



Sustainability Report 2010

Janssen Pharmaceutica NV





Foreword

The pharmaceutical sector in 2010 was again confronted with very significant cuts in the budgets set aside for medication, both at home and abroad. These cuts were mainly a consequence of the economic crisis and the credit problems in a number of countries during 2008 and 2009, and they also have an impact on Janssen. The price reductions imposed in the past years, and the taxation on prescription medicine turnover continue to negatively impact our profitability.

Despite the loss in income due to the expiry of major patents in recent years, Janssen has continued to invest in Research & Development, and this has resulted in even more pressure on the company's profitability. The pharmaceutical industry is currently characterized by a decline in the efficiency and productivity of efforts with regard to Research & Development. Janssen has not escaped from this general trend. In order to address this negative evolution, Janssen has created the *Office for Campus Strategy & Growth (OCS)* in 2010. This team has already taken a number of initiatives in the context of Open Innovation in the meantime. For example, the active search for different forms of cooperation with interesting third parties, and offering some of these parties the possibility of establishing themselves on our company site.

The above information is also clearly reflected in our annual figures. The turnover increased by 196 million euro compared to 2009, while the other operating income increased by 95 million euro in 2010. Profit amounted to 22 million euro, which is 26 million euro more than in 2009. The investment figures for both the campus in Beerse and the campus in Geel demonstrate that we still firmly believe in Belgium as our place of business. In 2010, we spent more than 1 billion euro on Research & Development, in addition to substantial sums on infrastructure and new technologies. In Beerse, for example, major investments were made in a production line for the production of McNeil products and in the necessary adjustments to the building in order to prepare it for the move of our sister company Tibotec-Virco's employees from Mechelen to Beerse. The major investment project in Geel was the further completion of the new Pilot Plant and the associated utilities.

In addition, industrial land was purchased in La Louvière with the aim of building a European Distribution Center for the J&J Pharmaceuticals Group, which is currently under construction. In Diegem, an office building was purchased and renovated and will be made available to the Belgian companies of the J&J MD&D Group; the MD&D Group will move here in the course of 2011. In the context of the

reduction of the number of Johnson & Johnson operating sites on a global scale, our colleagues from Janssen-Cilag Benelux, GCO and J&J Consumer moved from Berchem to Beerse 2 last year. The high concentration of know-how in a limited number of locations in Belgium is already important in itself. But the major benefit is that, from now on, all these departments and services will work even closer together in order to obtain a whole that is greater than the sum of its components. This should give us the assurance that we are in a strong position to face the future.

We can also report plenty of positive news in the area of the development of new medicines in 2010. For example, a total of no less than four registration applications were submitted in the USA and/or Europe. These are also important files, including the INCIVO (telaprevir) file, a pioneering product for patients suffering from hepatitis C, and the ZYTIGA (abiraterone) file, a promising product for patients with prostate cancer that has been approved by the American FDA in the meantime. With these medicines, we are setting a new standard in the treatment of these diseases. There is also fresh hope for HIV/AIDS patients, because we have a very promising new medicine in the pipeline for them as well, EDURANT (rilpivirine), a product that was discovered on our campus. The management is confident that these important products will soon meet the needs of a great many patients, and will be able to help fill some of the still numerous gaps in the health care sector.

In addition, major cooperation agreements were signed with a significant number of academic institutions and external companies. We mention here, for example, the cooperation with the renowned Koch Institute in the USA, which holds great promises for future innovations in the battle against cancer. But

the acquisition of the Dutch company Crucell by J&J, an operation that was successfully completed early in 2011, is probably even more important, and that offers us the perspective of developing into one of the world players in the area of vaccines in time.



Taking the difficult economic conditions and numerous challenges of the markets into account, we are now focusing more than ever on our main objective: To develop new drugs against complex diseases for which insufficient effective treatment is currently available. Janssen in Belgium is playing a leading role in this respect, and remains a major player in the social and economic areas, as well as a world player in drug research, development and production. But all this is only possible thanks to the motivation and efforts of our employees in all the areas in which we operate. Their talents continue to be our greatest assets for our continued success in the future.

Tom Heyman
Managing Director
Janssen Pharmaceutica NV

Patients



Janssen Pharmaceutica's most important contribution to society is the discovery, development and production of new drugs. *Expenditure on Research & Development* increased slightly in 2010, and amounted to 1,067 million euro. The basis of our R&D activities remains the search for new medicines with a high added-value that are not only safe and efficient, but also satisfy unmet medical needs. This means that we focus primarily on those disease areas for which no effective treatments are available yet.

The *Janssen R&D departments* in Beerse mainly focus on the research into substances intended for disorders in the field of neurosciences (psychiatry and degenerative disorders), oncology (remedies for slowing down the growth of tumors) and infectious diseases, areas in which we currently hold a leading position worldwide, or in which we intend to become market leaders in the future. Diagnostic tools will also become an important research area for us. Our colleagues from *Tibotec-Virco Virology*, who have been based on the campus in Beerse since mid-2010, are concentrating on the discovery and development of pharmaceutical products and innovative treatment methods that can be useful in the treatment of patients with chronic infectious diseases, such as HIV/AIDS, hepatitis C and tuberculosis.

