



MEDICAL DEVICES COMPANIES

California Transparency in Supply Chains Act and United Kingdom Modern Slavery Act Statement¹

This statement explains the steps that we have taken to help ensure that slavery and human trafficking are not taking place within the Johnson & Johnson Family of Companies (Johnson & Johnson) supply chain. This annual statement, which is for the period from December 31, 2018, through December 29, 2019, is intended to comply with legal requirements² and to provide our stakeholders with information that may aid them in making more informed decisions about the goods they purchase.

As the world's largest and most broadly based healthcare company, Johnson & Johnson is committed to delivering sustainable social, environmental and economic impact across our Company and extended value chain by leveraging the power of our people, expertise and global partnerships. Our supply chain is responsible for making products at our own Johnson & Johnson facilities and through external partners. As a result, our supply chain is global and multi-faceted. We purchase goods and services from thousands of suppliers around the world. The success of our business depends on our ability to collaborate with suppliers that both provide the highest-quality products and services and are philosophically and strategically aligned with our commitment to our social, environmental and safety responsibilities. More information on our procurement policies and practices can be found [here](#). More information on our current Company structure can be found [here](#) and [on this page](#) of our 2019 [Health for Humanity Report](#).

As part of our commitment to human rights and compliance with applicable laws and fair labor practices, we have made the following efforts to prevent human trafficking and forced labor from taking place in our supply chain.

Policies and Positions

At Johnson & Johnson, we are guided and sustained by [Our Credo](#), a set of core principles that serve as a moral compass for how we conduct business. These principles outline our obligations to our customers, our employees, our communities around the world, and our shareholders; they also unite our

¹ The date of this statement is June 2020. The previous statement was dated June 2019 and can be found [here](#).

² The period of the statement reflects the Johnson & Johnson 2019 fiscal year. Where required, authorized representatives of individual Johnson & Johnson operating companies have approved and signed this statement. Signed copies of those statements are available on the relevant affiliate websites and/or upon request from the relevant affiliate.

more than 130,000 employees with a common value that the fundamental rights and dignity of all people must be respected. In addition, Johnson & Johnson has robust policies and positions that describe our commitment to human rights and ethical supply chain standards, including the [Position on Human Rights](#), [Human Trafficking Policy](#), [Employment of Young Persons Policy](#), [Responsibility Standards for Suppliers](#),³ [Code of Business Conduct](#), [Position on Employment and Labor Rights](#) and [Position on Providing a Safe and Harassment-Free Workplace](#).

Our Own Operations

Internal Standards: Our Position on Labor and Employment Rights, Code of Business Conduct, Position on Providing a Safe and Harassment-Free Workplace and [Environmental Health and Safety Standards](#) articulate our expectations for labor and employment practices at our sites, including preventing forced labor and child labor, and non-discrimination, among other matters. In 2019, we continued developing and deploying a risk-based approach to assessing compliance with our internal standards related to the human rights of our employees.

Acquisitions: We firmly believe that identifying and understanding environmental, safety and employee issues, including potential human rights concerns, are critical components of our acquisition and other business development activities. We conduct thorough due diligence investigations prior to acquiring businesses and apply a commensurately higher level of scrutiny to businesses with operations or suppliers in countries where there are traditionally higher risks of compliance violations and/or human rights abuses. We continue to be mindful of these concerns as we transition newly acquired businesses into the Johnson & Johnson Family of Companies and are prepared to escalate and appropriately remediate any issues uncovered.

Supply Base

Expectations and Engagement: We expect all suppliers to comply with our Responsibility Standards for Suppliers, which are available in 13 languages.

Our Sustainable Procurement Program (SPP) is intended to ensure supplier conformance with the Responsibility Standards for Suppliers as well as applicable legal and regulatory requirements, and to encourage and support suppliers in achieving excellence by embedding sustainable social, environmental and safety practices, including transparency, target-setting

³ The Standards align closely with relevant provisions of the UN Guiding Principles on Business and Human Rights and the Consumer Goods Forum Forced Labor Resolution and Priority Industry Principles.

and public disclosure into their businesses and respective supply chains. For more information on our approach to driving transparency and advancing sustainability in our supply base, see our [Position on Responsible Supply Base](#). Our Health for Humanity 2020 Goal is to enroll suppliers covering 80% of spend in our SPP. In 2019, we achieved our target of enrolling 71% of spend in our SPP. To support the growth in supplier enrollment in our SPP and ensure global engagement, we have an internal Responsible Procurement Council to align on supplier enrollment, set individual supplier goals and drive global supplier engagement in each category. Details of our performance with regard to the SPP are included [on this page](#) of our 2019 Health for Humanity Report.

Certification: Our standard contracts with suppliers require written acknowledgement of the supplier's obligation to comply with all applicable laws, as well as with our Employment of Young Persons Policy, the Responsibility Standards for Suppliers and our Human Trafficking Policy. Suppliers also commit to engaging only in business practices that are legitimate and ethical. In addition, in 2019, we completed a global update of our standard Purchase Order Terms & Conditions to incorporate the Responsibility Standards for Suppliers.

