

Johnson & Johnson

UK Gender Pay Gap Report 2017

A message from Clare Lee

Head of Human Resources Great Britain & Ireland

Women have been part of building Johnson & Johnson since our founding more than 130 years ago, when eight of our original 14 employees were women. At the heart of our business, from the very first day, women have helped shape our culture as a company.

Since that beginning, we have recognized the important contributions by both women and men in growing our businesses and creating healthier people, healthier communities and a healthier world.

Women are innovators tackling the challenges of today and inventing tomorrow's solutions. They are scientists and technologists, mentors, mothers, leaders in our business, caregivers, and drivers of the global economy. We believe in championing women and giving them the tools, resources and opportunities to succeed at work and at home.

We are committed to gender equality and advancing women's leadership throughout our organization and throughout the world.



Clare Lee
Head of Human Resources
Great Britain & Ireland



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at Johnson & Johnson

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and Johnson & Johnson

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a holistic approach



Igniting the power of women at Johnson & Johnson

Our commitment to women

At Johnson & Johnson, women are integral to our drive for a stronger, healthier world.

Guided by Our Credo, written 75 years ago, we focus on patients and parents, on community, and on recognizing our employees' achievements around the world.

We are proud to employ some of the most talented women and remain focused on growing and developing them as leaders. They are transforming healthcare today and the future of healthcare tomorrow.

We have earned the recognition of several important organizations for the many ways our company embraces diversity and the progress of women in our organization.

Our aspiration is to help create a more balanced world, where everyone, including Johnson & Johnson employees, can enjoy equal opportunity for employment, development and advancement.

We are strongly committed to supporting both women and men in their families and as caregivers, and growing and developing them as leaders, to help us realize our aspiration.

In a recent UK employee survey, an overwhelming majority said they would recommend Johnson & Johnson as a great place to work.

You can learn more about our aspiration for empowering women to create a healthier tomorrow on our website at:

<https://www.jnj.com/empowering-women>



Recognized for the past 11 consecutive years



Recognized in the top 15 for the past 10 consecutive years



32 years in a row



#2 ranking on the 2017 Diversity & Inclusion Index



Understanding the gender pay gap

Equal pay is different than the gender pay gap

This report includes figures based on the UK Government reporting requirements, and highlights the progress of women in our organization.

It is important to stress that the gender pay gap differs from equal pay.

The gender pay gap compares pay for all employees in a business, *without* consideration for job function, job level, qualifications, performance, hours worked (part time vs. full time) and experience. For example, an intern and a long-tenure PhD scientist are compared as if they should be paid the same.

Equal pay analysis compares the pay of employees performing the same or similar jobs.

While we consider equal pay analysis a more insightful approach to understanding pay differences between men and women, we welcome the UK's gender pay gap reporting requirement as encouraging discussion about the progress of women in UK businesses.

We have long embraced pay equality.

Our Credo reflects our belief in fair compensation and equal opportunity for employment, development, and advancement for all. Our practices and programs today do the same.

Through our Global Compensation Framework we are committed to rewarding employees in a way that is fair and equitable, recognizes their contributions to our business, and is consistent worldwide.

Our hiring, promotion, and other employment practices reflect these principles. By using one approach for recruitment, talent mobility, performance development and compensation, we help ensure a consistent employee experience for both men and women.



Rebecca Millions

Channel Director - Pharmacy & Professional
Customer Development, Length of service: 2 years



The greatest part about being a woman working at Johnson & Johnson is the fact that I have never felt like gender has played a part in my career. I have always felt equal in the support I have received and progression I have seen. I am confident that as my career grows, I will continue to feel supported.



Gender pay gap reporting

UK Government approach

The gender pay gap legislation requires employers in Great Britain with more than 250 employees to report four types of figures annually:

- Gender pay gap (mean and median): the difference in the average pay of all men and all women across an organization.
- Gender bonus gap (mean and median): the difference in the average bonuses of all men and women across an organization
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organization's pay structure

The UK legislation defines what pay and bonus to include in the required reports, as well as the specific formulas for how to calculate these values.

- Ordinary pay definition includes basic pay, allowances (such as payments for extra responsibilities, location-related payments, car allowances, recruitment or retention incentives), pay for piecework, pay for leave, and shift premium pay.
- Bonus definition includes any rewards related to profit-sharing, productivity, performance, incentive and commission, and can also include cash, vouchers, securities and securities options, and interests in securities.

As of April 5, 2017, the “snap shot” date set by the UK Government for this year's report, the average gender pay gap for **all UK companies is 18.4%**.

Compared to other UK companies, three of our Johnson & Johnson UK companies had **a below-average gender pay gap (12.24%, 14.77%, 16.62%)** and three had an **above-average gap (18.67%, 18.89% and 23.73%)**.



