

Anti-Bribery and Anti-Corruption

(Global)

**CardinalHealth**

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Policy statement

Cardinal Health is committed to observing high standards of ethical conduct in its operations in the U.S. and around the world. This includes complying with applicable laws that prohibit bribery and other forms of corrupt conduct in the countries in which we operate, including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

Cardinal Health employees are required to conduct their business activities in compliance with the law, this Policy and our **Standards of Business Conduct**. Cardinal Health consultants, vendors, suppliers, distributors, agents, and other representatives must abide by our **Vendor Code of Conduct** or standards that are substantially similar to those set forth in our Vendor Code of Conduct.

Definitions

“Anything of Value” means things of value, including but not limited to, cash payments and excessive gifts such as, but not limited to, cars, jewelry, etc., excessive travel and entertainment expenses, educational or executive training expenses, promises of future employment, shares of dividends of a company, etc.

“Bribery” means directly or indirectly offering, giving, promising, soliciting or accepting a kickback, influence payment, or other improper inducement in order to secure an improper advantage or to induce the recipient to abuse his or her power or position.

“Customer” means any person or entity in a position to (a) purchase, lease, or recommend for use by a Healthcare Professional, (b) arrange for the purchase or lease by a Healthcare Professional, or (c) recommend or prescribe for patient or Healthcare Professional use of Healthcare Products or Services. This Policy applies to both licensed Healthcare Professionals, as defined below, and to others in a position to make or influence product-related or service-related purchasing decisions for Healthcare Professionals such as a hospital purchasing manager, hospital administrator, physician practice manager, pharmacist, and/or management personnel within a group purchasing organization. The term “Customer” includes entities or individuals with whom Cardinal Health does business or intends to do business (e.g., potential Customers).

“Government Official (GO)” or “Foreign Official” as defined by local law. Generally, this means (a) any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization; (b) officers and employees of a company that a government or government entity owns or controls; (c) candidates for political office, political parties, and political party officials; (d) officers, employees, and representatives of public (quasi-governmental) international organizations, such as the United Nations or World Health Organization; and (e) any private person acting temporarily in an official capacity for or on behalf of any of the persons or entities listed above.

Government Officials include (but are not limited to) employees of health ministries, other regulators, customs officials, members of public formulary committees, and government consultants. In many countries, HCPs also may be Government Officials if they are affiliated with government-owned hospitals or clinics or other public institutions, or otherwise are part of a government health system.

“Healthcare Professional (HCP)” (includes Healthcare Organizations) means any individual or entity that is licensed to provide healthcare (e.g., physician, nurse, pharmacist, licensed social worker, etc.), and any other individual or entity (irrespective of its legal or organizational form) that is a healthcare, medical, professional or scientific provider, association or organization, which may have

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a direct or indirect influence on the prescription, recommendation, purchase, order supply, utilization, sale or lease of products or services offered by Cardinal Health or as defined by local law.

“**Third Party Intermediary (TPI)**” means a company or individual that assists Cardinal Health with the marketing, sale and/or distribution of products or services offered by Cardinal Health. The form of, and terminology used to describe relationships with these third party sales and marketing intermediaries varies, but may include distributors, wholesalers, distribution or sales agents, marketing agents, brokers, commissionary commercial agents, printing companies, travel agents, customs agents, logistic service providers, and independent sales representatives. TPIs are also referred to as “**Sales and Marketing Intermediaries (SMIs)**”.

“**Third Party Intermediary Procedures**” means the Cardinal Health procedures **Vendor Compliance Risk Management** and **Third Party Seller (TPS) Compliance Risk Management** that set forth the procedures applicable when Cardinal Health engages a Third Party Intermediary.

“**Third Party Seller (TPS)**” means a company or individual engaged by Cardinal Health to resell (e.g., distributors, wholesalers) and/or otherwise generate demand through sales and marketing activities (e.g., sales agents, marketing agents, brokers, commissioners, commercial agents, independent sales representatives) (referred to as Sales and Marketing Agents (SMAs)) for products or services offered by Cardinal Health.

