



LIMITED

## 2021 Modern Slavery Statement

*This statement addresses the California Transparency in Supply Chains Act (2010), the UK Modern Slavery Act (2015) and the Australia Modern Slavery Act 2018 (Cth), and sets out the steps the Johnson & Johnson Family of Companies (Johnson & Johnson) has taken to prevent modern slavery and human trafficking in our business operations and supply chain. This statement, together with statements issued by Johnson & Johnson affiliate companies, constitutes our disclosure for Johnson & Johnson's 2020 fiscal year ended January 3, 2021. Where required, authorized representatives of individual Johnson & Johnson operating companies have issued separate local statements,<sup>1</sup> and have also approved and/or signed this statement. Signed copies of those statements are available on the relevant affiliate websites and/or upon request from the relevant affiliate.*

### Our Business and Supply Chain

Johnson & Johnson is the world's largest and most broadly based healthcare company, with our more than 136,000 employees engaged in the research and development (R&D), manufacture and sale of a broad range of healthcare products across three business segments: Consumer Health, Medical Devices and Pharmaceutical. Our Purpose is to blend heart, science and ingenuity to profoundly change the trajectory of health for humanity.

We operate 90 manufacturing facilities, which are located in all major geographic regions of the world. Research facilities are located in the United States, Belgium, Brazil, China, France, Germany, India, Israel, the Netherlands, Poland, Singapore, Sweden, Switzerland and the United Kingdom, with additional R&D support in over 30 other countries.

Our supply chain is responsible for making products at our own Johnson & Johnson facilities and through external partners. Our extended supply chain comprises more than 51,000 suppliers globally, serving the manufacturing facilities and distribution operations across our three business segments in virtually all countries of the world. A critically important link in our value chain, Johnson & Johnson's supplier network underpins our business continuity, expands our capabilities and innovation, and enables us to serve our patients, consumers and customers and their need for our essential products and services. For more information about Johnson & Johnson and our supply base, see our Health for Humanity Report.

### Policies and Positions

We are driven by [Our Credo](#), a set of values and principles that, since 1943, has challenged and inspired us to put the needs and well-being of the people we serve first. These principles outline our obligations to our customers, our employees, our communities around the world and our shareholders; they also unite our global workforce with a common value that the fundamental rights and dignity of all people must be respected. In addition, Johnson & Johnson has established policies and positions that outline our commitment to respecting human rights across our value chain and advancing a responsible supply base. See the policies and positions available on our website for more information:

- [Code of Business Conduct](#)
- [Employment of Young Persons Policy](#)
- [Human Trafficking Policy](#)
- [Position on Conflict Minerals](#)
- [Position on Employment and Labor Rights](#)

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<sup>1</sup> See our [Australia Modern Slavery Statement](#).



LIMITED

- [Position on Employee Compensation and Benefits](#)
- [Position on Environmental Health and Safety Management](#)
- [Position on Freedom of Association](#)
- [Position on Human Rights](#)
- [Position on Providing a Discrimination-Free Workplace](#)
- [Position on Providing a Safe and Harassment-Free Workplace](#)
- [Position on Responsible Supply Base](#)
- [Responsible Palm Oil Sourcing Policy](#)
- [Responsibility Standards for Suppliers](#)
- [Responsible Wood-Fiber Product Sourcing Policy](#)

## Governance

At Johnson & Johnson, every employee is responsible for respecting human rights. The Enterprise Governance Council (EGC), a global, cross-functional team of senior leaders representing functional groups and our three business segments, oversees enterprise-wide human rights due diligence work. Quarterly EGC meetings provide a forum for updates on human rights topics, with an established process for elevating issues to the Johnson & Johnson Executive Committee (EC), our Board of Directors, and Board Committees if warranted. Two members of the EC—the Chief Human Resources Officer and the Chief Supply Chain Officer—serve as executive sponsors for our human rights due diligence program, providing executive support and oversight. The Enterprise Human Rights Governance Council that reports directly to the EGC is a team of experts representing the main enterprise functions responsible for various aspects of human rights due diligence and management across our own operations and the supply base, including Supply Chain, Human Resources, Procurement, the Law Department, the Enterprise ESG Program Office, Government Affairs & Policy, and Environmental Sustainability.

## Due Diligence in Our Own Operations

Our [Position on Employment and Labor Rights](#) articulates our expectations for labor and employment practices at our sites, including preventing forced labor and child labor, freedom of association, non-discrimination and fair compensation, among other matters.

In 2020, we developed a risk-based approach to assessing compliance with our internal standards related to the human rights of our employees by initiating a project to conduct human rights audits at our sites. We have partnered with a third party who will conduct audits in conformance with the Ethical Trading Initiative (ETI) Base Code, an internationally recognized set of labor standards based on the International Labour Organization (ILO) Conventions, the UN Guiding Principles on Business and Human Rights, and local labor regulatory requirements. Our audit risk screening criteria are based on the Supplier Ethical Data Exchange (SEDEX) Members Ethical Trade Audit (SMETA) best practice guidance and measurement criteria. We tailored risk screening criteria to include additional considerations relevant to Johnson & Johnson. The new audit program will be piloted within one of our three business segments in 2021.