The global integration of Johnson & Johnson's pharmaceutical research activities also provides other departments based in Beerse with plenty of opportunities for intensive cooperation and support. The possible establishment of external partner companies at the campus will also have an enriching impact on our own R&D staff. In addition to the close *cooperation with academic centers, biotech companies and other pharmaceutical partner companies*, a number of agreements were entered into in 2010 that are particularly important for our future. These include agreements with WuXi PharmaTech, which operates in China and the USA in the area of pre-clinical services, the Koch Institute in the USA, which is concentrating on cancer research, and NeuroSearch, a Danish company active in the field of neurological research. In our own country, a collaboration with the Flemish Institute for Biotechnology was announced, with the aim of developing new medicines for the treatment of psychiatric and neurodegenerative disorders.

In 2010, several files of important new products were submitted to the authorities for an initial or for additional registration. In addition, our company was involved in the development and/or production of a number of substances by their group associations.

Products for which the registration application was submitted in 2010:

| | |
|-----------------------------------|---|
| XEPLION® (paliperidone palmitate) | schizophrenia |
| INCIVO® (telaprevir) | hepatitis C |
| ZYTIGA® (abiraterone acetate) | prostate cancer |
| EDURANT® (rilpivirine) | HIV/aids |
| XARELTO® (rivaroxaban) | venous thrombosis and atrial fibrillation |
| REMICADE® (infliximab) | pediatric ulcerative colitis |
| INVEGA® (paliperidone) | pediatric schizophrenia |
| YONDELIS® (trabectedine) | ovarian cancer |
| NUCYNTA ER® (tapentadol) | chronic pain |
| SIMPONI® (golimumab) | rheumatoid arthritis |

Progress was booked in the research into the following substances:

| | |
|-----------------------|---------------------|
| Bapineuzumab IV | Alzheimer's disease |
| Canagliflozin | type 2 diabetes |
| CNTO136 (sirukumab) | autoimmune diseases |
| DACOGEN™ (decitabine) | cancer treatment |
| Fulranumab | pain relief |
| CNTO328 (siltuximab) | cancer treatment |
| TMC207 | tuberculosis |
| TMC435 (simeprevir) | hepatitis C |

In the calendar year 2010, 42 new *patent applications* were submitted under the name of Janssen Pharmaceutica NV. Numerous checks to ensure patient well-being and safety are carried out in both the initial stages of research and during the development, production and sale of our medicines.

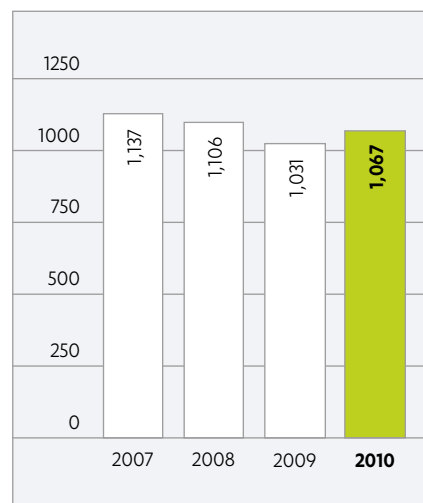
The company keeps the various authorities up-to-date on progress and applies for the necessary *licenses* that are required by law. For example, a new environmental permit was obtained for the expansion of our sites with the activities of Tibotec-Virco, Janssen-Cilag Benelux and J&J Consumer. The site in Olen was also granted a 20-year extension on its permit by the authorities. In addition, the Prevention Department supports the "Open Innovation" project to ensure that our external partners are also able to carry out their activities on the campus in a safe, healthy and environmentally-conscious manner.

In 2010, the company underwent 20 *audits and inspections* by external authorities in the context of general prevention. In addition,

| Indicators | 2007 | 2008 | 2009 | 2010 |
|--|-------|-------|-------|--------------|
| R&D investments (in million euros) | 1,137 | 1,106 | 1,031 | 1,067 |
| Product responsibility: system available | Yes | Yes | Yes | Yes |

| Subject | Programs | Audit |
|------------------------|--|--------------------------------------|
| Product responsibility | Quality Assurance, GLP, GMP Internal reporting Regulatory files Pharmacovigilance | Internal and external, international |

tion, internal audits are carried out on a regular basis, in accordance with the requirements of our certified environment, safety and health care systems. In order to protect our supply chain and reputation, all external pharmaceutical and API sites of the Janssen Group were assessed in terms of their main environmental, safety and health risks in 2010. This was one of the objectives of the *Healthy Planet 2010 Goals* of Johnson & Johnson.



Evolution of R&D investments (in million euros)



Employees



Since September 2010, all Johnson & Johnson pharmaceutical companies have been operating under a *single common identity* and with one new logo: JANSSEN. This is a special recognition of the pioneering work of Dr. Paul Janssen and his company, Janssen Pharmaceutica, during the past decades. In 2010, the campus in Beerse was extended by a range of important new entities: The staff members of Tibotec-Virco moved from Mechelen to Beerse 1, and the colleagues from Janssen-Cilag Benelux and J&J Consumer Belgium from Berchem found accommodation in Beerse 2. We now have a fully integrated campus, which is the largest Johnson & Johnson campus outside of the USA.

The *Human Resources policy* supports the campus strategy and is therefore evolving in the same direction the company embarked on in 2010. The strategy is based on three pillars. The first pillar relates to the operational aspects, i.e., every activity that is necessary in a business context in the area of salary and payroll, holiday and leave arrangements, training, recruitment, career planning, etc. Janssen manages its own HR poli-

cy, and Tibotec-Virco and Janssen-Cilag Benelux are handling this for their employees. The second pillar is the strategic HR policy based on the so-called "*HR Service Delivery Model*". The Belgian campus is already well advanced in this. According to the model, HR provides services to the various J&J companies on the campus. We are also looking into employment flexibility options, a motivating payroll policy and the training and development of our employees in the context of our career planning policy. The third pillar of the HR policy involves the care of our own staff. This mainly aims to establish a campus where it is pleasant to work, and where people can feel good in their job, and be appreciated and recognized; where they can also enjoy healthy and balanced food, and have the opportunity to take part in sports and keep fit ... in brief, a satisfying working environment that supports confidence in their own future and in the future of the campus.