“**Vendor**” means current or potential suppliers, that are not selling or arranging for the sale of products or services that are reimbursed under Federal Healthcare Programs, and non-Healthcare Professional consultants which provide services to Cardinal Health (e.g., customs agents, travel agents, printing companies, logistics service providers, distribution service providers, consultants, contractors, etc.).

See also the Cardinal Health **Legal and Compliance Glossary of Terms** reference document.

i. Requirements

a. Bribery and Corruption

- i. Cardinal Health prohibits Bribery and other corrupt conduct in any form in all countries in which Cardinal Health does business. Bribery, kickbacks, and other improper inducements involving HCPs, GOs, and others in the commercial marketplace such as customers, competitors, and suppliers, whether given directly or indirectly, are prohibited. The following additional requirements apply:

1. **Basic Prohibition.** No Cardinal Health officer, director, employee, distributor, agent, or other representative worldwide may, directly or indirectly, offer, promise, pay, give, or authorize any financial or other advantage, or Anything of Value, to any other person or organization, with the intent to exert improper influence over the recipient, induce the recipient to violate his or her duties, secure an improper advantage for Cardinal Health, or improperly reward the recipient for past conduct. See also the **Interactions with Customers and Healthcare Professionals** policy.
2. **No Reverse Benefit.** Cardinal Health also prohibits an employee from requesting, agreeing to receive, or accepting a bribe, kickback, or any other improper financial or other advantage.
3. **No Retaliation.** No person subject to this Policy will suffer adverse consequences for refusing to offer, promise, promise to pay, pay, give, or authorize any such improper benefit, advantage or reward, even if this



results in the loss of business to Cardinal Health. No person subject to this Policy will suffer adverse consequences for reporting potential Bribery, corruption or related suspicious behavior they witness or experience.

4. **Use of Personal Funds.** Employees may not use personal funds, benefits, or other items of value to accomplish what is otherwise prohibited by this Policy.

b. Interactions with Government Officials and Other Relevant Parties

- i. The prohibition against bribery applies especially to Cardinal Health employee's interactions with GOs. Under laws such as the Foreign Corrupt Practices Act, HCPs outside the U.S. may be considered GOs for purposes of anti-corruption laws by virtue of their employment by or affiliation with government entities or public institutions. The following additional requirements apply:

1. **Undue Influence.** Cardinal Health employees may not give, offer, promise, or authorize the giving of a Anything of Value to a GO, directly or indirectly, to influence or induce any official action in order to secure an improper advantage or to assist Cardinal Health in obtaining or retaining business, or directing business to any person.
2. **Knowledge.** Knowledge of Bribery occurs when a Cardinal Health employee knew or should have known that all or a portion of a Anything of Value will be offered or given to a GO for a prohibited purpose (For purposes of this Policy, an employee "knew and should have known" if the employee consciously disregarded or deliberately ignored facts or "red flags" that indicated a high probability that the offer, promise, or giving would occur.).
3. **Non-Government.** In some countries, anti-corruption laws also govern interactions with non-GOs – for example, employees of private companies. Accordingly, Cardinal Health employees should follow this Policy with respect to non-GOs as well.
4. **Interactions with Customers.** To the extent a GO is also a Customer or HCP, the Cardinal Health policy on **Interactions with Customers and Healthcare Professionals** and any applicable local policies, procedures and laws also apply. To the extent that those policies, procedures or local laws impose stricter standards regarding expenditures for a Customer or HCP, those stricter standards must be followed. If you have questions on how these policies work together, please reach out to the Ethics and Compliance Department.



c. Know Your Third Parties

i. This Policy governs both when an employee acts directly or acts indirectly through a third party hired to assist in conducting certain parts of Cardinal Health business. Cardinal Health expects that third parties acting on behalf of, or providing assistance to, Cardinal Health will comply with local anti-bribery and anti-corruption laws, as well as the FCPA. The following additional requirements apply:

