



Abbott

2017  
GLOBAL  
SUSTAINABILITY  
REPORT







## ABOUT THE COVER

Embracing new frontiers. Being a witness to our world's beautiful and breathtaking natural resources. At Abbott, our journey to helping people live their best lives starts with being a committed and compassionate steward of the environment. We have a dedication and responsibility to protect, sustain and safeguard earth's precious resources.

Sustainability at Abbott isn't a destination, but an ongoing journey. A sustainable environment is essential for better health, stronger communities and more fulfilling lives. We extend and strengthen our pledge to the environment as we explore areas where business opportunities intersect with positive social impact. We have a responsibility to use resources wisely, and we take our commitment seriously as we look toward our future.

Our journey has allowed us to grow as a business, as well as a corporate citizen, and to give back to people and the communities in which we operate. Embracing our natural resources. Strengthening our environmental stewardship. Converting possibilities into realities. For all humans in all places.

Megan Roberts is a dedicated environmental specialist at Abbott headquarters in Illinois. Through her work in our Global Environmental, Health and Safety organization, she channels her passion for environmental protection and sustainability into projects and initiatives that touch each of our businesses around the world. To learn more about Abbott's environmental initiatives and performance, see our [Safeguarding the Environment](#) section on page 71.



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## FROM OUR CHAIRMAN AND CEO



**MILES D. WHITE**  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### DEAR FELLOW STAKEHOLDER,

Abbott's business is creating life-changing technologies to improve human health. The root purpose underlying the business is more fundamental still: helping people live better and fuller lives. Today we're doing this for more people, in more ways, than ever before.

Technology is what we do. The word *technology* – from roots meaning “skill” and “knowledge” – boils down, essentially, to know-how. With 130 years of successful experience, that's the essence of Abbott. We know how to get things done and done well, and we focus that knowledge, energy and ability where we can have the most significant effect for the most people.

Our first priority, of course, is bringing new and better health technologies to the people who need them. This is an extraordinarily productive time for Abbott science, resulting in an unprecedented stream of powerful new technologies. To provide just one example, we are the leader in neuromodulation, a technology that can relieve chronic pain and treat movement disorders. Neuromodulation uses electrical signals from a small implanted device to interfere with pain signals to the brain. This encapsulates what we do at Abbott: we address problems to make life better.

As a healthcare company, we recognize that the success of our business depends upon a range of factors – economic, social and environmental. Our work is aligned with the United Nations Sustainable Development Goals to ensure our efforts are focused on the needs deemed most important to global well-being.

Nothing is more important to that well-being than a safe and healthful environment. Abbott is committed to minimizing the environmental footprint of our operations, and we continue to make significant progress. We have now achieved zero waste to landfill at 32 sites in 16 countries, and our materials sent for reuse now exceed our total waste generated. We surpassed our 2020 packaging goals two years in advance, and have eliminated almost 34 million pounds of packaging since 2010.

We also remain consistent with our mission as a healthcare company. We've acted vigorously to meet needs created by natural disasters around the world, providing funds and products to support people affected by earthquakes in Mexico, hurricanes in Florida, Puerto Rico and Texas, and wildfires in California, among other emergencies.

This year marks Abbott's 130th anniversary. That long history of success gives us a particular appreciation for sustainability, and what it takes to achieve it. We will continue to bring that perspective and that commitment to our efforts to be a productive and responsible corporate citizen. Everyone at Abbott is proud that in 2017, for the 13th consecutive year, we earned inclusion on the Dow Jones Sustainability Indices. We were the only U.S.-based company to be named an industry leader, a distinction that we have achieved for the last five years. We hope you will find this report informative and useful, and we thank you for your interest in our work.

Sincerely,

**MILES D. WHITE**





# OUR BUSINESS

## IN THIS SECTION

### 5 MEDICAL DEVICES ▶

Our advanced medical devices enable people to live their lives better and healthier every day.

### 5 NUTRITION ▶

From infants to the elderly, we offer science-based nutrition products to make every stage of life a healthy one.

### 5 DIAGNOSTICS ▶

Our innovative technologies help healthcare professionals and patients make the best treatment decisions, faster.

### 5 ESTABLISHED PHARMACEUTICALS ▶

We offer high-quality, affordable and trusted medicines that treat some of the world's most pervasive health conditions.

### 6 THE NEW ABBOTT ▶

Abbott creates life-changing technologies that help people live healthier, fuller lives. Our relentless pursuit of invention is delivering an unprecedented number of advances that will extend our impact and sustain our growth for years to come. Approximately 99,000 Abbott people carry out our mission, reaching more than 150 countries.





**\$8.7 BILLION**  
SPENT WITH DIRECT SUPPLIERS

**\$1.9 BILLION**  
RETURNED IN DIVIDENDS  
TO SHAREHOLDERS

**\$2.2 BILLION**  
INVESTED IN R&D

**\$27.4 BILLION**  
NET SALES WORLDWIDE



## TOP 100

In 2017, Abbott was named to Clarivate's Top 100 Global Innovators for a fifth year in a row.

Abbott is a global healthcare company whose diverse businesses help people live fuller lives through better health. Since 1888, our business has brought new products and technologies to market for 130 years, creating more possibilities for more people at all stages of life. Today, 99,000 of us are working to help people live not just longer, but better, in the more than 150 countries we serve.

We have four major businesses, each focused on advancing innovations that provide better options and outcomes for people, and enable them to live fuller and healthier lives. Our presence in the world's largest- and fastest-growing markets and balance in our product portfolio allows Abbott to help more people in more places. By aligning with the most significant needs and trends in healthcare, we're shaping Abbott for long-term growth.

We deliver results for patients, consumers, healthcare professionals, employees and shareholders, and we work continually to invest, innovate and introduce new products that are changing the practice of healthcare. With 20 breakthrough product launches around the world in 2017, Abbott was named to Clarivate's Top 100 Global Innovators for the fifth year in a row. Additionally, Abbott and our philanthropic foundation, the Abbott Fund, contributed nearly \$65 million in philanthropic grants, product donations and patient assistance.

## MEDICAL DEVICES

More advanced medical devices mean faster, more effective and less invasive treatments for people with serious diseases. While Abbott was already a leader in important segments of the medical device market, the addition of St. Jude Medical in 2017 expands our offerings in cardiovascular and neuromodulation treatments.

Whether it's glucose monitoring systems, cardiovascular therapies or treatments for chronic pain or movement disorders, our medical device technologies enable better and healthier lives for more people, in more places, than ever before.

## NUTRITION

Abbott understands that proper nutrition is the foundation for full and healthy lives. That's why we develop science-based nutrition products for people of all ages. With a focus on consumers and healthcare professionals, Abbott develops products that help babies and children grow, keep bodies strong and active, and support the unique nutrition needs of individuals with chronic illnesses. We work to make every stage of life a healthy one.

## DIAGNOSTICS

Our innovative instruments and tests help diagnose and monitor a range of health conditions with speed, accuracy and efficiency. Our diagnostics solutions range from automated immunodiagnosics systems and blood analyzers to sophisticated molecular diagnostics and point-of-care devices. After acquiring Alere Inc. in 2017, Abbott is now the global market leader in point-of-care testing, making diagnostics more accessible to people through remote and home testing, pharmacies and clinics. All of our solutions are designed to deliver information that helps improve decision making and patient care across the entire healthcare system.

## ESTABLISHED PHARMACEUTICALS

We offer high-quality, affordable and trusted medicines that help millions of people around the world lead healthier lives. Through such product enhancements as new formulations, delivery methods and packaging, we tailor our offerings to address the specific needs of the regions we serve.





## THE NEW ABBOTT

A key element of our long-term success has been our ability to proactively shape our company and build significant positions in those areas where the need for new solutions is greatest. 2017 was a landmark year of building and putting the pieces in place for our next leap forward.

The acquisitions of St. Jude Medical and Alere Inc. enhanced our strength and presence in key business that will be powerful drivers of our future.

We've long been a major global player in diagnostics; Alere Inc. strengthens us in one of the few areas in which we weren't already a leader. St. Jude, on the other hand, makes us a premier company across the spectrum of cardiac care, where we'd previously had leadership only in certain focused areas. It also brings us into a very promising new field: neuromodulation to treat chronic pain and movement disorders. We're now the market leader in pain-relief technology, an area of high interest and immense potential.

With growing businesses in both developed and developing economies, we offer market-leading products that align with long-term demographic and technological trends in four key areas. ►



**MEDICAL DEVICES**

Cutting-edge technologies in cardiovascular, diabetes and neuromodulation care.



**DIAGNOSTICS**

Providing accurate, timely information to better manage health.



**NUTRITION**

Nourishing bodies at every stage of life.



**ESTABLISHED PHARMACEUTICALS**

Delivering high-quality, trusted medicines to help people get and stay healthy.



### \$65M IN CONTRIBUTIONS

Abbott and the Abbott Fund contributed nearly \$65 million in 2017 in product donations, patient assistance and philanthropic grants.





# APPROACH

## IN THIS SECTION

### 8 OUR VISION FOR SUSTAINABILITY ▶

We focus on opportunities for our business that intersect with positive social and environmental impact.

### 9 HOW ABBOTT'S SUSTAINABILITY HELPS PEOPLE LIVE HEALTHIER LIVES ▶

We deliver life-changing technology in the areas where the need for new solutions is greatest and create value in communities by operating sustainably and empowering people with the information needed to make better health choices.

### 11 SUSTAINABILITY MANAGEMENT AND GOVERNANCE ▶

We have embedded sustainability management and governance into our core business reporting structure.

### 12 ENGAGING STAKEHOLDERS AND SUPPORTING CUSTOMERS ▶

Listening to our stakeholders is vital to our success as a business and to our progress as a global citizen.

Abbott is in the business of life. We believe that good health is about more than treating illnesses or managing medical conditions. It's about enabling people to live their best possible lives every day. Our business is built around delivering innovative solutions that can push healthcare further. By focusing on the areas where opportunities for our business intersect with positive social and environmental impact, we aim to achieve sustainable growth, deliver life-changing technology and create value in communities around the world.



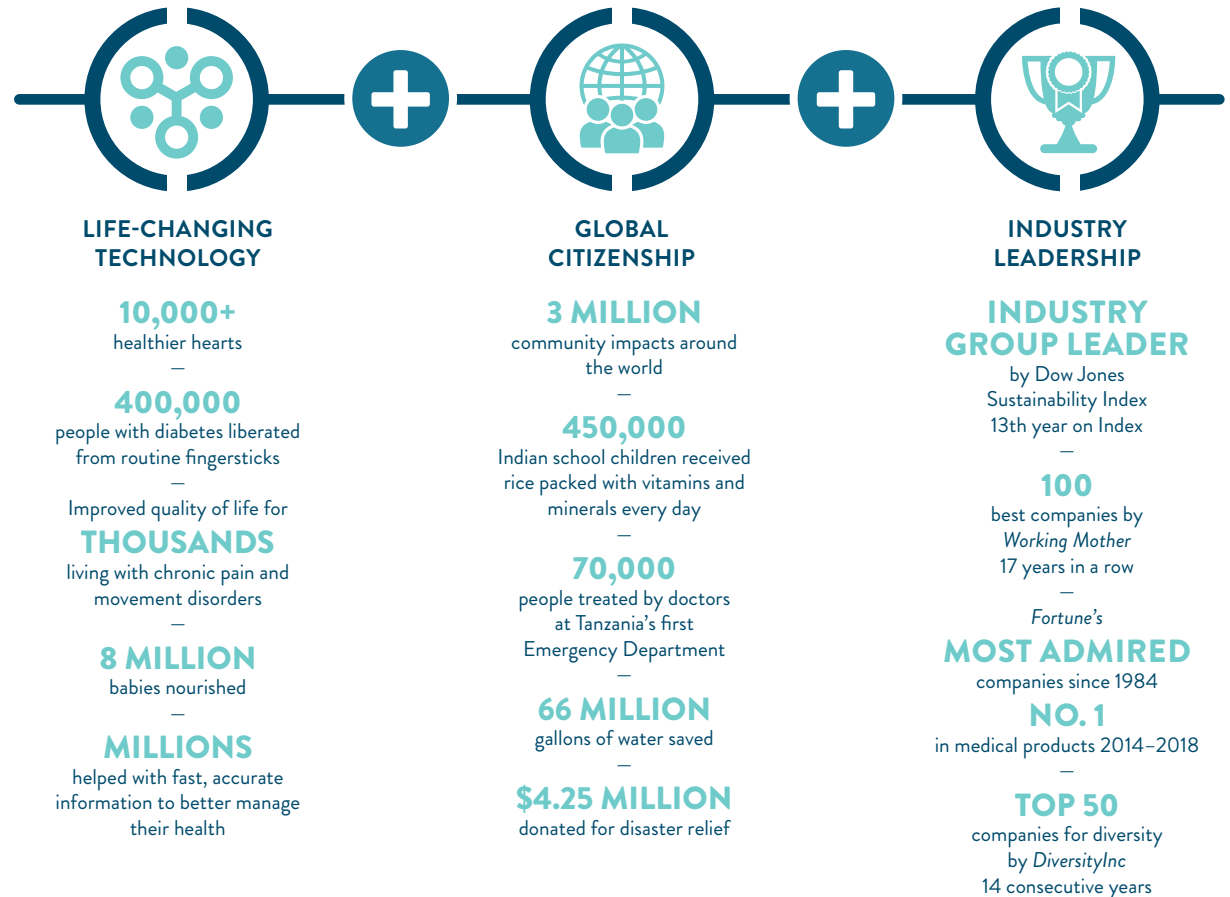
## OUR VISION FOR SUSTAINABILITY

Sustainability at Abbott focuses on the areas where opportunities for our business intersect with positive social and environmental impact. We aim to achieve sustainable growth, deliver life-changing technology and create value in communities around the world.

- We earn trust for our brand and products through the highest standards of quality and safety, ethics and integrity.
- We innovate new solutions to meet changing healthcare needs and create new systems that support the delivery of healthcare to those who need it most.
- We promote and preserve healthy living environments by reducing our environmental impact, mitigating the effects of climate change and safeguarding clean water resources.
- We work closely with our suppliers to apply the highest standards of environmental and social responsibility throughout our supply chain, including the protection of human rights.
- We protect the health and well-being of our employees to help them fulfill their potential.

## IT ALL ADDS UP

At Abbott, a year is made up of more than just 365 days. Each year represents millions of opportunities to help people live fuller lives every single day.







## HOW ABBOTT'S SUSTAINABILITY HELPS PEOPLE LIVE HEALTHIER LIVES

Abbott is committed to creating life-changing technology in those areas where the need for new solutions is greatest. We innovate new products to meet changing healthcare needs, invest in new business models that create shared value for our communities and develop new systems that can deliver healthcare to those who need it most.

Knowledge is the essential foundation for healthier lives. Abbott works to empower healthcare practitioners, patients, consumers and our own employees. We share our expertise about new research and new health solutions, market our products responsibly and empower people to make informed choices about healthcare and nutrition.

Operating sustainably and responsibly is the bedrock of our impact on society. We earn trust for our brand and products through demonstrating our commitment to quality and safety, ethics and integrity. We protect the health and well-being of our employees while operating award-winning programs to help them fulfill their potential. We work to promote and preserve healthy living environments by reducing our environmental impact, mitigating the effects of climate change and safeguarding clean water resources. We work closely with our suppliers to apply the highest standards of environmental and social responsibility throughout our supply chain, including the protection of human rights.

## MATERIALITY ANALYSIS

The world in which we operate is continually changing, and our sector and business must change in response. The past 12 months were a defining period of investments and advancements for our company, with the most notable milestones being two major acquisitions that will be powerful drivers of our future.

The acquisitions of St. Jude Medical and Alere Inc. enhance our strength and presence in key businesses while providing more opportunities to create value in the communities we serve.

To focus our efforts in the areas where we can have the greatest possible impact, we must understand people's changing healthcare needs, as well as the most important environmental, social and governance (ESG) factors affecting our business. We partnered with Corporate Citizenship, an external agency, to undertake a materiality assessment to identify and prioritize our most important ESG topics. These are the areas that have the greatest potential impact on the long-term sustainability of our business.

We continually strive to be well-informed about the issues that are of material importance to Abbott, our industry and our priority stakeholders by exploring the implications of growing our business for our sustainability approach. We identified antimicrobial resistance and cybersecurity as two emerging topics to consider as a result of acquiring St. Jude and Alere Inc. We plan to evaluate these topics as we refine the list of ESG topics to ensure it reflects our changed business profile.

Our materiality assessment involved a rigorous assessment of what matters to our stakeholders and what is relevant for commercial success in our most important markets. The topics that emerged will inform our sustainability priorities in the coming year.

We conducted our materiality assessment through an established three-step process that involves:

1. Conducting research to identify the ESG topics that are relevant to Abbott, our stakeholders and the broader healthcare industry.
2. Gaining insight from relevant external experts to help prioritize these topics and trends, based on their potential significance for our business.
3. Engaging with senior leaders across Abbott on an ongoing basis, to verify which topics have the greatest potential impact on our business.

Through this process, we identified the following preliminary list for potential inclusion:

- Affordability
- Climate change
- Corruption and bribery
- Demographic shifts
- Disruptive technologies
- Diversity
- Healthcare infrastructure
- Malnutrition
- Occupational health and safety
- Patient and consumer empowerment
- Political instability
- Product quality and safety
- R&D and product pipeline
- Resource scarcity
- Responsible marketing
- Rise of noncommunicable diseases (NCDs)
- Supply chain resilience
- Talent management
- Transparency
- Water management



**SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS**





The [Sustainable Development Goals \(SDGs\)](#), adopted by global leaders at the United Nations (UN) in 2015, offer a strategic framework to help us identify opportunities that align with the priorities of governments and healthcare providers around the world. Abbott recognizes that all 17 SDGs are interconnected and are relevant to our business, both directly and indirectly.

In particular, our business contributes wholly to SDG 3, ensuring healthy lives and promoting well-being, as we focus on enabling people to live their best possible lives.

In an effort to focus on the areas where we can create the greatest positive impact, given the nature, scale and reach of our business, we have identified five of Abbott’s ESG topics that relate directly to the SDGs.





The actions we take on these issues will therefore make a more meaningful contribution to addressing some of the world’s most pressing social priorities.

<p><b>MALNUTRITION = ZERO HUNGER (GOAL 2)</b></p> 	<p>The UN estimates that 20 million people are at risk of starvation worldwide, including 50 million children who are classified as “wasted” (too thin for their height) and 156 million children who are classified as “stunted” (too short for their age). Abbott is working with policymakers to address malnutrition at the systems level, by developing science-based approaches to delivering proper nutrition as a part of broader approaches to healthcare and well-being.</p> <p><b>Examples of our activities:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Innovating Product Development</a></li> <li>• <a href="#">Supporting Food Quality and Nutrition in China</a></li> <li>• <a href="#">Strengthening Local Supply Chains in India</a></li> </ul>
<p><b>CLIMATE CHANGE = CLIMATE ACTION (GOAL 13)</b></p> 	<p>Between 2030 and 2050, climate change is expected to cause approximately 250,000, additional deaths per year, from malnutrition, malaria, diarrhea and heat stress, according to the World Health Organization (WHO). Reducing Abbott’s carbon footprint is a key element in our commitment to operating sustainably and safeguarding healthy living environments. Our goal is to reduce our carbon emissions by 40 percent by 2020 (compared to 2010 levels, normalized by sales).</p> <p><b>Examples of our activities:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">2020 Targets</a></li> <li>• <a href="#">Addressing Climate Change: Risk and Resilience Planning</a></li> <li>• <a href="#">Carbon and Energy Management</a></li> <li>• <a href="#">Environmental Sustainability in Our Communities</a></li> </ul>
<p><b>PATIENT AND CONSUMER EMPOWERMENT = QUALITY EDUCATION (GOAL 4) AND GENDER EQUALITY (GOAL 5)</b></p>  	<p>Empowering people to make better-informed healthcare choices plays a vital role in making fuller lives accessible to all. We work with governments, international healthcare organizations, community-focused nongovernmental organizations (NGOs), healthcare professionals, patients and consumers to spread ideas, knowledge and inspiration to enable better health.</p> <p><b>Examples of our activities:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Tackling the Middle East’s Diabetes Epidemic Through Hands-On Training</a></li> <li>• <a href="#">Empowering Through Education in Russia</a></li> <li>• <a href="#">Helping Parents in Colombia Tackle Childhood Anemia</a></li> </ul>





<p><b>AFFORDABILITY = NO POVERTY (GOAL 1)</b></p> 	<p>An estimated 11 percent of the world’s population lives on less than \$2 a day. Abbott knows that to have a positive societal impact, economics matter. We are constantly working to increase access to our products without compromising on the quality, safety or usability of our products.</p> <p><b>Examples of our activities:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Strengthening Local Supply Chains</a></li> <li>• <a href="#">Increasing Affordability</a></li> <li>• <a href="#">Advancing the Accessibility of Healthcare</a></li> </ul>
<p><b>WATER MANAGEMENT = CLEAN WATER AND SANITATION (GOAL 6)</b></p> 	<p>A supply of clean, safe drinking water is an essential element of healthy living environments – and is often vital for the use of Abbott’s medicines. We work to reduce our own water footprint, support communities in water management and develop innovative products that can be used safely even when clean water is scarce.</p> <p><b>Examples of our activities:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Reducing Our Water Footprint</a></li> <li>• <a href="#">Operating in Water-Stressed Areas</a></li> <li>• <a href="#">Water Efficiency and Reduction Projects</a></li> </ul>

**SUSTAINABILITY MANAGEMENT AND GOVERNANCE**

Our commitment to good citizenship begins at the top. Our Board of Directors and senior management lead our sustainability activities. The Board’s Public Policy Committee is responsible for the review and evaluation of Abbott’s policies and practices regarding social responsibility.

Abbott’s sustainability team has lead responsibility for implementing our sustainability strategy. This department works with our six major businesses, key functional areas and affiliates around the world to ensure that we consistently deliver on our sustainability ambitions. The sustainability team reports to our Senior Vice President and Chief Marketing and External Affairs Officer, who reports directly to our Chairman and CEO.

We are committed to embedding sustainability in our business strategy. Our cross-functional Sustainability Working Group leads this effort, while also overseeing the reporting of our environmental, social and governance (ESG) performance. The team includes representatives from corporate purchasing; global environment, health and safety; office of ethics and compliance; quality and regulatory affairs; human resources; supply chain; research and development; investor relations; global marketing; government affairs; and commercial operations. It also includes representatives from our affiliate operations in key markets around the world.

Several of our country operations have formed their own local cross-functional sustainability working groups, which embed responsible business practices and drive stakeholder engagement initiatives appropriate to local needs.

In addition to driving sustainable practices through our business management, a number of committees and working groups oversee programs and initiatives that guide our citizenship governance process:

**Global Operations Council** – This body oversees the strategy for all Abbott operations (manufacturing, supply chain, engineering, and environment, health and safety) and prioritizes and distributes the necessary resources, based on internal assessment, risk profiles and industry best practices. The council is chaired by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, and comprises four corporate officers and 20 divisional vice presidents, representing division and corporate operations. For more information, please see the [Environment, Health and Safety Management Oversight](#) section of this report on p. 74.



### Public Policy Committee of the Board of Directors –

This committee's charter includes reviewing and evaluating Abbott's policies and practices with respect to social responsibility.

**Business Conduct Committee** – Comprised of business heads, this committee oversees implementation of our ethics and compliance programs.

**Executive Inclusion Council** – Led by our Chairman and CEO, this council oversees our diversity and inclusion initiatives.

We also work externally with our Global Citizenship Advisory Council (GCAC), a group of independent expert advisors and thought leaders in the area of sustainability. Members of the GCAC provide guidance on strategic ESG issues, identifying opportunities and advising on risks across our value chain. GCAC includes the following participants:

#### Margaret Flaherty

Senior Advisor, FSG, and Professor, Business School Lausanne

#### David Logan

Co-Founding Director, Corporate Citizenship

#### Jane Nelson

Senior Fellow and Director, CSR Initiatives, Harvard Kennedy School

#### David Vidal

Emeritus Fellow, The Conference Board

At the most recent meeting of the GCAC in December 2017, the following topics were discussed with senior executives from across the business:

- Recent progress and developments in sustainability at Abbott
- Plans for a new strategic approach to addressing noncommunicable diseases
- Abbott's growing profile in Africa
- Ongoing work to develop 2030 sustainability commitments
- Engagement with investors on material ESG issues

## ENGAGING STAKEHOLDERS AND SUPPORTING CUSTOMERS

Abbott is an active participant in the global dialogue on health. We know that listening to our stakeholders and responding with relevant, local solutions that meet people's changing needs and tackle the world's most important health challenges are vital to our success as a business.

We work to develop solutions that are meaningful to people, wherever they are in the world. Stakeholder insights help us understand, anticipate and stay ahead of global health and economic trends, so that we can adapt our business to help people and have the greatest impact.

We promote implementation of our group-wide approach to stakeholder engagement through our Stakeholder Engagement Policy, which guides Abbott leaders in creating local engagement strategies. As part of this process, we deliver specific training on stakeholder engagement at key affiliates across the globe, supporting them in identifying and engaging local stakeholders to develop and maintain a constructive and productive dialogue.



Customer feedback is integrated into our stakeholder engagement activities and provides an important vehicle for incorporating new insights into improving and developing new products. Providing our customers with clear channels of communication is an important element in our ability to support them and help meet their healthcare needs. We offer customers a number of ways to connect with us 24/7: online, through social media, over the phone and through the mail.





Our Net Promoter Score® (NPS) is an externally recognized metric for customer satisfaction, and we see it as an important measure of our success in meeting our customers' needs. As an example of our performance, NPS for our diagnostics business increased from 32.1 in 2010 to 56 in 2017.

#### CREATING VALUE AT THE INTERSECTION

Sustainability at Abbott focuses on the areas where opportunities for our business intersect with positive social and environmental impact. We aim to achieve sustainable growth, deliver life-changing technology and create value in communities around the world.



IN THIS SECTION

15 INNOVATING TO MEET  
CURRENT AND FUTURE  
HEALTH NEEDS ▶

25 EMPOWERING PEOPLE TO LIVE  
FULL AND HEALTHY LIVES ▶

35 OPERATING SUSTAINABLY  
AND RESPONSIBLY ▶

The way we report on our sustainability efforts reflects how our business helps people live full, healthy lives.





# INNOVATING TO MEET CURRENT AND FUTURE HEALTH NEEDS

## IN THIS SECTION

### 16 DEVELOPING THE INNOVATIONS PEOPLE NEED ▶

We invent breakthrough medical devices and innovative diagnostic tests to support people in living their fullest possible lives.

### 18 MAKING A DIFFERENCE FOR MILLIONS THROUGH MEDICINES ▶

We deliver the high-quality, trusted and affordable medicines that millions of people use every day to get and stay healthy.

### 20 IMPROVING LIVES THROUGH BETTER NUTRITION ▶

We provide the nourishment that bodies need at every stage of life.

### 22 BUILDING HEALTHCARE CAPACITY AND TECHNOLOGY ▶

We develop delivery models and infrastructure to get medicines, treatments and healthcare advice to more people who need them.

Abbott is committed to innovating to help people get healthy and stay healthy at all stages of life. We innovate new products to meet changing healthcare needs and emerging healthcare challenges, new approaches that ensure the affordability and accessibility of healthcare, and new systems that help deliver it to those who need it most.



Abbott's approach to innovation starts with understanding healthcare practitioners, patients and consumers in every market in which we operate. We listen to the issues they face and strive to invent solutions that can help. This approach allows us to develop breakthrough medical devices that can enable fuller, healthier lives for people with cardiovascular disease, chronic pain and other conditions; new forms of diagnostic testing, so people can get the healthcare they need faster; and innovative products and packaging that make good health and nutrition accessible to more people in more countries around the world.

The human drive to explore new possibilities has succeeded in dramatically raising living standards worldwide. However, a growing population living longer and experiencing rapid lifestyle changes brings new healthcare challenges. The need for new innovations to help people live their best lives is a constant one. Abbott meets this challenge, focusing on delivering the highest-quality healthcare at every stage of the research and development (R&D) process, through:

- An insight-driven approach that listens to healthcare practitioners, patients and consumers.
- Groundbreaking inventions that can transform lives through medical devices and diagnostic testing.
- Improvements to existing medicines that can make them more accessible and affordable for more people.
- The highest standards in healthcare solutions and practices to ensure our products deliver the best health outcomes.
- New solutions that give more people access to the nutrition they need at every stage of life.
- Innovations in infrastructure to bring healthcare to those who need it most.

## DEVELOPING THE INNOVATIONS PEOPLE NEED

In 2017, U.S. business magazine *Fast Company* named Abbott one of the world's "Most Innovative Companies" and one of the top 10 most innovative companies in the biotechnology sector. We pursue insight-driven innovation, applying local insights to anticipate needs and deliver innovations tailored to local markets, tastes and circumstances. Through this approach, we have developed new packaging solutions to help parents avoid contamination of children's medicines, even when no clean water is available; new approaches for testing blood and identifying pathogens, designed to reflect the reality of diagnostics in remote areas; nasal sprays suitable for people with allergies; and taste-blocking agents that help children take the medicines they need. These innovations are all part of enabling more people, in more situations, to live fuller lives through the power of health.

Breakthrough Abbott inventions that made major contributions to people living fuller lives in 2017 include the following:

**FreeStyle® Libre** – For many people with diabetes, the routine finger pricking<sup>1</sup> needed to monitor their glucose levels is an uncomfortable experience. Abbott's *FreeStyle Libre* flash glucose monitoring system (FGM) allows them to check their glucose levels with just a one-second scan, making it easier to manage their condition. The system uses a small sensor applied to the back of the upper arm, which provides real-time glucose readings for up to 10 days. Following U.S. Food and Drug Administration (FDA) approval of *FreeStyle Libre* in 2017, 30 million Americans with diabetes<sup>2</sup> now have a simpler option for tracking glucose and adjusting their lifestyles, diet and treatment to enable fuller lives. *FreeStyle Libre* is available at major U.S. pharmacies, such as CVS, Walgreens, Walmart, Rite Aid and Kroger/Smith's, and following earlier approval in other markets, it is already helping more than 500,000 people in 42 countries<sup>3</sup> enjoy more active and healthier lives.

### INDICATIONS AND IMPORTANT SAFETY INFORMATION

The FreeStyle Libre Flash Glucose Monitoring system is a continuous glucose monitoring (CGM) device indicated for replacing blood glucose testing and detecting trends and tracking patterns aiding in the detection of episodes of hyperglycemia and hypoglycemia, facilitating both acute and long-term therapy adjustments in persons (age 18 and older) with diabetes. The system is intended for single patient use and requires a prescription.

#### CONTRAINDICATIONS

Remove the sensor before MRI, CT scan, X-ray, or diathermy treatment.

#### WARNINGS/LIMITATIONS

Do not ignore symptoms that may be due to low or high blood glucose, hypoglycemic unawareness, or dehydration. Check sensor glucose readings with a blood glucose meter when Check Blood Glucose symbol appears, when symptoms do not match system readings, or when readings are suspected to be inaccurate. The FreeStyle Libre system does not have alarms unless the sensor is scanned, and the system contains small parts that may be dangerous if swallowed. The FreeStyle Libre system is not approved for pregnant women, persons on dialysis, or critically-ill population. Sensor placement is not approved for sites other than the back of the arm and standard precautions for transmission of blood borne pathogens should be taken. The built-in blood glucose meter is not for use on dehydrated, hypotensive, in shock, hyperglycemic-hyperosmolar state, with or without ketosis, neonates, critically-ill patients, or for diagnosis or screening of diabetes. Review all product information before use or contact Abbott Toll Free (855-632-8658) or visit [www.freestylelibre.us](http://www.freestylelibre.us) for detailed indications for use and safety information.



<sup>1</sup>Fingersticks are required for treatment decisions when user sees Check Blood Glucose symbol, when symptoms do not match system readings, when user suspects readings may be inaccurate or when user experiences symptoms that may be due to high or low blood glucose.

<sup>2</sup>Centers for Disease Control, [www.cdc.gov/media/releases/2017/p0718-diabetes-report.html](http://www.cdc.gov/media/releases/2017/p0718-diabetes-report.html)

<sup>3</sup>Data on file, Abbott Diabetes Care

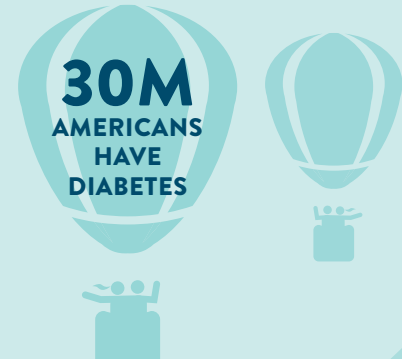
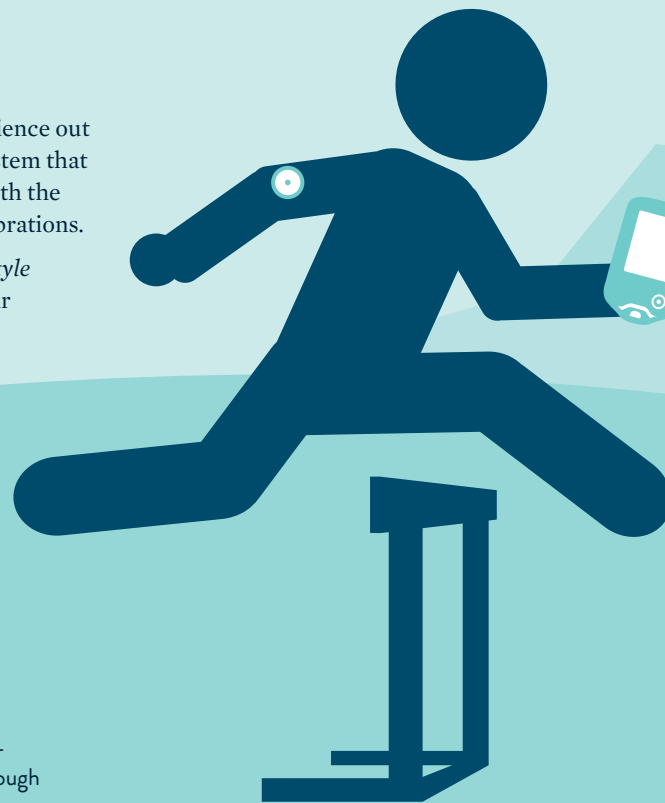


**FREESTYLE® LIBRE**

# REVOLUTIONIZING GLUCOSE MONITORING WITHOUT ROUTINE FINGERSTICKS\*

Abbott's *FreeStyle Libre* system takes the pain and inconvenience out of glucose monitoring. We've introduced a revolutionary system that eliminates the hurdles of traditional glucose monitoring. With the *FreeStyle Libre*, there are no routine fingersticks and no calibrations.