The names Medical Department and Company Medical Department were changed to *Company Health Department* at

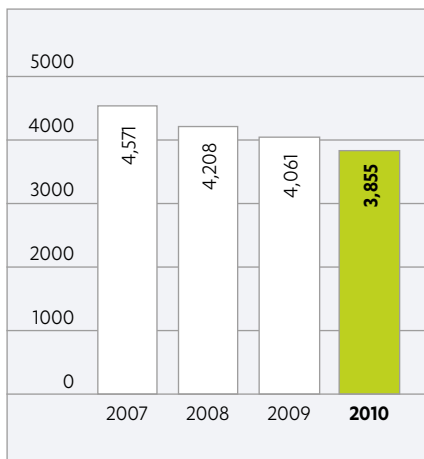
the beginning of 2010. This name expresses more clearly what this department is actually offering: Besides the care for people who become ill at work and first aid in the case of accidents, the department preventatively promotes and monitors the health of employees. General health care and prevention are central areas of attention for the Company Health Department. In 2010, one of the initiatives in this area was the launch of the 10,000 steps plan. In this context, hundreds of pedometers were distributed free-of-charge among the staff members. In addition, it is also intended to provide even more efficient and better services. To achieve this, a number of small amendments were made within the department in Beerse.

With regard to *safety*, a slight increase in both the number of occupational accidents with absence from work and the degree of severity was observed in 2010. The program relating to "safe conduct" remains a major concern; this program focuses on creating a workplace culture where all staff members are firmly committed to complying with all applicable prevention rules and agreements.

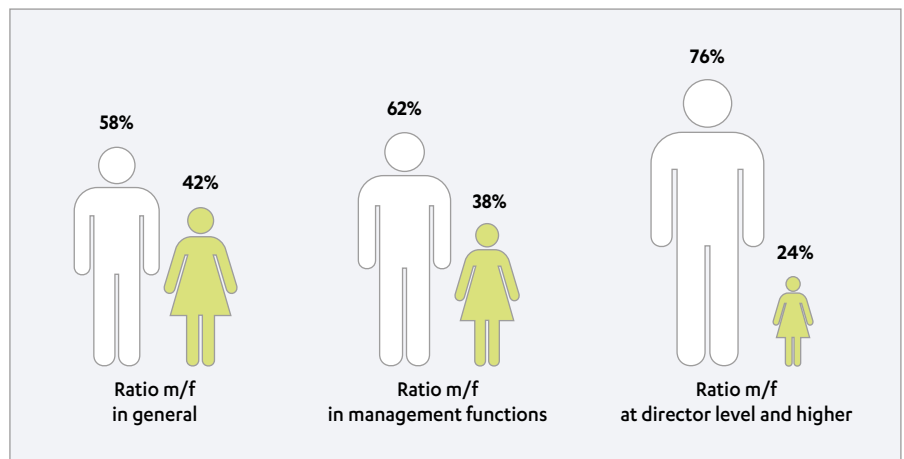
| Indicators | 2007 | 2008 | 2009 | 2010 |
|---|----------------|----------------|----------------|------------------------------|
| Number of employees * | 4,571 | 4,208 | 4,061 | 3,855 |
| Number of occupational accidents (with absence from work) | 20 | 20 | 29 | 30 |
| Absence due to illness (% of total working hours) | 4.62% | 4.63% | 4.40% | 4.38% |
| Days of absence from work (due to occupational accidents) | 373 | 332 | 278 | 373 |
| Voluntary termination of employment (% of total staff) | 2.84% | 2.40% | 1.80% | 1.43% |
| Average number of training course hours per employee (average % of total working hours) | 44 (2.7%) | 33 (2.0%) | 31 (2.2%) | 29 (2.1%) |
| Number of training initiatives per employee | 29 | 25 | 28 | 27 |
| Ratio men/women in general | ♂ 58% ♀ 42% | ♂ 59% ♀ 41% | ♂ 58% ♀ 42% | ♂ 58% ♀ 42% |
| Ratio men/women in management functions | ♂ 65% ♀ 35% | ♂ 65% ♀ 35% | ♂ 63% ♀ 37% | ♂ 62% ♀ 38% |
| Ratio men/women at director level and higher | ♂ 82% ♀ 18% | ♂ 78% ♀ 22% | ♂ 77% ♀ 23% | ♂ 76% ♀ 24% |
| Formal employee representation | Yes | Yes | Yes | Yes |

* This figure relates to the personnel figures of Janssen Pharmaceutica and JC General Services together.

| Subject | Programs |
|-------------------------------|---|
| Diversity policy | <ul style="list-style-type: none"> • <i>The Colors of Diversity</i> • Intercultural training courses • Unwanted and unacceptable behavior at work |
| Safety | <ul style="list-style-type: none"> • Working on safe behavior • <i>Safe Fleet</i> program • Prevention share |
| Health | <ul style="list-style-type: none"> • Health monitoring, targeted examinations, spontaneous consultations, sickness registration, ergonomics, industrial hygiene, vaccinations, travel advice, blood collection, psychosocial counseling, first aid, health promotion |
| Information and communication | <ul style="list-style-type: none"> • <i>Focus intranet</i>, with daily updates • Three-weekly bulletin (<i>Janssen Bericht</i>) • Quarterly company magazine (<i>Focus Magazine</i>) • R&D group worldwide magazine <i>The Pharma Frontier</i> • Six-monthly staff information sessions • Permanent "Open Dialog" via <i>Focus intranet</i> |