To reinforce our commitment to fair pay as defined by [Our Credo](#) and our [Position on Employee Compensation and Benefits](#), in 2020 we completed a living wage assessment ensuring pay is not only equitable and market competitive, but also more than sufficient to provide the means for our employees and their families to attain a sustainable standard of living. Living wage rates were provided by the global nonprofit organization, Business for Social Responsibility (BSR). The scope of the analysis included all 77 countries where we have more than 136,000 employees, and a very small number of minor pay adjustments were made. We have integrated the living wage assessment into our standard processes and plan to conduct this analysis on a regular basis going forward.



LIMITED

**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.

### **Due Diligence in the Supply Base**

**Supplier standards:** The Johnson & Johnson [Responsibility Standards for Suppliers](#), available in 13 languages, outline our expectations for supplier business conduct. These Standards inform our selection of suppliers and guide our suppliers to operate in a manner consistent with the stated expectations. The Standards align closely with relevant provisions of the United Nations Guiding Principles on Business and Human Rights, the Consumer Goods Forum Social Resolution on Forced Labour and Priority Industry Principles, and the Pharmaceutical Supply Chain Initiative (PSCI) Principles for Responsible Supply Chain Management.

**Supplier selection and 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. Our standard Purchase Order Terms & Conditions incorporate the Responsibility Standards for Suppliers. In 2020, we further enhanced our supplier selection process with a deeper focus on human rights evaluation criteria.

**Supplier engagement:** Our Supplier Sustainability Program (SSP) aims 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 and public disclosure, into their businesses and respective supply chains. Our Sustainable Procurement Council, comprised of Procurement category managers across all our procurement categories, manages the ongoing outreach to suppliers in the SSP. Since the inception of the SSP in 2015, the number of suppliers enrolled in the program has increased from approximately 100 to over 1,100. Our spend with SSP suppliers has increased from 40% of our spend in 2016 to over 73% of our spend in 2020. For more information on the performance of our SSP see the Supplier Engagement section of our 2020 Health for Humanity Report.

**Risk assessment and verification:** We verify and monitor supplier compliance with laws and regulations, and with our Responsibility Standards for Suppliers, through formal assessments and audits. Initial risk assessments are largely administered through EcoVadis. These assessments are conducted for suppliers participating in our SSP 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 1,119 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 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



LIMITED

cases by third-party firms on behalf of Johnson & Johnson, using the audit protocol developed by PSCI.

In 2020, we completed 104 EH&S audits, the majority in Asia, and five social audits. Our audit programs were constrained by COVID-19, mostly due to travel restrictions, minimizing on-site workforces and limited resources at suppliers to support audits. Toward the middle of 2020, both programs began to complete virtual audits using video and other online tools. By year end, more than half of our EH&S audits had been completed remotely and our social audits were rolled into our expanded SPP as part of our EcoVadis assessments. See more details in the Supplier Engagement section of our 2020 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. For more information about our supplier audit programs, see our [Position on Responsible Supply Base](#).

### **Training and Education**

Our Human Rights in the Supply Base training covering all aspects of our Johnson & Johnson [Position on Human Rights](#) is mandatory for all Procurement employees and is also assigned to other relevant functions as needed. In addition, in late 2020 we launched a foundational human rights training course available to all employees. This foundational course, which has been translated into 26 languages, educates employees about our commitment to human rights, the impact our operations can have on human rights, and the responsibilities we have as employees of Johnson & Johnson.

As part of our supplier engagement efforts, in partnership with EcoVadis and CDP, we delivered inaugural, year-end educational webinars to review the progress of our SPP and supplier performance and share progress toward our Health for Humanity 2020 Goals.

### **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 [Our Credo Integrity Line](#)—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, including potential human rights violations. We communicate Our Credo Integrity Line access broadly, and the visibility of this access and the mechanism's functionality is in scope for enterprise-wide audit procedures. Concerns raised through Our Credo Integrity Line are reported at an enterprise level. For 2020 reporting, see the Compliance & Bioethics section in our 2020 Health for Humanity Report.

In addition to Our Credo Integrity Line, our employees can report potential violations to Human Resources either locally or through our Global Services team. Alternatively, they can report potential violations to management. To read more, see our [Position on Resolving Employee Grievances](#).



LIMITED

## Conclusion

We are committed to continuous improvement in our efforts to identify, prevent and remedy 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 2021*

This statement was adopted and approved by the Board of Johnson & Johnson Limited on 8 June 2021

Graham Rice  
Director  
8 June 2021