

## Johnson & Johnson

Before J&J became a publicly traded company, it established its Credo in 1943. In it, it places the needs and health of its customers first. Its Credo became famous during the Tylenol poisoning crisis of 1982. J&J has maintained a sterling reputation, though this is at risk with a current controversy over the extent of its knowledge of a potential link between talcum powder and cancer.

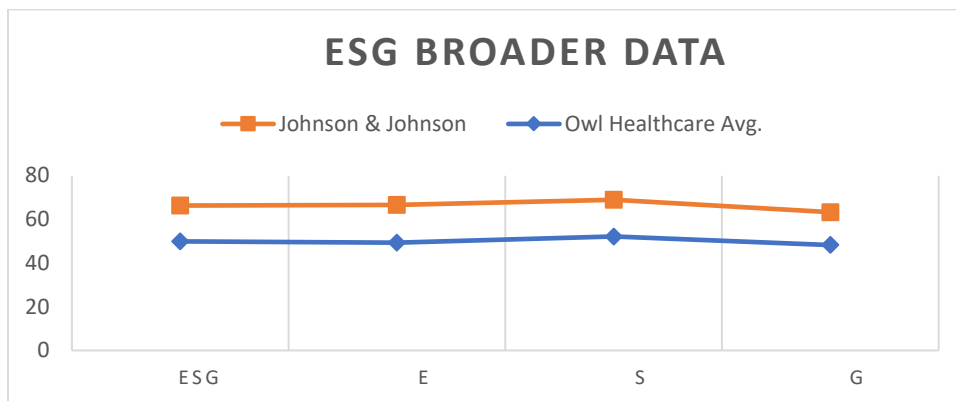
As a large pharmaceutical and health care company, the most material issue for J&J is the pricing and accessibility of its products. We note that while all pharmaceutical companies can be criticized for their seemingly indiscriminate pricing decisions, there is a spectrum of results.

The Access to Medicines Index, published every two years by the independent Access to Medicines Foundations, ranks the 20 largest research-based pharmaceutical companies according to their efforts to improve access to medicine in 107 low- to middle-income countries. J&J was ranked second in 2016, an improvement of one place from the 2014 study. J&J has done a particularly good job in making its drugs accessible in poor countries by donating a large amount of products and by not exercising its patents on its HIV drug to treat AIDS. The company was ranked 9<sup>th</sup> on *Fortune's* Change the World List for the impact of their mobile messaging program in India, which links low-income expectant and new mothers with their doctors.

J&J was ranked as the 38<sup>th</sup> best company to work for by Glassdoor in 2018 and also in the top 10 firms for women by *Working Mother*. It receives a perfect score from the Human Rights Campaign on non-discrimination issues related to LGBT employees and a 90% rating on the Disability Equality Index.

There are currently more than 10,000 lawsuits against J&J arguing that talcum powder contains asbestos and that usage of it causes cancer. In July, a jury in Missouri awarded 22 women \$4.7 billion. (This case is being appealed.) So far, 8 cases have been decided in favor of plaintiffs and 4 for the company. J&J points to a number of studies that have found no connection between talcum powder and cancer, while plaintiffs charge that J&J knew of a connection. Some internal memos from the 1970s appear to raise questions over the extent that J&J officials discussed this issue.

J&J has performed well on environmental measures. They receive an 'A' rating from the Carbon Disclosure Project. They have reduced their greenhouse gas emissions by 21% since 2010 and 25% of all energy used comes from renewable sources.



Source: OWL SHARES

*Disclosure: This material may not be reproduced or transmitted to any third party or used for any other purpose without the prior written consent of Reynders, McVeigh Capital Management, LLC or its division Fresh Pond Capital (collectively "RMCM"). This material is proprietary and intended for informational purposes for RMCM clients only. The OWL SHARES ESG Ratings and Score consolidate information on 20,000 companies worldwide from over 500 sources, among them ESG research firms, news and media outlets, non-government organizations, government databases, unions and activist groups, and more. RMCM adjusts this research with its own proprietary weightings matrix. The views expressed herein are subject to change and represent the current, good-faith views of RMCM at the time of publication. RMCM disclaims any duty to update any of the information and data contained herein. This material is not a recommendation to buy or sell a particular security. Past performance is not indicative of future results. Factor exposures other than ESG score, such as market capitalization, valuation ratios, and momentum have an effect on a company and its performance.*