Trend in number of employees
(Janssen Pharmaceutica + JC General Services)



Ratio men/women in 2010

Community



Care of the environment

Product management in 2010 was still a major area of attention for the Prevention Department, due to the further implementation of the European REACH (*Registration, Evaluation, Authorization and Restriction of Chemical Substances*) and GHS (*Globally Harmonized System of Classification and Labeling of Chemicals*) regulations. On the subject of REACH, the first registration deadline of the ECHA (*European Chemicals Agency*) expired on 1 December 2010. Six substances were registered for Janssen. According to the European GHS regulation, better known by its English abbreviation CLP (*Classification, Labelling and Packaging*), all relevant substances were to be registered with the ECHA by 1 January 2011. A total of 217 products were registered via group registration for all legal Janssen entities in the EU. The environmental risk analysis of rilpivirine, abiraterone acetate, canagliflozin and TMC207 were coordinated in order to ensure the timely registration of our new medicines at the EMA (*European Medicines Agency*).

In 2010, we were once again able to carry off an important *external recognition*. Janssen Pharmaceutica received an honorary mention from the CEFIC (Europese Federatie van de Scheikundige Nijverheid – the European Chemical Industry Council) following our participation in the *European Responsible Care Awards 2010* with the *Solvent management@Janssen Pharmaceutica* project: a responsible approach from development till production. The project included a series of initiatives that were taken in recent years with the aim of limiting our environmental footprint by reducing our use of solvents.

Internally, three *J&J Worldwide Sustainability Awards* were awarded to projects from Beerse and Geel in 2010:

- One *EHS Excellence Award* went to the *Chemical cleaning re-invented: Clean, Lean & Green* project of Janssen Geel. Thanks to this project, the ergonomics of the central washing department could be thoroughly improved, the use of chemical substances could be reduced, and noise and the environmental impact could be limited.



- The pharmaceutical production departments of GPSG in Leiden, Beerse and Raritan (USA) received an *Energy Excellence Award* for the “outstanding energy programs, projects and results that are achieved on the three campuses involved”. Thanks to intensive energy-saving programs, Janssen Belgium was able to reduce its CO₂ emissions by 65% within five years by concentrating on the best practices in this field, by effecting a change in mentality among the users, and by switching to 100% green energy.

- In the *Product Stewardship Excellence Award* category, a prize was awarded for the *Recuperation of API from Drug Product Matrices through Extraction and Crystallization* project. This project involved the re-

| Indicators | 2007 | 2008 | 2009 | 2010 |
|--|-------------|-------------|-------------|--------------------|
| Energy consumption (kWh) | 325,269,854 | 347,162,053 | 339,364,016 | 364,852,020 |
| CO ₂ reduction (in tons) | 14,869 | 15,760 | 17,360 | 12,873 |
| Use of green power | 100% | 100% | 100% | 100% |
| Water consumption (m ³) | 1,110,236 | 1,008,702 | 986,207 | 1,000,889 |
| Waste incinerated, dumped or physicochemically treated (according to the definition of the HP2010 targets) (in tons) | 12,532 | 11,593 | 11,662 | 14,301 |
| Paper and cardboard packaging (in tons) | 2,672 | 2,955 | 3,665 | 3,403 |
| % of packaging originating from certified forests or recycled materials | 58.1% | 58.5% | 61.6% | 83.2% |
| Initiatives on environmental awareness and biodiversity | Yes | Yes | Yes | Yes |
| Incidents and fines | 0 | 1 | 2 | 0 |
| Operational environmental costs (in million euros) | 15.1 | 14.7 | 14.1 | 13.2 |
| Audit of suppliers and external manufacturers | Yes | Yes | Yes | Yes |
| Product management, use of DfE ** | Yes | Yes | Yes | Yes |

** DfE stands for "Design for the Environment", the process that is used by Chemical, Pharmaceutical and Packaging Development for the development of a medicine up to the final commercial product, during which the environmental impact of products and processes is closely monitored.

covery of active pharmaceutical ingredients from pharmaceutical development and validation batches in order to re-use them in non-GMP experiments. As a result, the time involved and the cost of development activities could also be greatly reduced.

The combined *environmental, safety and health audit* that was carried out on the campus in Beerse, Geel and Olen in February 2010 was completed successfully. It was the first time that this audit has been carried out combining the three standards (ISO, OHSAS and MAARS), the three sites (Beerse, Geel and Olen) and the four sectors (R&D, Chemical Production, Pharmaceutical Production and Support Services). As a result, the overall time required for the audit was significantly reduced. The auditors were impressed by the professionalism and the dedication of our staff. Since 2010, we have the honor of not only operating as an ISO14001 certified company, but also as an OHSAS 18001 certified company, and this applies to our three sites, Beerse, Geel and Olen. Our commitment to continuous improvement is always at the basis of these

care systems. A significant area of attention in this context was the further development of our program relating to contractor safety, to ensure that also our external partners can come and work here every day in a safe, healthy and environmentally-conscious manner.

