
Companies in the bottom quartile for gender and ethnic diversity are 27% less likely to over-perform




Organizations with more diverse & inclusive cultures drive innovation⁽²⁾:

 **8x** more likely to achieve **better business outcomes**

 **6x** more likely to be **innovative & agile**

 **3x** more likely to be **high performing**

 **2x** more likely to **meet or exceed financial targets**

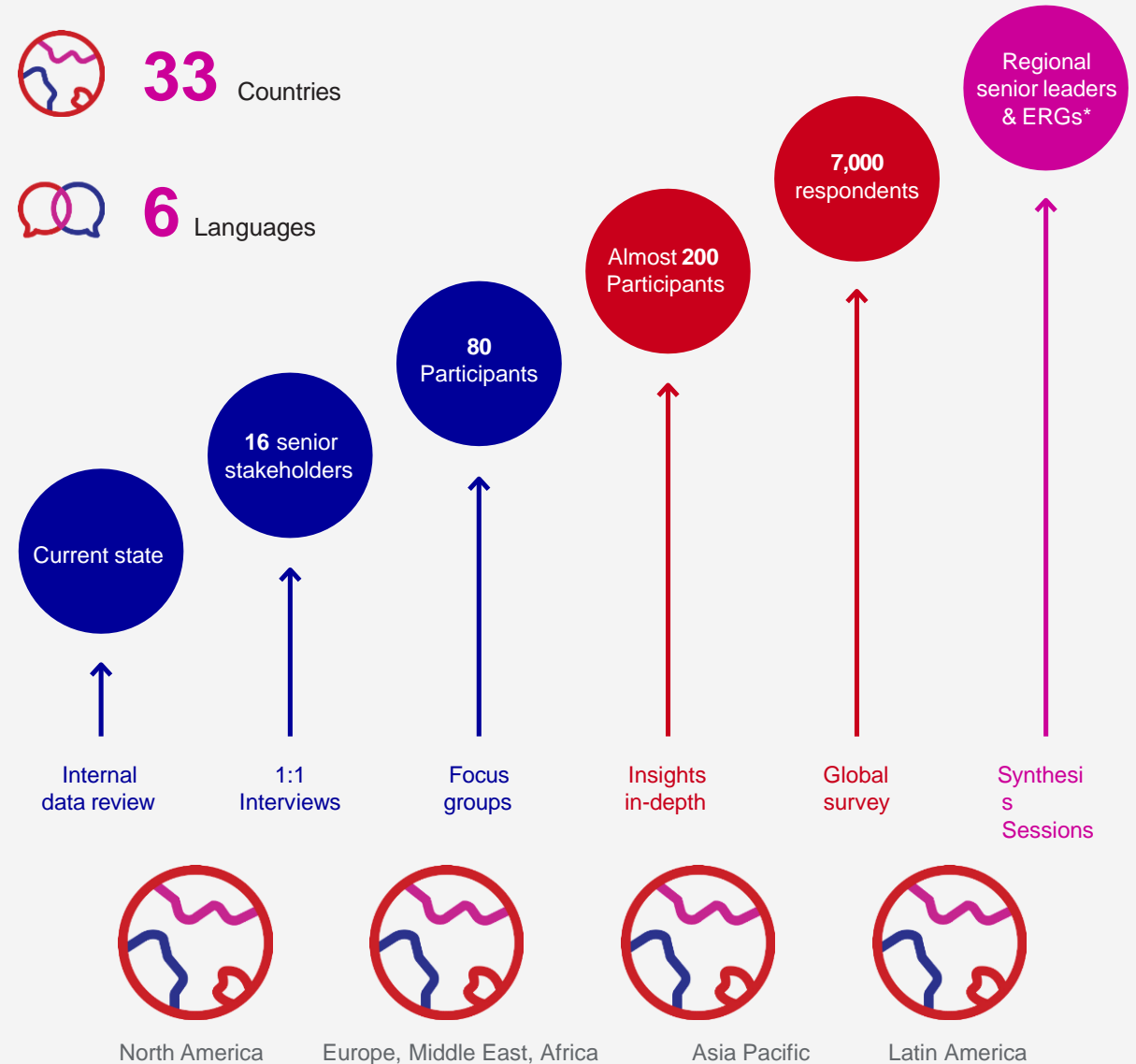
(1) "Delivering through Diversity," McKinsey & Co., (2020)

(2) "High Impact Diversity and Inclusion: The New Maturity Model," Bersin by Deloitte, (2020)

Building an Evidence-Based Strategic Plan

Gathering Insights

- Engaged 7,000 employees across 33 countries to understand what DEI means to them and the people we serve around the world.
- Insights helped us to understand that while diversity changes wherever you are in the world, inclusion was exactly the same.
- Our culture of belonging is about uniting different backgrounds, beliefs and experiences in an environment where everyone feels valued and is working together to achieve greater things.