By tracking and monitoring glucose continuously, the *FreeStyle Libre* system helps people with diabetes to better adjust their lifestyles, diets and treatments to suit their needs.



**CONTINUOUS MONITORING**

*FreeStyle Libre* is a continuous glucose monitoring system, consisting of a handheld reader and a sensor worn on the back of the upper arm.

**10  
DAYS**

**DISCREET AND CONVENIENT**

The sensor provides real-time glucose readings for up to 10 days (day and night) and can be read through clothes, making testing discreet and convenient.



**PAIN FREE**

Abbott's *FreeStyle Libre* system allows people to check their glucose with a one-second scan instead of painful routine fingersticks.



**GLOBAL REACH**

*FreeStyle Libre* is helping more than 500,000 people in 42 countries to have the freedom to enjoy active, healthier lives.

\*Fingersticks are required for treatment decisions when user sees Check Blood Glucose symbol, when symptoms do not match system readings, when user suspects readings may be inaccurate or when user experiences symptoms that may be due to high or low blood glucose.



**Alinity™** – Diagnostic testing guides between 60 and 70 percent of critical clinical decisions. Fast, accurate tests can mean the difference between life and death, and they are key to better care and fuller lives. With the world facing healthcare challenges from aging populations and an increase in noncommunicable diseases (NCDs) and chronic conditions, pressure on testing resources is intensifying. Abbott's *Alinity* family of harmonized solutions is unprecedented in the diagnostics industry, working together to address the challenges of using multiple diagnostic platforms and simplifying diagnostic testing. *Alinity* systems are designed to be more efficient – running more tests in less space, generating test results faster and minimizing human errors – while continuing to provide quality results. *Alinity* is helping labs and hospital systems solve some of their most pressing challenges to deliver better patient care with fewer resources. The availability of the *Alinity* systems and tests varies by geography.

**Confirm Rx™** – Abbott's smartphone-compatible insertable cardiac monitor (ICM) is the first and only device of its kind available in the United States, following FDA approval in 2017. *Confirm Rx* continuously monitors a person's heart rhythm and transmits the data via Bluetooth® to a smartphone, which then transmits the data to a patient's physician or clinic. This eliminates the need for a bulky bedside transmitter and separate handheld activator, so people with suspected cardiac arrhythmias can play a key role in their own healthcare, recording their symptoms at any time and transmitting their data to their doctors.

**HeartMate 3™** – Approximately 26 million people worldwide suffer from heart failure. For advanced heart failure patients who can no longer rely on earlier stage treatment options, a left ventricular assist device (LVAD) can help a weakened heart pump blood through the body and provide crucial support as patients await further treatment.

Abbott's *HeartMate 3* LVAD is a surgically implanted mechanical pump that is attached to the heart to help it pump more blood with less work, offering an alternative to a fully artificial heart. Abbott designed the *HeartMate 3* to restore blood flow throughout the body, improving the quality of life for patients battling advanced heart failure.

***i-STAT® Alinity*** – A panel of independent, expert judges from *The Scientist* magazine have recognized the *i-STAT Alinity* handheld testing device as a “Top 10 Innovation of 2017,” praising its impact in speeding diagnoses and helping get people the care they need faster. By delivering a diagnosis from the patient's bedside in minutes, *i-STAT* enables efficient sharing of results, accurate diagnosis and faster treatment decisions.

### MAKING A DIFFERENCE FOR MILLIONS THROUGH MEDICINES

When most people think of innovation in healthcare, they picture breakthrough drugs or medicines. Although smaller, incremental improvements to existing treatments get less attention, they can have an even greater impact for enabling fuller lives worldwide.

Every day, more than 14 million people use medicines from Abbott's pharmaceuticals business. These people live in emerging markets, where obtaining and taking medicines can be a challenge. Changing the way we source, manufacture and package these medicines helps people get and stay healthy more easily and affordably.

Abbott takes high-quality and trusted medicines that are no longer protected by patents and we look for ways to make them even better – whether by making them easier to take, easier to open or work for new indications. This differentiates our products and can dramatically increase the positive impact they can have.

*Duphalac®*, a liquid prebiotic that treats constipation, is one of our most popular medicines. However, when we discovered parents were having trouble persuading children to take it, we began to explore more child-friendly forms. Our scientists developed a new manufacturing process to deliver the medicine as a gummy solid rather than a liquid, adding flavor and a friendly shape to appeal to children. In this way, we created *Duphabears®*, which can help parents maintain healthy digestion in their families.

### MAKING A DIFFERENCE THROUGH OUR MANUFACTURING OPERATIONS

Innovation in Abbott's manufacturing operations can make a difference in two important ways: significantly reducing the environmental impact of our business and growing the reach of our products by putting life-enhancing medicines into new forms.

During 2017, we fitted 1,972 solar panels across eight buildings at our established pharmaceuticals manufacturing facility in Karachi, Pakistan. This was the largest solar panel installation by any healthcare company in Pakistan.





## NEUROMODULATION THERAPY

# PROMISING THERAPY FOR CHRONIC PAIN

For people living with chronic pain, including 25 million U.S. adults, finding a solution to pain management can be challenging. Opioids are prescribed to treat chronic pain and can lead to addiction in some cases. Neuromodulation solutions can help some people feel better while providing an alternative.

**25M**

U.S. adults living with chronic pain

**70%**

of patients on neuromodulation therapy saw opioid use decline or stabilize



### PAIN REDUCTION

Neuromodulation therapy, which uses an implanted medical device to treat pain, has emerged as an alternative to opioids.

### PROVEN RESULTS

In a 5,400-patient study, our research shows that neuromodulation therapy helps reduce or stabilize opioid use in chronic pain patients.

### DRUG FREE

Neuromodulation devices send electrical signals to certain nerves in the body, creating interference that prevents the nerves from signaling pain to the brain.



### PREMIER THERAPY

Abbott's DRG and *BurstDR*<sup>™</sup> therapies, two of our neuromodulation solutions, deliver electrical impulses that stimulate the dorsal root ganglion (DRG) or the spinal cord to address each patient's unique pain patterns.

### EASE OF USE

Our neuromodulation products connect to Apple® iOS<sup>™</sup> software, which allows the user to easily program and control the device.



### MAKING A DIFFERENCE THROUGH NEW APPLICATIONS FOR MEDICINES

*Duphaston*<sup>®</sup> is a medicine women take in pill form to manage menstrual disorders, menopause and the risk of miscarriage. Its active ingredient, dydrogesterone, also has other applications. As a synthetic progestogen, *Duphaston* can help to prepare the uterus for *in vitro* fertilization (IVF), which can make an important difference to the 1.5 million women who undergo IVF treatment each year in hope of starting a family.

Up to now, the standard approach to preparing for IVF involved administering progesterone vaginally, an unpleasant experience with unwanted side effects that can lead to women abandoning their treatment. In 2017, Abbott succeeded in securing approval for the use of *Duphaston* in IVF after demonstrating it was as effective as vaginal treatments. As a result, IVF will be easier and more accessible for millions of women whose lives can be enriched by the treatment.

### MAKING A DIFFERENCE THROUGH PACKAGING INNOVATION

Innovation in packaging can make a huge difference to the experience and value of our products. It gives people confidence that they are taking the correct dose, prompts them to complete their treatment and makes it easier for them to take medicines safely, especially in emerging markets.

Santosh Shukla, head of marketing for Abbott's multispecialty team in India, provided the inspiration for one such innovation. Mr. Shukla explained the challenge of managing the many liquid medications that his son, who suffers from asthma, had to take. Keeping track of the correct dosages was difficult, as was keeping the dispensing caps clean and separate.

In response, Abbott developed *LiDoCon*<sup>®</sup>, which stands for liquid dosing concept: a new cap that attaches to the neck of a liquid medicine bottle, fills with the correct dose and allows medicine to be taken straight from the bottle. The Healthcare Compliance Packaging Council of Europe has since awarded *LiDoCon* its Columbus Award for improving patient lives through innovative packaging.

*LiDoCon* is far from alone. Across different markets, Abbott innovates new packaging solutions that help make medicines more accessible to more people. In Colombia, we partnered with a technology company to add a digitally enabled CleverCap to our products. This simple addition helps cancer patients take medicine on time and allows doctors to check that they are doing so. CleverCap, which fits standard pill bottles, uses an alarm to remind people to take their medicine, dispenses the correct number of pills and then connects to the internet to report to doctors.

Also in Colombia, Abbott innovation is helping people suffering from allergic rhinitis, or hay fever, by outfitting a nasal spray treatment with a unique filter that protects the medicine from bacteria and eliminates the need for preservatives that can irritate the nasal passages. Sales for the spray have grown by 50 percent since the filter was introduced in that country.

### MAKING A DIFFERENCE THROUGH EDUCATION AND AFTER-CARE

In emerging markets, under-resourced doctors have less time and opportunities to talk to patients about managing their health. As a result, around half of all patients with chronic conditions stop taking their medicines after some time, leading to long-term complications and high costs for healthcare systems.

a:care is a global Abbott initiative to support doctors, pharmacists and patients. Through this program, we provide people the information they need to learn about and manage their conditions.



### a:care

a:care is a global Abbott initiative that supports doctors, pharmacists and patients by providing people the information they need to manage their conditions.

### IMPROVING LIVES THROUGH BETTER NUTRITION

The availability of safe, nutritious food is the essential foundation for good health. Abbott develops science-based nutrition products for people of all ages, and partners with governments, regulators and innovators to help bring the best nutrition to all those that need it. By exploring the interconnectedness of nutrition and other areas of human health, we help to develop new approaches to tackling malnutrition in all its forms, and enabling fuller and healthier lives.

Abbott operates five nutrition research and development centers globally and partners with top research institutions worldwide. We're committed to discovering nutrition solutions that are aligned to consumer preferences and needs, in terms of people's health, taste and experience of our products. The next page shows some of the ways that our innovation in nutrition benefits society.





## INNOVATING PRODUCT DEVELOPMENT

At Abbott, we know that breastfeeding provides the best nutrition for infants, and we are committed to supporting the World Health Organization's goal of increasing breastfeeding rates. We support, educate and encourage mothers to breastfeed for as long as possible, including where possible, exclusive breastfeeding during the first six months of life and continued breastfeeding up to and beyond two years of age. We also believe parents have the right to make decisions about the most appropriate ways to feed their babies, and we play an important role in ensuring they have the most accurate information about their baby's nutrition and options available. For babies who cannot receive breastmilk, we are committed to developing science-based nutrition that ensures all babies have the strongest possible start in life.

In 2016, after more than 15 years of pioneering research, Abbott became the first company to add 2'-fucosyllactose human milk oligosaccharide (2'-FL HMO) to infant formula, when we added this special prebiotic to our *Similac*® formulas in the United States. The 2'-FL HMO prebiotic is the third most abundant solid ingredient in breastmilk after fat and carbohydrates. Research demonstrates that because HMOs promote good bacteria in a baby's gut, they might be one important reason breastfeeding provides immune health benefits.<sup>4</sup> Adding 2'-FL HMO to our *Similac* formulas gives babies the best start and moms confidence no matter what their feeding choice. In 2017, Abbott was named a top innovator by the Chicago Innovation Awards in recognition of this breakthrough. *Similac* formulas with 2'-FL HMO are now available in the United States, Mexico, Guatemala, Hong Kong and continue to be introduced to new markets around the world.

<sup>4</sup>Castanys-Munoz E, et al. 2'-fucosyllactose: an abundant, genetically determined soluble glycan present in human milk. *Nutr Rev*. s2013;71(12):773-89. Available at: [onlinelibrary.wiley.com/doi/full/10.1111/nure.12079](http://onlinelibrary.wiley.com/doi/full/10.1111/nure.12079)

## INCREASING AFFORDABILITY

Innovating to give more people the nutrition they need isn't just about new products, it's also about offering consumers accessible and affordable choices.

"Bag-in-the-box" packages our products in pouches within cardboard boxes rather than tins. This innovation has provided parents in Latin America, Singapore and the Philippines with more choices, better value and convenience when it comes to milk formula. Following the 2017 launch of our "bag-in-the-box" format for *Similac* Gain Stage 3 and *Similac* Gain Kid Stage 4 in Singapore, parents provided positive feedback on the greater range of size and packaging options, and the convenience that smaller packets offered when traveling. This innovation offers cost savings to parents while delivering the quality, safety and nutritional value they expect from Abbott's nutrition products.

## RESPONDING TO CONSUMER PREFERENCES

Taste is highly personal — consumer preferences differ around the world and change over time. Abbott must consider flavor, texture and aroma in every nutritional product we make, balancing the nutrients consumers need with the flavors they want. Striking this balance is achieved through constant innovation and scientific rigor at every step of the process:

- Sourcing the best ingredients by partnering with high-quality farms and trusted suppliers
- Processing ingredients in a way that enhances overall taste and texture
- Minimizing any undesirable taste associated with essential ingredients
- Tapping into the favorite flavors of different cultures and regions

Developing nutritional products that meet consumers' preferences is especially important when it comes to therapeutic nutrition. Products designed to meet the distinct nutritional needs of people with acute or chronic conditions must also be enjoyable. This ensures higher compliance rates and helps patients heal more quickly.



## ABBOTT FOOD SAFETY AND NUTRITION FOUNDATION

In 2017, Abbott partnered with the Chinese Institute of Food Science and Technology (CIFST) to launch the Abbott Food Safety and Nutrition Foundation.

## SUPPORTING FOOD QUALITY AND NUTRITION IN CHINA

In 2017, Abbott partnered with the Chinese Institute of Food Science and Technology (CIFST) to launch the Abbott Food Safety and Nutrition Foundation. The foundation will provide technical support to the food and nutrition industry, supporting innovation and identifying new opportunities to improve the quality and safety of food through interdisciplinary research and collaboration. This includes projects to explore safety-control techniques for nutrition products, analyze the risks of food containers and food packaging, research the nutritional requirements of mothers and their infant children, and assess the availability of nutrition to elderly people in hospitals.



## BUILDING HEALTHCARE CAPACITY AND TECHNOLOGY

Helping people to live their best possible lives through good health involves more than inventing new healthcare products. We also need delivery models and infrastructure that can get medicines, treatments and healthcare advice to more people who need them. This is why Abbott invents new systems for sharing data, improving diagnosis, and delivering products and medical supplies.

### DETECTING VIRUSES AND MAINTAINING A HEALTHY GLOBAL BLOOD SUPPLY

Abbott's diagnostic systems and tests screen more than half of the world's blood supply to help ensure it is safe to use and ready to save lives. This puts our Global Surveillance Program and the UCSF-Abbott Viral Diagnostics and Discovery Center (VDDC) on the frontline of detecting new viruses, making these programs crucial in tracking these new threats.

The Global Surveillance Program uses our unique collection: 60,000 samples containing HIV and hepatitis viruses collected for more than 20 years from 40 countries on six continents. Whenever we identify a new strain, we confirm that Abbott's current blood screening and diagnostic tests can detect it. This research helps to maintain a safe blood supply while also keeping ahead of virus mutations that could lead to new outbreaks.

When the Americas faced an outbreak of the Zika virus in 2015 and 2016, Abbott responded by developing the first commercial molecular test for detecting the virus in whole blood. The Abbott RealTime® Zika test allows more reliable and rapid diagnosis of Zika, which can make an important difference to the lives of pregnant women, those planning to have children and others suffering from symptoms. In February 2017, the U.S. Food and Drug Administration (FDA) granted Abbott the first commercial authorization for a molecular test to detect the Zika virus using whole blood.

Abbott's research and development (R&D) center in Shanghai, China, uses the same molecular Abbott m2000™ platform as the Zika test to explore diagnostic markers in the blood of HIV, hepatitis B and hepatitis C patients. Through a multiyear partnership, we also work with the University of California, San Francisco, to discover and characterize novel viruses as well as develop diagnostic tools to address these potential public health threats. Such an approach has the potential to revolutionize disease surveillance by providing earlier warning of the spread of new pathogens as well as the necessary diagnostic tools to detect and track them.



### DETECTING ZIKA VIRUS IN WHOLE BLOOD

In 2017, the FDA granted Abbott the first commercial authorization for a molecular test to detect the Zika virus using whole blood.

Transfusion of blood and blood products helps save millions of lives every year. Sadly, the demand for safe and reliable blood often exceeds supply, especially in emerging markets. Abbott is addressing this shortfall in emerging markets in the Asia-Pacific region, where blood supplies often fail to meet international quality and safety standards. As part of the Blood Safety Initiative and Coalition, we support the Asia-Pacific Economic Cooperation's Blood Supply Chain Partnership Training Network (PTN). Our role includes providing training and promoting best practices in blood safety to increase screening capacity.

### BUILDING THE CAPACITY OF HEALTHCARE SYSTEMS IN TANZANIA

For more than 15 years, Abbott and the Abbott Fund have worked in partnership with the government of Tanzania to strengthen the country's healthcare system, bringing fuller and healthier lives within reach of more Tanzanian people.

The investments we have made establishing emergency medicine as a new medical specialty in Tanzania have a direct impact on the lives of people across the country. In 2010, the partnership opened Tanzania's first Emergency Medicine Department (EMD) at Muhimbili National Hospital. The EMD has reduced the hospital's mortality rate by more than 50 percent, saving more than 5,000 lives per year. The EMD treated 65,930 people for medical emergencies in 2017, an increase of 2 percent over the previous year.

#### Building Expertise and Facilitating Knowledge Sharing

Our support enables sharing more of this expertise with international audiences, including students and physicians in the Democratic Republic of Congo, Ethiopia and Uganda. The EMD is one of four organizations piloting a World Health Organization (WHO) trauma registry that will inform care across the world. It published seven original pieces of research in peer-reviewed journals last year and hosted more than 250 medical professionals from 12 countries at the first Tanzania Conference on Emergency Medicine.

In addition, Tanzania's Emergency Medicine Residency Program is the first such program in East Africa, helping to embed emergency medicine expertise in the country's regional hospitals and create a national emergency response system. Four residents graduated from the program in 2017, and 14 new residents enrolled, significantly increasing the program's capacity.



**Sustaining Our Program Impact**

We are working with the Emergency Medicine Association of Tanzania (EMAT) to amplify the impact of the program by directly supporting the regional hospitals that graduates return to. In 2017, we launched this program with technical support and training for Mbeya Zonal Referral Hospital and Mount Meru Regional Referral Hospital in Arusha. Each of these hospitals will welcome program graduates over the next 12 months. EMAT is developing metrics to track improvements in capacity and care at both hospitals.

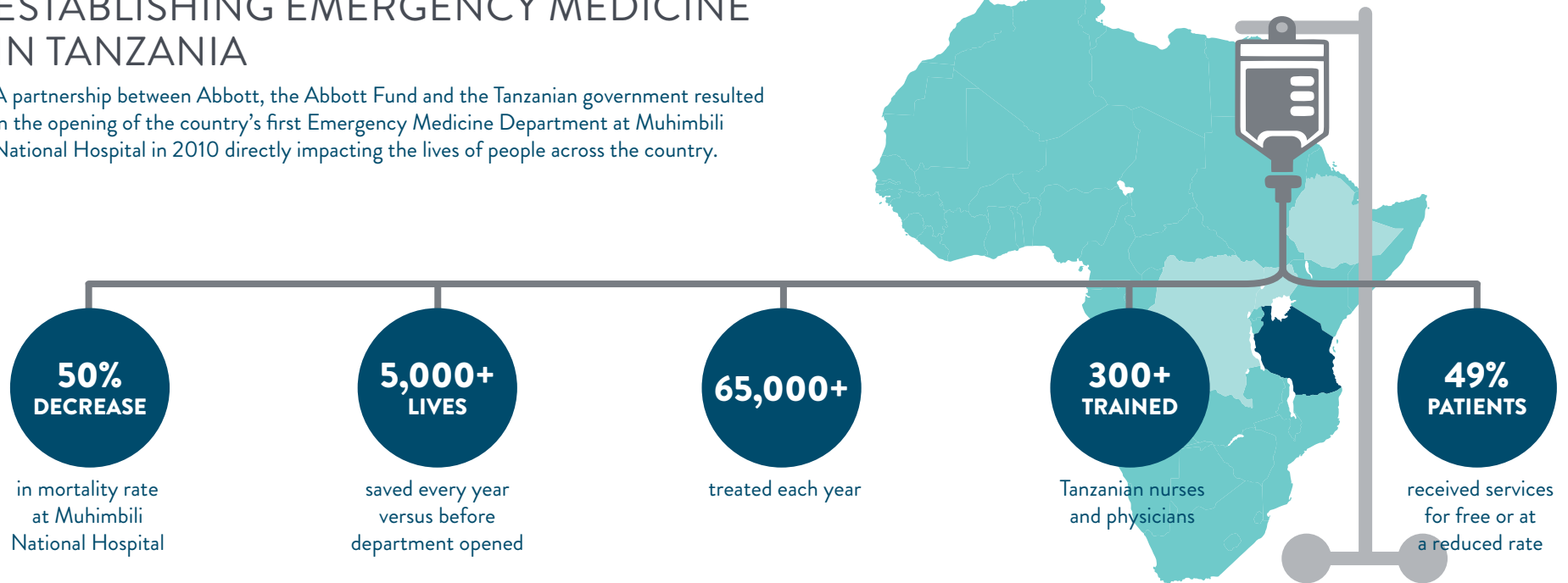
**Pioneering Innovative Networks**

One of the partnership’s key achievements is the development of Tanzania’s first nationwide laboratory IT network, LabNet. LabNet links all 23 of the country’s regional healthcare laboratories, enabling immediate sharing of test results, disease surveillance reports and healthcare management practices. It helps Tanzanian healthcare practitioners battle chronic diseases, including HIV/AIDS, the leading cause of death in the country. It also helps ensure that the treatment people receive reflects the latest medical advances.

More than 826,000 patients are registered on the network, and 523 healthcare practitioners at regional laboratories now have the training to use the system. In 2017, we launched our plan to transition ownership of LabNet to Tanzania’s Ministry of Health to ensure a sustainable future for laboratory services in the country. In the initial phase, we trained central government IT technicians on how to use LabNet and engaged regional government IT officers in Tanzania’s 23 regions.

## ESTABLISHING EMERGENCY MEDICINE IN TANZANIA

A partnership between Abbott, the Abbott Fund and the Tanzanian government resulted in the opening of the country’s first Emergency Medicine Department at Muhimbili National Hospital in 2010 directly impacting the lives of people across the country.







### Making Emergency Care Affordable for All in Tanzania

The goal of our investment in Tanzania's EMD is to build a healthcare infrastructure that is both financially sustainable and able to treat every patient, regardless of ability to pay. Rather than directly covering operating costs, investments focus on increasing efficiencies, controlling operating costs and increasing revenue from people who can afford to pay. The EMD generated \$3 million in revenue in 2017, a 9 percent increase that is ahead of program targets. This enabled subsidized treatment for 49 percent of patients, as well as investment in creating five subunits for emergency medicine: Pediatric, Ambulance, Critical Care, Clinical Health and Research.

### ADVANCING THE ACCESSIBILITY OF HEALTHCARE

Our established pharmaceuticals business constantly innovates to make the medicines that more than 14 million people use daily as affordable and accessible as possible. Part of this involves tailoring our medicines to the needs of different regions and cultures. We currently offer more than 1,500 branded generic medicines in more than 100 emerging market countries.

We also work with nonprofit organizations and national healthcare systems to develop solutions that can deliver the care that people need, in emerging markets.



### BRANDED GENERICS

Abbott currently offers more than 1,500 branded generic medicines in more than 100 emerging market countries.

### EXPANDING DIABETES SUPPORT IN CHILE

Rapid changes in lifestyle in fast-developing markets result in an equally rapid rise in noncommunicable diseases (NCDs), particularly diabetes. In Chile, where the International Diabetes Federation cited 1.3 million cases of diabetes in 2015,<sup>5</sup> Abbott partners with the Fundación Diabetes Juvenil de Chile (FDJ). This nonprofit organization works to make diabetes diagnosis and support available to young people across Chile.<sup>6</sup>

Abbott trains FDJ employees, provides discounted products for distribution through the foundation's nonprofit pharmacy and supports FDJ's expansion, from a clinical support center in Santiago to other locations across the country. In 2016, Abbott helped the foundation launch an online pharmacy, making breakthrough systems, such as *FreeStyle Libre*, available directly to patients across the country. Our support of the FDJ and the online pharmacy continues to be a very positive partnership in our second year. To date, we have completed training and placement of flash glucose monitoring for more than 3,300 people with diabetes in Chile.

### APPROACH TO INNOVATION

Our approach to innovation starts with understanding healthcare practitioners, patients and consumers in every market in which we operate. Whether that means expanding an emergency medical facility in Tanzania or developing a less-invasive way for patients to monitor their diabetes, we want to support people in living their fullest possible lives.

We aim to use the highest standards in our approach to health and innovation, striving to deliver the best possible care to people at every stage of life.

<sup>5</sup>International Diabetes Federation, [www.diabetesatlas.org/](http://www.diabetesatlas.org/)

<sup>6</sup>Data on file, Abbott Diabetes Care



# EMPOWERING PEOPLE TO LIVE FULL AND HEALTHY LIVES

## IN THIS SECTION

### 26 EDUCATING AND SUPPORTING HEALTHCARE PRACTITIONERS ▶

We work with governments, nongovernmental organizations (NGOs) and international healthcare organizations to give practitioners access to the very latest research, resources and training.

### 28 EMPOWERING PATIENTS AND CONSUMERS ▶

We empower people to make informed healthcare choices, helping them overcome social barriers and stigmas that prevent them from living their best lives.

### 31 INSPIRING YOUTH TO EXPLORE STEM ▶

We seek to inspire the youth of today to reach their full potential and to contribute to building the solutions that will save the lives of tomorrow.

### 33 HELPING COMMUNITIES ADVANCE HEALTHFUL LIVING CONDITIONS ▶

We aim to empower communities to take control of their living environments for fuller, healthier lives.

Abbott invests in spreading ideas, information and inspiration that can enable better health. We do so by working with governments, international healthcare organizations and community-focused nongovernmental organizations (NGOs), engaging consumers, and leveraging the skills and passion of our own employees.



Education, knowledge and empowerment are vital enablers of better health and fuller lives. Abbott is committed to sharing innovations and ideas that can make a difference. We work to equip healthcare practitioners with new skills, knowledge of the latest techniques and access to the resources they need. We empower patients and consumers through awareness-raising programs that support confident, informed choices about healthcare and nutrition, and we reinforce this with a commitment to marketing our products responsibly. By educating and supporting our employees, we enable fuller lives for those working at Abbott and empower them to promote better health in their communities.

## EDUCATING AND SUPPORTING HEALTHCARE PRACTITIONERS

Gaps in healthcare provision often take the form of gaps in knowledge. When we give healthcare practitioners access to the latest research and ideas, we can make a significant and positive impact on their ability to help people live fuller and healthier lives.

Abbott provides resources, training and educational programs in partnership with local governments, nongovernmental organizations (NGOs), and national and international healthcare organizations. We host and attend conferences to share expertise, provide data on the effectiveness of new and emerging healthcare interventions, and develop online platforms for practitioners to access the knowledge they need.

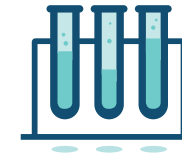
Beyond products, we also provide innovative services for healthcare professionals. For example, we have developed an augmented-reality mobile application, called Easy Heart, which helps doctors in India, the Philippines and Vietnam educate patients and caregivers on managing heart conditions.

## IMMERSING HEALTHCARE PRACTITIONERS IN THE FUTURE OF DIAGNOSTICS

Through Abbott's new state-of-the-art Customer Experience Center in Shanghai, China, healthcare and lab professionals will not just get to see how our personalized solutions can help them address challenges and improve their operations — they will get to experience it. The 5,000-square-meter center is situated next to Abbott's newly launched research and development center in China. The Customer Experience Center aims to promote quality and standardization for diagnostics in hospitals and laboratories across Asia Pacific through training and education, customer support and showcasing diagnostic innovations and best practices. The center is the only facility of its kind in the diagnostics industry and includes:

- An interactive 3-D lab, enabling visitors to design their own lab floor plans and layouts, optimizing spaces and building the most efficient workflows possible to provide better healthcare services.
- A virtual lab, visualizing how our *Alinity*<sup>™</sup> family of diagnostic systems would appear and perform in a real lab setting.

The experience center is designed to provide all-around services to our diagnostics customers and partners, through eight fully functioning laboratories, a state-of-the-art auditorium and 10 training rooms. Our Abbott team at the facility provides training and education, as well as real-time customer support. This includes addressing any technical problems that customers have with their existing instruments and solutions, and proactively identifying any potential issues that could occur.



## CUSTOMER EXPERIENCE CENTER

The Customer Experience Center in Shanghai, China, aims to promote quality and standardization for diagnostics in hospitals and laboratories across Asia Pacific.

Through the center, we'll be able to focus on solutions beyond the lab to help address the increased healthcare challenges that China faces: caring for an aging population, improving access to quality care and managing costs. We'll also be able to help advance the innovation and efficiency of diagnostics in China and the region.

## TACKLING THE MIDDLE EAST'S DIABETES EPIDEMIC THROUGH HANDS-ON TRAINING

The prevalence of diabetes is soaring across the Middle East. According to the International Diabetes Federation, almost one in five adults in the United Arab Emirates (UAE), more than 1 million people in all, have diabetes.<sup>7</sup> This includes a rapidly growing number with Type 2 diabetes. Without lifestyle changes, a quarter of the Middle East's population could be affected by 2035, placing an increasing burden on the region's healthcare system.

Abbott has responded by collaborating with the UAE's health ministry to launch the Abbott Diabetes Academy, the region's first dedicated training center for healthcare professionals working with diabetes patients. Located in Dubai's Healthcare City, the academy aims to support healthcare professionals through breakthrough training, with a mission to act as a center of excellence and education, and training partner for the regional public and private healthcare community.

<sup>7</sup>[www.diabetesatlas.org/across-the-globe](http://www.diabetesatlas.org/across-the-globe)





The academy provides practical tools that can be applied by endocrinologists, diabetologists and educators to improve the region's management of diabetes. The opening of the academy reflects Abbott's strategic commitment to supporting healthcare professionals specializing in diabetes and improving the healthcare system in the Middle East.

### **BUILDING CHINA'S CAPACITY FOR CARDIOVASCULAR CARE**

Crossroads Institute, the Abbott vascular education network, is an international medical education and knowledge initiative sponsored by Abbott, which we established in Shanghai, China, in 2011. Since then, Crossroads has become a professional healthcare training and educational platform in the fields of percutaneous coronary intervention (PCI), peripheral vascular intervention and structural heart disease, bringing advanced concepts and innovative technologies to more healthcare professionals in China, and enabling an overall improvement in the PCI field throughout the country. Crossroads enables us to introduce the most advanced treatment concepts and technologies to China. Over the past six years, the Crossroads Institute has provided 283 training sessions and 6,612 people have visited the facility.



### **CROSSROADS INSTITUTE**

Crossroads Institute is an international medical education and knowledge initiative sponsored by Abbott, which we established in Shanghai, China.

Since 2013, Abbott has worked with experts and regional hospitals to reinforce the regional PCI training network through the Crossroads. So far, Crossroads has established a network of 23 certified centers within tier 2 cities, and has plans to roll out in 10 more cities in the near future. Since 2014, Crossroads has also partnered with the National Center for Cardiovascular Diseases of China and the Society for Cardiovascular Angiography and Interventions (SCAI) in the United States, to drive the standardized education of physicians in regional cities. In 2016, Crossroads formed a strategic partnership with the China Cardiovascular Association, with plans to build more training centers in tier 3 and tier 4 cities, and help PCI physicians in county-level hospitals improve their clinical skills. Improving regional PCI skills enables more patients to access the timely PCI treatment they need and will help reduce deaths from coronary heart disease.

### **HELPING HEALTHCARE PROFESSIONALS TACKLE RUSSIA'S PRIORITY HEALTH AREAS**

Abbott's pharmaceutical business focuses on advancing education in Russia in five therapeutic areas that we have identified as priorities: women's health, cardiology, neurology and psychiatry, gastroenterology, and infections. Many of the activities in these therapeutic areas improve people's quality of life directly by empowering them to deal with issues such as menopause, dizziness and depression.

In 2017, Abbott launched Gastro-Site in Russia, a specialized online resource for doctors and pharmacists. It brings together relevant medical information about the algorithms for diagnosing and treating gastrointestinal diseases with scientific news, conference schedules and professional development resources. Gastro-Site complements Abbott's existing educational internet resources in Russia, providing a wealth of knowledge on gastrointestinal health and reinforcing Abbott's leadership position in this area.

Together, these provide a wealth of knowledge about gastro health that helps to reinforce Abbott's leadership position in this area.

During the year, Abbott also organized and participated in more than 2,000 scientific and educational events across 120 cities in Russia, with more than 12,000 specialists taking part.

### **IMPLEMENTING SMARTER, SWIFTER NUTRITION SUPPORT**

Globally, one in three people who enter the hospital are malnourished, and more become malnourished during their stay. Having poor nutritional status (or malnutrition) while being treated for a medical condition slows recovery and increases the chances of being readmitted to a hospital in the future. In the United States, Abbott worked with Advocate Health Care at four of its Chicago, Illinois, hospitals to implement nutrition care programs that screened patients for malnutrition, and incorporated nutritional intervention for those identified as at risk. The study showed that using either of the two nutrition care programs — basic or enhanced — reduced the risk of patient readmissions by 27 percent and shortened the average length of hospital stays by 25 percent, compared to the hospitals' previous rates. A study supported by Abbott, which was published in 2017, found that when a nutrition care program was implemented at four Chicago area hospitals, the impact resulted in more than \$4.8 million in cost savings due to shorter hospital stays and lower readmission rates. The research confirms that implementing nutrition-focused quality improvement programs can help patients recover from their hospitalization faster while alleviating financial pressures for both the patient and the healthcare system.