The Janssen Pharmaceutica branches in Geel and Beerse have joined the *Voluntary Environmental Agreement (MBO)* between the Flemish Government and essenscia, the Belgian federation for the chemical industry and life sciences, with a view to reducing NO_x emissions between 2009 and 2013. In addition to the annual reporting of the NO_x emissions, a feasibility study was carried out into the reduction potential of our largest combustion plant in Beerse in 2010. Following this, investments were made in the installation of a new low-NO_x burner in December 2010, resulting in a further reduction of these emissions with 5 tons every year.



General Ethical Policy

As a pharmaceutical company, our aim is to discover and develop prescription drugs that are suitable for the treatment of numerous very serious diseases. All our activities must *comply with the applicable legislation*, and must be in accordance with the values of *Our Credo*. In addition, our company subscribes to the core principles of compliance, which means that we comply with our own internal regulations and procedures that fully correspond to the global and regional laws, legislation and requirements in terms of Research & Development, pharmaceutical marketing and promotional activities.

All contacts between Janssen Pharmaceutica personnel and government officials (“*Government Officials*” or GOs), which includes professors and university personnel, as well as customs officials, doctors, nurses and other experts in the health sector (“*Health Care Professionals*” or HCPs), must be conducted in a correct and ethical manner. The HCBI guide, which was developed in-house, and the corresponding HCBI procedures will help us to correctly apply and strictly comply with the various legislations, codes and directives, and rules and obligations. The *Health Care Business Integrity (HCBI) team* of Janssen Pharmaceutica is responsible for the implementation and maintenance of the overall Health Care Business Integrity program relating to the activities that take place in our offices in Beerse, Geel, Olen and Merksem.

“*Request Navigator*” was launched on 1 May 2010: this is a program to help users with both the creation of the necessary contracts for HCBI-sensitive activities and with the



One of the messages from the local residents in Vosselaar resulted in the immediate noise remediation of the ventilators in Building 014 by the Engineering Department. A small adjustment to the ventilation settings had caused an unexpectedly large increase in the noise level. The sound cards provide a picture of the specific sounds of the building’s noise sources before (on the left) and after (on the right) the remediation was carried out.

transparent documenting of why we are working together with specific people, groups or associations, and not with others, and why and how much they are being paid, etc. Following the introduction of this program, the Janssen employees who are involved in specific HCBI-sensitive activities were asked to attend the obligatory “e-University” training course.

The *Janssen hotline* is a confidential, free-of-charge telephone number that can be used by employees to report any breach of the legislation and/or company guidelines relating to *Health Care Business Integrity (HCBI)*, financial reporting, accounting, auditing and related subjects. The hotline is staffed by an independent third party, and can be reached 24 hours a day, 7 days a week.

In order to maintain our relationship with neighboring residents, we have organized a *green number* that can be contacted to ask

questions or to address remarks with regard to our company. This toll-free hotline enables us to quickly respond to any concerns that may arise in the immediate neighborhood of the company. In 2010, 14 messages were registered, and all these were looked into. After the internal follow-up, the callers receive feedback about the actions that have been undertaken.

In addition, a *neighborhood information evening* was organized in Beerse, during which not only the current environmental aspects were discussed, but also the activities of the company fire brigade and of the new colleagues of Tibotec-Virco Virology.

Any complaints or information about side-effects regarding our medicines can be reported to the *Customer Service Center* of Janssen-Cilag Benelux, our commercial sister organization, which has been accommodated in Beerse 2 from 2010.

| Subject | Indicator | Programs | Audit |
|------------------|--|------------------------------------|---------------------------|
| Child labor | <ul style="list-style-type: none"> Workforce: no children employed | Employment Policy for young people | Yes - internal |
| Human rights | <ul style="list-style-type: none"> Complaints: None | | |
| Advertising | <ul style="list-style-type: none"> Communication and Sponsoring Complaints: 1 request for information was replied to Advertising to patients: Not applicable | Deontological Code of Mdeon | Yes - internal + external |
| Pricing | <ul style="list-style-type: none"> Not applicable | | |
| Employee privacy | <ul style="list-style-type: none"> Complaints: None | Yes | Yes |
| Patient privacy | <ul style="list-style-type: none"> Complaints: None | Yes | Yes |

Social Responsibility

Janssen Pharmaceutica aims to be actively involved in the community, and supports projects that are in line with its economic expertise and know-how. At the *Janssen Meeting Center* in Turnhout, we accommodate 16 local non-profit organizations, the social objectives of which are in line with *Our Credo*. In addition, in 2010 Janssen Pharmaceutica also supported a number of private initiatives by doctors who help to alleviate medical needs in developing countries using our *medicine parcels*.

Janssen signed a contract with the *Brothers of Charity* on the 6 December 2010. For the coming five years, Janssen will donate parcels of DIPIPERON, HALDOL, ORAP and RISPERDAL, with a value of about 100,000 euro a year, to this religious organization. The Brothers of Charity maintain sixteen centers for mental health care in six African countries. These centers treated an estimated 80,000 psychiatric patients in 2009.

With the annual "*Prevention Share*", we recognize the efforts made by departments and staff in the field of creating a safe, healthy and environmentally-conscious working environment. A department can score points during the year for every prevention initiative they come up with. The 'platinum', 'gold', 'silver' and 'bronze' awards are then presented at the end of the year. The financial appreciation in the context of the 2009 Prevention Share was donated to three local organizations that are active in the field of (mental) health care: the 'Centrum voor Geestelijke Gezondheidszorg Kempen' (*Center for Mental Health, the Kempen*), the non-profit organization Krik-Krak, and the MPI De Mast in Kasterlee.