Breaking down our results

We have six legal entities that are required to report. Their individual results are set out below

DePuy International LTD	Johnson & Johnson Consumer Services EMEA, LTD	Janssen Cilag LTD	
12.24% Mean gender pay gap 6.63% Median gender pay gap 46.04% Mean bonus pay gap 12.50% Median bonus pay gap	18.67% Mean gender pay gap 12.46% Median gender pay gap 38.77% Mean bonus pay gap 26.56% Median bonus pay gap	18.89% Mean gender pay gap 11.75% Median gender pay gap 45.87% Mean bonus pay gap 27.96% Median bonus pay gap	
Population by pay quartiles Upper: 34.5% (Female), 65.5% (Male) Upper middle: 35.4% (Female), 64.6% (Male) Lower middle: 23.9% (Female), 76.1% (Male) Lower: 54.9% (Female), 45.1% (Male)	Proportion of men and women paid a bonus 90.96% (Female), 95.55% (Male)	Population by pay quartiles Upper: 47.5% (Female), 52.5% (Male) Upper middle: 59.9% (Female), 40.1% (Male) Lower middle: 61.3% (Female), 38.7% (Male) Lower: 77.0% (Female), 23.0% (Male)	Proportion of men and women paid a bonus 94.27% (Female), 96.26% (Male)
Johnson & Johnson Limited	Johnson & Johnson Medical LTD	LifeScan Scotland Limited	
16.62% Mean gender pay gap 15.76% Median gender pay gap 67.76% Mean bonus pay gap 19.12% Median bonus pay gap	23.73% Mean gender pay gap 22.67% Median gender pay gap 49.96% Mean bonus pay gap 64.00% Median bonus pay gap	14.77% Mean gender pay gap 10.01% Median gender pay gap 28.44% Mean bonus pay gap 23.53% Median bonus pay gap	
Population by pay quartiles Upper: 59.2% (Female), 40.8% (Male) Upper middle: 61.1% (Female), 38.9% (Male) Lower middle: 73.2% (Female), 26.8% (Male) Lower: 76.4% (Female), 23.6% (Male)	Proportion of men and women paid a bonus 85.92% (Female), 87.10% (Male)	Population by pay quartiles Upper: 21.1% (Female), 78.9% (Male) Upper middle: 31.4% (Female), 68.6% (Male) Lower middle: 39.7% (Female), 60.3% (Male) Lower: 43.7% (Female), 56.3% (Male)	Proportion of men and women paid a bonus 99.39% (Female), 98.52% (Male)

● Female
● Male



Why is there a pay gap?

Tackling the challenges

Women in leadership roles

Like many businesses in the UK, we face a challenge with the number of women compared to men in senior roles. This is a central reason for a gender pay gap in our UK businesses.

+ Read about how we're getting more women into senior roles on page 11

To help us understand the gender pay gap, we have performed an analysis based on job level. We recognize that other factors also are relevant to pay, such as function, performance and experience.

When we adjust for employees' different job levels (as measured by pay grade), our gender pay gaps drop to 1.4% to 3.7% depending on the reporting company.

Women in technical roles

Businesses in the UK continue to have a challenge with recruiting women into science, technology, engineering and math (STEM) roles – positions important for our business and a challenge we are helping to tackle.

+ Read about how we're getting more women into STEM roles on page 12.

We recognize that we still have work to do and opportunities to improve. We have focused our work on addressing these two important challenges for our industry.



Alison James
CSS Business Unit Leader
Commercial, Length of service: 16 years



Johnson & Johnson offers a supportive environment where women are encouraged to push beyond what they think can be achieved.



Why is there a bonus gap?

Part-time work, long-term incentives and leadership representation

Part-time work

The reported bonus pay gap compares bonuses for full-time and part-time employees without taking into account that difference.

This has an impact on our averages because, **in our UK businesses, we have more women than men who choose to work in part-time positions or part-time schedules.**

Long-term incentives (LTIs)

The UK bonus pay gap analysis counts LTIs when they become taxable, not when they are granted.

- For restricted stock units (RSUs), this lag is three years because RSUs vest and become taxable three years after they are granted.

- Stock options become taxable when the employee chooses to exercise them, which can be up to 10 years after the award.
- As a result, the UK analysis of 2017 bonuses could include RSU awards from 2014 and stock option awards from as far back as 2007.

The LTI lag affects the bonus pay gap because it does not reflect how and when this compensation is awarded. **It does not fully capture the increased number of women at a senior level in our business in the past several years.** It is also subject to factors that continually change based on individual preferences, such as when an employee chooses to exercise his/her stock options.

Leadership representation

As with pay, the comparative number of women and men in senior roles also impacts the bonus gap. This factor is especially important because bonus opportunities are greater in senior roles.

Again, to help us understand where there are specific challenges to address, we have undertaken an analysis considering job level.

