Position on Anti-Corruption

Background

Corporations play a significant role in society, and their actions can have a far-reaching impact on people and communities. To protect our people, our patients and our business, and guarantee a level playing field among corporations, laws and regulations governing corporate activities are in place in every country in the world, although they may differ from country to country. Ensuring compliance with all relevant laws and regulations is a fundamental duty of corporations.

Ethical conduct represents the behaviors required of all those who conduct business, based on appropriate values, policies and guidelines that govern decisions and behaviors at a company or organization and which reflect the expected compliance with local laws and regulations.

Companies that operate in line with high standards of ethical and compliant conduct protect people, communities and their own business from risk, and establish a strong basis for sustainable business over time.

Relevance

As the world’s largest and most diversified healthcare company, Johnson & Johnson requires clear, comprehensive and robust guidance for ethical behavior across our global corporation to provide an aligned and consistent framework for employees and contingent workers. Johnson & Johnson companies conduct a wide range of activities in the healthcare marketplace, including research, medical education, product and procedure training, marketing and selling. These interactions involve many different healthcare stakeholders as well as employees, suppliers, business partners and officials from governments and health authorities around the world. A variety of legal and ethical standards, some of which are unique to the healthcare industry, apply to these activities.

To protect our people, our patients and our business, we take every reasonable measure to ensure that we all operate in accordance with ethical and compliance laws and standards.

Guiding Principles

At Johnson & Johnson, we are committed to maintaining ethical and compliant conduct with the highest level of integrity. As stated in Our Credo: “We must provide highly capable leaders and their actions must be just and ethical … We are responsible to the communities in which we live and work and to the world community as well … We must be good citizens …” Additionally, our firm commitment to ethical and compliant conduct is embedded in both Johnson & Johnson’s Code of Business Conduct and Procurement Code of 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. Our policies 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, unlawful facilitation 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 implemented 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, books and records, and internal control systems and evaluation procedures.

**Ensuring our interactions with individuals as well as with public and private entities 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 (GO), we do so in a legal and ethical manner consistent with principles, policies, laws and regulations and industry standards. All third parties must also comply with these requirements in the course of business with Johnson & Johnson.

**Management of Third-Party Intermediaries:** In many countries, companies rely on Third-Party Intermediaries (TPIs) to conduct various aspects of our business. These TPIs can act as agents and/or as distributors that promote and/or sell our products or serve as logistics intermediaries, tender consultants, contract or clinical research organizations, event planners, media agencies, lobbyists, regulatory consultants or travel agents, among other entities. At times, TPIs interact with GOs throughout their activities in the course of business with Johnson & Johnson. TPIs have their own obligations under their local applicable laws and regulations, including local anti-corruption laws, and we require TPIs to be compliant at all times.

We also require a number of important obligations from TPIs. Our TPI risk management program consists of an enhanced risk-based due diligence process starting with a business justification and an information questionnaire, followed by a risk segmentation for 100% of covered TPIs. The risk segmentation enables a risk-based approach to TPI lifecycle management aligned with regulator expectations of applying resources to areas of highest risk. For low-risk TPIs we move straight to background checks based on publicly available information. Based on the level of risk identified through the risk assessment, other TPIs will receive a comprehensive questionnaire in addition to the background checks. These checks are performed through professional sourcing tools and include investigational due diligence for high-risk TPIs. The sum of all gathered information will be evaluated to detect potential red flags. This process aims to ensure that relevant information is fully appraised before we enter into a business relationship with a TPI.

TPIs are categorized in four risk categories. And, depending on the category, more intense risk mitigation measures will be put in place, such as higher frequency in monitoring, on-site visits or a shorter due diligence cycle. Further, where needed, we will engage in efforts to facilitate compliance program development for the
TPI by the provision of a compliance program toolkit or an app to support TPI field staff. Training is a component of programs in all risk categories; it must be completed by the TPI, and is documented by Johnson & Johnson staff.

We renew this risk-based management process periodically to ensure that the TPI continues to be qualified and reputable to satisfy the requirements of anti-corruption legislation. We seek certification from our TPIs periodically and ask that they provide updated information that may be material to Johnson & Johnson's risk-based management process; alternatively, we may request certification that no relevant changes have occurred.

We have a baseline three-year due diligence cycle, and, in between, an 18-month certification process on training and compliance. Low-risk TPIs may have a four-year due diligence cycle. We also implement oversight measures, including a Red Flag management process at the regional and local levels, a process to monitor due diligence information quality, periodic testing, monitoring and audits of TPIs by the Anti-Corruption Program Office’s Third-Party Intermediary Ethics & Compliance organization, which is housed within our Health Care Compliance (HCC) organization. Our internal Johnson & Johnson Global Audit & Assurance (GA&A) department organizes and completes an annual risk assessment to identify TPIs for Foreign Corruption Practices Act (FCPA) process reviews. HCC, Law Department and GA&A staff work directly with the company management to address findings from third-party reviews. Johnson & Johnson provides the TPI with an indication of the findings and recommendations for remediation efforts. Where needed, Johnson & Johnson will facilitate compliance program development for the TPI by providing both training and a compliance program toolkit or an app to support TPI field staff as outlined above.