1. **Conduct Integrity Due Diligence.** Cardinal Health companies, business units and functional groups responsible for engaging third party customer and Vendors will have processes in place to ensure approval is received from the Ethics and Compliance Department prior to an individual or entity identified as a Third Party Intermediary (TPI) is set up as a customer or Vendor in Cardinal Health customer, payment or procurement systems.
2. **Risk Management Procedures.** Cardinal Health employees must know their TPIs and apply risk management, monitoring and training procedures with them to ensure that TPIs are ready, willing and able to comply with this Policy and the **Vendor Code of Conduct** in order to alleviate bribery and other risks. See the **Third Party Intermediary Procedures** or the regional or local procedures specific to your Cardinal Health company, business unit or functional group. Contact the Legal & Compliance department if you are unsure or need more information.
3. **Report Red Flags.** While Cardinal Health relationships with TPIs must be evaluated on its specific facts, there are several “red flags” that may signify a heightened compliance risk and must be reported to the Legal and Compliance Department promptly if they involve a current or proposed TPI. Some examples of “red flags” include unusual financial arrangements, a lack of experience to perform required services, and a reputation for corrupt or unethical behavior.
4. **Review of Third Party Invoices.** Invoices submitted by TPIs must be accurate and sufficiently detailed to identify the nature and cost of each good or service provided.
5. **Legitimate Services.** No payment may be made or promised to a third party except in exchange for legitimate services. Any payment must be in an amount that is not greater than the fair market value of the legitimate goods and services received.
6. **Hold TPIs to our Ethical Standards.** Cardinal Health employees may not circumvent the Cardinal Health policies by using a TPI to do something that Cardinal Health cannot directly do themselves.

d. Promotional and Marketing Expenses

i. The following requirements apply to all promotional and marketing expenses submitted by Cardinal Health employees:

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1. Notwithstanding the above, reasonable and legitimate promotional or marketing expenses made in compliance with Cardinal Health policies and procedures and authorized in accordance with the management approval matrix and business unit financial approval procedures are permissible.
 2. Promotional or marketing expenses that appear to be excessive or for the purpose of improperly influencing a GO, directly or indirectly, will not be approved.
 3. The nature and purpose of promotional or marketing expenditures must be fully and accurately recorded in the books and accounting records of Cardinal Health in accordance with the **Accounting provisions of the U.S. Foreign Corrupt Practices Act** policy.
- e. Facilitating Payments**
- i. Other than the payment of published fees relating to the filing of documents or similar fees, a Cardinal Health employee must **not** make payment to expedite or secure a routine governmental action (often referred to as a “facilitating payment”). If an employee is asked for a facilitation payment please contact the Legal & Compliance Department.
- f. Health or Safety of Employees**
- i. Payments to secure the health or safety of Cardinal Health employees may be permitted in certain circumstances. However, prior-approval of the Legal Department must be obtained.
- g. Internal Controls and Books and Records**
- i. Cardinal Health has implemented a system of internal controls to provide reasonable assurances that transactions are executed and assets are accessed in accordance with management instructions and that Cardinal Health maintains accurate records regarding the management of Cardinal Health assets. See the Cardinal Health policies on **Accounting provisions of the U.S. Foreign Corrupt Practices Act** and **Records management**. Cardinal Health employees also must maintain complete books, records and accounts that, in reasonable detail, accurately reflect the transactions and dispositions of the assets of Cardinal Health in accordance with Cardinal Health policies and procedures, including, but not limited to the Cardinal Health policies on **Financial accounting and reporting** and **General accounting policies**. The following additional requirements apply:
 1. Complete and accurate records must include information sufficient to alert a reviewer to the nature of the transaction, including, but not limited to, the names of recipients, the number of attendees and the date of the transaction;
 2. Employees are prohibited from maintaining a fund or set of accounts not recorded properly in the Cardinal Health books.
- h. Employee Training**
- i. Cardinal Health employees that conduct business on a global basis, as determined by the Legal & Compliance Department must undergo periodic training covering anti-corruption laws, this policy and any corresponding procedures. Training should occur on a schedule determined by the Legal & Compliance Department.