## PROVIDING PRACTITIONERS WITH NEEDED NUTRITION RESOURCES

The Abbott Nutrition Health Institute (ANHI) is committed to being the world's leading provider of therapeutic nutrition resources for everyone, at every stage of life. For more than 10 years ANHI has been partnering with healthcare professionals with the goal of improving patient outcomes by sharing evidence-based education resources on nutrition. ANHI hosts approximately 100 live nutrition courses, conferences and symposia annually throughout the world allowing leaders in the field of nutrition to share their learning and expertise with practitioners.

More than 175,000 health care professionals worldwide are currently registered on the ANHI.org site. The site offers a wide portfolio of online self-study courses on health and nutrition that are free of charge. The ANHI.org site was entirely rebuilt in 2017 allowing us to better align with nutrition-related needs of healthcare professionals worldwide. We conducted focus group discussions with healthcare professionals on four continents and surveyed current site registrants to inform our approach. These efforts deepened our understanding of the nutrition resources that are most needed by healthcare professionals and how ANHI can support their professional development.



### ABBOTT NUTRITION HEALTH INSTITUTE

More than 200,000 healthcare professionals worldwide are currently registered on the ANHI site, and the institute hosts more than 100 events each year.

**200,000+**

## BUILDING BETTER FOOD AND NUTRITION SYSTEMS IN VIETNAM

As part of the Asia Pacific Economic Cooperation (APEC) Partnership Training Institute Network, Abbott works with the Vietnam Food Administration, National Institute of Food Control and National Institute of Nutrition, to address the issues of food safety and microbiological and chemical contamination. APEC does this through symposiums, preventative programs, technical training programs and food safety awareness campaigns.

Additionally, the Abbott Fund has collaborated with the Boston University School of Medicine, Vietnam's National Institute of Nutrition, Bach Mai Hospital and Hanoi Medical University to advance clinical nutrition through the Abbott Fund Institute of Nutrition Science (AFINS). The institute has trained more than 2,400 healthcare practitioners in Vietnam on nutritional care, provided technical support to more than 40 hospitals and helped drive a 30 percent reduction in incidents of malnutrition at Bach Mai Hospital.

Abbott and the Abbott Fund partner with Americares to support the Giao Diem Humanitarian Foundation Pediatric Nutrition Program, which supports schoolchildren in areas of Vietnam with high childhood malnutrition rates. Grants from the Abbott Fund assist in providing training for teachers, diagnostic equipment to help identify malnutrition cases and health workshops to raise awareness amongst parents. Abbott Fund also supports the distribution of soy milk grinders, with Abbott also donating pediatric nutritional products. Since the launch of the program in 2004, more than 25,000 children have been supported.

## EMPOWERING PATIENTS AND CONSUMERS

Helping people make informed choices about healthcare and nutrition enables people to live healthier, fuller lives. We are committed to building awareness of the choices available, helping to overcome social barriers and stigmas that prevent people from living fully, and establishing robust guidelines and standards that ensure healthcare choices are always well informed.

### LIVING LIFE TO THE FULLEST IN CHINA

We surveyed nearly 2 million people worldwide and found the key to having a full life means prioritizing family and health. That's why for the second year in a row, Abbott sponsored the City Orienteering Challenge in Shanghai, China. This popular initiative promotes a healthy lifestyle by encouraging people to take part in outdoor exercise. More than 20,000 people from the ages of eight to 60 took part in this year's orienteering challenge, a record for the annual event, which has been running for seven years. Divided into 3,700 teams, participants complete various tasks along one of the 37 routes crisscrossing Shanghai, by walking or taking public transport.

One of the orienteers participating in the challenge this year was Xiaobo Gu, a diabetes patient, who completed the entire route and associated tasks all while using our *FreeStyle® Libre* flash glucose monitoring system to keep track of his glucose levels. *FreeStyle Libre* is currently available in 67 cities across China, including Shanghai. "Disease is not that horrifying," said Gu. "It makes me more disciplined and cherish every achievement of my life."



## CITY ORIENTEERING CHALLENGE

The City Orienteering Challenge in Shanghai, China, promotes a healthy lifestyle by encouraging people to take part in outdoor exercise.

The orienteering event serves to inspire more people in China to go outside more often and enjoy a fulfilled, active and healthy lifestyle. By completing the tasks involved in the challenge, participants become more conscious of the benefits of a healthy diet. “China City Orienteering Challenge has become one of the hottest events among nationwide fitness activities,” said Li Zhixin, president of Chinese Mountaineering Association. “This trendy game echoes with the government’s Healthy China strategy, which is both meaningful and creative.”

## HELPING PARENTS IN COLOMBIA TACKLE CHILDHOOD ANEMIA

More than 600 million people worldwide struggle to live life to the fullest because of the fatigue, dizziness and breathing problems that result from anemia. For young children, who are most vulnerable to this disease, the consequences can be even more severe. Anemia, which results from a lack of red blood cells, or hemoglobin, results in fewer children surviving their early years and can set back the physical, cognitive and learning capabilities of those who do survive.

In Colombia, the Colombian Institute of Family Welfare estimates that 60 percent of children under the age of one and 27.5 percent of those under age five suffer from the consequences of anemia. Anemia can be caused by different factors, but in more than half of all cases worldwide it results from a lack of iron in people’s diet.

Childhood anemia is so high because young children’s bodies demand a lot of iron as they develop — and because parents often don’t know how to spot the symptoms of the disorder.

Abbott is working to change this lack of awareness. In March 2017, we launched a media campaign through Twitter® and on Facebook®, on national radio stations and in major newspapers. Working with medical experts in the field, Abbott educated parents on how to spot the symptoms of anemia in children and the actions parents can take that can tackle a lack of iron in a child’s diet. These include the importance of breastfeeding and the value of foods that are naturally high in iron or have been fortified with it.

They also include nutritional supplements such as Abbott’s *Dayamineral*® product. The World Health Organization (WHO) recommends such supplements should be used when the incidence of anemia in those under one year of age exceeds 40 percent.

Abbott’s campaign was one of the first to raise national awareness of anemia symptoms in Colombia. Press coverage delivered the key messages of the campaign to around 4.6 million people, with sharing on social media increasing this reach by a further 12.9 million. More than 10 percent of those encountering the campaign on social media engaged with it.

## RAISING AWARENESS OF CHILDHOOD ANEMIA IN COLOMBIA



An estimated  
**1 OUT OF 4**  
children ages six months  
to 59 months  
suffers from anemia  
in Colombia



Campaign press  
coverage reached  
**4.6 MILLION  
PEOPLE**



Our  
**SOCIAL MEDIA  
CAMPAIGN**  
to educate parents on  
childhood anemia launched  
across Twitter® and Facebook®

Social media sharing  
reached a further  
**12.9 MILLION**  
people, for a total of  
**17.5 MILLION**  
people or about  
**37%**  
of Colombia’s population





## WORKING FOR TRANSPARENCY ON INFANT FORMULA NUTRITIONAL VALUE

As an organizational affiliate (OA) of AOAC International and active contributor to the AOAC Stakeholder Panel on Infant Formula and Adult Nutritionals (SPIFAN), we work collaboratively through the Infant Nutrition Council of America (INCA) and with other infant formula manufacturers to establish standard method performance requirements (SMPRs) for all of the nutrients that are listed on infant formula labels. AOAC International, a globally recognized, nonprofit association and voluntary consensus standards developing organization, serves as an unbiased link between public and private stakeholders and manages the voluntary consensus standard method development process in an open and transparent fashion.

The goal of AOAC SPIFAN is to publish high-quality, fit-for-purpose standard methods that ensure the levels of key nutrients are reported accurately, and that these methods are recognized by Codex Alimentarius, the global collection of internationally recognized standards for food. These key nutrients include vitamins A, D, E, B12, inositol, nucleotides, fatty acids, iodine, pantothenic acid, and major (total calcium, magnesium, phosphorus, potassium, sodium), trace (copper, iron, manganese and zinc) and ultratrace (chromium, molybdenum and selenium) minerals. Abbott and other AOAC OAs are currently working to develop SMPRs for vitamins C, K and the B vitamins (B1, B2, B3 and B6), as well as folate, biotin, GOS, FOS, carotenoids, amino acids, chloride, fluoride, choline and carnitine. This will support healthcare practitioners and parents in making more informed choices about infant formula.

## EMPOWERING THROUGH EDUCATION IN RUSSIA

A lack of awareness of medical conditions can severely limit the lives and potential of people who could otherwise access the healthcare they need. In many cases, this lack of awareness can be exacerbated by social stigma. In Russia, Abbott is taking the initiative in three health areas where empowering patients through education can play a critical role in keeping them healthy.

The WomenFirst program provides women in Russia with knowledge and support to help manage their health at all stages of life, helping to overcome the stigma around menopause and raise awareness of the gynecological treatments available. The program's online portal, WomenFirst, is now the largest women's health website in the country with an audience of more than 3 million in 2017. Active in 13 cities and with 385 clinics as partners, WomenFirst organizes free hormone and pH tests, medical symposia and lecture tours for healthcare professionals, and workshops for women run by leading Russian healthcare experts.

One out of 10 people in the world suffer from severe depression, which is projected to become the second leading cause of disability in the world by 2020. Low awareness of depression in Russia leads to many people failing to seek treatment until their condition is too severe, and many failing to seek treatment at all. In 2016, Abbott launched a unique disease awareness program in Russia called Life Without Depression, which targets both those suffering from the disease and their families and friends. The program combines face-to-face support at depression clinics along with an educational online platform, [depreccii.net](http://depreccii.net), which provides helpful advice and contact information. Through 76 partner clinics, Abbott supported 40,000 people suffering from depression in 2017.

Despite vertigo being a problem for many people in Russia, the country has a lack of treatment centers for the condition. Since 2011, Abbott has been working to fill this gap by opening centers in different regions. These both support patients directly and help doctors to grow their knowledge of the diagnostics and treatments available by hosting masterclasses. Abbott has helped to establish 91 vertigo treatment centers in 41 cities, with 68,000 new patients visiting these centers during 2017.

## TACKLING SOCIAL STIGMA TO SAVE MEN'S LIVES

Prostate cancer is the second most deadly form of cancer in Brazil, affecting one out of every six men, with one in every 36 dying as a result of the disease. The irony is that 90 percent of prostate cancer cases could be cured if the disease was diagnosed early. Lives are cut short because of the stigma attached to men visiting the doctor for regular examinations, which is usually the only way to detect prostate cancer and other diseases before it is advanced.

For the second year in a row, Abbott's diagnostics division partnered with Instituto Lado a Lado Pela Vida in 2017, for the Blue November campaign, the biggest men's health initiative in Brazil, to create educational materials and activities to reinforce awareness around prostate cancer and men's health.

We helped create promotional material and toolkits stressing the importance of prostate cancer screening and addressing the associated myths. Abbott then shared these with physicians and lab professionals, to distribute to customers and the wider community. The material also included information on common men's health issues like heart health, raising awareness of the symptoms, and suggesting lifestyle changes that could help to prevent conditions.



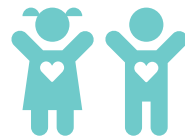
In partnership with Instituto Lado a Lado Pela Vida, Abbott organized three Blue November webinars featuring men's health experts providing insight and advice on these issues. The webinars were promoted on social media, which helped to generate more than 61,989 views and reach more than 169,982 people.



### SUPPORTING CHILDREN AND FAMILIES FACING CONGENITAL HEART DISEASES

In the United States alone, congenital heart defects (CHD) affect nearly 1 percent — about 40,000 — of births each year.<sup>8</sup>

Not only does Abbott support these families affected by CHD by developing safe and effective cardiovascular devices that can fit children's growing hearts, our employees work with nonprofit organizations to help children and their families live as full a life as possible. Abbott has partnered with the nonprofit organization Mended Little Hearts to create a unique digital guidebook filled with information, tools and support. The guide is written for families by parents, caregivers and medical professionals who know firsthand the experience of caring for children with heart defects. It covers topics from prenatal diagnosis and hospitalization to caring for children when they come home. Topics are covered through voices that understand not just how to care for a child with a CHD, but how to cope with the emotions of doing so.



### CHILDREN'S HEART CARE

Abbott partners with a range of nonprofit organizations to extend the work we do in supporting heart health for children.

### ADVANCING HEART HEALTH IN IRELAND AND MEXICO

According to the World Health Organization (WHO), cardiovascular disease is the leading cause of death worldwide. Each year it is responsible for 17.5 million premature deaths and by 2030 this could increase to 23 million. Cardiovascular diseases constitute one of the most common causes of death in Mexico, causing one in four deaths. In 2017, Abbott and the Mexican Cardiology Society joined forces to mark World Heart Day on September 29 with an event to raise awareness of the importance of keeping your heart healthy. The event helped spread the heart health message to more than 3 million people in Mexico through a range of media outlets and publications.

### INSPIRING YOUTH TO EXPLORE STEM

Inspiration makes fuller lives possible, whether that's inspiring young people to explore their potential or communities to take control of their living environments. We work with schools, governments, educational organizations and nongovernmental organizations (NGOs) to help make such inspiration happen, leveraging the philanthropic resources of the Abbott Fund, as well as our employees' time, skills and passion for volunteering initiatives.

Science and technology will play an increasingly important role in the future of our planet, particularly in developing the healthcare and nutrition solutions we need. By inspiring young people today, we can produce innovators for our industry tomorrow.

### OPERATION DISCOVERY

There is a global shortage of young people entering science, technology, engineering and math (STEM)-related fields, and Abbott is working to overcome this challenge. One of our signature programs, Operation Discovery, focuses on middle school students and teachers, leveraging Abbott's expertise in innovative research and development. The program brings students to an Abbott facility, where our scientists and engineers serve as mentors and role models, guiding the students through hands-on lab experiments using the same tools and procedures that Abbott scientists use in their daily work.

Since 2002, more than 8,000 middle school students and their teachers participated in the program at Abbott facilities in China, Germany, Ireland, Singapore, South Korea and the United States. More than 1,000 Abbott scientists have participated in hosting these students and teachers. In 2017, 187 Abbott professionals volunteered more than 1,300 hours of time to the program, impacting 2,138 participants.

We put on 22 events in 15 locations worldwide. Evaluations of the program revealed that participating students showed significantly increased interest in studying STEM and related careers.

<sup>8</sup>[www.cdc.gov/ncbddd/heartdefects/data.html](http://www.cdc.gov/ncbddd/heartdefects/data.html)

BLUE NOVEMBER

# PROMOTING PREVENTIVE MEASURES FOR CANCER IN BRAZIL

Abbott's Blue November campaign aims to raise awareness of the dangers of prostate cancer and to encourage men in Brazil to undergo preventive testing by changing the stigma associated with going to the doctor. Abbott, along with the Instituto Lado a Lado Pela Vida, created educational materials and activities to engage people, reinforce patient awareness and demonstrate how laboratory facilities are critical to creating a sustainable healthcare system.



### HIGH CURE RATE

Prostate cancer is the second-most deadly form of cancer in Brazil, affecting one out of every six men. However, 90 percent of prostate cancer cases could be cured if the disease were diagnosed earlier.

### DEADLY STIGMA

Lives are cut short because of the stigma attached to men visiting the doctor for regular health checkups, which is usually the only way to detect prostate cancer before it is advanced.

### EARLY DIAGNOSIS

The Blue November campaign, created by the Instituto Lado a Lado Pela Vida in 2011, is considered the largest campaign to stress the importance of early diagnosis and combat prostate cancer in Brazil.



PRESS COVERAGE

**50**

celebrity endorsements supporting the campaign



SOCIAL MEDIA

**3M**

people reached via social media channels

**>580K**

site views — an increase of 49% compared to 2014



ACROSS BRAZIL

**37**

national monuments lit up in blue across Brazil

**87M**

people impacted in total

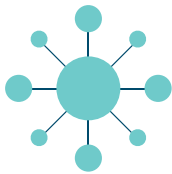




## INSPIRING FAMILIES

The Abbott Family Science Program aims to help children and parents learn science through fun, hands-on experiments provided by Abbott scientists and volunteers in schools, museums and community centers. The Family Science Program is just one of the creative approaches that Abbott and the Abbott Fund take to spark an interest in science and engineering among young people.

To date, the Abbott Fund has contributed more than \$49 million, and more than 3,500 Abbott scientists, engineers and other employees have shared their expertise to support programs that advance STEM education around the world. Since 2006, Abbott and the Abbott Fund have worked with more than 700 schools on STEM education events, reaching more than 285,000 students and families in China, Germany, Ireland, Singapore, South Korea, Puerto Rico, the United Kingdom and the United States.



### THE FAMILY SCIENCE PROGRAM

The Family Science Program is just one of the creative approaches that Abbott and the Abbott Fund take to spark an interest in science and engineering among young people.

In 2017, 435 Abbott employees volunteered more than 1,700 hours at 26 different events, reaching nearly 2,500 participants, 95 percent of whom said that they valued the chance to interact with our scientists. Evaluations of the programs show that children were more than twice as willing to do science activities at home after attending.

## HELPING TEENS IN JAPAN DISCOVER DIAGNOSTICS

Since 2012, Abbott's diagnostics scientists have partnered with Japanese hospitals to show local teens what it's like to be a laboratory technician. The students get to experience testing blood and studying it through a microscope, among other things. These experiences are particularly important in countries like Japan where there's a shortage of lab technicians.

The goal of the partnership has been to help teens understand the importance of diagnostics and to introduce them to a potential career in the field, while also raising awareness about our company. More than 850 students have participated in our lab tech seminar since it started, many of whom have decided to pursue this career or others in healthcare.

### INSPIRING GIRLS TO GET INVOLVED IN STEM

In 2017, we sponsored FOX 9 Girls, Science and Technology, an annual event held at the Science Museum of Minnesota in partnership with the Minneapolis-St. Paul television station. The goal of the event is to encourage young girls to explore and get excited about science. More than 10,000 attendees participated in a host of science experiments and learned that careers in science and technology can be fun and meaningful.

Our 65 volunteers donated more than 300 hours of time, encouraging the children to:

- Discover the cutting-edge materials and technologies that make up some of Abbott's devices.
- Get hands-on lessons about the innovative ways doctors use our devices to help save lives.



## GIRLS IN STEM

More than 10,000 attendees participated in a host of science experiments and learned that careers in science and technology can be fun and meaningful.

## HELPING COMMUNITIES ADVANCE HEALTHFUL LIVING CONDITIONS

Healthy living environments depend on empowered communities coming together. Abbott works with community-based partner organizations to build the infrastructure and awareness that can help this happen. We also leverage the enthusiasm and energy of our employees in the community through cleanup and environmental outreach initiatives. For additional examples of environmental sustainability efforts in our communities, please see the [Safeguarding the Environment](#) section of this report on p. 71.

### SANITATION FOR BETTER HEALTH IN INDIA

More than half of India's population have no access to toilets and are forced to defecate in the open, which raises huge risks to their health and that of their neighbors due to poor sanitation. In the villages of Dadheda and Talodara in the state of Gujarat, India, 70 percent of people lived without a toilet.

Working with a number of local nongovernmental organizations (NGOs), Abbott launched a comprehensive awareness, education and infrastructure program to help the villages improve sanitation and enable healthier lives.



Our objective was to bring about meaningful, sustainable change through a robust series of capacity-building interventions and infrastructure development. We invested \$500,000 to expand access to proper sanitation by building more than 500 toilets in households, schools and community centers. In addition, we supported community education efforts to raise awareness of the connections between hygiene and health, delivered through community-based organizations to ensure effective and efficient engagement.

We partnered with Mahila Housing Self-Employed Women's Association (SEWA) Trust for ongoing community empowerment, which included:

- Visiting homes each week to discuss the importance of proper hygiene.
- Inspiring women and children to educate their households through school plays and programs.
- Supporting community leaders, and helping residents learn how to maintain their toilets.
- Encouraging health and hygiene in two local schools through programs led by Abbott employee volunteers.
- Working with communities to monitor the program's progress.
- Refining efforts where needed to ensure new toilets are used and maintained.

We tracked the activities on an ongoing basis through a cloud-based mobile application. Through our educational efforts, Abbott raised awareness of the risk of disease and malnutrition among more than 3,100 people. Community members have significantly benefited from the program, citing greater convenience, safety, privacy and overall long-term improvement in health as a result of our work.

The initiative helped both villages achieve Zero Open Defecation – with coverage of toilets expanding from 30 percent to 100 percent. Focused capacity building programs driven through community-based organizations helped achieve demand generation, address cultural sensitivities and explain several benefits linked to overall health, safety, privacy and convenience. All households in both villages now have access to sanitation facilities and are equipped to handle the maintenance and upkeep of toilets, and the community has a better understanding of the relationship between sanitation and health.



## SANITATION INVESTMENTS

Abbott invested \$500,000 to expand access to proper sanitation by building more than 500 toilets in households, schools and health centers in Gujarat, India.



# OPERATING SUSTAINABLY AND RESPONSIBLY

## IN THIS SECTION

### 36 PRODUCT QUALITY AND SAFETY ▶

Our business depends on the trust of healthcare practitioners, patients and consumers. We must earn that trust continually through the highest standards of quality, safety and performance.

### 47 PROMOTING ETHICS AND INTEGRITY ▶

Our business has always recognized the responsibility of a healthcare company to operate ethically and with integrity. We strive to do the right thing in the right way, in every aspect of the work we do.

### 53 VALUING OUR PEOPLE ▶

The key to Abbott's success is our people. Their skill and dedication to advancing human health and well-being enable us to make a difference in people's lives.

### 71 SAFEGUARDING THE ENVIRONMENT ▶

A healthy environment is essential for better health and fuller lives. We work to help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

### 92 SUPPLY CHAIN EXCELLENCE ▶

We work closely with our suppliers to ensure quality, compliance, and socially and environmentally responsible practices.

Operating responsibly and sustainably is the foundation of our business. For us, operating responsibly means earning trust in our products through our commitment to quality, reducing our environmental impact and enabling healthy living environments — ensuring environmental and social responsibility throughout our supply chain and protecting the health and well-being of our employees.



# PRODUCT QUALITY AND SAFETY

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| 37 | ENSURING QUALITY AND SAFETY ▶ | 44 | MAINTAINING BUSINESS CONTINUITY ▶ |
| 43 | GLOBAL SECURITY OPERATIONS ▶  | 44 | CYBERSECURITY ▶                   |
| 43 | PROTECTING AUTHENTICITY ▶     |    |                                   |

## ✓ 2017 HIGHLIGHTS

- Abbott holds independent quality certifications in global manufacturing, research and development (R&D), and commercial operations around the world.
- Globally, we offer employees more than 450 Abbott quality courses, in addition to business-specific training.
- Our nutrition facility in Sligo, Ireland, was awarded this year's Shingo Prize®, given to organizations whose operational excellence is deeply embedded in the thinking and behavior of its leaders, managers and associates. Abbott has now received the prestigious prize three times, with our vascular plant in Clonmel, Ireland, winning the award in 2014 and our diagnostics plant in Longford, Ireland, being recognized in 2016.
- Abbott has a network of 32 country-specific Crisis Action Teams to help manage our crisis response globally.





## ENSURING QUALITY AND SAFETY

We're dedicated to fulfilling the promise of human potential across all aspects and stages of life, and we believe that health is the key to that promise. We are fully committed to improving healthcare by providing high-quality, safe and effective products and ensuring compliance. People trust that Abbott products will help them live their best possible lives through better health. We do not take this responsibility lightly. Our culture of quality is embedded in everything we do.

Abbott's commitment to quality started with Dr. Abbott himself, whose oft-repeated admonition to employees was "Make it right!" Early product labels sported the motto: "Purity, Accuracy Guaranteed." To this day, we continue to demand quality in every expression of our brand's purpose, product and people.

Our quality guarantee begins with our quality policy, which ensures compliance across our businesses and commits us to improving healthcare by providing high-quality, safe and effective products. The quality policy is supported by our quality management system, designed to deliver a culture of continuous improvement. Our efforts are fully focused on consistently meeting the needs of our patients, customers, consumers and regulators by maintaining product safety, efficacy and availability.

## QUALITY MANAGEMENT

Our ability to maintain consistent quality standards is rooted in our commitment to quality and safety at the highest levels of the organization. Our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, a corporate officer, has responsibility for quality and regulatory matters across the company and reports directly to our Chairman and CEO. Each operational division of Abbott also has a dedicated quality and regulatory leader. These leaders have a reporting relationship to the Senior Vice President, Abbott Quality, Regulatory and Engineering Services, in addition to the heads of the businesses they support.

Cross-divisional councils, representing quality, regulatory and operations, routinely work together to address the changing regulatory landscape, plan initiatives, develop talent and share best practices. In addition, senior quality, regulatory and operations leaders, representing each operational division, meet on a quarterly basis to review and analyze quality trends and take appropriate actions. This collaborative approach to quality ensures that we consider a holistic view across the organization.



## CROSS-DIVISIONAL COUNCILS

Cross-divisional councils, representing quality, regulatory and operations, routinely work together to address the changing regulatory landscape, plan initiatives, develop talent and share best practices.

## MANAGING QUALITY SYSTEMS AT ABBOTT

Our quality management team establishes Abbott's global quality system. The system includes all quality activities, from developing quality policy and specifications to conducting quality audits and implementing continuous improvement initiatives. We maintain leading quality management systems and standards in a number of areas, including:

- Data analytics.
- Continuous improvement programs (internal and external).
- Employee training and development.
- Compliance.
- Certifications.
- Industry partnerships.
- Regulatory surveillance.
- External advocacy.
- Awards and recognition.

## CONTINUOUS IMPROVEMENT PROGRAMS

We continuously strive to maintain leading quality management systems. For us, this means staying abreast of emerging trends and changes in the regulatory landscape. We use an integrated intelligence process that builds emerging requirements into our systems development. This approach enables our quality and regulatory teams to align their activities with emerging expectations.

In 2017, Abbott launched a global program to ensure that the Abbott quality management system is aligned with the European Union (EU) In Vitro Diagnostics Regulations (IVDR) and Medical Device Regulations (MDR), which were published in May. A cross-divisional cross-functional team will focus on the product and process changes required to meet new regulations during the three-year MDR and five-year IVDR implementation periods and will work to keep Abbott at the forefront of emerging rules and regulations.



In addition, we have numerous programs in place to drive continuous improvement across our operational divisions. For example:

- Using the McKinsey 7-S Framework, the quality organization has identified ongoing initiatives in the five areas of structure, systems, staff, skills and style. These initiatives are tracked and revised, as necessary, on a periodic basis.
- Each of our operating businesses conducts quarterly executive management reviews involving key leaders in its division. These reviews are structured to support continuous improvement by reviewing quality systems to ensure their suitability, adequacy and effectiveness.
- We use proprietary metrics to drive continuous improvement. We use a multicomponent model to monitor the overall performance of individual sites, as well as overall division performance compared to industry norms. When a site registers changes in performance, we analyze potential drivers to address any concerns and capture best practices.
- Due to the increased global regulatory emphasis on data integrity, Abbott launched a Data Integrity Initiative in 2017, which is now a standard area of our inspection readiness process. The initiative encompasses the development of comprehensive training on data integrity, which is now mandatory for all good manufacturing process (GMP) relevant functions. This training not only captures the essential concepts of data integrity but also reflects global regulatory expectations.
- We have a global program for auditing compliance to quality and regulatory standards.
- Our corporate and division compliance audits are focused on quality systems, including corrective and preventive action (CAPA), complaints, design controls, production and process controls, purchasing controls/supply chain, and data integrity. We develop corrective plans to address all relevant observations made during the audit.

- In addition, each operating division fulfills local regulatory requirements for performing internal quality audits at its facilities in defined time frames. Data from this process is highlighted in management reviews.

As part of the Divisional Compliance Initiative, in 2017, our global audit and compliance team developed and executed a strategy for compliance audits and data integrity assessments. This program assesses quality systems and critical electronic systems against applicable GMP expectations to confirm compliance and strengthen our quality processes. The program was piloted in our European manufacturing facilities and has launched globally.

#### ONE ABBOTT COMMERCIAL QUALITY ASSURANCE

In March 2016, we created a cross-divisional team, spanning six businesses, to launch a One Abbott global commercial quality assurance (QA) initiative, identifying opportunities for continuous improvement. This initiative was created to implement a new multiyear One Abbott QA affiliate harmonization strategy, which will collectively assess quality activities and identify synergies to implement common processes and procedures across multiple divisions.



#### ONE ABBOTT COMMERCIAL QUALITY ASSURANCE

- Organization and Professional Development
- Operational Excellence
- Customer Satisfaction
- Supply Chain Assurance

Our approach is built on four foundational principles:

#### Organization and Professional Development

- Effectively coordinate communications across functions to build awareness, align strategies, eliminate silos and advocate with one voice.
- Develop individuals by building skills and knowledge while cultivating talent.
- Establish an organization that fosters a culture of innovation, agility and continuous improvement by appropriately empowering, rewarding and recognizing employees.

#### Operational Excellence

- Create a best-in-class cross-divisional affiliate QA network that is agile, adaptive and responsive to emerging market strategies.
- Optimize operational processes to drive a compliant culture.

#### Customer Satisfaction

- Exceed customer expectations by providing tailored personalized solutions.
- Collaborate effectively with supply chain, commercial and service partners to enable superior performance for the benefit of our customers.

#### Supply Chain Assurance

- Provide supply chain integrity from end to end, aligned with industry standards for the storage, transport and distribution of products.
- Ensure compliance while anticipating and influencing evolving global regulations.
- Mitigate global supply chain risks through transparent, nimble and adaptive business processes.



This collaborative, cross-functional approach enables a stronger partnership between our commercial operations, service and supply chain divisions to align resources, initiatives and other support mechanisms to not only deliver compliant cross-divisional affiliate QA processes but to provide high-quality products to the people who depend on them.

### EMPLOYEE TRAINING AND DEVELOPMENT

We believe that everyone in our organization is responsible for ensuring that we provide high-quality, safe and effective products. Abbott offers employees both formal and informal quality training. Employees with the potential to impact the quality system are required to be trained with sufficient frequency on good manufacturing, laboratory, clinical and distribution practices, based on the latest industry standards. Additional training covers health, hygiene, safety and job-specific training and is based on the latest industry standards.

Abbott delivers education, training and professional certification programs through various channels, based on the learning objective. Examples include the following:

- In 2017, 50 quality and regulatory professionals were certified by the American Society for Quality (ASQ) and the Regulatory Affairs Professionals Society (RAPS) as hazard analysis and critical control points (HACCP) auditors, biomedical auditors, quality engineers, and regulatory affairs auditors.
- Globally, we offer more than 450 Abbott quality courses in multiple languages, in addition to business-specific training. These include Abbott Quality System Overview and Quality Management Overview.

We offer access to more than 500 UL EduNeering computer-based training courses in many languages, such as Review of Basic Statistical Techniques, Drug Safety and Adverse Event Reporting.

- We conduct monthly meetings to communicate learning, knowledge and performance with respect to quality and regulatory industry trends, regulation changes, and best practices, such as EU MDR/IVDR regulation updates, restriction of hazardous substances, data integrity and cybersecurity. These webinars include leaders and personnel representing regulatory, operations, engineering and quality. This provides a learning experience for both participants and presenters.



### WEBINAR EDUCATION

Abbott offers webinar education from various industry sources on the latest key topics, such as data integrity, unique device identifiers, human errors and quality metrics.

- Through the annual Engineering and Quality Knowledge Improvement program, the Technical Center of Excellence and the Abbott Engineering Standards groups offer programs attended by engineers from the Americas, Europe and Asia, including programs on process water systems, compressed air systems and Abbott engineering standards.
- We have engineering, quality and regulatory knowledge-sharing portals available for all Abbott employees.

- We host an annual global cross-functional/cross-business leadership meeting that provides updates on industry trends and key topics, as well as hands-on educational workshops on topics such as data integrity, product cybersecurity, navigating the clinical landscape and maintaining a culture of quality. The goal is to not only provide training and education but also to help leaders increase their knowledge of Abbott's businesses and understand the work that's being accomplished.

In addition to Abbott-led training activities, we encourage our employees to remain up-to-date with product quality, safety and regulatory developments. Abbott personnel participate in a variety of industry conferences. For example, our Vice President of Abbott Supply Chain represented Abbott at the Annual Food Safety Summit on the importance of food safety in our nutrition manufacturing facilities. For a representative list of our external engagement, see the [External Quality Memberships, Partnerships and Events List](#) on our website.

### PRODUCT QUALITY AND COMPLIANCE

We have established written procedures for complaint management and medical device vigilance reporting. We use various sources to identify and track complaints and monitor trends, including field service, sales representatives, social media, employees, regulatory authorities, customers and product literature. Timely identification, evaluation, reporting, investigation, and implementation of corrective and preventive actions are defined in written procedures. We also have established written procedures for product actions and recalls, which require completion of a health hazard assessment, action plan development and a notification to regulatory agencies, as applicable. The action plan includes customer notification, product replacement strategy, notification effectiveness checks and quantity reconciliation.



During 2017, Abbott experienced a combined total of 403 external quality/regulatory inspections across 44 countries. A Food and Drug Administration (FDA) warning letter was received in 2017 at our Sylmar, California, site. Abbott has made significant progress in implementing actions designed to further improve quality system processes and address the FDA warning letter, and a number of medical device products manufactured at the Sylmar site have been approved by the FDA.



### CAPA TRAINING

A pilot of the established pharmaceuticals division enhanced training program, focusing on excellence in CAPA processes, was initiated in 2017 with a view to developing further in 2018.

As part of an initiative in our established pharmaceuticals business to strengthen our investigation and corrective and preventive action (CAPA) processes, we established a training program focused on excellence in investigation writing and approval. The purpose of the training program is to facilitate understanding of the required elements for each step of the CAPA process, thereby supporting effective investigation outcomes, Right First Time approval of investigations and reduction of recurring events. The training was developed with the participation of all regions of the established pharmaceuticals division to ensure a fit-for-purpose process.

### CERTIFICATIONS

External certification is an effective tool for our quality team to remain current on quality standards and customer needs. Abbott maintains certification to global industry standards and has achieved independent quality certifications across our global manufacturing, R&D and commercial operations. Our standards include the following:

- ISO 9001, Quality Management System
- ISO 13485, Medical Devices Quality Management Systems, with 100 percent of device facilities certified
- ISO 14001, Environmental Management Systems
- ISO 17025, General Requirements for the Competence of Testing and Calibration Laboratories
- ISO 22000, Food Safety Management
- ISO 90013, Quality Management Systems
- NSF International
- Gluten Free Certification Organization (GFCO)
- GMP+ FSA, Good Manufacturing Practice and Feed Safety Assurance Certification
- Hazard Analysis and Critical Control Point (HACCP)
- Halal
- QAI Organic
- Kosher
- Class A certification, a standard practice across many Abbott facilities in nutrition, devices, diagnostics and pharmaceuticals

In addition, 12 Abbott manufacturing sites have received MDSAP certification.

