



**BE IT RESOLVED:** Shareholders request that Johnson & Johnson publish annually a report assessing the Company's diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include:

- the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs,
- the Board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment, and retention of protected classes of employees.

**SUPPORTING STATEMENT:** Investors seek quantitative, comparable data to understand the effectiveness of the company's diversity, equity, and inclusion programs.

**WHEREAS:** Numerous studies have pointed to the corporate benefits of a diverse workforce. These include:

- Companies with the strongest racial and ethnic diversity are 35 percent more likely to have financial returns above their industry medians.
- Companies in the [top quartile](#) for gender diversity are 21 percent more likely to outperform on profitability and 27 percent more likely to have superior value creation.
- A 2019 [study](#) of the S&P 500 by the *Wall Street Journal* found that the 20 most diverse companies had an average annual five year stock return that was 5.8 percent higher than the 20 least-diverse companies.

Despite such benefits, significant barriers exist for diverse employees advancing within their careers. Women enter the workforce in almost equal numbers as men (48 percent). However, women [comprise](#) only 22 percent of the executive suite. Similarly, people of color comprise 33 percent of entry level positions, but only 13 percent of the c-suite.

Johnson & Johnson's 37-page online publication, *You Belong: Diversity & Inclusion Impact Review*, states "For more than 130 years, diversity and inclusion have been at the heart of our culture and key to the success of Johnson & Johnson." Johnson & Johnson CEO, Alex Gorsky, has said "The best innovations can only come if our people reflect the world's full diversity of individuals, opinions and approaches."

However, Johnson & Johnson has not released meaningful information that allows investors to determine the effectiveness of its human capital management as it relates to workplace diversity. Stakeholders may become concerned that Johnson & Johnson's



statements are corporate puffery, language described by the United States Federal Trade Commission as marketing exaggerations intended to “puff up” companies or products and not able to be relied upon by consumers and investors.

Investor desire for information on this issue is significant. As of October, 2020, \$1.9 trillion in represented assets released an [Investor Statement](#) on the importance of increased corporate transparency on workplace equity data. It stated:

*It is essential that investors have access to the most up-to-date and accurate information related to diverse workplace policies, practices, and outcomes.*