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**i. Seeking Advice and Reporting Violations**

- i. Cardinal Health employees must immediately report any matters, where they know or suspect any violations of any anti-corruption law or any provision of this policy, to their manager, the Legal Department, the Ethics & Compliance Department or through the Business Conduct Line. Refer also to the frequently asked question outlined in *Appendix A* of this Policy.
- ii. Contact the Ethics & Compliance Department if:
 1. You have questions about what is or isn't permissible under the FCPA or other anti-corruption laws;
 2. You are in a situation where you are uncomfortable with a request you have received from a GO, Customer or HCP, or
 3. Anything in your work environment or the conduct of a co-worker does not appear to be aligned with this Policy.
- iii. The Business Conduct Line is available twenty four hours a day, seven days a week in multiple languages and on an anonymous basis either live at (800) 926-0834 or at www.businessconductline.com.

j. Corrective Action

- i. Violation of international corruption prevention laws can result in consequences for Cardinal Health as a company and employees personally including significant fines, criminal penalties, civil lawsuits, and prohibition from doing business with the United States or other governments. Even non-U.S. citizens may be criminally liable for violation of the FCPA.
- ii. Employees that participate in or fail to stop or report such behavior are subject to corrective action from Cardinal Health including possible reduction in compensation, bonuses or other incentives, decreased responsibilities, demotion or other corrective action up to and including termination.

Scope

This Policy applies to Cardinal Health, Inc., its divisions and majority-owned or controlled subsidiaries including officers, directors, and employees of Cardinal Health globally, including U.S.-led or U.S.-governed organizations/functions which operate globally. It also applies to contractors and consultants of such U.S.-led or U.S.-governed global organizations and functions.

For purposes of clarity, all employees, contractors and consultants of Cardinal Health are covered by this Policy whether located in the U.S. or elsewhere.

Original effective date

June 1, 2017

Date last revised

July 23, 2019

Responsible party

The Cardinal Health Chief Legal and Compliance Officer is responsible for administering and amending this Policy.

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Additional information

Internal references

The following internal documents and resources relate to this Policy:

Title	Type
Anti-Bribery and Anti-Corruption Guide for Third Party Intermediaries (TPIs) working for or on behalf of Cardinal Health	Reference
Accounting provisions of the U.S. Foreign Corrupt Practices Act	Policy
Companywide Policy Administration	Policy
Exporting or re-exporting goods across international borders	Policy
Financial accounting and reporting	Policy
General accounting policies	Policy
Global Trade policies & procedures	Policy, Procedure
Interactions with Customers and Healthcare Professionals	Policy
Vendor Code of Conduct	Reference
Legal and Compliance Glossary of Terms	Reference
Reporting Obligations	Policy
Standards of Business Conduct	Reference
Third Party Seller (TPS) Compliance Risk Management	Procedure
Third Party Seller (TPS) Monitoring Program	Guidance
Expense Reimbursement	Policy
Global Travel Policy	Policy
Vendor Compliance Risk Management	Procedure

**Appendix A****Frequently Asked Questions**

Q: What should I do if I suspect a third party of providing something improper to a customer, but I don't know if the customer is a government-owned company?

A: Contact the Ethics & Compliance Department immediately. Always error on the side of caution when determining whether a person or company is a foreign official under the FCPA.

Q: I would like to treat a physician employed at a state-owned hospital to a round of golf. Is that a thing of value under the FCPA?

A: It could be; even routine methods of entertainment can be considered a thing of value under the FCPA. Contact the Ethics & Compliance Department before making such an offer.

Q: May I pay for a modest or customary business dinner?

A: Yes. The FCPA and the Cardinal Health policies do not prohibit incurring expenses associated with reasonable meals for business purposes provided there is no intent to wrongfully influence the recipient.

Q: I suspect that a distributor might be paying kickbacks out of their own funds to Cardinal Health customers, but I don't have proof. What should I do?

A: You should report any concerns to the Ethics & Compliance Department or the Business Conduct Line. Cardinal Health can be liable for the conduct of its agents even if we did not approve of or were not aware of the conduct.

Q: In applying for local licenses, the application states that we can cut our processing time in half by paying an extra fee to the issuing agency. Is this an FCPA violation?

A: No. A required payment that is identified in an official document and is paid to an entity, as opposed to an official, can be made. Employees should report those requests for payment that are made orally or informally, or payments that are to be made to an official personally.