### INDUSTRY PARTNERSHIPS

Given the complexity of issues that challenge our healthcare system, we are committed to working with governments and regulatory bodies to promote greater understanding of healthcare issues for communities around the world. We work with these groups to achieve rigorous quality standards that result in products of the highest quality and reliability for our consumers. Abbott monitors evolving regulatory requirements and industry practices through our engagement with our stakeholders, including our involvement in trade associations, patient groups and other organizations.

In 2017, Abbott established a foundation, with the Chinese Institute of Food Science and Technology (CIFST), that will support research projects aimed at bringing forth innovations in nutrition and food-science technologies. The organization, called the Abbott Food Safety and Nutrition Foundation, is the first of its kind in China. The overall mission of the foundation is to encourage interdisciplinary research in the fields of nutrition and food safety, identify new opportunities to improve food quality and safety, and provide technical support to help advance the food and nutrition industry in China.

Projects backed by the foundation will include:

- Conducting nutrition research for women and infants.
- Assessing nutrition-related conditions among hospitalized elderly people.
- Analyzing the risk of consumer exposure to materials that come into contact with food before it is eaten, such as food containers and food-packaging items.
- Exploring safety-control techniques for nutrition products.





The foundation is an important part of Abbott's long-term commitment to the China market and to making a positive impact on the health of families and communities there. By partnering with CIFST for this new foundation, we have been able to support the Chinese government's vision for a healthy China.

Abbott holds leadership roles in several industry organizations, including the Advanced Medical Technology Association, the United States Agency for International Development Regulatory Training Planning Committee and the Conference of Indian Industries. Additionally, Abbott quality and regulatory professionals routinely engage with academic institutions and centers of excellence, such as the European Federation of Good Clinical Practices and the National Institute of Pharmaceutical Education and Research at Ahmedabad and Mohali, India. For a representative list of our industry partnerships, see the [External Quality Memberships, Partnerships and Events List](#) on our website.

In addition to our employee education, we work with external agencies, such as ANVISA (Brazil), Gujarat FDCA (India) and the FDA, to provide education and training partnerships on pharmaceutical manufacturing and product knowledge.



### GLOBAL NUTRITION PARTNERSHIP

In 2017, the regulatory affairs team of our nutrition business partnered with the University of Illinois at Urbana-Champaign to develop a global food regulation course for the 2018 spring semester.

In 2017, the regulatory affairs team in our nutrition business partnered with the University of Illinois at Urbana-Champaign to develop a global food regulation course for the 2018 spring semester. In this course, students will learn principles of global food regulations and develop an understanding of how these regulations influence the food industry through in-person and online presentations, primarily given by industry professionals (many of whom are regulatory professionals from Abbott's nutrition division). The course will explore food regulations in Asia, Australia, Canada, Europe, Latin America and the United States, as well as addressing other specialty topics such as enforcement actions, trade associations and the Codex Alimentarius. Students also will have the opportunity to apply their learnings by participating in case studies presented during classes and in a final small group project.

### AWARDS AND RECOGNITION

At Abbott, quality is at the forefront of everything we do. It's what drives every step of our manufacturing process, and it is backed by the latest advances in cutting-edge technology and strict manufacturing and quality standards — and others are taking note. As a result of our quality and regulatory team's efforts, several independent organizations have recognized us for our commitment to quality and safety.

Our work with the Asia Pacific Heart Rhythm Society earned us one of the region's most prestigious awards: the 2017 Gold Award for Excellence in Training and Development, presented by the Hong Kong Management Association. This partnership helped to develop a first-of-its-kind educational program in the region to provide physicians with world-class knowledge and training in cardiac-device implementation and catheter-ablation procedures.

By inviting clinical experts in the field to deliver innovative hands-on activities that bridge the gap between knowledge and clinical practice, our program has given doctors the opportunity to develop their technical skills in managing heart rhythm disorders and to learn the benefits of cardiac devices. Since the program's launch in 2011, more than 800 doctors have benefited from the program, which is conducted by a faculty of clinical experts from across the region at our advanced technology center in Beijing, China.

### GOLD AWARD FOR EXCELLENCE



Abbott won the 2017 Gold Award for Excellence in Training and Development, presented by the Hong Kong Management Association, for our work with the Asia Pacific Heart Rhythm Society. Since 2011, more than 800 doctors have received world-class training through this program.

Additionally, Abbott's nutrition facility in Tipp City, Ohio, was awarded the coveted Food Engineering Plant of the Year Award. The Tipp City facility is just one of our 14 nutrition plants around the world, all of which follow strict processes to produce our innovative, high-quality nutrition products. As one of Abbott's newest facilities, Tipp City is responsible for manufacturing nutrition products, using the latest technology, the highest standards and a culture of continuous improvement. With its state-of-the-art equipment and advanced automation, the facility is able to meet the growing demand for products that help people live healthy, active lives. The Food Engineering Plant of the Year Award demonstrates our commitment to making high-quality products for the people who rely on them.



## WINNER OF THE PRESTIGIOUS SHINGO® PRIZE

This marks the third time Abbott has won this award. We also received the Shingo Prize in 2016 for our diagnostics plant in Longford, Ireland, and in 2014 for our vascular plant in Clonmel, Ireland.

Our nutrition facility in Sligo, Ireland, was awarded the prestigious Shingo Prize, internationally recognized as a symbol of enterprise excellence. The prize recognizes organizations that demonstrate a culture where principles of operational excellence are deeply embedded into the thinking and behavior of its people. This achievement is the result of Abbott employees driving continuous improvement on a daily basis, helping to create greater value for the customers and patients who use our products throughout the world. Abbott has now received the Shingo Prize three times, with our vascular plant in Clonmel, Ireland, winning the award in 2014 and our diagnostics plant in Longford, Ireland, being recognized in 2016.

Our nutrition division partners with third-party manufacturers (TPMs), and in 2017, six of our TPMs were presented an award for providing superior quality products for our consumers.

In 2017, our diagnostics plant in Longford, Ireland, won the International Society for Pharmaceutical Engineering (ISPE) Facility of the Year Award in the category of Operational Excellence. The site accumulated 3,755 lost-time accident-free days, reduced energy consumption by 23 percent, eliminated waste going to landfill and created an on-site biodiversity garden.

The annual Abbott Chairman's Awards, Abbott's highest recognition, celebrate internal achievements that have had pivotal importance for our business and the people we serve. In 2016, our vascular business received the Compliance Award for zero audit-related findings from more than 40 consecutive external inspections over an 18-month period.

We also recognize the contributions of our individuals, teams, manufacturing plants and commercial affiliates to quality and regulatory performance throughout the year through Abbott's annual quality, regulatory and engineering awards. In 2017, we incorporated recognition of engineering individuals and teams that exemplify exceptional engineering characteristics while supporting quality and regulatory initiatives. We annually recognize one winner with an esteemed Reclaimed Treasure Award that fosters a One Abbott approach with key behaviors in collaboration and innovation. The winner in 2017 adapted an innovative program from another division, using it to improve human-error root cause analysis and drive a 25 percent reduction in human-error events within one site.

### MANAGING QUALITY AND SAFETY IN THE SUPPLY CHAIN

We take our responsibility to embed the highest product quality and safety standards across our supply chain very seriously. We maintain an evaluation and approval system that requires evidence that a supplier can consistently provide materials or services meeting specified quality and safety requirements. Potential suppliers are selected based on a documented evaluation of:

- Their ability to meet the predefined requirements.
- The adequacy of their quality systems and facilities.
- Their business capabilities.
- Their conformance to applicable regulatory and additional Abbott requirements.

Suppliers are reevaluated periodically to ensure they remain capable of providing the material or service to our organization. The performance of all active suppliers is monitored against a set of minimum performance criteria designed to determine the need for adjustments to the audit and assessment criteria, frequency, incoming inspection criteria, sampling plan, and other mitigating actions. Performance criteria are defined by the:

- Nonconformance rate (lot acceptance/unit acceptance).
- Recalls/field alerts/field actions (only as they occur).
- Audit history.
- CAPA closeout timeliness for critical observations.
- Complaints attributed to a supplier.
- Internally obtained CAPA history.

Resources are available to coach and train our suppliers on quality and safety, including TPM partners, when appropriate. For example, in our nutrition business, supplier and ingredient quality assurance teams work with suppliers and TPMs by qualifying, monitoring and discussing maintenance and improvement initiatives. In our engagement with these suppliers and TPMs, we focus on the areas that benefit both Abbott and our partners.

These may include:

- Supplier evaluations.
- Preventive maintenance best practices.
- Compliance audits.
- Root cause investigation.
- Statistical process control training.
- Environmental monitoring.



## GLOBAL SECURITY OPERATIONS

Abbott's Global Security Organization comprises six functional, yet collaborative, teams with the collective responsibility to execute intelligence-led security strategies that mitigate business risk and maintain product integrity in today's dynamic threat landscape.

- **Executive Administration** oversees Global Security's vision, charter and compliance; develops and implements security governance; and ensures global security awareness among internal and external stakeholders.
- **International Security Operations** supports Abbott personnel and business interests across more than 150 countries and delivers and maintains effective security programs to enhance the security of Abbott facilities, assets and personnel throughout the world.
- **Core Security Operations** establishes and continuously refines physical security standards, assesses sites and supply chains against these standards, and develops risk-based security solutions to protect Abbott employees and facilities.
- **Investigations and Product Integrity** advises on and implements risk mitigation strategies, including mitigating risk through our travel safety program and our employee safety and awareness training/outreach initiatives; handles cases of misconduct; and secures Abbott's intellectual property while safeguarding our brand, supply chain and customers.
- **Crisis Management** creates business continuity strategies (which include business impact analysis and risk assessments), manages the executive crisis management team to address vulnerabilities to Abbott sites and employees, strengthens Abbott's risk resilience, and minimizes the negative impact from major incidents or business disruptions.

- **Systems, Communications and Analytics** develops a global communication and analytical data framework, integrated with security systems to identify, analyze and report on emerging risk patterns and provide real-time insight into global issues for business leader engagement.

## PROTECTING AUTHENTICITY

Ensuring that the products presented as coming from Abbott are authentic Abbott products is a critical factor in earning and retaining that trust.



### GLOBAL DEPENDABILITY

People around the world depend on Abbott products and trust in the reliability and quality that our brands represent.

We regularly take action to keep counterfeit products out of the marketplace. However, it is often through the secondary market, or "gray market," that counterfeit, adulterated, or improperly stored and handled products make their way into the distribution channel. Secondary market products are generally products purchased from any source other than from the original manufacturer or its authorized distribution channel. When product comes from the secondary market, it can be difficult to ensure the safety and integrity of the supply chain or to provide product updates.

Our strategy for protecting focuses on four key areas:

- **Securing the supply chain** by analyzing the global supply chain for weak points, using risk mitigation tools to identify suspicious activities, and expanding the use of distributor agreements with contracted wholesalers and distributors. In this way, Abbott reduces the risk of counterfeit, diverted and stolen products entering the marketplace. Where allowed, we may include clauses in our contractual agreements regarding exclusive sourcing, audit provisions and defined territories. We have also developed overt and covert product security features, such as customized security labels and tamper-resistant seals for certain products intended for specific regions.
- **Ensuring the ability to authenticate** through overt and covert security features on select packaging to hinder counterfeiters and make it easier to identify authentic Abbott products. Our overt security features are easily recognizable by our customers but are very difficult to duplicate. This improves the security of our products and deters counterfeiting. In addition, several Abbott packaging sites and authorized distributors are adding security features to our cartons to reduce the risk of counterfeiting and diversion.
- **Disrupting criminal organizations** through our Global Security Operation, which uses forward-leaning investigative tools, applications and strategies to identify suspect Abbott products. The Abbott investigative and analytics teams work with local law enforcement and regulatory organizations to identify transnational criminals involved in counterfeiting, diversion and theft.



- **Building global momentum** through our global outreach strategy, which focuses on establishing relationships with industry organizations and advisory councils, international bodies, and U.S. government organizations. Abbott Global Security works closely with these groups to learn of industrywide trends and problem areas, to share strategies, and to formulate joint action plans, where appropriate. We seek to evolve our collaborative working relationship with governmental agencies, facilitating a worldwide network of trust in the fight against counterfeiting and diversion.

## MAINTAINING BUSINESS CONTINUITY

According to reinsurance giant Swiss Re, estimated global economic losses from natural disasters in 2017 totaled \$306 billion, up 63 percent from the prior year.<sup>9</sup> Such events create increased demand for critical food and medicines while also complicating the delivery of these lifesaving products.

To ensure our continued ability to fulfill vital healthcare needs in communities around the globe and to support our stakeholders and mitigate risks to our supply chain, Abbott created the Executive Crisis Management Team (ECMT), led by two corporate officers, our Senior Vice President of Quality Assurance, Regulatory and Engineering Services and our Vice President of Abbott Nutrition Supply Chain. The ECMT is tasked with:

- Managing the safety and security of Abbott employees and assets.
- Managing the risks to business continuity.
- Being prepared to serve others during catastrophic events.

The ECMT comprises two senior leadership teams with cross-divisional, multifunctional representation. The skills within the teams enable us to address the wide range of potential crises that Abbott might face across the globe. Having two teams also ensures full-shift coverage of a crisis, with around-the-clock management when necessary. Once the team has gathered sufficient information about a crisis and devised an action plan, the ECMT transitions into business continuity and recovery mode. Abbott also has a network of country Crisis Action Teams (CATs) that help manage our crisis response. There are currently 32 country-specific CATs that manage events locally and support the ECMT as necessary. Our crisis management and business continuity team works with local CATs to build resilient teams, enhancing their internal capacity to effectively respond to and manage various crisis events.

The series of natural disasters that occurred in 2017 exhibited the effectiveness of Abbott's ECMT. After Hurricane Maria devastated Puerto Rico and parts of the Caribbean, reestablishing communication with the island was imperative — and very challenging — as Abbott began the work of confirming the well-being of employees and assessing the state of its facilities and suppliers. The ECMT took immediate action to get support on the ground in Puerto Rico. Its initial focus was ensuring the safety of Abbott's employees and their families.

Its second phase focused on business recovery efforts, including work to repair critical infrastructure, engaging with key suppliers and recommencing production. To date, all Abbott employees in Puerto Rico are safe, and as a result of the ECMT's rapid response, our facilities have been able to continue operating amid the difficult situation on the island.

For more details on Abbott's [response to disasters during 2017](#), see p. 69.

## CYBERSECURITY

Data technologies are transforming modern medicine. The growth of connected medical devices, products, diagnostic platforms and systems provides healthcare professionals and their patients with smarter and more effective treatment. The ability to analyze large amounts of healthcare data allows scientists and providers to unlock potential solutions to some of the most difficult healthcare challenges we face.

The promising future of an interconnected, data-driven healthcare system cannot be realized without a strong focus on cybersecurity and protecting the foundational healthcare values of patient safety and integrity. Our goal is to ensure our devices, products and systems meet the highest security standards, and that commitment governs how we approach cybersecurity across our business.



### TOP QUALITY STANDARDS

Our goal is to ensure our devices, products and systems meet the highest security standards, and that commitment governs how we approach cybersecurity across our business.

<sup>9</sup>[www.swissre.com/media/news\\_releases/nr20171220\\_sigma\\_estimates.html](http://www.swissre.com/media/news_releases/nr20171220_sigma_estimates.html)





Our information security and risk management (ISRM) function is dedicated to cybersecurity and is responsible for the security of Abbott data on servers, websites and mobile devices, as well as the security of our medical devices and products, including confidential customer and patient data.



## CYBERSECURITY

We are expanding our global cybersecurity organization by developing regional programs to address cybersecurity risks.

Our cybersecurity oversight committee, which includes senior executives from compliance, information technology, human resources, finance and legal, oversees our cybersecurity strategy. This committee meets at least every quarter, and sometimes more often, in response to specific risks. We also have a cybersecurity steering committee, responsible for developing and implementing the overall cybersecurity strategy. This group includes executives from public affairs, ethics and compliance, global security, legal, information technology, and human resources. Together, the two committees ensure wide engagement and action on cybersecurity issues across Abbott's businesses.

We are expanding our global cybersecurity organization by developing regional programs to address cybersecurity risks. We have recruited cybersecurity teams in Russia and China during 2017, and we are establishing a regional cybersecurity presence in India, Germany, Latin America and Southeast Asia.

Against the backdrop of an evolving risk landscape, we continually evaluate and adapt our security measures, with the goal of ensuring that our patients receive the highest quality care. Our broad approach to ensuring safety and security protects the devices, products and systems that connect patients to healthcare professionals and institutions. Our cybersecurity program is built on four pillars:

- **Cybersecurity-embedded design** – As new products are built and systems are updated, we conduct a cybersecurity review and analysis to ensure that we are actively considering security and including appropriate control measures.
- **Constant threat and risk analysis** – Through collaboration with external experts, information-sharing agreements with specialists in the healthcare and cybersecurity fields, and our own continuing analysis, we quickly identify new threats and deploy cybersecurity controls to improve patient safety.
- **Testing by internal and external experts** – To maintain the trust of our patients, we use a regular testing program to ensure our devices, products and systems meet or exceed current cybersecurity standards. We conduct regular vulnerability scanning to identify potential risks related to our products and services. When we develop or acquire new products, we conduct rigorous risk assessments to test which controls are built into the product and which industry standard has been used. We also commission penetration testing by independent third parties. When vulnerabilities are discovered, we deploy controls to mitigate risks.

- **Partnering with industry** – The risks posed by cyberattacks are felt by the entire industry. We work with industry partners, trade associations, security experts, academic institutions and the research community to assess trends, share threat information and establish standards that protect patients. Working together on cybersecurity challenges is critical to maintaining patient trust in our industry.

Our cybersecurity program protects not only our products but also the data we collect and use to improve healthcare outcomes. In addition to the four pillars above, we also use data-specific protections, such as encryption protocols and strict controls around anonymization, to live up to the trust our customers place in us. Abbott's privacy policy details our commitment to our patients around the collection and use of patient data.

We recognize the importance of incorporating cybersecurity considerations throughout our product development process. Our cross-functional Product Security Working Group includes representatives from product development, information security, information technology and quality assurance. This working group helps us to incorporate cybersecurity considerations throughout the product life cycle and our quality management system, including design controls and risk management.

### ABBOTT CYBER SECURITY MEDICAL ADVISORY BOARD

Starting in late 2016, Abbott announced the formation of the industry's first Cyber Security Medical Advisory Board (CSMAB). The CSMAB is made up of leading physicians who are caring for patients with implanted devices. These physicians will provide direct feedback on patient management considerations.



Enhancing technology to address cybersecurity risks must be balanced with how to best care for patients who benefit from medical devices. The CSMAB will work with internal and external technology experts to provide their perspective on this balance between cybersecurity and medical device innovation. The CSMAB helps Abbott adapt to evolving issues over time by:

- Providing advice and counsel to Abbott concerning patient care and management and physician needs in connection with cybersecurity topics.
- Assisting Abbott in ensuring that the evaluation of cybersecurity is integrated with a holistic assessment of potential impacts on patient health, safety and security of patient data and health information.
- Balancing patient and physician needs and clinical perspectives with cybersecurity throughout the product life cycle.

We work closely with the physicians on the CSMAB to assess cybersecurity risks and to better understand how they may impact patient care. The CSMAB complements other cybersecurity efforts at Abbott and further builds on our robust history and continued foresight in addressing cyber concerns and opportunities.

Abbott has an established coordinated product disclosure program, through which external parties can submit a report detailing a potential security vulnerability or privacy issue with our products and receive acknowledgment of the issue they have raised. ISRM evaluates and verifies all of the vulnerabilities and issues reported in this way and may contact the external party for additional information.

The program was developed in accordance with guidance from the FDA on post-market management of cybersecurity in medical devices to reduce the cybersecurity risks from new and emerging threats and enable continuous improvement in product security. The reporting process covers medical devices, software as a medical device and mobile medical applications.

We have developed a cybersecurity enterprise risk management (CERM) framework that strategically identifies high-priority business segments for targeted cybersecurity review, analysis and remediation. We are working with business leaders to identify specific risk-evaluation criteria that will inform our cybersecurity risk assessment model.



# PROMOTING ETHICS AND INTEGRITY

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## ✔ 2017 HIGHLIGHTS

- Abbott's Code of Business Conduct, which sets forth our basic guidelines and requirements for ethical behavior, is available in print and online in 29 languages.
- We launched our Legal and Ethics Resource Network (LERN) system, an online ethics and compliance training program, in two additional countries. This brings the total number of countries training on LERN to 83.
- The LERN Training Program was successfully launched to legacy St. Jude Medical employees in all LERN countries.
- More than 99 percent of Abbott employees around the world participated in our LERN program.



Abbott's mission is to help more people live their best, healthiest lives, and we are committed to doing so responsibly and with integrity. Our Ethics and Compliance Program continually seeks to embed these values in the way that every Abbott employee operates.

Our business has a long history of enhancing trust and has always recognized the importance of reputation to our success. One hundred thirty years ago, our founder, Dr. Wallace Abbott, was one of the first to recognize the importance of ethics to the growing pharmaceutical sector, introducing the high standards of safety and efficacy that are the foundation of the modern healthcare industry. Abbott employees understand the global impact of our work on the lives of millions of people, and we continue to embody Dr. Abbott's commitment by striving to do the right thing, in the right way, in every aspect of the work we do. We support employees by fostering a clear understanding of our company values, the Abbott Code of Business Conduct, our policies and procedures, and our legal obligations related to ethical conduct.

### BUSINESS ETHICS AT ABBOTT

At Abbott, we are committed to meeting high ethical standards and to complying with all applicable laws, wherever we do business.

### OUR EFFECTIVE COMPLIANCE PROGRAM

Our commitment to operating honestly, fairly and with integrity goes beyond simply adhering to applicable laws and regulations. We have developed a globally integrated ethics and compliance program that incorporates all seven elements of effective compliance set forth in the voluntary *Compliance Program Guidance for Pharmaceutical Manufacturers*, published in April 2003 by the Office of Inspector General, U.S. Department of Health and Human Services (HHS-OIG Guidance).

These seven elements are as follows:

- Leadership
- Written standards
- Effective lines of communication
- Training
- Accountability
- Assessment
- Remediation

### LEADERSHIP

The Chief Ethics and Compliance Officer (CECO) is responsible for the management and operation of the Office of Ethics and Compliance (OEC), as well as the development and enhancement of our global compliance program. The CECO makes regular reports regarding compliance matters to the Chairman and CEO, to senior-level leadership, and to Abbott's Board of Directors and its committees.



### 29 LANGUAGES

The Abbott Code of Business Conduct is published in print and online in 29 languages.

The Business Conduct Committee (BCC) assists the CECO in the implementation of our compliance program, meeting regularly to discuss matters like the legal and regulatory environment, best practices, and refinement of our compliance initiatives at a global and regional level. The BCC consists of senior-level leadership, is chaired by the CECO, and is directly accountable to the Chairman and CEO. OEC staff members also provide dedicated support to each of Abbott's businesses at their headquarters.

Outside the United States, local affiliate compliance committees manage our Affiliate Compliance Program. These committees are composed of the affiliate management representative and other top executives representing all of Abbott's businesses within a country. The affiliate compliance committees are responsible for the day-to-day functioning of the program, including monitoring of compliance, promoting awareness, providing training, revising policies and procedures, and offering guidance to local employees. They meet on a regular basis to discuss emerging issues and to work with local OEC staff members on rolling out new programs.

### WRITTEN STANDARDS

We earn our reputation by the decisions we make and the actions we take on behalf of the people we serve through our work each day. Our Code of Business Conduct embodies our company values and expectations, providing a foundation for the responsibilities and behaviors that will help us make the best choices for Abbott and our diverse stakeholders. We all share in the responsibility to live our values every day. That includes keeping a watchful eye on our business activities and reporting concerns in good faith without fear of retaliation. During 2017, we continued to maintain the accessibility of our code, which is available in print and online in 29 languages. Abbott employees are required to read our code and certify their adherence to it every year.

The fundamental message of the code is straightforward: It is up to all Abbott employees to build our company and our brand by holding themselves to the highest ethical standards, by living our values, and by continually operating with honesty, fairness and integrity.





The code clearly states that Abbott does not tolerate illegal or unethical behavior in any aspect of our business. It emphasizes the importance of ethical and honest conduct, of adhering to Abbott's policies and procedures, of treating confidential information appropriately, of avoiding conflicts of interest, and of maintaining Abbott's books and records with accuracy and integrity. Further, it requires our employees to ask questions or report any concerns. We developed a decision-making framework for our employees, known as the Decision Making AID (Assess, Impact, Decide), which helps them ask the right questions and determine a course of action that supports the code's principles.

Abbott also has a written policy, "Employee Problem Solving" which promotes the open exchange of information, problem solving and complaint resolution. This policy applies to Abbott employees worldwide, except where local laws and/or collective bargaining agreements dictate otherwise.

We regularly update our ethics and compliance policies to incorporate changes to the law and industry codes, including rules regarding interactions with healthcare professionals. We also seek opportunities to enhance and streamline compliance standards to meet modern and diverse business needs. In 2017, we completed our initiative to standardize the terms and definitions within our compliance program across our global business. This standardization will facilitate more efficient decision making and foster added business ownership of compliance. A more streamlined approach and common understanding of compliance will also allow clearer comparison and analysis of our activities and our compliance metrics.

In several countries, laws require additional transparency in the way that businesses interact with individuals and entities involved in providing healthcare.

This includes additional certification, tracking and reporting payments and transfers of value (such as meals), and restrictions on conduct. Abbott complies with all such local requirements, as applicable. These additional transparency laws exist at the federal and state levels in the United States and in countries such as Belgium, Brazil, Canada, Denmark, France, Indonesia, the Philippines, Portugal, Romania, South Korea and Turkey.

### EFFECTIVE LINES OF COMMUNICATION

Our commitment to ethical behavior includes creating an environment in which employees can raise questions and concerns in good faith without retaliation. Abbott's Code of Business Conduct clearly holds us to handling employee grievances and complaints in an ethical way and strictly forbids any retaliation against any person who raises a complaint. We have established systems and processes for employees to ask questions and report suspected or actual violations of our code, policies or procedures. These include a web-based Ethics and Compliance Helpline, with live telephone support and translation services for non-English speakers, which is available 24 hours a day, seven days a week. Employees may also contact the OEC or the CECO directly. We have additional systems in place for social media platforms, responding to questions on ethics, or handling reports of suspected or actual violations that come through these channels.



### ABBOTT'S ETHICS AND COMPLIANCE HELPLINE

Our helpline is available 24 hours a day, seven days a week.

We analyze all allegations that we receive and take corrective action where necessary, including terminating employees or third-party relationships. Additionally, we regularly report information about breaches of our code to senior management.

The OEC also creates opportunities to engage in face-to-face interactions with employees by participating in global, national and regional sales meetings and local site meetings. We highlight issues on our OEC intranet site and through targeted internal communications.

### TRAINING

Ethics and compliance training is a part of Abbott's culture wherever we operate. Training and education programs for employees increase their awareness of our code's precepts and the legal and ethical implications of their actions and behaviors. They strengthen Abbott's reputation as a responsible corporate citizen while enhancing relationships with customers, suppliers and other stakeholders.

Abbott's ethics and compliance training consists of the global online LERN (Legal and Ethics Resource Network) Training Program and local business-specific training initiatives, which provide direction for executing Abbott's policies in line with applicable local laws.

The LERN Training Program is designed to educate Abbott employees on a broad range of ethics and compliance topics, such as conflicts of interest, global anti-corruption, scientific research and Abbott's Ethics and Compliance Program. LERN courses provide employees with the practical knowledge needed to recognize legal and ethical issues that may be encountered on the job, to make sound decisions, and to know when to seek assistance from the OEC and other resources. The LERN Training Program is provided to Abbott employees via the LERN system.



## LERN TRAINING PROGRAM

As of 2017, the LERN Training Program is available in 83 countries.

In 2017, we launched LERN in two additional countries, bringing the total number of countries on LERN to 83. The LERN Training Program was successfully launched for legacy St. Jude Medical employees in all LERN countries. At the end of 2017, LERN was used by more than 99 percent of Abbott and legacy St. Jude Medical employees. We also introduced new LERN courses, including Cybersecurity at Abbott, assigned to employees worldwide. All employees in countries using LERN are required to complete the Code of Business Conduct Certification and the Conflicts of Interest Certification every year, at a minimum.

One of the LERN courses, Global Anti-Corruption, defines bribery, describes the anti-bribery laws that exist globally for the protection of the common good, and outlines Abbott's standards designed to prevent bribery and corruption. This course also details the consequences of violating the anti-bribery laws and Abbott's standards and describes what each of us can do to ensure we continue to conduct business the right way. This course is assigned every year to relevant Abbott employees.

## ACCOUNTABILITY

Adhering to our Code of Business Conduct is a condition of continued employment with Abbott. All reports of potential violations of our code or any policy or procedure are taken seriously and handled appropriately through follow-up steps, such as investigation and remediation. Where necessary, corrective action is taken to address issues and avoid recurrence. Any Abbott employee who violates our code or any policy or procedure is subject to appropriate disciplinary action. Any Abbott employee who refuses to cooperate in the investigation of an alleged violation or who reports a concern that is knowingly false or is intended to threaten, intimidate or retaliate may also be subject to disciplinary action.

Abbott does not tolerate retaliation against anyone who makes a good-faith report regarding a violation or potential violation of our code, policies or procedures. These guidelines are well publicized and enforced throughout the company.

## ASSESSMENT

The OEC uses results from internal investigations, internal audits and internal monitoring programs to assess the effectiveness of our compliance program and relevant business practices. We identify areas of risk and develop plans for improvement, also paying attention to the external environment, industry codes and best practices, government guidance, and enforcement actions against other companies. An example of one of our assessment programs is the Affiliate Compliance Enhancement (ACE) program, in which we conduct an in-depth evaluation of the commercial practices of a particular country.

## REMEDIATION

We communicate the results of investigations, audits, assessments and monitoring to the appropriate OEC staff and business leaders. When an area for improvement is identified, the OEC collaborates with business leaders to take corrective action.

## POLICIES AND PROCEDURES

Our policies and procedures operate alongside our code to guide employees as they conduct their day-to-day activities. They comply with all relevant laws, regulations and promotional standards in the countries where we operate and encompass pertinent industry-specific laws and regulations, including food and drug laws, as well as laws relating to government healthcare programs. Our policies also consider industry best practices, including provisions of global and local codes for medical devices and pharmaceuticals. Our [publicly available policies](#) can be found on our website.

An important part of our commitment to supporting patients, consumers and healthcare professionals is an obligation to communicate responsibly about our products and services and the alternatives that exist. Our policies and procedures ensure that our activities conform to the regulatory licenses and approvals that we obtain to promote, sell and import medical devices, pharmaceuticals and other products. We respect the expertise of healthcare professionals — such as physicians, pharmacists, nurses, researchers and laboratory staff — who provide guidance about treatment options and healthy living and must use their independent judgment to determine the best course of care for their patients. We are dedicated to providing these professionals with timely and accurate information that will help them make decisions and offer advice. We believe that we can best achieve our mission of supporting health through a truly collaborative approach.



During 2017, Abbott's Colombian affiliate applied for and passed an evaluation led by the Transparency Secretariat at the Office of the President. Companies can voluntarily participate in this initiative, known as Anticorruption Active Companies (EAA, Spanish abbreviation), and their compliance programs are evaluated in categories such as third-party due diligence, internal controls and accounting records, risk management, and monitoring. Abbott's inclusion on this list marked the first year that a healthcare company was recognized.

### INFANT NUTRITION

Abbott believes that proper nutrition is the foundation for living the best life possible. We aim to make every stage of life a healthy one, and we share this goal with many others around the world. That's why our nutrition business is dedicated to developing science-based nutrition products for people of all ages. We are committed to ethically marketing our products and ensuring that our practices comply with the laws and regulations of the countries where we do business.



### NUTRITION

Our nutrition business is dedicated to developing science-based nutrition products for people of all ages.

Breastfeeding provides the best nutrition for infants. Our nutrition business supports the World Health Organization (WHO) goal of increasing breastfeeding rates. We support, educate and encourage mothers to breastfeed for as long as possible, and we work to help educate parents on the proper use of breastmilk substitutes when these products are needed.

We believe that, independent of any other measures taken by governments to implement the WHO 1981 International Code of Marketing and Breast-Milk Substitutes, we are responsible for monitoring our marketing practices according to the principles and aims of the code and for taking steps to ensure that our conduct, at every level in this regard, conforms to our nutrition division's Global Infant Formula Marketing Policy and local laws in the countries where we operate.

### COMBATING CORRUPTION AND BRIBERY

Abbott is committed to preventing corruption in connection with our global business activities and to working with third parties that share this commitment. The OEC has developed a Third-Party Compliance Process to identify potential risks when doing business with third parties and to address such risks where they do exist. Before engaging a new third party, all Abbott employees must follow the process to ensure that third parties carry out the services they perform on Abbott's behalf in accordance with our expectations and in compliance with applicable laws and regulations.

The Third-Party Compliance Process forms part of our global anti-bribery and anti-corruption policies and procedures and requires all Abbott divisions, subsidiaries and affiliates worldwide to conduct due diligence prior to engaging third parties. The Third-Party Compliance Process:

- Centralizes our risk management process to continuously and efficiently monitor and mitigate potential risks associated with business partners.
- Provides an intuitive, business-friendly system that employees can easily use.

- Increases compliance awareness, training standards and materials.
- Reduces time and streamlines costs to screen third parties.

The following initiatives support our objectives:

- **Screening** third parties that perform services for Abbott
- **Contracting** with third parties through written agreements that contain compliance requirements
- **Training, monitoring and auditing** third parties (under appropriate circumstances)

We routinely update Abbott's Third-Party Compliance Process tools and resources to ensure increased transparency and to mitigate any risks associated with our third-party dealings. Using this approach, we are better equipped to help prevent corruption and bribery and to position Abbott as a trusted partner everywhere we operate.

### PUBLIC POLICY ENGAGEMENT

Public policy has the potential to enable the development of the next generation of medical advances. At the federal and state levels, we engage with governments, think tanks, trade associations, patient groups and other organizations to find policy solutions to the complex issues that challenge our healthcare system. It is our responsibility to help legislators and regulators understand Abbott's views on major healthcare issues while also learning from them about the needs of their communities.