Like J&J, Janssen also supplies *emergency aid after major natural disasters*, such as after the devastating earthquake in Haiti early in 2010 and after the immense floods in Pakistan in the spring of 2010. In this con-

text, the company supported the Mamosa project for the reconstruction of a home for students managed by the Flemish Scheut (CICM) missionary Jan Hoet in Haiti. In Pakistan, emergency medicine parcels for local hospitals were reimbursed to the local J&J branch.

Furthermore, the company contributed to the success of the sponsored march that was organized in December 2010 in the context of the Studio Brussel *Music for Life* campaign. Most of the proceeds of this successful fundraising campaign went to AIDS orphans in Africa; the remainder being donated to our own Sikiliza Leo project in Uganda. This project includes making potable water, health promotion and family counseling available. AIDS orphans are supported in this way, and an attempt is made to make the community more viable by means of social campaigns.

| Activity | Projects | Partners |
|--------------------------------------|--|---|
| Financial support | <ul style="list-style-type: none"> Community and social projects | Fight against Cancer, Den Leeuweric, Ter Loke, Home Monnikenheide, Toy library 't Otterkerke, Special Olympics Belgium, Het GielsBos and other non-profit organizations |
| Company-related initiatives | <ul style="list-style-type: none"> Cooperation agreement for the conservation and restoration of historical monuments | Xian-Janssen in China Janssen PMP in India |
| Free accommodation | <ul style="list-style-type: none"> Janssen Meeting Center Turnhout | 16 non-profit organizations |
| Product donations | <ul style="list-style-type: none"> Medicines and medicine parcels | Brothers of Charity Private initiatives |
| Other donations | <ul style="list-style-type: none"> Second-hand furniture and technical/scientific equipment and materials | Various schools and colleges, universities, and numerous non-profit organizations |
| Regional development | <ul style="list-style-type: none"> Strategic Project Organization Kempen (SPK) | |
| Membership to business organizations | <ul style="list-style-type: none"> Business & Society Belgium, Kauri, Itinera Institute (in cooperation with Janssen-Cilag Benelux) | |





Economic

Janssen Pharmaceutica's *turnover* in Belgium increased by 196 million euro to 2,010 million euro in 2010, compared to 2009. 86 % of this turnover was achieved via the associated companies. The loss on ordinary activities before taxes amounted to 4 million euro, primarily due to higher operating expenses. The bottom-line *profit* of 22 million euro for the financial year is mainly the consequence of extraordinary results, including the profit on the sale of the shares of Movetis NV, which was acquired by Shire in 2010, the profit on the sale of the shares of Johnson & Johnson Consumer NV to JHC Nederland BV, and an extraordinary cost of 48 million euro due to the legal settlement of the cef-tobiprole damage claim from Basilea. The local turnover and profit figures should, of course, be incorporated in the overall results of the Johnson & Johnson group, our parent company quoted on the New York Stock Exchange.

In 2010, substantial *investments* were again made in buildings, infrastructure and new technologies. In Beerse, a number of modifications were carried out to the buildings due to the relocation of the activities of Tibotec-Virco from Mechelen to Beerse in 2010. Investments were also made in a product line for McNeil products, and in an expansion of the capacity of the Computer Data Center in Beerse. On the Beerse 2 site, the necessary arrangements were made to make space for our colleagues from Janssen-Cilag Benelux and J&J Consumer Benelux, who moved from Berchem to Beerse in 2010.

In Geel, substantial investments were made in the new Pilot Plant for chemical development and the related utilities. The Pilot Plant, which constitutes the bridge between Research & Development and Production, was officially inaugurated on 1 October 2010, and will be fully operational in 2011. Furthermore, amendments were made to the heat-

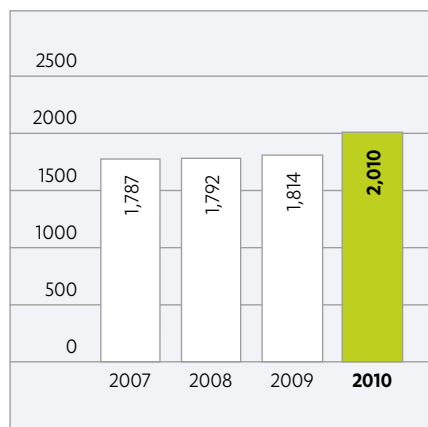
ing, ventilation and air conditioning installations in the Powder Unit, and modification work was carried out on the sewer system.

In the sites in Beerse, Geel and Olen, an additional amount of 36.8 million euro was also invested in a series of minor building renovations, machines, installations and equipment necessary to keep the sites up-to-date.

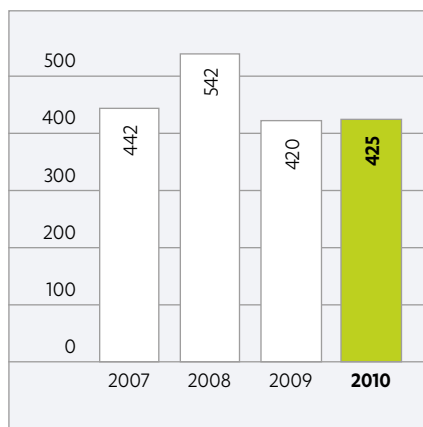
In La Louvière, Janssen purchased industrial land for the construction of a European Distribution Center for the J&J Pharmaceutical Group; the construction officially started in October 2010. An amount of 14 million euro was invested in this project in 2010. In Diegem, an office building was purchased and renovated, and will be made available to the Belgian companies of the J&J MD&D Group. The MD&D Group will find accommodation here in the course of 2011. 12.3 million euro was made available for this project in 2010.