Once job level is considered, the mean bonus pay gaps drop to a range of -5.7% (favoring women) to 13.4% across the six companies. This helps us understand how to interpret the bonus gap figures.



Our approach

An inclusive culture and more women at senior levels

We are committed to addressing the gender pay gap and to equality at all levels of our business.

We believe the gender pay gap can be addressed by igniting the potential of women at all levels of our business. We are doing this by:

- **Fostering an inclusive culture**
- **Getting more women in senior roles**
- **Getting more women in technical roles**

The commitments we have in place are backed up by programs that work to increase representation of women at all levels of business. We believe these programs will help to close the gender pay gap and to achieve true equality inside our businesses and in the communities we serve.

We will continue to support women in their careers and continue to foster the environments in which all of our employees have equal opportunity to succeed.

Our progress so far

£74m ▲

In 2016, we pledged to increase our spending with women-owned businesses globally by £74m by 2019 – and we are on course to meet that commitment.¹

Between 2014 and 2017

25% ▲

increase in number of women at director and above levels.

20% ▲

increase in number of women at manager level.



Harriet Atkinson
Associate Communications Manager
(Graduate Trainee)
Communications & Public Affairs,
Length of service: 3 years



As a woman in Johnson & Johnson my ideas are valued and my voice is always heard. There is continuous presence of female senior business leaders within the business, which provides a great support network for someone early in her career, such as myself.



¹ 2016 Johnson & Johnson Health for Humanity report, Procurement & Supplier Management <http://healthforhumanityreport.jnj.com/downloads>

Fostering an inclusive approach

Supporting an inclusive culture for families

We pride ourselves on having an inclusive and supportive culture. We encourage a flexible, healthy work-life balance. As we are a global company, we can provide benefits beyond just an employee's base salary, from health and wellness to retirement plans and bonuses, long-term incentives and recognition programs.

We are proud to offer benefits supporting family life:

- enhanced parental leave, allows new parents – maternal, paternal and adoptive – to take a minimum of eight weeks of paid leave, in addition to paid disability leave.
- volunteer leave, allowing employees to take up to five days leave to engage in volunteer activities.

We are also committed to training our employees to create an inclusive and supportive culture. Part of this focus has seen Johnson & Johnson roll out a program of unconscious bias training, creating conversations within teams to build greater understanding when hiring and promoting.

81%

of our UK employees stated that they have flexibility to achieve personal and work goals



Jo Lightning

Legal Director, Consumer Northern Europe
Law Department, Length of service: 8 years

“

I have always felt very supported working at Johnson & Johnson and that I am treated equally amongst my peers. The amount of family friendly and flexible working initiatives go beyond the experiences of many of my non-Johnson & Johnson peers. This enables me to work in a way that suits my style and is high up on my list of what I look for from an employer.

”

Increasing representation of women in senior roles

Engaging women at all levels

We empower the 68,000 Johnson & Johnson women across the world not only to be leaders in our business, but also leaders in the communities they serve.¹

Through our Women's Leadership & Inclusion (WLI) employee resource group, employees connect and network across our global companies.

WLI is committed to the development, advancement and retention of women leaders with a vision to achieve gender equality across our businesses globally.

Our WLI network is supported by Johnson & Johnson's **Ascend** program – a bespoke leadership training and coaching program for rising star women across our EMEA businesses.

Over the past 11 years, more than 300 senior women from over 24 countries have participated in **Ascend**.²



5,000

employees connect and support each other's development through WLI

35%

promotion rate among **Ascend** program graduates²

Deborah Steane

Director of Customer Supply Chain Innovation, Medical Devices, was declared Corporate Leader of the Year at the Forward Ladies National Awards 2017

¹ 2016 Johnson & Johnson Health for Humanity report, Diverse & Inclusive Workforce <http://healthforhumanityreport.jnj.com/downloads>

² Ascend case study <http://www.lizdewet.com/case-studies/jnj-company/>

Increasing representation of women in technical roles

Empowering women at Johnson & Johnson and beyond

Recruiting women into technical and STEM roles is a challenge for many UK businesses. Aiming to reach 2,000 young women in the UK in 2018, **our STEM programs are working to get more women into science and technical fields. We offer programs addressing young women in graduate, undergraduate, and early school levels.**

Our employees mentor young women, with more than 300 Johnson & Johnson employees participating in a number of programs as volunteers.

And we are committed to funding more female assistant professors in STEM²D disciplines, awarding more than £110,000 to help achieve this goal.

These commitments are part of our worldwide goal to impact one million girls age 5 to 18 with STEM programs by 2020.



+300

Johnson & Johnson employees participating in a number of programs as volunteers

1,000,000

worldwide goal to impact one million girls age 5 to 18 with STEM programs by 2020

Eilidh Peat

Maintenance Engineer at LifeScan Scotland Ltd, won the STEM Apprentice Award at the STEM Inspiration Awards 2016