Abbott's public policy engagement is guided by the following principles:

- We are committed to transparency and guided by our Code of Business Conduct in all public policy engagement.
- We pursue activities that shape policies to benefit the people who need our products, with a focus on improving access to new medical advances.
- We are committed to participating in public policy discussions that have the potential to impact our patients, consumers and employees or the potential to impact our ability to continue to produce new medical and nutritional advances.

Abbott is a member of U.S. trade organizations that engage in lobbying and other political activity to champion and protect the interests of Abbott, our industry and, most importantly, the people who rely on our products to achieve good health. Collaboration and cooperation with a wide array of people and organizations are critical to meet the needs of patients today. We strive to align with organizations whose overall advocacy platforms demonstrate values that mirror our own. An organization's membership and robust governance process collectively drive the development of individual positions. We pride ourselves on taking an active role in our trade associations, expressing our opinions and making the case for the position we believe will produce the most appropriate policy outcomes. We work to have a strong voice at the table, even if ultimately we may not be able to control the outcome.

Abbott participates in the political process by contributing to U.S. state and local candidates and political organizations. We support candidates and organizations that understand how government actions can affect access to medical advances and that will work to promote an environment that fosters continued medical progress. We have not made direct independent expenditures on behalf of candidates running for public office and do not have plans to make independent expenditures. If such expenditures are made, they will be included in our semiannual report.

Contributions to office holders and candidates are bipartisan, made without regard for the private political preferences of our officers and executives, and based on several criteria:

- Policy positions that reflect Abbott's interests
- Representation of geographic areas where Abbott employees and facilities are located
- Relevant legislative committee assignments
- Ability to be elected
- Need for financial assistance

Abbott's Government Affairs function, under the direction of the Vice President of U.S. Government Affairs, reviews and approves all corporate political contributions to ensure these contributions are consistent with the company's guidelines and in accordance with applicable laws. The Public Policy Committee of the Abbott Board of Directors annually reviews the company's U.S. political contributions policy.





# VALUING OUR PEOPLE

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## ✓ 2017 HIGHLIGHTS

- In 2017, 32 participants from 21 countries graduated from the Global Leadership Program.
- In 2017, *DiversityInc* magazine named Abbott one of its top 10 companies for diversity in the United States, the 14th straight year that we have been included on this list.
- In 2017, Abbott and the Abbott Fund donated more than \$1 million in funding, as well as healthcare and nutritional products, to support Hurricane Harvey relief efforts.



Abbott's ability to adapt to changing healthcare needs quickly and continually, is vital to our ongoing success. The key to Abbott's agility is, of course, our people. Our approximately 99,000 employees serve people in more than 150 countries. Their skill and dedication to advancing human health and well-being are the heart and soul of our company.

That is why we choose our people carefully, selecting those with the energy, enthusiasm, expertise and commitment to create a positive impact on the health of the world. It is also why we provide our employees with opportunities to pursue fulfilling careers within Abbott. Our human resource strategies, which reflect the diversity of our global operations, all share the same depth of commitment to our employees.

As a global healthcare company, we need a wide array of skills to help us deliver on our mission. We recognize that people's skills, interests, values and priorities may differ from one country or region to another. For example, in Japan, employees place a high value on working for a company with a long history and a good reputation. In China, people want to join organizations where they will be able to work with leading brands and markets to gain valuable experience. We make a concerted effort to meet these different needs and to make Abbott an attractive and supportive place to work for people from all backgrounds. We use internal and external research to develop a competitive, locally relevant employee value proposition and total rewards package. This approach enables us to address local talent challenges more effectively in areas such as diversity, inclusion and work-life harmony.

The core components of Abbott's award-winning workplace environment include:

- Commitment to promoting diversity and inclusion.
- Extensive professional development, mentoring and training programs.
- Efforts to encourage and support work-life harmony.
- Competitive compensation and benefits, tailored to each market.
- Protection of human rights.
- Wellness programs.
- Commitment to employee health and safety.



## 17 CONSECUTIVE YEARS AT THE TOP

*Working Mother* magazine included Abbott on its list of the best companies for the 17th consecutive year.

Several organizations have recognized Abbott's efforts through workplace excellence awards. In 2017, *DiversityInc* magazine named Abbott one of its top 10 companies for diversity in the United States, the 14th straight year that we have been included on this list. For nine straight years, Abbott's been recognized as a top company for executive women by the U.S. National Association for Female Executives (NAFE). In 2017, Abbott was ranked in NAFE's top 10. Abbott achieved a 95 percent rating on the Human Rights Campaign's 2018 Corporate Equality Index, showing that we value LGBTQ workplace inclusion. In addition, we received "best of the best" recognition by *Black EOE Journal* and *Black Enterprise* publications. For our full list of workplace awards, please see the [Awards and Recognition in the Transparency and Reporting](#) section of this report on p. 106.

## A DIVERSE, INCLUSIVE WORKPLACE

To compete effectively on a global basis, Abbott needs diverse perspectives, experiences and skills. We are committed to fostering and supporting diversity. We believe that this commitment helps us attract and retain talent while innovating more effectively and adapting to the changing healthcare needs of our different markets. We work to leverage our diversity and learn from our differences to optimize results across our company.

Our commitment to diversity and inclusion begins at the top. Abbott's Executive Inclusion Council, led by our Chairman and CEO, monitors the hiring and advancement of women and minorities in U.S. management positions. It also supports programs that promote an inclusive work environment. Women make up 43 percent of our employee base globally. Abbott has particularly focused on the representation of women and minorities in management. As a result, the percentage of women in management positions was 43 percent in 2017. The percentage of minorities in management positions was 30 percent in 2017.

We believe that diversity and inclusion programs are most effective when they are tailored to the local context and culture. Our Women Leaders of Abbott (WLA) employee network is designed to help female employees further their careers and empower their leadership at Abbott through structured training, development and networking events tailored to the specific needs of various markets. Additionally, in Japan, we are sponsoring a diversity initiative that focuses on promoting and increasing retention of women in the workforce. See our [Employee Networks](#) section on pp. 55-56 for more details on the work of the WLA network.



We encourage the inclusion of individuals with disabilities across all of our businesses and locations:

- For seven consecutive years, Top Employer Institute has named Abbott one of the top employers in China for people with disabilities.
- In Brazil, we have adapted our recruitment and selection processes to avoid bias toward those with disabilities, and we support this by promoting the importance of inclusivity to employees.
- In Japan, we promote inclusion by evaluating positions and expanding employment opportunities for people with intellectual, mental and physical disabilities.
- In the United Kingdom, we make all reasonable adjustments to the work environment and hours for all employees covered under the Disability Discrimination Act (DDA), including people with mental health issues.
- In France, we have a formal partnership with HandiEM, an organization that helps people with disabilities find work. This organization has helped us to limit discrimination against disabled employees and increase awareness through a weeklong campaign and activities.



### NATIONAL ORGANIZATION ON DISABILITY RECOGNITION

Abbott was one of only 45 companies to receive the National Organization on Disability's Leading Disability Employer Seal for 2017.

### RECRUITING AND DEVELOPING DIVERSE TALENT

Abbott uses an integrated approach to build and maintain a diverse talent pipeline that can meet the needs of our businesses. We use social media and other channels to build our employer brand and target relevant, talented people. We also form partnerships with academic institutions and associations that are aligned with our needs. In 2017, we continued to strengthen our early intake programs in key markets to help reinforce a sustainable talent pipeline. We also partnered with local diversity organizations around the world to support STEM (science, technology, engineering and math) programs for students of all ages.

We work with a range of organizations to advance women and minorities in specific areas. In the United States, our recruiting partners include the National Society of Black Engineers, the Society of Women Engineers and the Association of Latino Professionals in Finance and Accounting, among others. We aim to keep developing new recruiting partnerships with schools and student organizations, including Nanyang Technological University in Singapore, Zhejiang University and Shanghai Jiao Tong University in China, and IMT Ghaziabad and NITIE in India.

### INTERNSHIP PROGRAM

Our internship program helps Abbott identify and recruit talent at an early stage, giving students hands-on experience working with Abbott employees on real-life business projects. In 2017, our program was ranked as the best healthcare internship program and the third best tech and engineering internship program in the United States by the career rankings website [Vault.com](http://Vault.com). During the year, more than 900 college students took part in our program globally. More than 155 students participated in the United States, 50 percent of whom were women.

In 2017, Abbott launched a mentoring program for our interns in the United States, pairing each intern with a mentor. These mentors coached our interns in navigating the organization, understanding the company vision and, most importantly, preparing for a career at Abbott. We selected our mentors carefully, choosing people with an interest in cultivating millennial talent and with similar functional and educational backgrounds to the interns they will mentor. For more details on mentoring at Abbott, see our [Mentoring](#) section on p. 56.

We also offer a high school internship program to promote STEM careers through hands-on experiences and real-world projects and initiatives with high school students. In 2017, our participants included 50 percent females and 38 percent minorities.

### EMPLOYEE NETWORKS

Abbott's employee networks play a vital role in building an inclusive culture across our business operations. They help to expand visibility and opportunity for their more than 4,000 members from minority and other potentially disadvantaged groups. A corporate officer supports each of these networks, helping to align their objectives with Abbott's business strategies. Doing so helps our employee networks make important contributions to career development, mentoring, community involvement, informal networking and leadership skills development for their members.



Our employee networks include the following:

- Advancing Professionals Network (APN)
- Asian Leadership and Cultural Network (ALCN)
- Black Business Network (BBN)
- LA VOICE Network (Hispanic/Latino)
- Flex Network (part-time and flexible schedules)
- PRIDE (LGBTQ)
- Women Leaders of Abbott (WLA)
- Veterans Network
- Women in STEM Group

Our WLA employee network invests in structured training and development for our employees around unconscious bias, executive coaching and sponsorship through programs that can be customized for each region.



## WOMEN LEADERS OF ABBOTT

In 2017, the WLA played a key role in a new initiative to attract, retain and advance female talent across all Abbott business divisions in India.

In 2017, Abbott in Italy launched a new initiative to support employees who want to return to work after the birth of a child. The initiative provides support for flexible working schedules, working from home and other “agile work culture” programs. In Japan, we found that after the birth of a child, women were having difficulty returning to the workforce. In response, we created a diversity initiative that allows flexible working, so new mothers can have increased work-life balance. We continue to focus on regional and local needs to build an increasingly inclusive workforce.

In 2017, our employee networks ran programs to enhance career development, community outreach, and employee engagement and retention and to have established strategic partnerships to connect with the communities in which we live. Since 2008, the ALCN has partnered with our philanthropic foundation, the Abbott Fund, along with Feeding America, the Global Foodbanking Network and the Northern Illinois Food Bank, to fill backpacks with nutritious meals for children and families near Abbott’s headquarters in northern Illinois. The BBN partners with the Celebration Bow, held in Georgia, and 100 Black Men of Atlanta, Inc., to educate the African American community on health and wellness topics. Our LA VOICE Network works with the Abbott Fund to provide family science nights in the Waukegan, Illinois, school district and to get young school children and their families excited about science.

## MENTORING

Mentoring is an integral part of Abbott’s culture of continuous learning and knowledge sharing, helping both mentors and their protégés get more from their time with us.

Our formal mentoring program matches potential mentors and protégés, based on skills, shared goals and interests. Mentoring partnerships last for 12 months and enable both mentors and protégés to develop their skills, share their knowledge of Abbott, and broaden their personal and business networks.

In addition, our employee networks host a series of global mentoring circles. These circles allow one or more subject-matter experts to mentor a group of protégés sharing similar interests and to combine education with networking opportunities. Our circles typically meet once a month for three months to discuss a range of topics and create opportunities for further engagement.

## EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

Global competition for talent is intense. By taking a proactive approach to recruitment and offering advancement and leadership development programs at all levels, we help our employees realize their potential. This also helps us attract and retain the best talent.

All Abbott employees worldwide have access to job-specific training and development to help them succeed in their roles. These training and development opportunities cover the full range of functions at our company, from commercial and operations to research and development, as well as human resources, finance and information technology. We also offer broader learning and career development programs for employees at all levels, helping to develop leadership potential through a combination of training, on-the-job experiences, and formal and informal mentoring. More than 4,800 of our managers participated in our learning and career development programs in 2017.

## LEADERSHIP DEVELOPMENT PROGRAMS

We offer specific focused development programs for employees who are making the transition into leadership roles, as well as experienced managers looking to improve in their roles. These programs help our people to develop as leaders and also strengthen our internal networks. Alumni of the leadership programs routinely reach out and connect with former classmates to share learnings, gain insights and explore new ideas. Our leadership programs include the following:

### Emerging Leader Program

Our Emerging Leader Program (ELP) enables us to identify high-potential people in frontline roles, accelerate their development and encourage them to apply for broader leadership positions.





Integrated into each participant's personal assessments and growth plans, the ELP includes discussions of strategy, leadership and people management. In 2017, 278 leaders in 16 cohorts completed the ELP in the Americas, Europe and Asia.

### Global Leadership Program

The Global Leadership Program (GLP) prepares new general managers in our international affiliates to lead their businesses through a changing and dynamic business environment. The program design enables global leaders to benefit from the experience, teachings and advice of senior leaders from across Abbott's lines of business.

The program consists of two one-week sessions that take place approximately six months apart. It consists of business simulations and scenario planning sessions that enable participants to experience the challenges that general managers face on a daily basis.

The GLP has produced strong global networks of GLP alumni, who routinely connect with one another to share insights and explore new ideas. These alumni connections build trust and develop a shared organizational understanding at leadership levels. In 2017, 32 participants from 21 countries graduated from the GLP.

### Executive Compass Program

Abbott's Executive Compass Program (ECP) is the capstone of our leadership development programs, providing targeted transition support for the most senior-level leaders.



## EXECUTIVE LEADERSHIP

In the past five years, more than 200 vice presidents, divisional vice presidents and general managers from our large business units completed the Executive Compass Program.

In the past five years, more than 200 vice presidents, divisional vice presidents and general managers from our large business units completed the ECP.

The weeklong program is delivered by top leaders in our company, as well as by external faculty, including published thought leaders and top business school professors from the Kellogg School of Management at Northwestern University. The program provides new senior leaders with a deep dive into Abbott strategy and challenges them to think through a broad range of scenarios affecting stakeholders, customers and our business. We recently updated the ECP to ensure that it addresses the critical leadership capabilities needed for Abbott's continued success. In 2017, 29 participants from around the globe completed the program.

### Professional Development Program

Our Professional Development Program (PDP) is open to entry-level employees and gives new talent the opportunity to rotate through key positions in different Abbott businesses and locations around the world. PDP participants work side-by-side with Abbott professionals over the course of the two-year program, learning from their mentors and benefiting from hands-on experience in a range of different areas. Depending on their career tracks, participants might work in engineering, environmental health and safety, finance, IT, manufacturing, regulatory affairs, or quality assurance.

We operate PDPs in 17 different countries and territories, including Brazil, Canada, China, Costa Rica, Germany, India, Ireland, Mexico, the Netherlands, Puerto Rico, Russia, Singapore, Spain, Switzerland, the United Kingdom, the United States and Uruguay. Approximately 50 percent of these PDP participants are based outside the United States. Since 1968, when it began, more than 1,600 employees have participated in the program.

### Global Citizen Development Program

The Global Citizen Development Program, launched in 2017, brings young professionals together to help them develop leadership skills. They are challenged to solve business problems while building networks and growing their skills. The program runs for seven months and prepares participants for increasingly complex and challenging responsibilities. They increase their business acumen by working with leaders on case studies and develop long-term relationships by connecting with others around the world.

### Local Training Programs

Our local affiliates offer tailored training and development programs, in addition to our global management programs. Key developments in 2017 included the following:

- In Ireland, Abbott's diagnostics business piloted a skills development program in our technical operations group, with the goal of accelerating learning and reducing employee turnover. Through the program, employees create an individualized skills matrix; determine their proficiency level for the skills that they need; and use mentoring, coaching and development tools to progress. Initial pilot data shows that employee turnover decreased by 13 percent.



- In India, we collaborated with the Indian Institute of Management (IIM), India's premier business and management institute, to launch a capability-building program for our sales managers. So far, 119 managers have participated in these programs, with many securing their first formal certifications.

#### **BUILDING A PIPELINE TO EMPLOY LOCALLY: ABBOTT FOUNDATION PROGRAM**

In Saudi Arabia, the government requires that the workforce of any local business consists of at least 30 percent Saudi nationals, a measure designed to create job opportunities for its young and well-educated workforce. When Abbott established a joint venture in the country in 2016, we required a strong pipeline of talented field sales employees. The challenge we faced was that few Saudi nationals were actively considering a career in sales.

**“I HAVE NEVER HEARD OF SUCH A WELL-STRUCTURED PROGRAM LIKE THIS ON THE MARKET.”**

To meet this challenge, we launched the Abbott Foundation Program, which was specifically designed to build a sustainable pipeline of field sales employees, by targeting recent Saudi graduates with science and engineering degrees. The program provides these new professionals with the tools to be successful and build a long-term career. Through classroom training, they build product knowledge, negotiation skills and communication skills. They also gain on-the-job training with experienced sales representatives, who provide mentoring and coaching. As participants progress, they undertake rotations in trade, logistics and marketing, and we offer successful participants full-time positions as sales representatives. Initial feedback from participants in the first year of the program shows high levels of engagement.

“I have never heard of such a well-structured program like this on the market,” said one person about the program.

#### **CROSS-CULTURAL TRAINING**

Because the scope of our business is global, many of our employees work or travel outside of their home countries, and the ability to engage people across different cultures is a key business need. Abbott provides all employees with free access to Cultural Navigator™, an internet-based toolkit providing guidance on business practices, management tools, social etiquette, cultural norms and customs for more than 100 different countries. The Cultural Navigator tool encourages employees to generate personal cultural profiles and compare their typical business approach to standard practices in other cultures. They can run business simulation exercises to identify potential cross-cultural barriers and prepare themselves for potential challenges.

#### **CONTINUOUS LEARNING**

In 2017, we responded to feedback from our employees by launching more programs that provide broader options for individual personal and professional development.

#### **Speak to the World Program**

Our new global language program offers training in 75 languages through self-study and virtual classrooms and has received an enormous response from the Abbott community.



#### **SPEAK TO THE WORLD**

More than 10,000 Abbott employees – more than 10 percent of our employee population – have signed up for our global language program, which is free to employees and does not have to relate to the work they do.

We also launched cultural webinars for our employees through our Cultural Navigator tool, to learn more about the diverse cultures and countries where Abbott operates.

#### **Abbott Adventure Journey**

We invited employees in Mexico to join an accelerated development program, based on gamification, in which they can develop their skills and knowledge through a variety of experiences while earning points along the way.

#### **TALENT MANAGEMENT**

We are committed to providing all Abbott employees with the opportunity to improve in their current roles, anticipate challenges and progress their careers, including competing for more senior roles. Our approach to talent management incorporates skill assessments, performance appraisals, succession and development planning, and career pathing. We have established an integrated global talent management process, so that we can identify talented people from across our organization, assess them accurately and map skills consistently. Our talent-mapping process involves employees working with their managers to develop talent profiles and development plans that support their career objectives. In addition, all Abbott employees participate in our annual performance management process, known as Performance Excellence.

#### **LISTENING TO OUR EMPLOYEES**

We value the opinions of our employees and regularly seek their feedback. We do this through employee surveys to measure engagement in our business strategy, including our Great Places to Work and Division Culture surveys. We also gather input through specific human resources surveys (for example, our Recruiting Effectiveness Survey and our Compensation and Talent Acquisition surveys), as well as through less formal channels.



Some of the vehicles we use for capturing employee opinion and sentiment include the following:

- We hold an employee annual meeting each December, when Abbott Chairman and CEO Miles D. White answers questions submitted by employees around the world. The hour-long session is broadcast by satellite to all Abbott locations, with questions and answers then translated into eight languages and archived on the Abbott employee intranet.
- Each year, we ask our employees to participate in our Employee Living Fully survey, asking questions about how they see our brand vision reflected in their working lives. This year, we sent the Employee Living Fully survey to more than 47,900 employees.
- Our local offices collect local feedback through a range of different initiatives, both formal and informal. In Ireland, we host lunch and learn and natter meetings, where employees meet informally with senior leaders for discussion, information sharing and learning.
- Our employee networks provide a forum for identifying and addressing common interests.
- We seek feedback from our new hires regarding the recruitment process and their early experiences at Abbott. We also conduct a semiannual multiple-language survey in our EMEA (Europe, Middle East and Africa) region to understand the resource needs and success barriers for new employees in these markets.

In 2016, we started analyzing how our employee offerings compare to those of other companies in our top markets, where about 85 percent of our employees work.

We spent 2016 developing programs to address the opportunities for improvement that we identified, with our local human resources teams leading the efforts. In 2017, we launched several innovative programs that enhance our offerings by catering to regional needs. When we launched an employee-only WeChat channel in China, 100 percent of our employees were participating within three months of the launch.

We have also made it a priority to understand employees' engagement with our human resources services. In 2017, we sent our annual Ease survey to all employees, assessing satisfaction with and ease of use of our human resources programs, technologies and communications. The survey was translated into seven languages and gathered feedback from more than 9,600 employees, representing a 10 percent response rate.

## COMPENSATION AND BENEFITS

Abbott's compensation philosophy is to pay for performance. It is designed to attract and retain employees with a talent for helping people live fuller lives while also sustaining the profitable growth of the company.

### COMMITMENT TO PAY EQUITY

Abbott's compensation is driven by employees' performance and expertise. Abbott has procedures and processes in place designed to ensure consistency in compensation across similar roles in relevant markets. As a result, Abbott believes that processes are in place so its employees receive comparable compensation, regardless of race or gender. Abbott has procedures that encourage frequent manager and employee dialogue around performance and compensation, and employees who have concerns about compensation matters are able to raise their concerns through multiple channels.

Our compensation also is intended to compare favorably with the pay programs of other global consumer-facing and manufacturing-driven organizations that have financial, operational and employment characteristics similar to our own. We combine elements of base and variable pay with a broad array of benefits and opportunities for growth to help build a corporate culture that encourages employees to grow their careers at Abbott.

While our total compensation targets reference the median of other leading companies, individual pay varies, based on employee performance, experience and competencies. Our pay-for-performance philosophy, combined with internal and external analysis and reviews, helps drive our total compensation strategy.

Our executive compensation program is competitive, performance-based and balanced between short- and long-term objectives. It is designed to motivate our executives to achieve business strategies and goals that align with our stakeholder interests.

Abbott has set the following guiding principles for our employee total compensation programs:

- Base salaries are competitive in the markets where we compete for employees.
- Incentive plans are designed to balance short- and long-term financial and strategic objectives that build shareholder value and reward overall company and individual performance.



- Incentive compensation (both annual and long-term) is a key component of Abbott's pay-for-performance philosophy. Our structure ties individual awards to both business and individual results to motivate our employees to achieve superior performance.
- Compensation elements are designed to encourage behavior that is consistent with the ethical values established in Abbott's Code of Business Conduct.
- Benefit packages are competitive in, and appropriate for, the markets where we compete for talent.

#### SCOPE AND ELIGIBILITY OF EMPLOYEE STOCK PLANS

Abbott strongly supports employee ownership. Our global corporate long-term incentive program grants restricted stock units (RSUs) to employees, beginning at the manager level. In 2017, Abbott granted RSUs to more than 11,000 employees in 70 countries. In the United States, we allow employees to invest in Abbott through our 401(k) program. Outside the United States, most countries also offer the ability for employees to purchase stock at a discount through the Employee Stock Purchase Plan (ESPP). The ESPP is open to all employees, except corporate officers, in the countries where it is offered. In 2017, more than 8,000 employees in 57 countries participated in the ESPP.

#### SCOPE AND ELIGIBILITY FOR NONSALARY BENEFITS

Employee eligibility for nonsalary benefits follows local regulations and practices. In most countries, this means we cover all full-time employees and part-time employees working more than a certain number of hours.

#### WORK-LIFE HARMONY

A healthy work-life balance is an essential foundation for experiencing a full life, which is why Abbott makes this a priority for employees worldwide.

We offer flexible work schedules across 60 countries, including flex time, summer hours, part-time arrangements, job sharing, compressed workweeks, phased retirement and telecommuting. In 2016, as part of our employee value proposition review, we identified opportunities for additional workplace flexibility in our 13 largest markets, as well as for professional training and community support programs to enhance work-life balance. In 2017, we launched new programs in Italy, France, Spain and other countries, with further plans to roll out programs based on local needs. In Italy, we received government and media attention for our flexible "smart work" initiative. In France, the programs offer work-from-home days, the ability to bank holidays until retirement, and money to help pay for childcare. In Spain, we have designated "flex band hours," during which no meetings are to be scheduled.

These initiatives don't just help Abbott attract and retain talent; they are also a vital component in our strategy for diversity and inclusion. They ensure that employees in different circumstances and with different responsibilities outside of work are able to enjoy a fulfilling career within our company.

#### CHILDCARE

We offer comprehensive childcare programs, including on-site childcare, emergency childcare assistance, nationwide childcare discounts, backup care resources, and on-site parenting and counseling services.



#### ADOPTION SUPPORT

Since 2015, Abbott has offered financial support for U.S. employees looking to adopt children, including the reimbursement of eligible adoption fees up to \$20,000 per child.

Our Early Discoveries on-site childcare center, based at our headquarters in Lake County, Illinois, is one of the five largest centers operated by our partner, Bright Horizons, and is ranked in the top 8 percent of U.S. childcare centers for quality by the National Association for the Education of Young Children (NAEYC). The center offers full- and part-time care, backup care, school holiday childcare programs, and full-day four-year-old kindergarten prep programs, among other choices. Early Discoveries' STEM-based curriculum exposes preschool and kindergarten prep children to new experiences and helps them acquire age-appropriate skills. In the kindergarten prep program, activities include introductions to computer coding, programming and robotics, engineering, and mechanical problem solving.

Abbott also continues to partner with the Lake County YWCA to provide a local childcare-provider training program, focused on increasing the quality and quantity of local childcare resources. The program offers more than 40 trainings that participants can take to earn credit toward their Child Development Associate (CDA) credential. Training is offered in both English and Spanish.

We also offer our employees access to Torchlight, a web-based education planning tool that helps parents better understand, advocate and care for children with exceptional needs, such as learning disabilities, ADHD and autism. Torchlight offers live webinar topics related to autism spectrum disorder, early intervention, learning issues and more.

It's important for parents to care for and spend time with their newborn children. That's why we offer both maternity and paternity leave for new parents. In addition, our Mothers at Work Program is designed to help female employees decide whether breastfeeding is an option for them, help them get started and ease their transition back to work.





All Abbott employees may access educational materials and discounts for breast pumps, and female employees are eligible for free counseling from board-certified lactation consultants 24 hours a day, seven days a week.

### EDUCATING MANAGERS TO SUPPORT WORK-LIFE HARMONY

We educate our leaders in the United States about work-life programs that can help employees become more resilient, leading to improved engagement, retention and well-being. Although the primary focus of this initiative is the United States, the global responsibilities of many of our managers mean that it touches teams around the world.



### WORK-LIFE HARMONY

Work-life balance also includes our Freedom to Work program for employees considering retirement. Since the program launched in 2008, more than 1,400 employees have enrolled.

### PRODUCTIVE TRANSITION TO RETIREMENT

We are especially mindful of the complex and changing definition of retirement, especially for baby boomers, who are retiring in record numbers. We believe that providing flexible working arrangements for employees as they get older can enable them to live fuller lives, on their terms, while still giving Abbott access to their valuable skills. Abbott's Freedom to Work program, available to eligible U.S. employees, offers employees considering retirement the option to scale back their hours and/or change their responsibilities without affecting their benefits. More than 1,400 employees have enrolled in Freedom to Work since we launched the program in 2008.

Freedom to Work offers employees two different options as they approach retirement:

- Our Custom Schedule Program allows employees to reduce hours and compensation without losing benefits. This option allows employees to work four days a week or take up to an additional five weeks of vacation.
- Our Emeritus Program allows employees to change their responsibility (for example, to move from managing staff to becoming an individual contributor) without sacrificing pay or salary grade.

### EMPLOYEE HEALTH AND WELL-BEING

Abbott aims to inspire and motivate our employees with social, financial, mental and physical programs designed for healthy living in the fullest possible sense. Our global workforce demands that Abbott's programming in this area is diverse, accessible and impactful. We meet this challenge by delivering tailored solutions, which take into consideration the culture of our sites around the world, demographics and local market demand.

### WELL-BEING IN THE WORKPLACE

Abbott strives to ensure that the workplace is not only a safe and healthy environment but is also one that fosters well-being (otherwise known as a "well workplace"). We recognize that a well workplace ensures that workers are safe, healthy, satisfied and engaged at work. From desk chairs to equipment operation, we assess all aspects of workplace ergonomics. On-site teams are trained to perform ergonomic evaluations, while additional resources and expertise are available to assist with more complex ergonomic hazards through our global Environment, Health and Safety (EHS) team. Metric tracking allows us to monitor individual ergonomic injuries while addressing emerging trends and to respond proactively.



### GLOBAL HEALTH IMPROVEMENTS

In 2017, more than 78,000 encounters were logged by our workers worldwide in activities designed to promote good health.

Seeking to expand upon traditional ergonomic program offerings, select manufacturing sites have implemented "active pause" programs to promote stretching during the workday and to improve ergonomic well-being. We address specific ergonomic issues through targeted programs to increase flexibility and core strength.

Our definition of a well workplace also includes ensuring our employees are not exposed to excessive noise and that employees work in environments with proper lighting, air quality, temperatures and humidity. We constantly review our operations to identify and address any workplace risks.

Our well workplace measures include:

- Protecting our employees from the harmful effects of noise through noise remediation measures and programs to promote hearing protection. For example, we actively took measures to reduce environmental noise exposure by more than 10 decibels at our pharmaceutical manufacturing site in Peru through the use of silencers and shock absorbers.
- Providing suitable illumination that meets our global engineering standards requirements for task lighting. EHS professionals are on hand at all our sites to measure illumination and provide training.



- Ensuring high-quality workplace environmental conditions as required by our global engineering standards. Our sites have preventive maintenance schedules for managing filtering systems, and these are validated through our internal auditing process. Our Green Building Strategic Initiative includes indoor air quality as a factor in best practices. We have global engineering standards for humidification and dehumidification, and we regulate building conditions through established engineering standards, which also address basic design for heating, ventilation and air conditioning.
- Maintaining required workplace temperatures, which are monitored and guided by the Global Occupational Health Services (GOHS) group. The GOHS group monitors global situations and provides additional health information during temperature extremes.

#### SUPPORTING EMPLOYEE WELLNESS

At Abbott, we encourage employee wellness through a number of programs offered around the world. This year, at our U.S. and select global locations, we launched a health-activity tracking technology to enhance the health outcomes of existing programs. Through this resource, employees used activity trackers and wireless-enabled wearable devices to track progress toward social, financial, mental and physical well-being goals. Some examples include:

- Our vascular site in Heerlen, Netherlands, where all employees were provided with fitness trackers to help promote an active lifestyle. These devices track the number of steps that employees take, the distances they travel, the calories they use and the number of minutes they are active. Further support comes through a monthly newsletter with fitness and well-being tips, as well as monthly challenges.



#### ANNUAL FIT DAY

Workers are incentivized to complete fitness milestones using their fitness trackers in our vascular site at Heerlen, Netherlands.

- Our nutrition site in Jiaxing, China, which conducts a range of different health and well-being campaigns monthly. Recent activities included a demonstration on how to improve water quality and safety, hosting a race for more than 100 employees, and holding diabetes and mental health screenings.
- Our established pharmaceuticals manufacturing site in Rio de Janeiro, Brazil, which launched several focused wellness programs, including a flu campaign featuring banners and educational cartoons, that resulted in an 81 percent vaccination rate for employees. The site also hosted its first women's health and well-being fair, a multiday event featuring workshops on cancer prevention, women's health, exercise, shiatsu and reflexology.

#### HEALTH SCREENINGS AND TRAININGS

Abbott offers a host of other workplace well-being resources, which vary based on site need and location and exceed regulatory requirements. Most Abbott manufacturing locations offer on-site flu shots and health screenings, and nearly all of our sites offer on-site fitness centers, subsidies for health club memberships, or discounts at sports and recreation clubs. Some of our locations even offer on-site massage therapy, yoga and meditation for our employees. Globally, we ensure that all of our sites have a designated healthcare professional, responsible for leading custom health programs based on site-specific needs.

We have more than 100 medical professionals dedicated to our employees' health, safety and well-being. Our health professionals administered more than 34,000 medical surveillance exams for employees who work in potentially high-risk areas in 2017. These included exams for workers driving powered vehicles, workers wearing respiratory protection and workers handling chemicals.

Our occupational health programs support well-being within Abbott, as well as in our communities, through externally administered sessions on stress management, first aid, body mass index and weight reduction. Occupational health professionals train our employees on preventing and managing a variety of health conditions. This helps to reduce lost time at work and increase productivity while improving health, job satisfaction and self-image for our employees.

During 2017, our health education programs engaged more than 41,000 Abbott employees and contract workers, an increase of 50 percent from the previous year. Occupational health professionals trained more than 1,200 employees on how to provide first-aid care and CPR and on how to use an AED. Many of these employees also received certifications from local credentialing bodies. Most Abbott manufacturing sites and larger affiliate locations are equipped with AED units, in line with our global health practices.



#### HEALTH EDUCATION PROGRAMS

More than 41,000 Abbott employees and contract workers participated in our health education programs — a 50 percent increase from last year.



In total, our occupational health groups reported more than 181,000 interactions with Abbott employees. We view this as significant because each encounter with our health professionals offers an opportunity for our team to support worker well-being.

We also promoted awareness of health and well-being through a number of site-specific programs.

### Safety

- As part of its Health and Safety Week celebration, we trained more than 200 employees at our medical device site in Sylmar, California, which we acquired through the acquisition of St. Jude Medical. Events included a nutrition day, a scavenger hunt and partnering with Abbott's diabetes care division to provide information on our *FreeStyle® Libre* monitoring system and other advice on managing diabetes.
- Our vascular site in Clonmel, Ireland, launched its Safer Together program, which uses an influencer model to encourage safer behaviors. Further support comes from a sitewide newsletter, a safety orientation for new hires and interactive Safer Together training, which all 1,400 workers completed in 2017.