| Indicators | 2007 | 2008 | 2009 | 2010 |
|--|-------|-------|-------|--------------|
| Turnover (in million euros) | 1,787 | 1,792 | 1,814 | 2,010 |
| Profit from ordinary activities before tax (in million euros) | 24 | 61 | 57 | -4 |
| Profit (in million euros) | 674 | 40 | -4 | 22 |
| Total payroll (in million euros) | 442 | 542 | 420 | 425 |
| Investments in buildings, infrastructure, new technologies (in million euros)* | 178 | 173 | 131 | 151 |
| Purchases from suppliers that represent more than 10 % of the purchase amount (in million euros) | None | None | None | None |

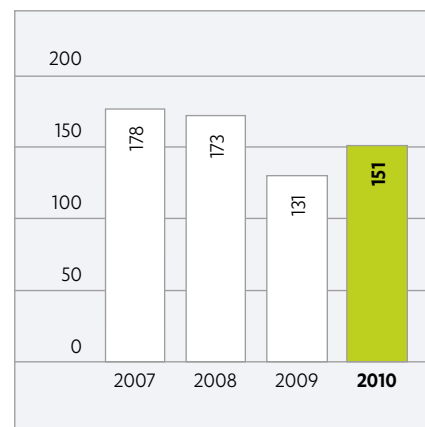
* This figure relates to the investments of Janssen Pharmaceutica and Janssen-Cilag General Services together. All other figures in the table only relate to Janssen Pharmaceutica.



Turnover evolution (in million euros)



Total payroll evolution (in million euros)



Capital Expenditure evolution (in million euros)

Programs and challenges for the future

As mentioned earlier, we are now at a pivotal moment in the history of our company. We need to invest far more than before, with far greater risks than before. We therefore need to concentrate fully on *increasing our productivity and competitiveness* in all sections of the company. At the same time, we will need to enter into a dialogue with the regulatory authorities to make the long journey to the approval and reimbursement of new drugs more efficient. Efforts are also being made with regard to a more efficient distribution of our products. For example, the SODIAC project was started in 2010. This project is oriented towards creating a new, integrated distribution platform in the EMEA region (Europe, Middle East, Africa) in order to be able to meet the changing needs of patients and customers.

If we are to increase our productivity, we will have to *specialize in a number of disease areas* and research disciplines. Five integrated therapeutic areas have been specified worldwide: oncology, infectious diseases, neurosciences, immunology and cardiovas-

cular & metabolic conditions. We will also work together far more with external experts, firms or academic institutions that are at the top in their respective fields than we did in the past. A good example of this is Crucell, the Dutch company that has been fully acquired by J&J in the meantime, and that is among the global players in the field of vaccines. The other partnership agreements that were concluded in 2010 should also be seen in that perspective. The "Open Innovation" model will therefore become increasingly widespread.

Our campus aims to create, develop and deliver therapeutic solutions that transcend limits, and this will make a difference for the patient. This is the reason why we are working on building an *open and entrepreneurial campus community*, with the purpose of focusing together on activities with a high added-value - as a center of open innovation. *The Venture and Incubation Center (VIC)*, a division of the Office for Campus Strategy and Growth (OCS), is playing a very specific role in this: It is a type of incubator

where new business ideas can be converted into viable projects. The VIC provides support for the launch of new healthcare initiatives that are in line with the campus strategy, it encourages entrepreneurial talent and assists in channeling the use of this talent. Finally, the VIC also contributes to a partnership community based on the principle of open innovation. The *Entrepreneurial Boot Camps* offered by the VIC provide entrepreneurial talent with a platform to develop new business ideas.

In line with the new strategic plan for the Janssen campus, the second *Science and Knowledge Week* was organized in September 2010. The purpose was to provide everyone with the best possible opportunity to take part in the various activities that are of interest or are useful. This was also a way to stimulate the group spirit and to encourage potentially refreshing social contacts and new insights. The closing event of this Science and Knowledge Week was a true family day for the whole family on the company site of Janssen in Geel.

Preservation and Material Protection

The Janssen Pharmaceutica *Preservation and Material Protection (PMP)* department has been a world leader for many years in the development and marketing of mildew antimycotic products for the post-harvest treatment of fruits. The existing range of this autonomous department includes FUNGAFLOR™ and FUNGAZIL™ on the basis of the imidazole compound imazalil, PENBOTEC™ on the basis of the pyrimidine compound pyrimethanil and the patent-protected PHILABUSTER™, in which both active molecules are combined. Interesting new products are currently in the evaluation phase or in the development phase, with special attention to non-chemical methods, such as active plant components or benign yeasts that compete for space with the pathogens.

Janssen PMP intends to remain a world leader in the post-harvest protection of fruit also in the future. To achieve this, the department relies on the three cornerstones of sustainable enterprising.

The first cornerstone is at a *social level*. As a result of the growing world population, the increasing international trade and the demand for high-quality food, the efficient

control of storage diseases has become more important than ever. Furthermore, the socially responsible, sustainable post-harvest treatment makes rational use of fungicides, and combines the application of the treatment with inspections regarding the dosage and the nature of the compounds used. Only in this way can healthy fresh food, such as fruit, which is essential for the intake of sufficient vitamins and antioxidants, also be made accessible to less wealthy population groups. One single kilogram of imazalil prevents the loss of 25 tons of fruit!