Due Diligence and Verification: We verify and monitor, on a regular basis, supplier compliance with our Responsibility Standards for Suppliers through a formal assessment and audit program. Initial risk assessments are largely administered through EcoVadis. These assessments are conducted for suppliers participating in our Sustainable Procurement Program, generally representing 80% or more of our global spend, or through our Environmental Health and Safety (EH&S) risk assessment program. EcoVadis assessments provide an initial screening of supplier performance; the results play an important role in determining which suppliers may require an on-site audit. In 2019 we conducted 750 EcoVadis assessments.

Our social audit program focusing on human rights due diligence is conducted by an accredited external firm on behalf of Johnson & Johnson, in accordance with the SMETA (Sedex Members Ethical Trade Audit) 4-pillar guidelines. We select suppliers for social audits based on an overall risk assessment using EcoVadis labor and business ethics scores, location in a country considered high-risk for violation of human rights, and the supplier category. Our supplier EH&S audits are conducted by our EH&S group or in some cases by third-party firms on behalf of Johnson & Johnson, using the audit protocol developed by the Pharmaceutical Supply Chain Initiative (PSCI). A subset of these audits also focus on compliance with the labor and business ethics provisions of our Responsibility Standards for Suppliers. In total, we conducted 50 supplier human rights due diligence audits in 2019.

For more details, please see [this page](#) in the 2019 Health for Humanity Report.

We categorize supplier non-conformances as critical, major and minor, and communicate the findings to each supplier with our expectations for time-bound corrective actions and demonstrated improvement. When critical findings are identified during audit, we expect immediate mitigation of the risk. We aim to maintain long-term relationships with suppliers and prefer to work with them to resolve audit findings. If significant non-conformance with our standards cannot be sufficiently resolved, we withdraw existing business and/or decline to start business with a new supplier.

We provide the following forms of support for post-audit supplier improvement:

- Follow-up technical visits that include expert training and best practice sharing
- Business reviews with direct coaching and guidance
- [Sustainability Toolkit for Suppliers](#) with relevant information and guidance
- Supplier conferences, webinars and other resources

Accountability and Governance: Our [ESG Policies and Positions](#) describe our commitment to internal accountability with respect to human rights. Our expectations of and engagement with suppliers demonstrate our accountability to an ethical supply chain.

Enterprise-wide implementation of our human rights practices is overseen by the Enterprise Governance Council (EGC), a cross-functional team of senior leaders representing functional groups and our three business segments. The EGC also reviews and supports progress against our Health for Humanity 2020 Goals and the United Nations Sustainable Development Goals Commitment.

In 2019, we updated our governance structure for human rights due diligence across our value chain by establishing the Enterprise Human Rights Governance Council (EHRGC), which reports directly to the EGC. The EHRGC is a team of experts representing the main enterprise functions responsible for various aspects of human rights due diligence across our own operations and the supplier base, including Supply Chain, Human Resources and Global Procurement, among others.

We also reinforce our commitment to accountability at the industry level through engagement with several organizations, such as Shift, the Consumer

Goods Forum, the Business for Social Responsibility Human Rights Working Group and PSCI.

Grievance Mechanisms: We are committed to providing effective resolution where we have caused or contributed to adverse human rights impacts. Where we find impacts directly linked to our business relationships, we will use our influence to work with our suppliers or business partners to prevent, mitigate and address adverse impacts on human rights. The Johnson & Johnson [Credo Hotline](#)—a grievance mechanism available to all employees, suppliers and other business partners—offers a secure mechanism for anonymous reporting, where permitted, of suspected concerns or potential violations of our policies or the law. We communicate the confidential hotline access broadly, and the visibility of this access and hotline functionality are in scope for enterprise-wide audit procedures. Concerns raised through the hotline are reported and addressed at an enterprise level.

Training: Our Human Rights in the Supply Base training, covering all aspects of Johnson & Johnson's Position on Human Rights, is mandatory for all Global Procurement employees and is also assigned to other relevant functions as needed. Since 2018, the Human Rights in the Supply Base training has been completed by 1,532 Global Procurement employees (about 93% of the Procurement organization) and 1,155 employees in Supply Chain and other functions.

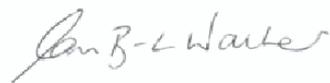
In February 2018, we deployed internal training on the Responsibility Standards for Suppliers which, as of the end of 2019, had been taken by 1,589 Global Procurement employees (about 96% of the Procurement organization) and 20,812 employees in Supply Chain and other functions.

Conclusion

We are committed to continuous improvement in our efforts to identify and prevent human rights abuses in our supply chain. As we make further progress in the above areas, we will report on that progress through subsequent versions of this statement.

Last Updated: June 2020

This statement was adopted and approved by the Board of Johnson & Johnson Medical Ltd on 24 June 2020.



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Ian Walker
Global Program Leader
24 June 2020