### Nutrition

- Our manufacturing site in Lima, Peru, developed a comprehensive wellness program for its workers that included a nutrition awareness campaign supported by a daily healthy option menu in the site cafeteria.
- As part of its Health Week initiative, our nutrition business in Granada, Spain, worked with a local charity, Ciudad de los Niños, to promote healthy eating habits.

### EXERCISE ACROSS ABBOTT

Around 18 percent of Abbott employees across 62 countries take part in Exercise Across Abbott, our most popular and long-standing global wellness program. Employees team up with other colleagues to track how many minutes they exercise each day and compete for prizes in a variety of categories. In 2017, 71 percent of teams consistently increased their weekly exercise for four weeks.

### LIVELIFEWELL

LiveLifeWell is our integrated wellness program for employees and their spouses in the United States. In 2017, approximately 65 percent of employees and eligible partners participated in the LiveLifeWell wellness assessment, which continued its holistic focus on emotional, physical and financial health. A priority for the program is helping employees and their families manage stress, a leading risk factor in today's workplace. We offer tailored support for managers, helping them grow their leadership skills while managing personal stress, and we provide specific education and resources for employees who are also adult caregivers.



### HEALTH AWARENESS

LiveLifeWell features fun step challenges, resources to learn about health, programs to encourage a healthy lifestyle, and awareness campaigns and events, like on-site immunizations and health screenings at many participating locations.

Abbott's new LiveLifeWell app enables employees and covered partners in the United States to track their progress toward nutritional, exercise and sleep goals. The app incentivizes participants with points that can be redeemed for sweepstakes prizes or gift cards.

The LiveLifeWell app provides programs that help people become more resilient each day, talk with a health coach to build healthy habits as a family and improve their sleep habits. It also provides LifeWorks resources, such as confidential advice, resources and tools for caregiver support, counseling and employee assistance programs, and support for financial fitness, mindful living and the pressures faced by managers.

### EMPLOYEE ASSISTANCE PROGRAMS

Our company-funded employee assistance programs (EAPs) help employees address personal concerns and provide individual support from mental health experts. These experts can help identify and resolve issues with health, family, stress, finances, legal concerns and grief. In this way, the programs help to promote a productive, balanced and healthy workplace. Beyond the expert one-on-one support, EAPs also provide ongoing support for employees and their families in the form of seminars and online education. Topics covered include stress management, care for children and the elderly, depression, and personal health. Abbott EAPs also include crisis intervention services and workplace emergency response.

Abbott's EAPs earn high marks from our employees for their effectiveness. In 2017, a survey of employees using our EAPs in the United States found that because of their participation in the service:

- 74 percent reported feeling less stress about their situation.
- 77 percent reported that they were less likely to lose work time due to a personal or family reason.
- 72 percent reported improved productivity on the job.
- 62 percent reported the service saved them one to five hours of personal or work time; 27 percent saved more than six hours.



## EMPLOYEE SAFETY

Our mission to help people fulfill their potential through health starts with our employees. We are committed to keeping all those who work for Abbott safe by preventing dangerous incidents in and around the workplace. In educating our employees, we also empower them to promote safer and healthier lives in their wider communities.

### HEALTH AND SAFETY MANAGEMENT

Abbott has clear, consistent global policies and standards for managing employee health, safety and productivity while also protecting the environment. We regularly evaluate the health and safety performance of all Abbott manufacturing plants, research and development (R&D) centers, and commercial operations sites, using clear, internal technical requirements, with auditing and reporting against specific metrics. Each facility is evaluated regularly against the following categories:

- Health and safety policy and program
- Strategic planning
- Self-assessment/risk assessment
- Business integration
- Training and awareness
- Communication and information
- Performance measures
- Assurance reviews
- Health and safety global standards

We strive to maintain the highest standards of Environment, Health and Safety (EHS) practices in all markets. Our EHS strategy aims to develop a standardized approach, foster continuous improvement and ensure a safe and efficient working environment that minimizes any adverse environmental impacts.

Our EHS strategy focuses on four key areas:

1. **Performance improvement** – Driving continued reductions in injury and illness rates and environmental metrics
2. **Compliance assurance and risk reduction** – Implementing standardized risk assessment processes and enhanced EHS audits
3. **Sustainability and social responsibility** – Integrating environmental and product stewardship initiatives into product development
4. **People and culture** – Recognizing achievements through our EHS Excellence Awards and maintaining the health of our employees and their families. Improving our performance requires clear lines of accountability and senior-level leadership and support.

For more on these roles and responsibilities and for EHS performance and improvement initiatives, see the [Safeguarding the Environment](#) section on p. 71 of this report.



### EHS STRATEGY

- Performance improvement
- Compliance assurance and risk reduction
- Sustainability and social responsibility
- People and culture

## REDUCING SAFETY INCIDENTS

We believe that safety is the responsibility of every employee and that all incidents that compromise our employees' health and safety are preventable. We set and monitor health and safety targets to drive continuous improvement in reducing the number of incidents. These targets are the subject of an annual review process and routine performance reporting. In addition, our EHS leaders share best-in-class programs from across our businesses and industry, with the aim of further reducing risk and employee injuries.

Our two priority safety goals include:

- Reducing the number of incidents that result in time off work.
- Reducing the incidence of vehicle accidents involving our employees.

Each of our business units have actively identified and addressed areas of concern in health and safety performance, utilizing risk assessment tools to assess and identify specific risks and implementing measures to improve performance. We have focused additional efforts on manufacturing sites and commercial affiliates that present the greatest opportunities for health and safety performance improvement.





### MUMBAI OFFICE CONSOLIDATION

In addition to our direct employees, we also educate suppliers and contractors about EHS practices. In Mumbai, India, worker safety may not be a priority at many construction sites. However, during our recent office consolidation project in Mumbai, Abbott trained hundreds of workers in performing construction work safely and without incidents while following appropriate safety standards and using appropriate personal protective equipment at all times.

By the end of the project, we had completed more than 700,000 hours of safe work at the site, with no accidents or incidents. The influence of this initiative is likely to be considerable since at least 250 workers were on-site every day, rising to 500 workers for months at a time. We hope that it will change the safety culture in many of the companies that worked on this project and have an influence across Mumbai, as these workers share lessons learned.

### REDUCING INCIDENTS THAT RESULT IN TIME OFF WORK

We track progress against our first goal using the lost workday case rate, a standard metric that measures the number of cases where an employee is unable to work because of occupational injury or illness. Our 2020 lost workday case rate target is 0.15 cases per 100 employees.

Between 2010 and 2016, our overall lost workday case rate declined nearly 33 percent. In 2017, our lost-time case rate increased, due to our 2017 acquisition of St. Jude Medical and injuries in our commercial organizations. However, we remain on track to reach our 2020 goal of 0.15 cases per 100 employees. For our newly acquired sites, we have launched an aggressive EHS integration plan.

Within our commercial business, our employees conduct most of their work among the general population as pedestrians and in vehicles. Our focus is to increase their awareness of how to avoid situations that may impact their safety. We are confident that, between now and 2020, our total operations will meet our ambitious goal. We will continue to focus on implementing consistent EHS standards and investing in improvements that reduce risk for both continuing operations and recent acquisitions.

- **Behavior-Based Safety (BBS)** – We continued implementation of our BBS program across the company, which brings together best-in-class initiatives from across our business that encourage employees to think and act safely. As part of this process, we reviewed initial benchmark data on safety behaviors to develop key performance indicators (KPIs) to drive behavior change.
- **Global Health Scorecard** – In early 2011, we launched our internal Global Health Scorecard, which monitors each site's performance on occupational health initiatives. The scorecard includes annual performance targets for each year from 2011 to 2020, enabling us to measure performance and optimize employee health offerings across all of our manufacturing sites and commercial affiliates. The Abbott Global Health Scorecard ranks sites according to how many targets they have reached, based on a menu of 19 global health criteria, such as the active pause (stretch) exercise program. In 2017, 100 percent of our manufacturing and R&D sites met the 2017 scorecard targets, and 52 of our 57 sites achieved targets beyond the 2017 expectations.

- **Improving Access to Care** – In 2017, we launched a pilot program at our site in Fairfield, California, partnering with a local health provider to provide emergency telemedicine support during off-shift hours. This enables our emergency response team members to video chat with a physician, get a second opinion, and discuss how to treat injured or ill workers.

### REDUCING VEHICLE ACCIDENTS

We continue to focus on educating employees with the tools and knowledge necessary to create a culture of safe driving. The program encourages field-based employees to use safe-driving habits and raises awareness about the risks posed by in-vehicle distractions, such as mobile telephone use.

Abbott is firmly committed to meeting our 2020 accident rate per million miles driven (APMM) goal of 4.0, and we remain on target to achieve this. With the inclusion of accident tracking for cardiovascular neuromodulation (formerly St. Jude Medical), our APMM for 2017 was 4.88, a 7 percent reduction from the previous year.

Our APMM decreased to 4.56, a 13 percent reduction from 2016. To help us reach our 2020 goal, we continued our comprehensive approach to addressing driver safety in our commercial operations in 2017:

During the year, we completed the integration of our CFR and Veropharm acquisitions and began the integration of St. Jude Medical. In all, more than 4,000 sales representatives worldwide received an orientation to our commercial EHS program as part of these integrations, including behind-the-wheel and other EHS trainings. We also have augmented our motor scooter safety program in India. All commercial field employees will receive an annual retraining on motor scooter safety, supported by increased emphasis and communication from managers on road safety.



## ACCIDENT REDUCTION

We have a 7 percent reduction in our accident rate per million miles (APMM) driven from the prior year, which includes our medical device acquisitions.

In the United States, our vascular and nutrition businesses included new active and passive safety features in the vehicle models available for selection in 2017. These safety features included emergency automatic braking, reverse auto braking, adaptive cruise control, rear-vision cameras with cross-traffic alert, blind-spot detection and lane departure warning capability. Feedback from our representatives in these businesses is very positive, and as of early 2018, no at-fault accidents have occurred with these vehicles. We will continue to monitor performance and review program expansion throughout 2018.

In addition to promoting safe driving practices among our own employees, we have also continued our partnership with the United Nations Decade of Action for Road Safety initiative, designed to reduce global traffic fatalities and injuries by 50 percent between 2011 and 2020.

### CAMPAIGNING FOR ROAD SAFETY IN INDIA AND VIETNAM

We continued to expand our efforts to provide children with high-quality helmets and to raise awareness about the importance of road safety near local schools in Vietnam and India.

In 2017, our sales team in India worked to have an even greater impact on road safety locally, launching a nationwide road safety awareness campaign known as iCare.

For one day, more than 6,000 members of our sales staff used their regular visits to medical clinics as an opportunity to speak with and educate patients in the waiting rooms about safe driving practices. They shared simple steps for reducing road accidents and injuries, like wearing a helmet and a seat belt, staying alert, obeying speed limits, and avoiding mobile phone use while driving. With this initiative and others leveraging the success of our road safety program for Abbott sales staff, we are making a major impact on safe driving across India. To date, our salespeople and other staff members have reached nearly 1,500,000 people.

The iCare program also extended its reach through 165 employees and 35 schools to educate 32,336 students on pedestrian safety and road safety awareness. For example, in 2017, we equipped 4,771 children and teachers from six target schools in Vietnam with road safety knowledge and quality helmets to help them stay safe on the road. In addition, 871 parents from these schools exchanged their low-quality helmets for high-quality ones offered at a subsidized price. This component is very important to establishing the sustainability of the program because this behavior change may influence parents' decisions to select a quality helmet for their children in the future. Abbott has committed to further expanding our efforts in Vietnam in 2018 by adding three new schools to our program.

### NATURAL DISASTER PREPAREDNESS

Along with the safety of our employees at work, we are concerned about their health outside of Abbott facilities, in the event of natural disasters. We continually work to prepare for these instances. In 2017, we had two water-related disasters. Early in the year, Abbott employees in Peru were impacted by intense flooding in the El Niño season. The occupational health professionals provided health education information for employees to recognize and prevent certain illnesses associated with floods.

We monitored recommendations from the World Health Organization (WHO), local authorities and the Centers for Disease Control (CDC), and distributed information to prevent flood-related illnesses. In response to the hurricane in Puerto Rico, Abbott provided food and other supplies to our impacted employees and their families. We also provided our employees with health information and supplies to purify drinking water.

In response to the recent wildfires in northern California, our Fairfield plant activated its Business Continuity Plan. The site developed a live-tracking Google Map™ process, which identified the location of employees' homes and monitored the risk from the wildfires. This enabled us to identify the employees who were potentially at risk and provide anticipatory assistance. In addition, we provided respiratory protection for our employees and their families to use at work and at home until the air quality improved. Our Global Occupational Health Team provided employees with health information and voluntary training on the use of masks for respiratory protection. We also distributed information to all our employees at the impacted site about the effects of smoke and how to prevent them.

Our diagnostics division in Santa Clara, California, participated in the Great Shake Out Earthquake Drill, a one-minute drill organized by the Southern California Earthquake Center. The actual drill started just before a lunch period, and in advance of the event, our employees engaged with information on the "drop, cover and hold on" response to an earthquake. This information was then reinforced through a range of fun activities over the lunch period. Our participants reported that they felt more prepared to respond to an earthquake following the drill.



## EXTERNAL HEALTH AND SAFETY RECOGNITION

Abbott facilities routinely receive external recognition for health and safety programs.

Our nutrition plant in Singapore received a certificate of recognition at the 2017 Singapore Health Awards for providing 24 health and wellness programs, which include healthy cooking, fitness classes and well-being interest groups.

Our nutrition plant in Jhagadia, Gujarat, India, was awarded the Occupational Health and Safety Gold Award, presented to organizations that are the top performers in health and safety. The award recognized the plant's low accident rate and programs targeting health and well-being.

Our Jhagadia site also received the Gold Occupational Health and Safety Award 2017, Nutrition Sector, from Grow Care India, for outstanding achievements in occupational health and safety. Grow Care India selected our Jhagadia site from nearly 90 manufacturing facilities in the country for showing the highest level of commitment and concern for environmental, health and safety management.

## HUMAN RIGHTS

Abbott believes in the dignity of every human being and respects individual rights, as set forth in the Universal Declaration of Human Rights. These principles are reflected in our company's mission and core values. While governments have the primary responsibility for respecting, protecting, promoting and fulfilling the human rights of their citizens, Abbott recognizes that companies play a supporting role in promoting human rights within their spheres of influence.

We contribute to the fulfillment of human rights through compliance with laws and regulations wherever we operate, as well as through our policies and programs. Our global guidelines include:

- Providing a healthy and safe working environment.
- Complying with child labor laws and laws prohibiting any form of forced, bonded or indentured labor or involuntary prison labor.
- Promoting workforce diversity and not discriminating against any employee for reasons such as race, religion, color, age, gender, ethnicity, disability, marital status and sexual orientation, in addition to any other status protected by local law.
- Not tolerating harassment or harsh or inhumane treatment in the workplace.
- Protecting individual privacy.
- Providing compensation and benefits that are competitive and comply with applicable laws for minimum wages, overtime hours and mandated benefits.
- Encouraging open communication between management and employees.

## EXTERNAL RECOGNITION AND AWARDS



### NUTRITION DIVISION

**Singapore** – Certificate of Recognition at 2017 Singapore Health Awards

**Jhagadia, India** – Occupational Health and Safety Gold Award 2017, Nutrition Sector, from Grow Care India

**Breda, the Netherlands** – Gold Winner of the Safety Warehouse of the Netherlands Contest

### VASCULAR DIVISION

**Barceloneta, Puerto Rico** – Distinguished Safety Performance Award from the Puerto Rico Manufacturing Association



Abbott's position on human rights is reinforced in our employment, ethics and procurement policies, which are designed to ensure that neither Abbott nor our suppliers engage in human rights abuses.

## EMPLOYEE GIVING AND INVOLVEMENT

Abbott employees share our commitment to creating healthier communities worldwide. They give generously of their time, expertise, money and enthusiasm, supporting numerous community-based initiatives.

### ABBOTT FUND MATCHING GRANTS

The Abbott Fund Matching Grant Program encourages current and retired Abbott employees in the United States to contribute to qualifying causes by matching their contributions on a dollar-for-dollar basis. This multiplies the impact of financial support for eligible educational institutions, public broadcasting stations and hospitals.



### ABBOTT FUND

During 2017, the Abbott Fund Matching Grant Program provided a total of \$6.5 million matched-giving contributions to nonprofit organizations.

### EMPLOYEE GIVING CAMPAIGN

In 2017, 80 percent of Abbott employees in the United States took part in our annual employee giving campaign, pledging \$5.61 million to more than 5,400 nonprofit organizations and contributing to the highest dollar amount raised in the history of the campaign.

Retired Abbott employees pledged \$160,000, and the Abbott Fund contributed an additional 50 cents for every dollar that our employees gave to our four campaign partners:

- American Cancer Society
- American Heart Association
- Juvenile Diabetes Research Foundation
- United Way and eligible United Way member agencies

Abbott employees are able to donate to the thousands of organizations listed on our online employee giving portal. Abbott pays all fees associated with processing these donations, so that every cent our employees give goes to the charity of their choice.

### SUPPORTING NATURAL DISASTER RELIEF

Natural disasters impacted many of our communities during 2017. Our employees responded by raising more than \$85,000 during the employee giving campaign for disaster relief. Abbott helped to coordinate the response by providing an avenue for donations, circulating updates on what our business was doing to provide relief and explaining how our employees could reach out to help those in need.

### VOLUNTEERING

Abbott employees contributed a combined 92,000 hours of their time to volunteering initiatives in 2017, supporting causes in China, Costa Rica, Germany, Hong Kong, Ireland, Mexico, Peru, Turkey, the United Kingdom and the United States, among other countries. Through blood drives, 589 employees donated 617 units of blood, which supported 1,800 people in need.

Abbott also partners with a range of other nonprofit organizations to extend our work supporting heart health for children.

Our employees volunteer at Camp Odayin in Minnesota, which provides safe and exciting environments for children with congenital heart diseases to explore new experiences and have fun.

We also work to bring other volunteers to Camp Odayin, such as University of Minnesota student athletes participating in Minnesota's Maroon and Gold Impacting the Community (MAGIC) program. Each summer, we bus the student athletes to camp to help bring an extra burst of energy and enthusiasm to the campers.

In addition, Abbott runs several multisite volunteering programs. In 2017, these included marking Earth Day by donating shoes for reuse, employee education campaigns and building homes in conjunction with Habitat for Humanity. In addition to these multisite activities, several Abbott sites and divisions run tailored volunteering programs for increased relevance of healthy living at the local level:

- Our vascular site at Santa Clara, California, combined Earth Day and a LiveLifeWell event to inform employees about how responsible disposal of leftover paint, cleaners, electronics, batteries and medicine contributes to a healthy environment. Abbott's vascular site at Heerlen, Netherlands, organized a "patient central" day in 2017, which supported the local community through volunteering activities, such as redecorating a care home community room, assisting in workshops for disabled people and planting community gardens.
- At our nutrition site in Sturgis, Michigan, the Environment, Health and Safety (EHS) team provided cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training and first aid for Camp Amigo, a nonprofit organization that holds summer camps for children and adolescents.





- Our point-of-care site in Ottawa, Canada, held a local joint hospital fundraising campaign that raised more than \$36,000 for two local hospitals. The site also sponsored the Ottawa Network for Education's Junior Achievement Program through financial support and volunteers, who provided training on sustainability for the program's future business leaders.
- Volunteers from our vascular site in Costa Rica supported the ZooAve rescue foundation, which helps 3,000 animals each year. The team also helped judge the Pacto del Jocote High School science fair, hearing presentations from 35 students on 10 teams and awarding first place to a project for manufacturing biodiesel from vegetable oils.
- Our diabetes care facility in Witney, United Kingdom, selects a charity of the year as a focus for employee volunteering. The 2017 charity of the year was Special Effect®, a local charity that puts fun and inclusion back into the lives of people with physical limitations by helping them play video games.



## TOP 20 DONOR

In honor of our employees' blood donations, LifeSource recognized Abbott as one of its top 20 donors.

Abbott constantly seeks opportunities to multiply the impact that our employees have. In 2017, we appointed a new employee engagement vendor that will help to expand our volunteering and potential employee giving programs across Abbott sites worldwide. This new system will enable fuller lives in more countries through the commitment and generosity of our people.

## SHARING BEST PRACTICES

The International Association for Volunteer Efforts (IAVE) featured Abbott in both its quarterly webinar

in February 2017 and at its annual conference in May, enabling us to share best practices on volunteering with volunteer centers, other businesses and nongovernmental organizations (NGOs). During the webinar, the Abbott Fund team in Tanzania explained the work our business is doing to build the capacity of the country's healthcare systems through skilled employee volunteers. At the IAVE conference, Abbott's citizenship team in Ireland presented information on Abbott's partnership with Sligo, Ireland, the European Volunteering Capital for 2017.

## DISASTER RELIEF

When natural disasters and other emergencies strike, Abbott and its foundation, the Abbott Fund, work closely with our trusted humanitarian relief partners to address both immediate needs and longer-term reconstruction and rehabilitation efforts. Abbott also is a longtime supporter of international disaster relief efforts around the world.

Several disasters in 2017 called on Abbott to support our own people and the impacted communities through our work and the giving nature of colleagues.

- Following the earthquake in central Mexico, our colleagues shared space in makeshift offices as they worked to ensure patients, doctors, labs, operating rooms and pharmacies continued to receive Abbott products. They also volunteered in their own communities to help clean up and rebuild facilities that were damaged or destroyed.
- In California, Abbott supported impacted employees and secured facilities near the fire. Additional support included respiratory masks for employees and families, an on-site Environment, Health and Safety (EHS) nurse, Employee Assistance Program (EAP) counselors and delivery of generators.

- In Puerto Rico, the employee online portal, myHR, and the myHRTeam call center were available 24/7 to employees impacted by Hurricane Maria, as a path for receiving assistance. Abbott engineers, IT professionals and others flew in to help.
- The Clara Abbott Foundation continues to support our Abbott colleagues who were impacted by the hurricanes in the United States and Puerto Rico, the earthquake in Mexico, and wildfires in California.

Over the past decade, Abbott and its foundation, the Abbott Fund, have provided more than \$40 million in funding and products to help meet both immediate needs and support long-term recovery efforts. In recent years, this included a rapid response to earthquakes in Chile, China, Mexico and Haiti; typhoons in the Philippines and Vietnam; and hurricanes in the United States and Puerto Rico. In 2017 alone, Abbott and the Abbott Fund provided more than \$4.25 million in funding and products to support hurricane and earthquake relief efforts.

## ABBOTT'S HURRICANE RELIEF EFFORTS

In 2017, Abbott and the Abbott Fund donated more than \$1 million in funding and healthcare and nutritional products to support Hurricane Harvey relief efforts. Our donated products, like *Similac*® infant formula, *PediaSure*®, *Pedialyte*® and *Ensure*®, and other healthcare products were distributed at key locations, including the George R. Brown Convention Center in Houston, Texas. This was the city's main shelter for people who had to evacuate their homes.

In Florida and Puerto Rico, which were hit by Hurricane Irma, we pre-positioned products in food banks and health clinics. Working in partnership with our humanitarian relief partners before the start of the Atlantic hurricane season, our nutrition and healthcare products were on hand to provide immediate relief to families impacted by the storm. We also shipped *Similac* and *ZonePerfect*® bars to Florida that arrived just before Hurricane Irma made landfall.



Abbott and The Clara Abbott Foundation worked with partners to provide monetary and product donations to impacted colleagues and communities affected by hurricanes in the United States and Puerto Rico, the earthquake in Mexico, and the wildfires in California.

In **CALIFORNIA**, Abbott supported impacted employees and secured facilities near the fire. Additional support included respiratory masks for employees and families, an on-site EHS nurse, EAP counselors and delivery of generators.

Our colleagues in **MEXICO** shared space in makeshift offices as they worked to ensure patients, doctors, labs, operating rooms and pharmacies continued to receive Abbott products. They also volunteered in their own communities to help clean up and rebuild facilities that were damaged or destroyed.

In **FLORIDA**, in anticipation of hurricane Irma, we pre-positioned products in food banks and health clinics.

In **PUERTO RICO**, myHR was available 24/7 to employees impacted by Hurricane Maria, and Abbott engineers, IT professionals and others from Abbott Park, Illinois, flew in to help.



### EMPLOYEES STEPPED UP TO PROVIDE NUTRITION TO INFANTS DURING HURRICANE HARVEY

When the rain finally stopped in Houston, Texas, following the devastation of Hurricane Harvey, Jeremy Francis and his wife, Meagan-Marie, along with two of their kids, jumped into their vehicles and drove three hours north to Abbott's warehouse in Dallas.

Jeremy is the district manager for our pediatric nutrition sales division in Houston, and he knew that the flooding caused by the hurricane meant that normal deliveries of Abbott's infant formulas to stores and hospitals would not be able to get through. So, Jeremy and his wife filled their vehicles with 120 cases of our infant formula that were waiting to be picked up at the Dallas warehouse and drove the three hours back to Houston. Two days later, Jeremy made this same trip to get more formula and breastmilk storage bottles. Along with Jeremy's team of eight sales representatives, they then drove through Houston's flooded streets, even when some of their own homes were filling with water, to hand-deliver cases of formula to local hospitals that needed them.

**“THANK YOU SO MUCH FOR ALL OF YOUR HELP! I SERIOUSLY DON'T KNOW WHAT I WOULD HAVE DONE. YOU ALL SERIOUSLY SAVED A DESPERATE MOM IN NEED, AND I'LL NEVER BE ABLE TO THANK YOU ENOUGH! I ALWAYS HEAR PEOPLE SAY IT TAKES A VILLAGE TO RAISE A BABY, AND I NEVER REALLY KNEW WHAT THAT MEANT, BUT I DO NOW! BECAUSE OF YOU ALL.”**

“We didn't see it as going above and beyond our responsibilities,” Jeremy said. “We have pride in our jobs and a commitment to our customers. We tell them, ‘We will meet your needs. Period.’”

This commitment spurred Jeremy and his colleagues into overdrive when a father called our nutrition customer support team to say that his daughter, living with her mom in Houston, was running out of *Calcilo XD*®, Abbott's specialized infant formula for babies with metabolic disorders. Because of the flooding, FedEx couldn't deliver the product he had ordered.

Over the next few hours, the members of our nutrition customer support team worked to contact the father, locate the mother and find a nearby sales representative to hand-deliver some formula. The next afternoon, Violeta Morris, a sales representative on Jeremy's team, drove the *Calcilo XD* (which Jeremy had picked up in Dallas) to the mom at her workplace.

After bringing the formula home, the mom texted Jeremy:

“Thank you so much for all of your help! I seriously don't know what I would have done. You all seriously saved a desperate mom in need, and I'll never be able to thank you enough! I always hear people say it takes a village to raise a baby, and I never really knew what that meant, but I do now! Because of you all!”



# SAFEGUARDING THE ENVIRONMENT

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## ✓ 2017 HIGHLIGHTS

- We surpassed our 2020 packaging goal two years in advance and have eliminated 33.7 million pounds of packaging since 2010.
- We completed more than 70 environmental projects in 2017 to improve our waste, water and energy efficiencies and performance, resulting in \$3.5 million in expected annualized savings.
- We collaborated with internal and external experts to explore what our next-generation sustainability targets will look like and sought to better understand our impacts throughout Abbott's value chain.
- We have achieved zero waste to landfill at 32 commercial and manufacturing sites in 16 countries, and our materials sent for reuse now exceed our total waste generated.
- We continue to evaluate our sites operating in water-stressed areas and require the sites to complete water management planning to ensure that they strive to reduce water risks to themselves and their communities; these sites represent only 17 percent of Abbott's water intake.



# ENVIRONMENTAL SUSTAINABILITY

At Abbott, we know a healthy environment is essential for better health, stronger communities and more fulfilling lives. We are committed to safeguarding a healthy environment for everyone by reducing the environmental impacts of our business. Our environmental initiatives aim to protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.



**#1** NO. 1 IN THE DOW JONES SUSTAINABILITY INDEX INDUSTRY GROUP OVERALL AND IN THE ENVIRONMENTAL DIMENSION IN 2017

INCLUDED IN THE CDP (FORMERLY THE CARBON DISCLOSURE PROJECT) WATER LEADERSHIP CATEGORY IN 2017



**\$3.5M**  
IN SAVINGS

70+ PROJECTS IN 2017 CONTRIBUTED TO IMPROVING OUR ENVIRONMENTAL PERFORMANCE AND CREATED AN ESTIMATED \$3.5 MILLION IN ANNUALIZED SAVINGS



**↓35%**  
reduction in Scope 1 and 2 CO<sub>2</sub>e emissions since 2010\*

**↓40%**  
goal by 2020\*

## REDUCING CO<sub>2</sub> EMISSIONS

We are committed to reducing our carbon emissions, and we encourage our suppliers, distributors and other stakeholders to reduce their own impacts.

\*Normalized by sales  
†Calculated using the market-based method



**↓24%**  
reduction in water intake since 2010\*

**↓30%**  
goal by 2020\*

## CONSERVING WATER

We are committed to managing our water use in an efficient, responsible manner, as well as improving access to clean water for our customers and the communities in which we operate.



**↓41%**  
reduction in waste since 2010\*

**↓50%**  
goal by 2020\*

## ELIMINATING WASTE

We strive continuously to eliminate waste from our operations and to repurpose any waste that is unavoidable. We have achieved zero waste to landfill efforts at 32 sites in 16 countries.



**↓11.4%**  
annualized reductions since 2010

**↓10%**  
annualized reduction goal by 2020

## REDUCING PACKAGING

We consider environmental impacts throughout the product life cycle, including sustainability in packaging. In 2017, we met this goal by removing about 33.7 million pounds of packaging from our value chain.





A sustainable environment is essential for better health, stronger communities and more fulfilling lives. We are committed to safeguarding a healthy environment for everyone by reducing the environmental impacts of our business. This commitment shapes the way we source, manufacture, design and distribute our products.

Our long-term Environment, Health and Safety (EHS) strategy aims to protect our people, our planet and our value. We achieve this by delivering across a number of core areas to:

- Reduce and mitigate environmental risks.
- Deliver cost efficiency.
- Ensure business continuity.
- Address the expectations of our stakeholders to be a responsible and sustainable leader in the healthcare sector.

Our actions follow an Abbott tradition of environmental stewardship while being guided by national and international trends and evaluating feedback from our stakeholders.

In addition to fostering a healthy and productive work environment, we are committed to improving the efficiency and sustainability of our business and products, and reducing greenhouse gas (GHG) emissions, water use and waste while strengthening EHS practices across the business.

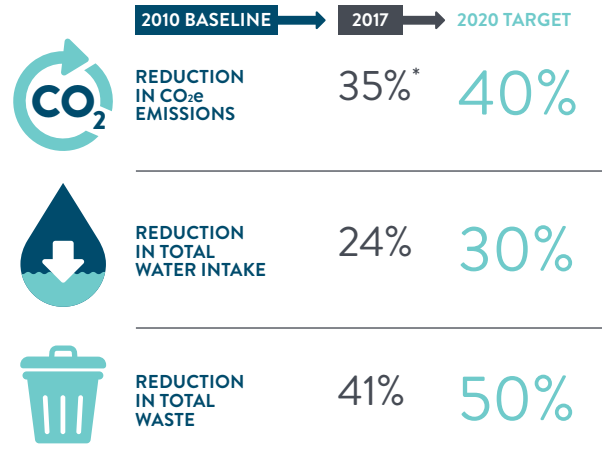
**AMBITIOUS 2020 TARGETS**

We have established ambitious targets to reduce our global impact in three environmental areas. These targets require significant reductions in our GHG emissions, water use and waste by 2020, compared to 2010 and adjusted for sales.

- **Climate change** – A 40 percent reduction in carbon dioxide equivalent (CO<sub>2</sub>e) emissions associated with our business operations and the electricity we purchase (Scope 1 and Scope 2 emissions)
- **Water usage** – A 30 percent reduction in total water intake
- **Waste management** – A 50 percent reduction in total waste generated

To meet the 2020 targets, each business unit establishes and tracks progress toward its environmental goals on an annual basis. Cumulatively, Abbott’s divisions achieved our annual 2017 CO<sub>2</sub>e and water goals and were within 3 percent of meeting our waste goal.

**2020 ENVIRONMENTAL GOALS PROGRESS**



\*Calculated using the market-based method

**PLANNING FOR OUR FUTURE**

In anticipation of reaching our 2020 environmental targets, key internal and external subject-matter experts (SMEs) were brought together throughout the past year to explore potential next-generation sustainability targets (e.g., 2030) relevant to our EHS activities. Five potential material EHS issues were identified through Abbott’s preliminary [Materiality Analysis](#) (see p. 9):

- Climate change
- Water management
- Occupational health and safety
- Producer responsibility
- Product stewardship
- Supply chain resilience

Where appropriate, this work sought to consider Abbott’s current programming, performance and targets, as well as global trends, and included partnering with the World Resources Institute<sup>10</sup> to understand and define CO<sub>2</sub>e reductions (science based target<sup>11</sup>) and water stewardship targets for Abbott. Building on this work, Abbott leveraged an Environmental Defense Fund (EDF) Climate Corps<sup>12</sup> fellow to further explore the potential implications and required actions to meet Science Based Carbon Targets.

In addition, we conducted extensive benchmarking to draw on best practices in performance and target setting among peers and global sustainability leaders. This work will continue throughout 2018 and will be incorporated into Abbott’s next-generation sustainability strategy.

<sup>10</sup>www.wri.org  
<sup>11</sup>www.sciencebasedtargets.org  
<sup>12</sup>www.edfclimatecorps.org



## ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT OVERSIGHT

Ensuring we meet our short- and long-term targets through continuous performance improvement requires clear lines of accountability and senior-level leadership and support. A key role is taken by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, a senior corporate officer who reports to our Chairman and CEO. The responsibilities for this role include reviewing our environmental metrics, key programs and progress regularly and reporting key developments to our Chairman and CEO, as well as executive staff, on a quarterly basis.

Additionally, the following groups are responsible for implementing our Environment, Health and Safety (EHS) programs and initiatives:

- **Global Operations Council** – This body oversees the strategy for all Abbott operations (manufacturing, supply chain, engineering, and environment, health and safety) and prioritizes and distributes the necessary resources, based on internal assessment, risk profiles and industry best practices. The council is chaired by our Senior Vice President, Quality Assurance, Regulatory and Engineering Services, and comprises four corporate officers and 20 divisional vice presidents, representing division and corporate operations.
- **Commercial Environment, Health and Safety Executive Council** – This council sets priorities and establishes EHS goals and objectives for our commercial operations around the world. This includes driver safety, reducing vehicular accidents among the sales force and reducing GHG emissions from fleet vehicles. It also considers global community outreach initiatives related to vehicle and pedestrian safety in commercial emerging markets.