*Employee Resource Groups

Numbers yielded from J&J insights-gathering process.

Turning Insights into Action

Insights helped create our Vision and Mission for Diversity, Equity and Inclusion at Johnson and Johnson.

Our DEI Vision



**Be yourself,
change the world.**

Our vision at Johnson & Johnson is for every person to use their unique experiences and backgrounds, together – to spark solutions that create a better, healthier world.

Our DEI Mission



Make diversity, equity & inclusion how we work every day.

Our mission is to make diversity, equity & inclusion our way of doing business. We will advance our culture of belonging where open hearts and minds combine to unleash the potential of the brilliant mix of people, in every corner of Johnson & Johnson.

Turning Insights into Action

Insights helped define what DEI meant to our employees and to inform our evidence-based DEI strategy.

How We Define Diversity, Equity & Inclusion

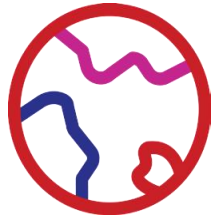
Diversity, Equity & Inclusion = You Belong

- **Diversity is about your unique perspective...**It's about you, your colleagues and the world we care for – all backgrounds, beliefs and the entire range of human experience – coming together.
- **Equity** is tailoring tools and resources to meet the unique needs of each individual and removing systemic barriers, so everyone has the opportunity to be successful.
- **Inclusion is creating a deep sense of belonging...**where you are valued, your ideas are heard, and you advance this culture for everyone.

There Is Power in Belonging



Activating Our Global Strategic Plan



Advance Our Culture Of Inclusion

- Build inclusive leadership competencies
- Educate on race/cultural differences and provide resources to enable empathetic discussions
- Recognize and reward inclusive behaviors

Build A Diverse Workforce for the Future

- Drive leadership accountability
- Reimagine talent systems to ensure equitable opportunities for all
- Advance development for diverse employees

Enhance Innovation and Business Performance

- Strengthen business strategies to better serve our diverse patients/consumers/customers to drive innovation and growth
 - Diversity in clinical trials
 - Supplier Diversity
 - Multicultural marketing strategies
- Provide D&I thought leadership and collaborate with strategic partners to drive a more just and equitable world
- Amplify our comprehensive D&I narrative internally and externally

Case Study: LISTERINE®

How do we culturally adapt our product strategy for the Malaysian market?



OPPORTUNITY

- Selling an alcohol-based product in a country that is largely Muslim (Malaysia)

APPROACH

- Our diverse team of employees in Malaysia provided real-world insights into the culture and unique needs and preferences of customers in that market
- Result was a new LISTERINE® product – Natural Green Tea. The product had an alcohol-free formula, used natural extracts of green tea and had a green tint, the color of Islam

IMPACT

- Acquired 7% market share in the launch month
- Achieved 3 times the market penetration of its competitors 12 weeks after launch

The Next Level: Accountability and Transparency

Building systems to hold our leaders across Johnson & Johnson accountable for creating a more diverse, equitable and inclusive workplace.

Making Our Commitments and Progress Public



Linking DEI to Performance



- Launched DEI goals for people leaders at all levels
- Goals linked to performance and development
- Providing resources and training to help deliver on goals

Race to Health Equity



- J&J commits \$100MM over the next five years to eradicate health inequities.
- Three focus areas:
- **Diverse & Inclusive Corporate Culture** - ensuring a diverse and inclusive workforce
- **Healthier Communities** – investing in programs that help provide equitable healthcare solutions for communities
- **Enduring Alliances** – forging partnerships and alliances that address racial and social determinants of health

Our Race to Health Equity



Activating Your DEI Strategy: Key Success Factors

Key success factors enable organizations to execute on a DEI strategy to drive tangible outcomes & impact.



Thank you.

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