

Position on Anti-Corruption

Background

Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. According to Transparency International, corruption is the abuse of entrusted power for private gain. Organizations are expected to demonstrate that their entrusted power adheres to integrity, governance, and responsible business practices.

Relevance

As the world's largest and most diversified healthcare company, producing thousands of pharmaceutical and consumer health products as well as medical devices, Johnson & Johnson is inevitably exposed to corruption risk. Our products, designed to improve and save lives, are valuable to many who may attempt to use unethical means to acquire them or gain benefit from trading our products.

Throughout all our business segments, we enter into a wide variety of scientific, educational, sales, promotional and marketing arrangements with both public and private entities and individuals, including healthcare professionals. We also interact with government regulators and inspection authorities. In all these interactions, it is our duty to follow local and internationally applicable laws and ethical standards prohibiting bribery and corruption, and to avoid inappropriately influencing the medical decisions of healthcare professionals and the purchasing decisions of entities that buy our products and services.

Guiding Principles

At Johnson & Johnson, we are committed to maintaining the highest level of integrity and ethical culture. We also advocate for good corporate principles in the areas of human rights, labor, environment, anti-bribery and anti-corruption in industry codes and elsewhere.

As stated in [Our Credo](#): "We are responsible to the communities in which we live and work and to the world community as well. ... We must be good citizens — support good works and charities, better health and education, and bear our fair share of taxes." Taking a stance against bribery and corruption is an important part of being a good citizen.

Our firm stance against bribery and corruption is embedded in Johnson & Johnson's [Code of Business Conduct](#).

Our Position

Johnson & Johnson takes a strong stance against corruption and bribery consistent with the anti-bribery laws that exist in many countries around the world. In our policies, we comprehensively cover our anti-corruption

and anti-bribery position, which follows the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable local anti-bribery and anti-corruption laws and regulations. Our position includes:

- **Strictly prohibiting bribes and all forms of illegal payments:** We strictly prohibit bribes, kickbacks, illegal payments and any other offer of items of value that may inappropriately influence or reward a customer to order, purchase or use our products and services, whether provided directly or through a third party such as a distributor, customs broker or other agent. Our internal controls at all levels of the organization ensure compliance with anti-bribery and anti-corruption laws. We audit and refine these internal controls on an ongoing basis. Continuous monitoring includes full documentation of existing accounting and internal control systems and evaluation procedures.
- **Ensuring our interactions with public and private entities and individuals are in line with ethical and anti-bribery and anti-corruption standards:** It is our duty to follow local and internationally applicable laws and ethical standards prohibiting bribery and corruption, and to avoid inappropriately influencing the medical decisions of healthcare professionals and the purchasing decisions of entities that buy our products and services. When we interact with healthcare professionals, healthcare organizations and systems, pharmacies, retailers and other providers, and government and private purchasers of healthcare products and services, including any government official, we do so in a legal and ethical manner consistent with principles, policies, laws and regulations and industry standards. Any third party who conducts business on our behalf must also comply with these requirements.
- **Continuously assessing corruption risk and monitoring our performance:** Through our Health Care Compliance function, we conduct risk-based compliance monitoring and testing at our operating companies on a regular basis, with different scope and frequency according to local conditions. Healthcare compliance staff work closely with other corporate divisions such as Internal Audit and Legal to investigate potential incidents of non-compliance relating to anti-bribery and anti-corruption. Our more than 260 operating companies around the world undergo internal audits on a three-year cycle for our higher-risk companies, and on a five-plus-year cycle for our lower-risk companies. More frequent testing and monitoring of select areas of our businesses are conducted where required. Johnson & Johnson uses both internal and external criteria, including the Transparency International Corruption Perceptions Index, as well as market- and business-specific risk factors, to determine the risk profile of our operating companies and businesses.

The scope of audits covers a range of commercial activities associated with bribery and corruption risk, including sales and distribution, engaging healthcare providers and other third parties for services, gifts or items of value, tendering, and cross-border interactions.
- **Raising awareness, knowledge and accountability among our employees:** Our policies require that all employees with relevant job functions complete anti-bribery and anti-corruption training. The training covers the core aspects of our Health Care Business Integrity Guide, including charitable contributions, donations, gifts, third-party intermediaries (e.g., distributors) and cross-border interactions. Anti-corruption scenarios are also embedded in the Code of Business Conduct training for all employees every two years.

- **Requiring our suppliers to uphold anti-corruption and anti-bribery standards:** We expect our suppliers to embrace high standards of ethical behavior that are consistent with our own. Our requirements for suppliers are outlined in Johnson & Johnson's [Responsibility Standards for Suppliers](#).
- **Enforcing clear rules governing gifts and entertainment:** Our healthcare compliance policies provide specific guidance on offering gifts, entertainment, hospitality and similar benefits to suppliers, vendors, customers, business partners, healthcare professionals, government officials and any other third party. To keep our relationships fair, honest and objective, we avoid conflicts of interest that can occur when an employee solicits or accepts gifts, payments, loans, services or any form of compensation from suppliers, customers, competitors or others seeking to do business with our Company. Employees should only accept gifts, entertainment, hospitality, travel or other items of value from suppliers, vendors or other contractors where they are modest, are not cash or cash equivalents, and do not influence business decisions. Further detail is provided in our [Code of Business Conduct](#) and other internal policies and communications.

Application

This position is relevant for the Johnson & Johnson Family of Companies, as detailed in our [governance materials](#). We provide updates, where relevant, relating to anti-corruption in our annual [Health for Humanity Report](#).

Last Updated: June 2020