The Senior Vice President in Abbott's nutrition business, a senior corporate officer, chairs this group. This council comprises 13 divisional vice presidents representing all of Abbott's commercial operations, their corresponding EHS support personnel, and representatives from Global Security, Procurement, Risk Management and Finance.

- **Environment, Health and Safety Leadership Council** – This council manages programs and sets targets in accordance with the priorities set by the Global Operations Council and the Commercial EHS Executive Council. Led by the Divisional Vice President, Compliance and Operation Services, the council consists of EHS leads from each of our operating businesses and the corporate EHS team. The council meets regularly to share best practices and discuss EHS issues with companywide implications. It also builds awareness of EHS performance and improvement initiatives, promotes our EHS awards program, and supports EHS training and conferences.

### ADDRESSING CLIMATE CHANGE: RISK AND RESILIENCE PLANNING

Extreme weather patterns and water scarcity could lead to significant changes in the nature of global diseases and their impact on people's prospects for living full and healthy lives. According to data published by the National Oceanic and Atmospheric Administration, in 2017, the United States experienced 16 weather and climate disaster events with losses exceeding \$1 billion each.<sup>13</sup> In addition, the World Health Organization estimates that climate change will contribute to an additional 250,000 deaths per year from malnutrition, malaria, diarrheal disease and heat stress, between 2030 and 2050.<sup>14</sup>

As a global healthcare company, Abbott is dedicated to safeguarding human health and operating as a responsible corporate citizen globally. This affords a unique opportunity to help protect human health and address these challenges and risks through the products we develop and supply. Similarly, we seek to identify and mitigate climate-related challenges and risks that are posed to our supply chain, our operations and our distribution network through our management and policies.

Reducing our environmental footprint in our operations and throughout our value chain is a core part of Abbott's business strategy as we respond to global external pressures, such as climate change, extreme weather events and growing resource scarcity. Through developing policies and making responsible choices that allow us to react quickly and be flexible when responding to such events, we ensure our businesses and operations are resilient, and we operate in an environmentally and socially responsible manner.

Abbott's Enterprise Risk Management Process supports the Board of Directors in risk oversight and Abbott leadership in risk management. The process is designed to identify potential events that could impact the company. Risks and opportunities are communicated to management, who then factor these into strategic plans. The global planning process is conducted annually, so that high-level or broad-based risks and opportunities are assigned action plans. At a local level, site-specific risks and opportunities are managed by local management groups, which are required, by internal technical standards to conduct formal EHS assessments.

<sup>13</sup>[www.ncdc.noaa.gov/billions/](http://www.ncdc.noaa.gov/billions/)

<sup>14</sup>[www.who.int/mediacentre/factsheets/fs266/en/](http://www.who.int/mediacentre/factsheets/fs266/en/)



When risks and opportunities are identified, management plans are developed to avoid and mitigate environmental risks. (Further information about subject-specific assessments and management plans is available in the Energy, Water and Waste sections on pp. 79-90 of this report.)

### MANAGEMENT, POLICIES AND STANDARDS

Abbott's established EHS Policy and a set of internal management and technical standards form the basis of our EHS management system. These policies and standards are developed and regularly updated by technical and management experts with consideration for current and future global requirements and emerging issues. This helps ensure our management system remains best in class.

EHS business leaders set annual environmental performance goals for their businesses and are evaluated against the business's progress as part of their annual performance appraisals. In cases where there is business value, we support and encourage individual sites or divisions to pursue external certifications (e.g., International Organization for Standardization [ISO] and Leadership in Energy and Environment Design [LEED]). Abbott's internal standards and auditing procedure make obtaining external certifications a straightforward process, confirming the effectiveness of our standards and audit program.

Through Abbott's EHS management system, we deliver a systematic approach to achieving continual improvement in all aspects of EHS programming and performance. We apply the principles of our EHS management system to ensure that we operate consistently across all aspects of our operations.

Our management tools include the following:

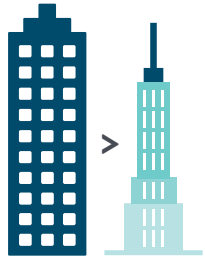
- **Environment, Energy and Water Policies** – These policies confirm our commitment to managing our environmental footprint, including reducing CO<sub>2</sub>e emissions, managing water responsibly, and measuring performance both in our operations and throughout our value chain. These [policies](#) are available on our website.
- **Corporate Environmental Guidelines** – These guidelines govern our approach to developing new Abbott sites and modifying existing ones, as well as other environment-specific improvement projects. They aim to reduce the environmental impact of these projects throughout their life cycle and include evaluation frameworks, best-practice technologies, operational processes and controls, and best-management practices.
- **Supplier Guidelines and Green Procurement Policy** – These outline the principles and expectations we set to establish strong business relationships and ensure that Abbott's EHS and sustainability values are upheld throughout our supply chain. Our Green Procurement Policy formalizes our sustainable supply chain approach and provides guidance to incorporate sustainable sourcing principles into our purchasing process. (For more information about our [supply chain sustainability efforts](#), see p. 93.)

- **Global EHS Audits** – Our comprehensive EHS audit program identifies potential risks to employees, the environment and the company and ensures our sites comply with internal standards and regulatory requirements. The audit program supports continuous improvement by developing our employees' expertise and sharing best practices. Audit teams are carefully selected to include SMEs who provide knowledge of local standards and external perspectives on compliance. Abbott EHS also partners with commercial management to complete audits at our commercial affiliates to ensure sustainable compliance and continuous program improvement.

#### EHS AUDIT PROGRAM ENHANCEMENTS

In the second half of 2016 and throughout 2017, Abbott implemented EHS audit program enhancements, including a risk-based assessment in which the frequency of audits is determined through risk-factor evaluations. High-risk activities within each site's operations are identified and evaluated with input from the site and operations personnel. Past EHS performance and compliance history are taken into consideration when determining the frequency of audits.

- **LEED Certification** – When building new or updating existing facilities, Abbott considers Leadership in Energy and Environment Design (LEED), a global rating system designed to evaluate the environmental performance of a building. It considers environmentally friendly actions during the construction and use of a building. In addition to delivering energy and cost savings, LEED-certified buildings provide improved indoor air quality and healthier working environments.



## 17 LEED-CERTIFIED FACILITIES

Abbott has 17 LEED-certified facilities throughout the world, including two gold and eight silver certifications. Combined, these facilities comprise more than 3 million square feet, which is larger than the Empire State Building in New York City.

- **ISO Certification** – Abbott has established our own environmental technical and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognized environmental practices and regulatory requirements. We support and encourage individual sites and divisions to pursue additional external certifications where there is recognizable business value.

In 2017, 54 percent of Abbott manufacturing sites were ISO 14001- or 50001-certified. Abbott's ISO 14001-certified manufacturing sites increased to 41 percent (up from 36 percent in 2016); all reagent manufacturing facilities in Abbott's diagnostics division have continued to maintain ISO 14001 certification. We also saw an increase in the proportion of our sites that are ISO 50001-certified, to 22 percent (up from 21 percent in 2016), including all major manufacturing sites in our nutrition division. In addition to our manufacturing sites, seven out of 33, or 21 percent, of our key commercial affiliate locations are also ISO 14001-certified.

### SETTING STANDARDS FOR MERGERS, ACQUISITIONS AND DIVESTITURES

Abbott undertakes EHS due diligence on all mergers, acquisitions and divestitures worldwide.

Our due-diligence procedure applies to all property transactions, maintains consistency, and ensures proper identification and management of our EHS responsibilities.

There are two levels of due diligence performed, depending on the nature of the transaction: For all property transactions, Abbott completes environmental due diligence to identify and properly mitigate any environmental liabilities. For business acquisitions, we expand our due-diligence procedure to assess all EHS resources and programs in place, identify gaps, and estimate effort and cost to align with Abbott standards. Post-acquisition, Abbott has a process to integrate new business acquisitions into Abbott EHS management practices to meet Abbott standards. This includes a robust process for program, resources and standards training and implementation, with multiple assessments completed throughout to ensure effectiveness.

#### EHS REPORTING AND ASSURANCE: 2017 ENVIRONMENTAL METRICS

Our environmental and safety data is verified externally by the company Bureau Veritas. A copy of the [verification statement](#) is provided on our website. All environmental data has been adjusted to account for acquisitions and divestitures, in accordance with the methodology prescribed in the World Resource Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol. We report data from acquisitions as soon as practical.

#### RECOGNIZING SUCCESS: EHS AWARDS PROGRAM

Recognizing outstanding performance in our EHS programs is essential for building a culture of continuous improvement. Abbott's annual EHS awards program recognizes teams, sites and people that deliver such performance and motivates our teams to keep finding ways to improve, while also highlighting best practices throughout Abbott's EHS community.

#### Plant of the Year

The Plant of the Year Awards honor sites for their overall EHS performance. Each year, we select one winner each for the Large Plant and Small Plant categories. Winning plants have a proven record of superior performance and excellence in their EHS programs overall, as well as in compliance, business processes and management. A multifunctional global team, using a multistep process, evaluates entries through rating processes similar to those of the Dow Jones Sustainability Index (DJSI) and the CDP (formerly the Carbon Disclosure Project). Competition for the awards has increased significantly in recent years as sites improve their EHS performance. In 2017, 46 Abbott manufacturing plants competed for the awards.

#### EHS PLANT OF THE YEAR – LARGE PLANT

The Abbott vascular plant in Temecula, California, is our most recent EHS Large Plant of the Year. This site manufactures medical devices, including heart stents, and has demonstrated leadership in promoting a strong EHS culture, which has been integrated into both management and operations.

The plant, which has a comprehensive EHS strategic plan with specific goals, achieved significant reductions in water, waste, energy and emissions. Together, these initiatives not only produced significant environmental benefits but delivered \$550,000 in cost savings from 2014 to 2016. The strategy also encompassed occupational health and safety initiatives, resulting in significant reductions in injuries (42 percent) and zero lost time cases. Additionally, the program extended beyond plant operations to include impactful EHS-related community outreach efforts.





**EHS PLANT OF THE YEAR – SMALL PLANT**

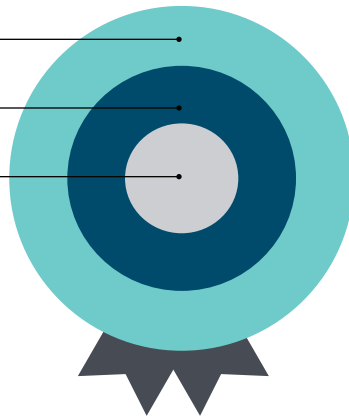
The Abbott diabetes care manufacturing site in Donegal, Ireland, was named EHS Small Plant of the Year. This site is a center of excellence for the manufacture and distribution of Abbott’s *FreeStyle*® and *FreeStyle Lite* brands of blood glucose test strips, used with *FreeStyle* blood glucose monitoring meters. The plant achieved significant EHS reductions at a time when production was at the highest levels ever. These reductions included waste (24 percent) and carbon dioxide emissions (40 percent), as well as sourcing 100 percent renewable energy. The plant achieved Zero Waste to Landfill certification, accompanied by a 22 percent increase in total recycling to 86 percent, for which the plant received an Abbott High Performance Award in Waste Management. In addition, zero EHS incidents and adverse events occurred at the plant.<sup>15</sup>

**EHS AWARDS PROGRAM**

**PLANT OF THE YEAR AWARDS**

**HIGH PERFORMANCE AWARDS**

**GLOBAL EHS EXCELLENCE AWARDS**



**High Performance Awards**

Two years ago, Abbott launched the High Performance Awards program, designed to identify and recognize Abbott manufacturing sites for specific EHS programs that demonstrate effective and consistent implementation of high-performing best practices. Programs are evaluated in detail against model criteria and are recognized as benchmarks for others. The High Performance Awards currently consider air (including energy and GHG emissions), water, waste, and health and safety programs.

**Global EHS Excellence Awards**

The Abbott EHS Excellence Awards recognize individuals, teams and sites from around the world for their contributions to our EHS performance. The criteria for these awards focus on results that reduce the risk of employee injuries and exposures in the workplace, advance product stewardship and/or accomplish significant environmental program and performance improvement. In total, 10 EHS Excellence Awards were given in 2017, recognizing 24 individuals for their work, including the following:

A cross-divisional, cross-functional waste-reduction team in Lake County, Illinois, was among the 2017 recipients. The Lake County team implemented a process to divert icepacks from landfill that reduced more than 100 U.S. tons of waste over the course of a year, equivalent to more than 10 percent of the site’s total waste generated in 2016. In addition, in China, the Jiaying engineering director received the award for leading the implementation of a noise-reduction project that reduced noise levels from 100 to 84 decibels, providing a more comfortable work environment and significantly reducing the occupational health risk from noise exposure.

Overall, awards were presented to Abbott employees at sites in Brazil, China, Ireland, Spain and the United States. The awards covered a wide range of initiatives including an EHS Day to increase awareness for site staff and their families, work to improve driver safety, and water consumption decreases and efficiency improvements.

**HIGH PERFORMANCE IN WASTE MANAGEMENT**

Two sites, both part of Abbott’s nutrition business, received High Performance Awards for Waste Management in 2017, based on 2016 performance: our facilities in Sligo, Ireland, and Sturgis, Michigan.

The Sligo site has seen significant reductions in absolute waste volumes over recent years as a result of streamlined waste management programs, ongoing optimization studies and waste reduction initiatives, including Zero Waste to Landfill certification since 2013. To ensure accountability, all employees are trained in waste disposal, segregation and handling, while waste management is linked to the site’s behavioral-based safety recognition program. Sligo also seeks to utilize reusable packaging and requires suppliers to take back products and packaging that would otherwise generate waste. Further, to reinforce this initiative, waste reduction targets are linked to the performance review process at Sligo.

Through multiple initiatives, including a waste reduction target linked to the performance review process, the Sturgis site has delivered significant absolute and normalized reductions in waste volumes since 2013. These reductions are attributed to several high-performance waste initiatives, including a streamlined waste recycling and management system across the site, active employee training, and a clear communication and awareness campaign. As a result, the site sent 41 percent of its waste to be recycled and 42 percent to be beneficially reused (e.g., cardboard boxes, metal and fiber drums, and unused nutrition product). In addition to receiving the 2017 High Performance Award, the site also achieved Zero Waste to Landfill certification in 2017. (See p. 89 for [how the site achieved this status.](#))

<sup>15</sup>All data normalized to production



### HIGH PERFORMANCE IN WATER MANAGEMENT

Abbott's nutrition site in Cootehill, Ireland, received the High Performance Award for Water Management after achieving reductions in both normalized and absolute water intake. In 2016, this site carried out an in-depth water balance survey and identified water reduction and reuse possibilities to reduce water usage by up to 39 percent. Some of the specific initiatives undertaken include the following:

- An evaporator water recirculation project delivered an 18 percent reduction of water used in the past 12 months (normalized to production).
- Key technical measures (such as a reverse osmosis plant and combined heat and power units) reduced steam usage by 20 percent.
- Wastewater coagulant control optimization is currently underway and will further reduce water usage by more than 12 million gallons.
- Underground piping was inspected with closed-circuit television, and integrity testing of pipelines was carried out as part of the site's Ireland Environmental Protection Agency industrial emissions license.
- A high level of employee engagement exists, with training delivered on water reduction targets, goals, performance and water conservation at all levels of the organization.

As a result of these measures, water usage at the site is optimized.

In 2018, Cootehill also hopes to implement further water-saving projects identified from the water balance survey.

### EMPLOYEE ENGAGEMENT AND EDUCATION FOR SUCCESS

Internal awareness and engagement are vital for ensuring a safe and healthy workplace and for operating in an environmentally responsible manner. Each year, we use a wide range of activities to build employee engagement around our EHS policies, programs and practices. Abbott requires EHS employees to be trained on applicable EHS regulations and internal technical standards.

We also support employees pursuing continuing education opportunities, such as acquiring external certifications and attending relevant trainings and conferences. In addition, we strive to empower our employees to contribute to EHS and sustainability initiatives, and we encourage action at all levels of our organization. Through continuous learning and dialogue, we aim to leverage internal insights and expertise to build and enhance Abbott's approach to EHS and sustainability management.

### 2017 EMPLOYEE EHS AND SUSTAINABILITY ENGAGEMENT INITIATIVES

Highlights include:

- A three-day EHS summit, attended by more than 50 key leaders and SMEs, representing Abbott EHS, Engineering, and Global Sustainability, along with external experts, was held in mid-2017. Summit participants developed strategies to address EHS and sustainability-related risks and opportunities.
- An energy summit, attended by 26 people from three major Abbott regions (Asia, Europe and North America), brought together representatives from Engineering, EHS, Facilities and Public Affairs, representing many Abbott divisions and corporate functions. Summit discussions focused on technical best practices and Abbott's energy performance and reporting. Strategies to improve energy management across Abbott were identified and prioritized by participants. Priority actions were approved by the Engineering Executive Council for 2018.
- Supply chain resilience training offered to more than 200 Abbott procurement professionals was recorded and made available on our internal Procurement website. The training explored the benefits of applying sustainability and supply chain resilience principles to our sourcing practices, demonstrating how sustainable sourcing can result in savings, ensure business continuity and reduce risks in the supply chain.
- Abbott's nutrition site in Fairfield, California, restructured its EHS committee and saw a significant increase in employee engagement in EHS matters. This change was brought about through identifying an EHS lead for each department across all three shifts and conducting monthly meetings on the production floor. The EHS lead became the channel for employees to raise issues and ideas, with discussion points tracked and easily available for employees to see. This collaborative and interactive model has resulted in faster resolution of concerns and best practice sharing. It also has helped drive ownership and accountability across all levels and roles.
- At our nutrition site in Sligo, Ireland, employees invited an external speaker to present as part of EHS Week. The speaker shared how her husband was killed in a workplace accident only seven weeks after they were married. She described the event, noting how key stakeholders could have acted differently to prevent the tragic accident. The discussion was a powerful reminder to all employees of how individual actions can make a difference. It encouraged the audience to adhere to this principle: "If you see something, say something."



## CARBON AND ENERGY MANAGEMENT

Despite regulatory and technological progress in air pollution control, air quality and greenhouse gas (GHG) emissions continue to be major global threats to human health and safety, as well as to natural resource availability. In recent decades, the effects of air pollutants have escalated beyond human health and environmental degradation and are considered major contributors to climate change. These emissions have been linked to the earth's increasing temperature, which the scientific community projects will continue to rise over the next century if action is not taken.<sup>16</sup>

To achieve a healthier planet and operate as a responsible corporate citizen, Abbott remains committed to helping address these issues by reducing direct operations and influencing our impacts throughout our value chain. We work within international commitments and frameworks, like the CDP (formerly the Carbon Disclosure Project) and the Greenhouse Gas Protocol, to track and reduce GHG emissions associated with our operations and our value chain. Our Climate Responsible Energy Policy and internal Energy Guidelines direct our efforts in these areas, providing guidance to help our employees around the world identify energy and air emission reduction opportunities.

Our policy focuses on:

- Increasing energy efficiency in our manufacturing operations.
- Investing in low-carbon energy.
- Improving the efficiency of our transportation fleet.
- Encouraging a lower carbon footprint in our supply chain.
- Publicly reporting our performance.

<sup>16</sup>[www.ipcc.ch/report/ar5/](http://www.ipcc.ch/report/ar5/)

## SCOPE 1 AND 2 CARBON EMISSIONS

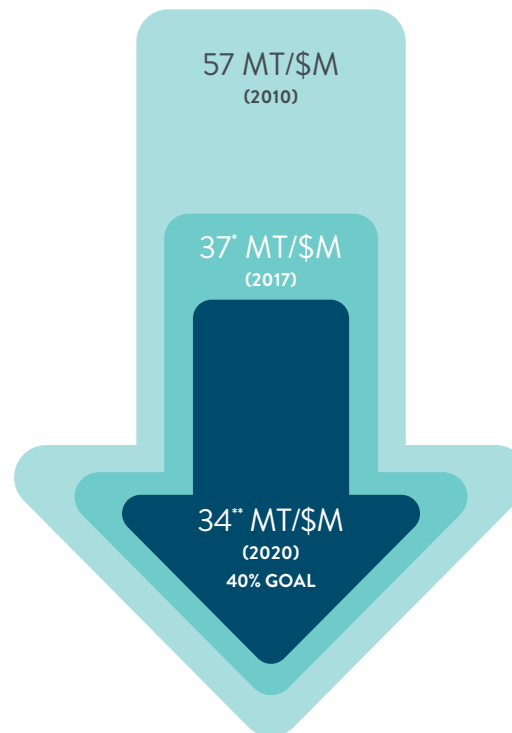
(Metric tons per \$ million sales)

↓ 35%\*

LESS CO<sub>2</sub>e PER \$ MILLION SALES SINCE 2010

↓ 40%

GOAL BY 2020



\*Calculated using the market-based method

\*\*Represents Abbott's 2020 goal, based on 2010 baseline data

To keep our policies and programs current, we periodically benchmark them against those of peer companies, including leaders in energy and carbon management. This ensures close alignment with our strategic business objectives and external regulatory and management trends. Together, our policies and carbon reduction initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

## ENERGY COMMUNITY OF PRACTICE

Our Energy Community of Practice includes representatives from all Abbott businesses and corporate functions with an interest in energy management. The community of practice is made up of a leadership steering committee and a core team of subject matter experts and interested professionals, which aligns on energy issues and manages energy across the organization. In 2017, the community improved communications to promote rapid collection and transfer of knowledge across our businesses and conducted 18 energy assessments.

Through numerous initiatives, the community:

- Manages and maintains certifications and supports company sustainability goals.
- Performs energy opportunity assessments to identify energy conservation opportunities.
- Evaluates and tests new energy conservation technologies.
- Provides guidance on funding for projects that reduce carbon and energy costs.
- Negotiates competitive renewable energy contracts.
- Shares best-in-class energy best practices and hosts companywide webinars to keep Abbott current on industry trends.



### GLOBAL LIGHTING: A BRIGHT IDEA



In 2017, as one of our energy management initiatives, we installed energy-efficient and cost-effective LED lighting with advanced sensors in 30 Abbott buildings worldwide. Our new Mumbai Development Center alone will avoid 1.5 million kilowatt-hours of electricity and 1,200 metric tons of CO<sub>2</sub>e through this initiative. By deploying similar technologies and best practices across our facilities, we will save 14.6 million kilowatt-hours of electricity and offset 9,000 metric tons of CO<sub>2</sub>e annually.

### MEASURING OUR CARBON FOOTPRINT

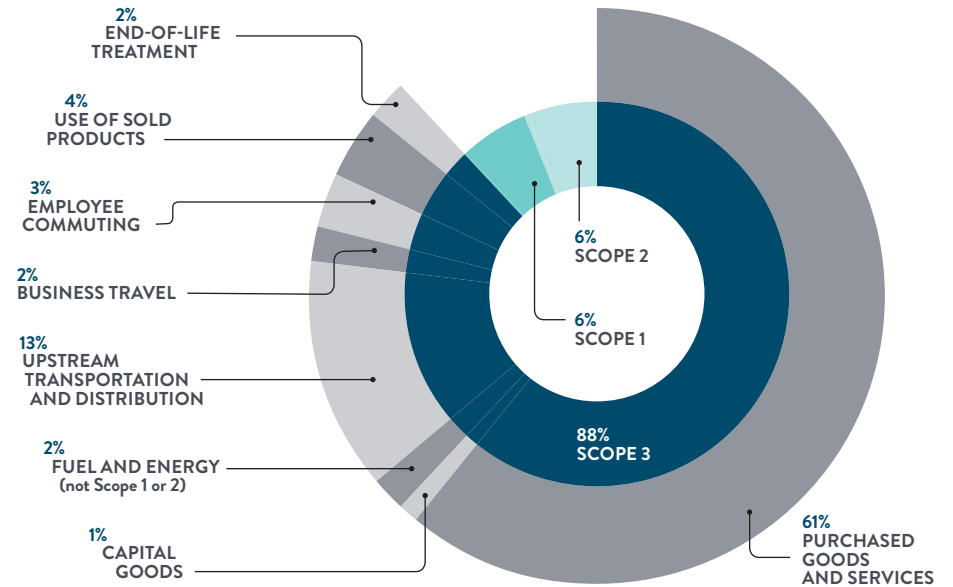
The nature of our business includes a range of potential carbon emission sources: Scope 1 (direct) and Scope 2 (indirect) emissions from manufacturing, warehousing and office activities and from our vehicle fleets. Through our global value chain, we also indirectly contribute to carbon emissions through the sourcing and distribution of products, as well as the ways in which consumers and health professionals use and dispose of these products and their packaging; these are known as Scope 3 emissions. Our 2020 carbon emission reduction target to reduce our Scope 1 and 2 emissions by 40 percent against 2010 levels, adjusted for sales, is evidence of our commitment to address and reduce emissions.

Abbott has been measuring and managing our direct emissions since 2000 and participating in CDP Climate Change reporting programs since 2004. CDP is an international initiative that provides an important framework for measuring and managing our emissions. Abbott's score moved from an A- in 2016 to a B in 2017, placing Abbott in the CDP Management category. However, Abbott programs continue to perform above average in the healthcare industry. This recognition reflects our year-over-year improvements in emissions performance and our understanding of the risks and opportunities presented by climate change.

### ABBOTT'S CARBON FOOTPRINT

We are committed to reducing our carbon emissions, and we encourage our suppliers, distributors and other stakeholders to reduce their own impacts.

Scope 3 emissions related to waste from operations and downstream transportation and distribution were found to be marginal, contributing to less than 1 percent of Abbott's Scope 3 GHG emissions.



### SCOPE 1 AND 2 EMISSIONS

In addition to fostering greater transparency, this work has helped us to identify our three most significant areas of climate change impact: fuel combustion from manufacturing, electricity use and our global fleet. Together, these represent more than 90 percent of our Scope 1 and 2 emissions. We have developed a comprehensive management program to address these areas, including increasing energy efficiency across our operations and integrating sustainable engineering technologies and concepts into our projects. In 2017, we expanded the focus of our programs to include the purchase of green electricity through contractual agreements with our energy suppliers.

To account for the lower emissions resulting from these contracts, we use the GHGP Scope 2 market-based methodology to report our progress on our 2020 carbon goal. In the application of the market-based methodology, we did not contract any renewable energy in our baseline year. Thus, per the GHGP, where market-based information is not available, location-based results have been used as proxy.

On an absolute basis, we have reduced energy consumption by 5 percent since 2010. We have reduced our absolute GHG emissions by 16 percent, using the Greenhouse Gas Protocol Scope 2 location-based method, and 19 percent, using the market-based method to reflect our green electricity purchases.





When the growth in our sales is considered, we have reduced energy consumption by 24 percent and GHG emissions by 35 percent compared to 2010, using the Greenhouse Gas Protocol Scope 2 market-based method to account for the purchase of green electricity. We reduced GHG emissions by 33 percent using the location-based method, as this method does not account for green electricity purchases. In 2017, our absolute energy consumption increased by 0.4 percent, and carbon emissions decreased by more than 9 percent from 2016.<sup>17</sup>

### SCOPE 3 EMISSIONS

Abbott's carbon footprint reaches far beyond our direct operations throughout our value chain and includes consideration for the emissions associated with the supply, distribution and consumption of our products. We estimate the emissions indirectly resulting from our activities (Scope 3 emissions) are six times our Scope 1 and 2 emissions combined.

Scope 3 GHG emissions include 15 categories, 10 of which are applicable to Abbott and quantified using the methodologies outlined in the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (see [Abbott's Carbon Footprint diagram](#) on p. 80.) The 2017 Scope 3 GHG emissions related to business travel and operational waste are verified through our third-party assurance process.

We are committed to working across our global value chain to reduce our emissions, and we encourage our suppliers, distributors and other stakeholders to manage and reduce their impact. To facilitate this, Abbott joined the CDP Supply Chain Program in 2013 and has been an active member for the past five years. For more information on our involvement with the CDP Supply Chain Program and our broader efforts to address supply chain emissions, please see the [Supply Chain Excellence](#) section (p. 92) of this report.

Through these efforts, we can identify areas to influence our Scope 3 emissions. Examples of such initiatives include:

- Implementing policies to reduce travel, including using virtual meeting technology. Through these initiatives, we have reduced emissions related to business travel by 29 percent since 2010.
- Working to generate less waste and minimize the amount of waste sent to landfill. Since 2010, we have reduced our waste to landfill by 42 percent. These landfill reductions, coupled with an overall waste reduction of 27 percent, have helped decrease our GHG emissions by 11 thousand metric tons compared to 2010, cutting our Scope 3 waste from operations emissions by more than 50 percent.
- Working across our value chain to reduce emissions by engaging our suppliers, distributors and other stakeholders. (See p. 98 for more [details about this initiative](#).)

### LOW-CARBON FUELS, COGENERATION AND RENEWABLE ENERGY

To meet our ambitious carbon emission reduction target, we optimize energy emissions by using low-carbon fuels, cogeneration and renewable energy in many operations.

On-site renewable energy generation has increased twenty-five-fold since 2010 across our manufacturing locations. During 2017, six of our facilities used cogeneration units, which are power-generating units that capture unused heat for other uses. Part of this 2017 initiative included installation of a cogeneration facility at our manufacturing site in Rio de Janeiro, Brazil. On-site cogeneration has increased by 58 percent since 2010 and produced nearly 56 million kilowatt-hours of electricity over the course of 2017. Our sites also generated 1.18 million kilowatt-hours of renewable energy in 2017, primarily through solar power.

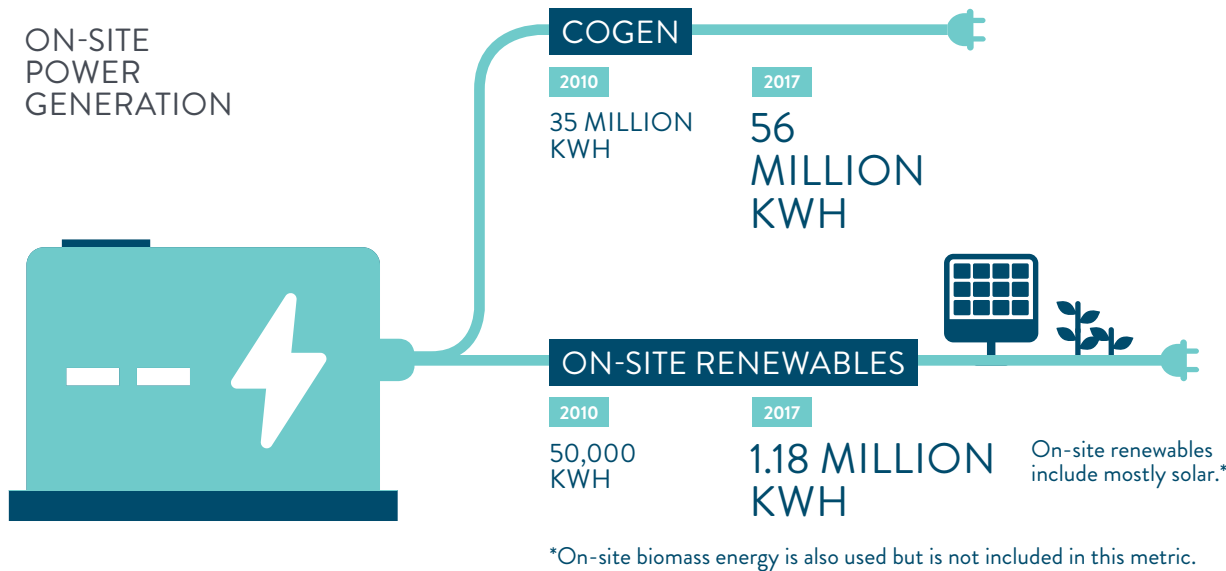
Our on-site renewable energy generation increased by 285 percent in 2017, mostly due to the installation of the largest solar power array in Abbott operations at one of our sites in Karachi, Pakistan. This included installing 1,972 solar panels on eight buildings, which will provide 20 percent of the site's electricity needs, reduce electricity expenses by \$100,000, and offset up to 450 metric tons of CO<sub>2</sub>e annually.<sup>18</sup>

<sup>17</sup>Using the market-based method to calculate GHG emissions

<sup>18</sup>On-site renewable energy generation also includes biomass energy production; however, this is not included in the data reflected in this paragraph.



ON-SITE  
POWER  
GENERATION



PURCHASED RENEWABLE ENERGY

Beyond our own energy production, we purchase electricity from utility providers that include above-average renewable generation in their energy mix, particularly in Europe. Our Global Environment, Health and Safety (EHS) team collaborates with colleagues in Global Procurement and with leaders across our business divisions to purchase renewable electricity at several Abbott manufacturing locations. For example, all Abbott-owned and controlled manufacturing sites in Ireland collaborated to purchase 100 percent renewable electricity in 2017.

Other sites making the shift to 100 percent renewable electricity in the past year include two manufacturing sites in the Netherlands, Abbott’s established pharmaceuticals site in Weesp and our nutrition site in Zwolle, as well as our vascular site in Santa Clara, California. Collectively, this move to renewable energy is projected to result in a carbon emissions reduction of approximately 92,000 metric tons of CO<sub>2</sub>e annually.<sup>19</sup>

MINIMIZING THE IMPACT OF OUR FLEET

Abbott has a global fleet of Abbott-owned, Abbott-leased and personally owned vehicles used by employees. Changes in our vehicle-leasing program in the United States have improved the carbon profile of our 2,371-vehicle fleet in recent years, with hybrid vehicles now comprising 18 percent of our leased fleet. In 2017, we applied the learnings from our U.S. vehicle-leasing program across our international vehicle fleet, resulting in the purchase of more hybrid and electric vehicles. We also installed vehicle charging stations at various facilities and converted some vehicles at our headquarters campus to run on electricity.



CAR-SHARING PROGRAM

In 2017, we piloted a car-sharing program at our Italy commercial affiliate location, in which 30 employees shared 10 vehicles. This program resulted in an estimated 15 percent reduction in affiliated carbon emissions, as well as significant cost savings for Abbott and improved vehicle availability for employees.