The second cornerstone is *economic*. The use of post-harvest fungicides not only prevents the loss of food, but savings can also be made on the repackaging and the needless transport of perishable food. Post-harvest treatments against fruit rot are more efficient than treatments prior to the harvest, and they are less susceptible to the development of resistance. Moreover, this type of treatment does not depend on the weather conditions and allows for greater flexibility in the timing of the harvest.

The third cornerstone is *ecological*. Post-harvest treatment requires and pollutes less water than treatment on the field. In addition, Janssen PMP has developed technologies to ensure the complete breakdown of the chemical load of the treatment water after treatment (FUNDS™ technology). Finally, the production, transport and processing of contaminated fruit that can no longer be sold can be avoided, and this results in the reduction of the overall ecological footprint of the fruit sector. Calculations show that one ton of imazalil leads to a reduction of 8,250 tons of CO₂ emissions. The effective use of PENBOTEC™ for apples could even reduce the CO₂ emissions by no less than 134,000 tons.

In 2010, in the context of its social commitment and the Janssen Pharmaceutica Preventive Heritage Preservation Fund, Janssen PMP made an important financial contribution to the UNESCO Chair for Preventive Preservation, Monitoring and Maintenance of Monuments and Sites at the KU Leuven. The ongoing cooperation between Janssen PMP and the *Archeological Survey of India (ASI)* was also continued in this context, and a detailed report was prepared on the biological contamination at the summer palace of Sultan Tipu in Srirangapatnam, Karnataka (India).



The summer place, a sanctuary build as a burial chamber for Tipu Sultan, ruler of Mysore in South India during the second half of the XVIII Century.

Some of our 2010 Highlights



Relocation operations from Mechelen and Berchem

Several hundred Tibotec-Virco employees moved from Mechelen to Beerse 1 in the spring of 2010. Later, in the months of August and September 2010, the employees of Janssen-Cilag Benelux, J&J Consumer and Global Clinical Operations, who were previously employed in Berchem, took up residence in Beerse 2. As a result of their arrival, the integration of all pharmaceutical activities – and part of the consumer activities – of J&J in Belgium at one campus became a fact.



New Janssen identity a fact

On Friday, 10 September 2010, Janssen Pharmaceutica officially took on the new Janssen identity of the Pharmaceuticals Group. This meant that the new logo could officially be used from this day onwards. The stylized deer continues to highlight our link with the Kempen, but now has a more timeless and forward-looking appearance. The logo also evokes a patient with outstretched arms, waiting in hope for our medicines to fulfill his unmet medical needs. Most J&J Pharmaceutical companies have adopted this new identity in the meantime.



Fourth Dr Paul Janssen Award

The *Dr. Paul Janssen Award for Biomedical Research* was presented for the fourth time in September 2010. This prestigious award recognizes one or more passionate and creative scientists who are active in basic and/or clinical research, and whose scientific achievements have had, or will very probably have a measurable impact on human health. The Award was presented to Prof. Em. Erik De Clercq and Prof. Anthony Fauci for their pioneering work in the understanding and combating of viral diseases and, more specifically, the understanding and combating of HIV/AIDS.



Pilot Plant in Geel inaugurated

Janssen inaugurated its new Pilot Plant in Geel at the beginning of October 2010. The new *Chemical Development Pilot Plant (CDPP)* represents a bridge between Research & Development (R&D) and the production of medicines. The inauguration was the culmination of the many years of fruitful cooperation between the colleagues from Chemical Development and Chemical Production, and is a testimony of J&J's confidence in the know-how and skills of Janssen in Belgium. The mission of the Pilot Plant is two-fold: On the one hand, the chemical development of active ingredients for the clinical research, and the chemical production of small volumes of medicines on the other.



Best employer in Belgium

For the past ten years, Janssen Pharmaceutica had the best result in consecutive Randstad surveys regarding the best employer in Belgium. According to Jan Denys from Randstad, Janssen has a number of important trumps in its hand, despite the various restructuring phases over the past few years: "The company is still perceived as "a local company", even though it has been in American hands for many years now." In addition, the continuing high esteem for Dr. Paul Janssen and his work probably played a decisive role. With an average relative attractiveness of 47% in ten appearances in the annual *Randstad Award*, Janssen certainly performed much better than its direct competitors.



European Distribution Center in La Louvière

On 19 October 2010, the symbolic first stone of the new Janssen European Distribution Center for medicines was laid in La Louvière in the presence of Rudy Demotte, Minister-President of the Walloon Region, and PS Chairman and Minister of State Elio Di Rupo. In March 2010, Janssen decided to invest 49 million euro in a new logistics center for the distribution of medicines in Europe. Together with three satellite centers, this distribution center will bundle the activities of the current fifteen distribution centers in Europe from 2012 onwards. This will substantially reduce the number of steps in the supply chain.

This *Sustainability Report* relates to Janssen Pharmaceutica NV. This Belgian limited liability company incorporates:

- Janssen R&D, the Belgian division of the worldwide research organization of the J&J Pharmaceuticals Group;
- Janssen Supply Chain, the Belgian chemical and pharmaceutical production plants in Beerse, Geel and Olen;
- A range of support services, such as the Human Resources Department, the EH&S Department, the Legal Department, Finance, Procurement, etc., providing support to the above-mentioned organizations.

In Belgium, Janssen Pharmaceutica has sites in Beerse, Geel, Olen and Merkssem.

Published by:
Janssen Pharmaceutica NV, 2011

Director of Editing:
Lieve Deconinck, Janssen Pharmaceutica NV,
Turnhoutseweg 30, B-2340 Beerse, Belgium

More information:
www.janssenpharmaceutica.be

© Janssen Pharmaceutica NV 2011