**Continuously assessing corruption risk and monitoring our performance:** Through our HCC function, we conduct risk-based compliance monitoring and testing at our Johnson & Johnson companies on a regular basis, with varying scope and frequency according to local conditions and risk assessments. All Johnson & Johnson companies and business functions are included in our corruption risk assessments, which serve as a key input to a risk-based compliance program. Our functionally independent HCC leaders conduct quarterly risk reviews, and at the Johnson & Johnson company level, the HCC Officer (HCCO) assesses company activities, engaging with company leadership to understand potentially new and emerging risks. As new risks are identified, the HCCO develops mitigation plans to update relevant processes and controls, and aligns with Johnson & Johnson company leaders on the oversight, resourcing and execution of such plans.

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 assess bribery and corruption risks in our companies and businesses.

HCC staff work closely with other corporate functions such as GA&A and the Law Department to investigate potential incidents of non-compliance relating to anti-bribery and anti-corruption.

The GA&A organization completes an annual anti-corruption risk assessment of all our Johnson & Johnson companies, which is refreshed regularly throughout the year and determines which companies are selected for FCPA process reviews. The scope of the assessments 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. Johnson & Johnson HCC, Law Department and GA&A staff work directly with the Johnson & Johnson company management to address findings.
In addition, to ensure we stay abreast of significant external developments, affording us the opportunity to engage and shape the external environment, our global HCC team actions an external engagement strategy that is informed by business and regional objectives. Through this engagement strategy we:

- **Raise 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 U.S. Healthcare Compliance Regulatory Guidance and our International Health Care Business Integrity Guide, including charitable contributions, donations, gifts, interactions with healthcare professionals, GOs, TPIs and cross-border interactions. Anti-corruption scenarios are also embedded in the Code of Business Conduct training for all employees every two years.

- **Require 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](#).

- **Enforce clear rules governing gifts and entertainment:** Our healthcare and procurement compliance policies provide specific guidance on offering gifts, entertainment, hospitality and similar benefits to suppliers, vendors, customers, business partners, healthcare professionals, GOs and any other third party. To keep our relationships fair, honest and objective, we avoid conflicts of interest, which 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. Additional detail is provided in our [Code of Business Conduct](#)’s “Conflicts of Interest” section and other internal policies and communications.

The Johnson & Johnson [Our Credo Integrity Line](#) provides a global, accessible channel for reporting concerns and is available 24 hours a day, 7 days a week and in 24 languages. It is independent, secure and confidential, offering a safe mechanism for anonymous reporting (where permitted by local law) of suspected concerns or potential violations of our policies or the law. We communicate the Our Credo Integrity Line access broadly, so that employees and others who work with us know this channel exists for them to raise grievances at any time.

We also send an annual reminder to employees about our Escalation Procedure, which specifies responsibilities for all employees across Johnson & Johnson relating to what should be reported, in what timeframe, and the process for reporting. It includes reporting requirements and guidance for the full range of actual or potential ethical conduct or compliance violations such as those related to travel and expenses; accuracy of books and records per the Global Finance operating guidelines; theft or fraud in any form; noncompliance with our government contracts or pricing obligations; misconduct of any kind; conflict of interest; human rights violations; and data privacy breaches, among others. See the “Financial Integrity” section of our [Code of Business Conduct](#) for additional information.

- **Engage globally to advance collective action against corruption and bribery:** We engage in numerous collective action efforts to tackle corruption and bribery, and to raise standards of business integrity among business and other industry partners. We collaborate and maintain sustained
cooperation between stakeholders in the private and public sectors, civil society and other international organizations. Johnson & Johnson has committed to engaging in anti-corruption collective action initiatives, including Transparency International UK and the United Nations Global Compact (signatory since 2013), and to following industry association codes, including: the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice; the European Federation of Pharmaceutical Industries and Associations (EFPIA) Code of Practice; the Pharmaceutical Research and Manufacturers of America (PhRMA) Codes and Guidelines; the Advanced Medical Technology Association (AdvaMed) Code of Ethics; the MedTech Europe Code of Ethical Business Practice (for which Johnson & Johnson helped to create, and now chairs, a Code committee at MedTech Europe); Mecomed, the medical devices, imaging and diagnostics trade association for the Middle East and Africa; and the Asia Pacific Medical Technology Association (APACMed), where Johnson & Johnson led the work to develop its Code of Ethical Conduct and whose Company Group Chairman for Medical Devices, Asia Pacific, chairs the APACMed Legal, Ethics and Compliance Committee.

Johnson & Johnson also participates in the annual Transparency International UK Corporate Anti-Corruption Benchmark Survey and Quarterly Deep Dive Workshops with peer companies. The Benchmark Survey measures and compares our anti-corruption program performance against our best practice standards—including compliance regulations—and also against best practice standards across the entire business community. Our survey results are also validated by an independent third party. The Quarterly Deep Dive Workshops enable practice-sharing and learning opportunities with other companies. Our participation in the Benchmark Survey and Quarterly Deep Dive Workshops supports our review and oversight of our global anti-corruption compliance program and enables identification and prioritization of compliance program improvement opportunities.

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.

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