<sup>19</sup>Using the market-based method to calculate GHG emissions



## 32 ENERGY EFFICIENCY PROCESS AND TECHNOLOGY PROJECTS CONTRIBUTED TO OUR CARBON REDUCTION GOAL

### 2017 ENERGY PROJECTS ARE EXPECTED TO AVOID MORE THAN 30,000 METRIC TONS OF CO<sub>2</sub>e ANNUALLY.

Highlights include:

- The Utilities Excellence team at Abbott's nutrition site in Altavista, Virginia, successfully implemented projects to reduce the site's energy and water footprints. By decreasing water usage and wastewater discharge, as well as emissions from electricity and natural gas usage, the site saved 27 million gallons of water, reduced electricity usage by 2.9 million kilowatt-hours and saved 11 million kilowatt-hours of natural gas, resulting in approximately \$547,000 in annual cost savings and avoidance. The combined emission reductions resulting from these projects amounted to more than 3,100 metric tons of CO<sub>2</sub>e.
- A green belt initiative at our nutrition manufacturing site in Granada, Spain, worked to reduce the site's electricity usage by 1 million kilowatt-hours, or 9 percent, from 2016 to 2017. Focusing on specific energy sources, EHS maintenance and manufacturing personnel collaborated to identify opportunities to significantly reduce electrical consumption during shutdowns and nonproduction shifts. Communicating the project's benefits and encouraging employees to share ideas were key to the initiative's success.
- Abbott's vascular manufacturing site in Clonmel, Ireland, initiated a clean room project to optimize energy savings without compromising the quality and safety of its products. After extensive trials, the site successfully reduced its energy consumption while maintaining strict environmental operating standards. This project, in conjunction with improved office utility efficiencies, resulted in annual savings of more than 1 million kilowatt-hours and approximately \$45,000 and avoided more than 400 metric tons of CO<sub>2</sub>e emissions.
- Abbott's established pharmaceuticals site in Rio de Janeiro, Brazil, installed a natural gas-powered cogeneration facility that will generate enough power to cover its base electricity requirements while using waste heat to generate hot and chilled water. The unit also will supply the plant's steam needs, making it more resilient to interruptions from the local electric utility. The project is estimated to provide up to \$900,000 in annual savings.
- Over the past two years, three energy-saving projects were implemented at our point-of-care manufacturing site in Ottawa, Canada. These initiatives included installation of lighting controls and more efficient equipment motors and leveraging outdoor air temperatures for process cooling. Through these initiatives, the site realized significant energy savings and GHG reductions, decreasing its energy consumption by about 2.3 million kilowatt-hours and its carbon emissions by more than 340 metric tons per year.

## WATER MANAGEMENT

Global management of water resources is becoming increasingly critical for economic growth and social well-being. Due to climate change, increasing water scarcity, population growth and migration, and unsustainable water withdrawals, the world already has an insufficient safe water supply.<sup>20</sup> In recent years, the World Economic Forum rated the water crisis as one of the top risks facing the global economy. Furthermore, global water consumption has tripled in the past 50 years and is expected to increase 55 percent between 2000 and 2050.<sup>21</sup> By 2020, half of the world's population will be living in water-stressed areas. In 2016, companies disclosing to CDP (formerly the Carbon Disclosure Project), including Abbott, reported \$14 billion in water-related impacts, with the healthcare industry reporting the largest amount of impact.

The increasing imbalance between water supply and demand is a problem companies both contribute to and face operational risks from. Access to water is essential to our manufacturing operations, and it also plays a critical role in the use of many of our products. Even where water is plentiful, we have a responsibility to use resources wisely. Abbott has recognized water as an important issue, and we are committed to managing our water use in an efficient, responsible manner, as well as to improving access to clean water for our customers and the communities in which we operate.

<sup>20</sup>[www.un.org/en/sections/issues-depth/water/](http://www.un.org/en/sections/issues-depth/water/)

<sup>21</sup>United Nations



## WATER INTAKE REDUCTIONS

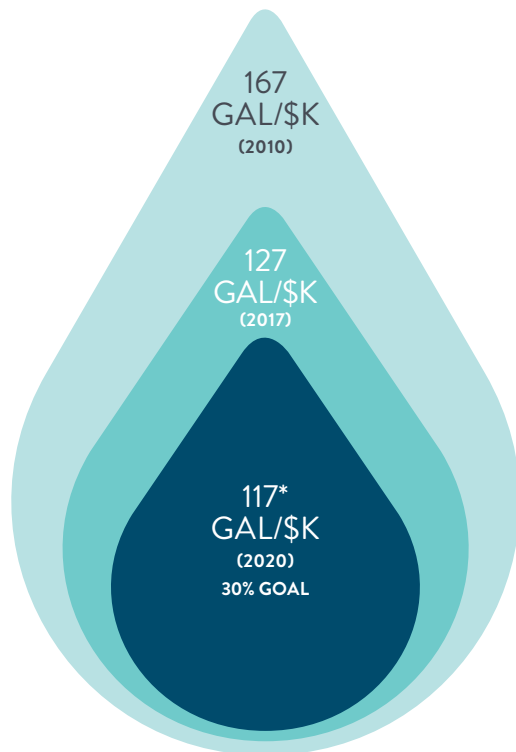
(Gallons per \$1,000 sales)

↓24%

LESS GALLONS PER \$1,000 SALES SINCE 2010

↓30%

GOAL BY 2020



\*Represents Abbott's 2020 goal, based on 2010 baseline data

Abbott's Water Policy on Access to Clean Water and our internal Water Use Guidelines reflect our commitment to the following actions:

- **Reduce** – Continuously work to improve water use efficiency in our operations.
- **Prevent** – Manage water discharge that could adversely impact human health or the environment.
- **Engage** – Apply key and emerging water management principles and best practices across our company.
- **Educate** – Emphasize to our employees, suppliers and customers the importance of protecting groundwater and other water resources vulnerable to overuse or contamination, along with their role in doing so.

To keep our policies and programs current, we periodically benchmark against peer companies and global leaders in water management that may be outside our industry. These actions ensure close alignment with our strategic business objectives and external regulatory and management trends. In 2017, we updated our Water Policy on Access to Clean Water to reinforce our desire to work with suppliers to ensure they are transparent in their water management practices and embed sustainable water management principles into their operations and supply chains. To ensure we are aware of water-related risks and opportunities in our supply chain, we assess water resilience annually, along with supply chain risks associated with global water use.

As we look toward our future water strategy, we are considering our water impacts throughout the value chain, including impacts on the communities where we operate and the water requirements and impact of our products.

Our next-generation water strategy will use a context-based approach, including these considerations:

- **Mitigating multifaceted water issues** – Water-related business risks stem from a range of issues, such as water scarcity, floods, droughts, declining water quality and ecosystem loss, which can vary over space and time.
- **Understanding our water impacts and operating responsibly** – Knowing where water is used and discharged is critical to determining associated business risks. To reduce those risks and ensure business continuity, our water management program addresses internal actions, as well as external catchmentwide conditions at the locations where we operate.
- **Investing where it matters** – To maximize the returns of water-related expenditures, water-related interventions must be targeted and aligned with local issues, as well as the external context in which a company operates and draws its resources.

### REDUCING OUR WATER FOOTPRINT

Our environmental water stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future. We also indirectly influence global water resources through the design, consumption and disposal of our products throughout our value chain. Our 2020 water reduction target is to decrease Abbott's total water intake by 30 percent by 2020, compared to 2010 and adjusted for sales.

During 2017, we succeeded in reducing our water use by nearly 190 million gallons compared to 2010, meaning we have now lowered our total worldwide water intake by 5 percent, on an absolute basis, and 24 percent, on a sales-adjusted basis, since 2010. We achieved these savings through innovative approaches that include more water-efficient technologies, changes to our manufacturing and maintenance processes, and recycling of water.





Abbott has participated in the CDP Water Disclosure Program since 2010. This has allowed us to share critical water performance data while benchmarking our performance and programming against other companies in the healthcare sector and global leaders. In 2017, we improved our CDP water score from a B to an A-, moving our water stewardship rating from the Management category to the Leadership category. Not only did our CDP water score improve, but it also remained above the industry average score of C and the global average score of B. Abbott's CDP score improvement further reflects our ongoing commitment to ensuring water consumption, impacts and risks throughout our value chain are managed in a sustainable and responsible manner.

**OPERATING IN WATER-STRESSED REGIONS**

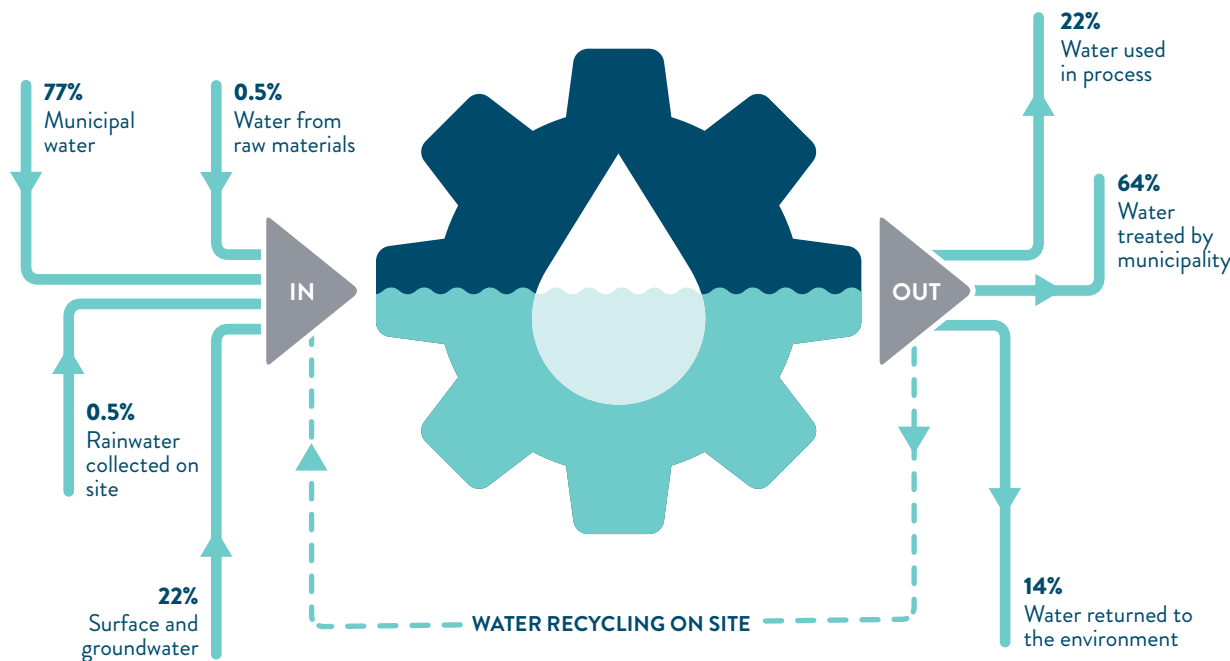
While water is a key resource for manufacturing, the company is not exposed to significant physical risks at a global level. Interruption of water supply to any single manufacturing site could have a local impact; however, operating contingencies and geographic diversification limit most risks to Abbott's business, operations, revenue and expenditures. Having a clear definition for water stress allows us to identify sites that require a more intensive local water risk assessment. This, in turn, lets us proactively address those risks to prevent them from becoming substantive.

Evaluation of all sites to identify those operating in water-stressed regions is conducted annually using global water risk mapping tools developed by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This process allows us to focus on the manufacturing sites at greatest risk of water supply interruptions now and in the future. Sites identified to be operating in water-stressed regions and significant water users are required to complete a comprehensive water risk assessment and participate in a water management planning process at least every five years.

Through this required due-diligence process, water-stressed sites and significant water users must also identify the impact of their water use on communities and the environment and develop a water management plan, including strategies and performance targets for reducing their water risks. In addition, potential water-related risks should be considered for new plant or site expansion projects. This approach positions Abbott to address potential market changes due to water scarcity-related risks.

In 2017, 38 of our manufacturing sites operated in water-stressed regions, with their water use representing 17 percent of Abbott's total (absolute) water intake. These sites reduced their water intake by 8 percent from 2016 to 2017. The limited amount of water consumed in water-stressed regions reflects that most of our sites operating in water-stressed basins are relatively low-water-intensity operations.

**UNDERSTANDING OUR WATER FOOTPRINT**





## 16 WATER EFFICIENCY AND REDUCTION PROJECTS CONTRIBUTED TO OUR 2020 WATER INTAKE REDUCTION GOAL

### 2017 WATER PROJECTS ARE EXPECTED TO AVOID MORE THAN 68 MILLION GALLONS OF INTAKE WATER ANNUALLY.

In 2017, water management best practices included the following:

- Abbott awarded the [High Performance Award for Water Management](#) to our nutrition site in Cootehill, Ireland (see p. 78), after achieving reductions in both normalized and absolute water intake.
- Our nutrition plant in Zwolle, Netherlands, significantly improved the process for separating water from its final product, which decreased the amount of water required to produce each unit of product and contributed to the site's total wastewater reduction of 34 million gallons, or 32 percent. This resulted in an annual savings of \$860,000, not including wastewater reductions, which further reduced site operating costs.
- Since 2014, Abbott's medical devices manufacturing site in Belo Horizonte, Brazil (formerly St. Jude Medical), has significantly decreased water consumption through projects targeting water reuse during production. These initiatives have contributed to the site's overall water intake reduction of 2.3 million gallons, or 35 percent, compared to 2013, while increasing production by 20 percent over the same time.
- At our established pharmaceuticals site in Rio de Janeiro, Brazil, Engineering and Environmental, Health and Safety (EHS) teams installed an innovative reverse-osmosis wastewater treatment technology that allows the site's cooling towers to reuse treated water. The system is expected to decrease water intake by about 4.5 million gallons (24 percent) annually and already reduced water discharge by more than 42 percent in 2017.
- A cooling water recirculation project implemented at our established pharmaceuticals operations in Tlalpan, Mexico, resulted in annual water savings of about 490 thousand gallons. The new closed-loop system helps to reduce the site's water discharge, as well as the process cooling time.
- Abbott's nutrition site in Tipp City, Ohio, implemented various water efficiency, reclamation and reduction projects, resulting in annualized savings of \$250,000 at an implementation cost of less than \$40,000. These projects resulted in a water use reduction of about 12.5 million gallons, or 10 percent, from 2016 to 2017, and reduced biological oxygen demand by almost 70 percent.

## PRODUCER RESPONSIBILITY

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to increase, landfill space is rapidly shrinking and access to acceptable waste disposal facilities is limited. This makes waste management and the development of innovative products and packaging a priority for both our business and the planet.

As a responsible corporate citizen, it is the responsibility of every manufacturer to minimize the impact of its products and packaging on the environment and human health throughout the entire life cycle. At Abbott, this includes consideration of all components of the business value chain, including:

- Ensuring ethical and sustainable procurement and production of all Abbott products and operational input, such as raw materials, processed goods and services.
- Designing, producing and distributing our products with consideration for their environmental and human health impact throughout the entire product life cycle.
- Ensuring that our products can be consumed and disposed of in an environmentally responsible manner and are labeled in accordance with those recommendations.

Through these initiatives, Abbott can improve operating efficiency, reduce product and operational costs, and reduce the overall environmental footprint of our products.



## SUSTAINABLE PRODUCT INNOVATION

Abbott's product stewardship and research and development (R&D) teams work closely with our Environment, Health and Safety (EHS) function to incorporate environmental considerations into the R&D process and to keep the R&D team informed about emerging environmental issues related to product design. For example, we introduced a new process for identifying substances that may influence our products' life cycles and environmental impacts and developed a guide to identify safer alternatives for chemical reagents and calibrants. Similarly, we seek to optimize our products' energy consumption during use and to reduce the amount of post-consumer waste associated with our products and packaging, looking at innovative solutions for the design, treatment and disposal of our products at their end of life.

## SUSTAINABLE PACKAGING

Abbott set an aggressive target to reduce the total weight of our packaging by 10 percent by 2020, compared to our 2010 baseline. In 2017, we surpassed this goal and achieved 11.4 percent annualized reductions, eliminating approximately 33.7 million pounds of packaging since 2010.

Our approach to sustainable packaging is guided by the following four Rs, designed to help reduce environmental impact while protecting our products:

- **Reduce** – Optimize packaging design to reduce the amount of materials used.
- **Renew** – Source packaging with renewable materials when feasible.
- **Recycle** – Improve the use of recycled content in our packaging and expand the use of packaging that is recyclable.
- **Reuse** – Design packaging to allow reuse opportunities.

## SUSTAINABLE PRODUCT INITIATIVE HIGHLIGHTS

- *FreeStyle® Libre*, our diabetes care glucose monitoring system, allows people with diabetes to track their glucose levels without the need for routine fingersticks.<sup>22</sup> Studies show that users monitor their glucose levels more frequently, which allows them to make more informed treatment and lifestyle decisions. In addition to the human health benefits, eliminating the need for routine fingersticks<sup>22</sup> likely reduces the packaging and medical waste associated with test strip consumption.
- *Alinity™* is Abbott's family of next-generation diagnostics instruments, informatics and services, designed to work together, improve operational productivity, use less space, and share common software and hardware platforms. With this design, these products have fewer unique components, resulting in decreased waste impact throughout the products' life cycles. Similarly, the improved operational efficiency will result in lower carbon emissions associated with product consumption.

Looking at packaging through a sustainability lens enables us to consider environmental impact throughout the product life cycle.

## SUSTAINABLE PACKAGING PARTNERSHIPS

Abbott works with a number of industry and independent groups to advance sustainable packaging systems. We work with suppliers who have achieved or are pursuing certification with respected sustainability organizations, such as the Forest Stewardship Council. We also work with our suppliers to improve their sustainability performance, holding them to stringent packaging requirements. We share information on our packaging reductions with retail customers around the world.

<sup>22</sup>Fingersticks are required for treatment decisions when user sees Check Blood Glucose symbol, when symptoms do not match system readings, when user suspects readings may be inaccurate or when user experiences symptoms that may be due to high or low blood glucose.

## SUSTAINABLE PACKAGING INITIATIVE HIGHLIGHTS

- We converted 281 million metal cans used for liquid product to a lightweight, low-environmental-impact alternative that is made of more than 42 percent renewable materials. This resulted in 14.7 million pounds of packaging material savings and 75 percent less solid waste generation. In addition, when compared to the steel can it replaces, the new packaging provides a 75 percent reduction in energy demand and an 83 percent reduction in water demand when converting raw materials to the final package. Finally, the new packaging allows healthcare professionals and customers to reclose unfinished product with a screw cap, compared to the nonrecloseable cans it replaced.
- Abbott introduced a refillable plastic jar to provide Colombian *Similac®* customers with an economic benefit while offering a standout package to retailers. This package contains a single 350-gram pouch of powder infant formula. The plastic jar can be washed, dried and reused through the purchase of refill pouches offered in a four-in-one bag-in-box format. The jar has a hinged lid for one-handed use and an in-mold label for indelibility during washing between uses.
- Our established pharmaceuticals business delivered eight packaging projects across four markets, reducing packaging material by a total of 2,400 U.S. tons and saving more than \$1 million. Some notable projects include lighter-weight bottles and syringes in Argentina, decreased high-density polyethylene content in bottles through reduced neck and cap height in Mexico, and elimination of cardboard packaging and shipping boxes in China.
- Our milk-based nutritional products feature packaging that can be shipped and stored without refrigeration for up to 36 months, reducing the energy used by shippers, distributors and customers throughout the supply chain. This is an especially important benefit for people in developing nations, where refrigeration facilities are less reliable and less widely available.



### WASTE MANAGEMENT

Waste management is a priority for our business and for the planet. It improves operating efficiency, reduces costs and cuts demand for virgin resources, reducing our environmental impact.

Waste management is a key strategy to ensure Abbott operates as a responsible corporate citizen. Our five-step waste management model helps to eliminate waste from our operations and repurpose any waste that is unavoidable.

#### FIVE-STEP WASTE MANAGEMENT MODEL



### REDUCING OUR WASTE FOOTPRINT

Abbott strives to find ethical, economical and efficient ways to reduce the volume and toxicity of waste and to conserve and recover resources to the greatest extent possible. Our goal is to reduce the total waste we generate by 50 percent by 2020, compared to 2010 and adjusted for sales. We collect key waste performance data across all operations and have technical standards and guidelines to drive waste reduction.

By the end of 2017, we reduced our total waste by 27 percent on an absolute basis and 41 percent when adjusted for sales, compared to 2010. During 2017, we reduced waste by almost 2,800 U.S. tons, or 4 percent, on an absolute basis. Since 2010, noted trends in our waste management programming included increased composting and significant decreases in waste to landfill, incineration without energy, and hazardous waste. Similarly, our beneficial-use activities, which are counted separately from total waste, have grown by 98 percent since 2010 and have exceeded our total waste generated since 2016.

### WASTE REDUCTIONS

(U.S. tons per \$ million sales)

↓41%

LESS WASTE PER \$ MILLION SALES SINCE 2010

↓50%

GOAL BY 2020



\*Represents Abbott's 2020 goal, based on 2010 baseline data



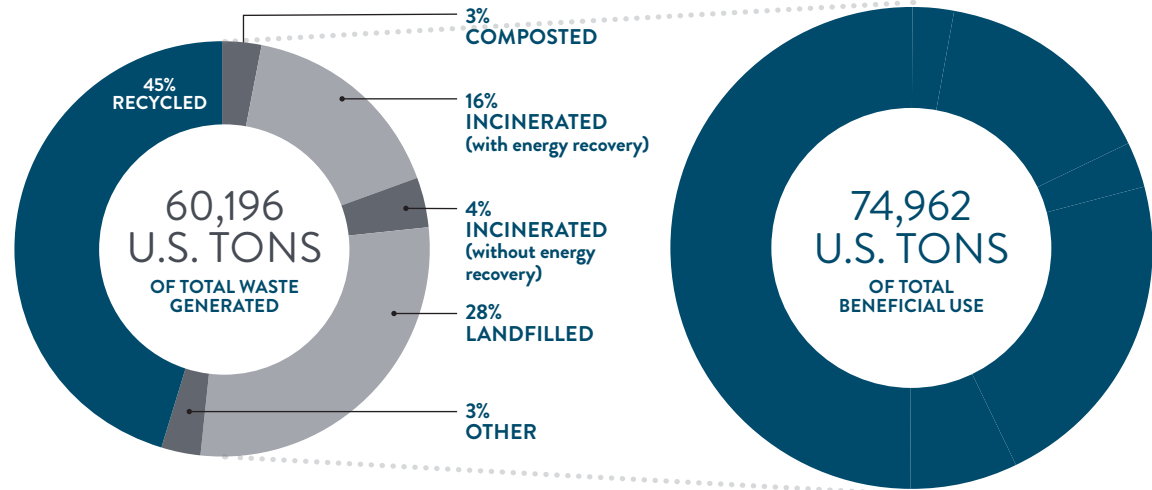
**ZERO WASTE TO LANDFILL**

Abbott launched our Zero Waste to Landfill (ZWL) program in 2012 to eliminate waste sent to landfill across our sites through a combination of recycling, composting and environmentally responsible incineration. Implementing ZWL involves eliminating all waste sent to landfill through source reduction, recycling, energy recovery or diverting waste to become a resource for another use. This program results in improved waste efficiency, cost savings and reductions in our carbon footprint, while also engaging employees in our environmental initiatives.

Subsequently, 26 Abbott manufacturing facilities and six nonmanufacturing facilities across 16 countries have achieved ZWL status, helping to reduce the total amount of waste our business sends to landfill by more than 40 percent, or 12,227 U.S. tons since 2010.

**WASTE MANAGEMENT**

Abbott's beneficial-use activities have grown by 98 percent since 2010 and have exceeded our total waste generated since 2016.



In addition to Abbott's waste streams, we also send material, that otherwise would have been waste, off site to be reused as is. As a substitute for a commercial product or commodity, this is known as *beneficial use*. This has been a major strategy in reducing Abbott's overall waste.

**ACHIEVING ZERO WASTE TO LANDFILL CERTIFICATION**

Our nutrition manufacturing site in Sturgis, Michigan, has not sent waste to landfill since May 2016 and achieved formal ZWL certification in November 2017.

The site's waste reduction initiatives included working with 32 vendors to identify and transition nondisposable waste streams to recycling or beneficial reuse, reusing fiber drums and cardboard boxes, eliminating cafeteria disposables, and reducing hazardous waste. They also created and implemented a recycling policy and procedures for collecting the site's solid refuse, recyclables, salvage and scrap material. To reinforce the ZWL initiative for employees, the site installed color-coded waste containers with signage and offered computer-based training.

This achievement is a collaborative effort between the ZWL team, the Green Team and all employees at the site. Communication and education on the benefits of recycling and beneficial reuse were key to engaging employees to build and sustain the program. The Sturgis site won Abbott's High Performance Award for best management practices in this area in 2017.

As a result of this initiative, the site generated 2,366 U.S. tons of waste from May 2016 to April 2017, of which approximately 71 percent was recycled and 29 percent was incinerated with energy recovery.





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## WASTE REDUCTION PROJECTS CONTRIBUTED TO OUR 2020 WASTE REDUCTION GOAL

### 2017 WASTE PROJECTS ARE EXPECTED TO AVOID MORE THAN 2,000 U.S. TONS OF WASTE ANNUALLY.

Highlights include:

- Six Abbott medical device facilities in the United States (formerly St. Jude Medical) received the 2017 Chelsea Santucci Greenovation Award for the third time due to participation in the Kimberly-Clark Professional™ RightCycle™ program, which diverts nitrile glove waste from landfill to be recycled. Since starting participation at two sites in 2014, the program has been extended to cover six sites across the United States and has diverted 49 U.S. tons of solid glove waste.
- Our acid-etch reuse initiative at our medical devices manufacturing site in Liberty, South Carolina (formerly St. Jude Medical), allows a portion of acid-etching process waste to be recovered and decreases the amount of acid discarded as waste. Each batch of recycled acid-etch solution can save approximately 1,300 gallons of chemicals required to make fresh acid etch and about \$177,000 annually.

- Our established pharmaceuticals site in Rio de Janeiro, Brazil, worked with its waste vendor to utilize a new technology that allows the blister packaging byproduct to be recycled. This enabled more than 11 metric tons of blister packaging to be recycled instead of incinerated in 2017.
- After conducting a waste stream analysis, our molecular diagnostics manufacturing site in Des Plaines, Illinois, changed its liquid effluent disposal method, resulting in reduced environmental impacts and spill risk, as well as a savings of about \$15,000 in annual treatment costs and associated transportation emissions. The new process, which avoids transportation and treatment off site, involves water reclamation and discharge to the local sanitary treatment system.

### WASTE MANAGEMENT BEYOND ABBOTT

Our waste management efforts extend beyond our own operations and require partnership with our material suppliers, as well as our waste disposal vendors. These efforts include working with our material suppliers to reduce packaging waste and to identify alternative materials that are more easily reused or recycled. They also involve working with our waste vendors to ensure the most efficient and responsible disposal techniques are employed to manage our waste, both on and off site. (For more information about our [waste vendor program](#), see p. 99.)



### ELECTRONIC WASTE COLLECTION

Numerous sites also participate in Abbott's Electronic Waste Collection program, in which employees and volunteers bring in broken and unused electronics for recycling. In 2017, more than 22 U.S. tons (the equivalent of 9,000 laptops) of e-waste were collected, 7 U.S. tons, or 31 percent, more than our 2016 collection.

### REUSE-A-SHOE



Each year, multiple sites participate in Abbott's Reuse-a-Shoe program, in which shoes are reused or, if not possible, repurposed into products such as playground surfaces. In 2017, 2,308 pairs, or 2.8 U.S. tons, of shoes were collected, an increase of approximately 30 percent over our 2016 collection.

### ENVIRONMENTAL SUSTAINABILITY IN OUR COMMUNITIES

Several Abbott sites work with their communities to promote sustainability, work toward healthy environments and address the impact of climate change at a local level. Employees at 12 sites in 6 countries celebrated Earth Day in 2017, with activities ranging from volunteer opportunities and recycling drives to exhibits raising awareness of environmental issues and our programs. The programs encourage employees to apply these learnings at home and in their communities. In addition, employees are able to leverage community engagement experiences in the work environment, benefiting our businesses and operations. Further, 445 Abbott employees completed 1,354 environmental volunteer hours in 2017; that's more than 56 full days of time.



### ABBOTT TRACKED 30 ENVIRONMENTAL VOLUNTEERING INITIATIVES, TOTALING 1,354 VOLUNTEER HOURS, IN 2017

2017 environmental community engagement highlights include the following:

- The Growing Healthy People program started with the donation of a greenhouse and lesson plans to a local elementary school in Donegal, Ireland. Abbott employees at our diabetes care site use the greenhouse as a setting to teach seventh-grade students about the environment, nutrition, biodiversity and sustainability through science, technology, engineering and math (STEM)-focused hands-on activities.
- Our established pharmaceuticals site in Rio de Janeiro, Brazil, opened its doors to 13 environmental engineering students from several universities in Rio de Janeiro to introduce Environment, Health and Safety (EHS) projects focusing on environmental initiatives, such as water and waste management. Students learned about our wastewater reuse treatment system and performed chemical analyses to assess the effectiveness of our systems.
- Our vascular site in Costa Rica partnered with Fundación TO, a nongovernmental organization that teaches prisoners how to build furniture and craft products. These are sold, providing money to support their families and to teach the inmates a usable trade. In addition, to mark World Earth Day in 2017, employees supported a local high school by sharing insights into good environmental practices and helping students with environmental science fair projects. Finally, site employees supported a local wildlife center by helping with cleaning and maintenance activities.
- More than 50 employees at our molecular diagnostics site in Des Plaines, Illinois, participated in a community outreach event with 15 staff members from the Des Plaines Park District. Activities involved planting five trees and more than 100 annual and perennial plants; spreading mulch, topsoil and sand to promote growth; and removing leaves, sticks, debris and other trash to improve growing conditions.
- To celebrate World Earth Day in April 2017, more than 200 employees at our nutrition site in Jiaxing, China, planted 350 trees that formed an EHS logo at the site. The site also encouraged employees to walk or take public transportation to reduce their carbon emissions. In November, EHS personnel called on employees to donate their old clothes and shoes for recycling. The team also organized 30 volunteers to clean up trash in the area outside the site.
- At our corporate headquarters in Lake County, Illinois, diagnostics manufacturing operations and Green Partners teamed up to sponsor initiatives that included the Reuse-a-Shoe and Electronic Waste Collection program and the removal of more than two acres of buckthorn, an invasive species crowding out natural growth. Green Partners is an active environmental volunteer group made up of Abbott employees throughout Lake County. Their vision is to increase environmental awareness at Abbott through education and event sponsorship and to encourage employees to make sustainable choices that benefit our company, home life and the environment.



# SUPPLY CHAIN EXCELLENCE

## IN THIS SECTION

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## ✓ 2017 HIGHLIGHTS

- We enhanced the procurement approach for managing our supply chain, which is designed to build sustainable long-term relationships with suppliers and take a holistic approach to quality and value while minimizing risk.
- We developed a more comprehensive approach to auditing our suppliers, including use of a real-time risk intelligence and supplier mapping tool to identify suppliers operating in at-risk countries and to inform our supplier engagement efforts.
- We increased spending with small and diverse businesses by 15 percent and successfully implemented a Supplier Diversity Tier 2 (Abbott's "supplier's suppliers") program to support their growth and sustainability beyond direct supplier relationships.



Abbott works with more than 70,000 suppliers in 115 countries, spending more than \$8.7 billion with our direct suppliers in 2017. Our supply chain is not just fundamental to our business success, it is also integral to our impact on society and the environment. In addition, several global trends drive expectations for greater visibility into our supply chain:

- Internal and external business stakeholders are demanding greater transparency in companies' supply chains and expecting them to take ownership of the risks.
- Global companies, including Abbott, are localizing their supply chains to reduce costs, which can result in increased supply chain complexity and risk exposure.
- Regulations and reporting requirements are multiplying globally and require companies to monitor and report what is happening in their supply chains.
- Multinational corporations increasingly are becoming educators and overseers of their own supply chains to reduce interruption from noncompliance or significant events.

Because of these trends, Abbott and other global companies are taking steps to increase visibility into their supply chains to guarantee risk management, business continuity, cost transparency and brand value.



## 115 COUNTRIES

We work with more than 70,000 suppliers in 115 countries.

Abbott is committed to ensuring that everything we make and others make for us is sourced and produced in an ethical manner while minimizing our shared sustainability impact. The way we manage our supplier relationships helps safeguard the quality of our products and ensure their positive impact on helping people live fuller, better lives. We proactively manage social risks in our supply chain to prevent abuse and exploitation and to protect human rights. We also work with suppliers to reduce our environmental footprint throughout the value chain. By striving for excellence in our supplier relationships, we seek to foster economic opportunity, shared value and sustainable market growth.

### SUPPLY CHAIN MANAGEMENT AND ABBOTT'S GLOBAL PROCUREMENT STRATEGY

1. We commit to protecting and elevating Abbott's reputation.
2. We focus on shared value.
3. Our goal is to enhance margin and elevate financial performance.
4. We work to expedite growth and drive innovation.
5. We will design a more flexible supply network.

Our supply chain management program is built on four key elements, which increases consistency and enables

innovative and strategic relationships with our suppliers:

1. **Focus:**
  - Driving performance through a relationship lens
  - Elevating the effectiveness of our supply community
  - Enabling success through alignment and consistency of approach
2. **Discipline:**
  - Achieving operating excellence to accelerate delivery
  - Managing contracts and defining negotiation outcomes
  - Strengthening talent and skills for future growth
3. **Creativity:**
  - Differentiating our thinking with category-specific strategies
  - Creating new solutions and approaches to unlock value
  - Accepting risk via a balance of return and certainty
4. **Community:**
  - Cultivating new relationships for market leadership positions
  - Building high-performance teams and supply base partnerships
  - Realizing shared potential via collaborative approaches

**PROTECT AND ELEVATE THE BRAND** 1

Ensure supply network that aligns with our brand

**CREATE SHARED VALUE RELATIONSHIP** 2

Conduct business with transparency and trust

**ENHANCE MARGIN AND ELEVATE FINANCIAL PERFORMANCE** 3

Optimize total cost, balancing risk with return and certainty

**EXPEDITE GROWTH AND INNOVATION** 4

Drive proprietary and exclusive opportunities

**DESIGN A FLEXIBLE, DYNAMIC SUPPLY NETWORK** 5

Drive service with value and quality without supply risk



**\$8.7B**

Abbott spent \$8.7 billion with direct suppliers in 2017.

We work to identify the overall value suppliers can provide, looking beyond price and focusing on overall value and potential to contribute to our business strategies. Throughout Abbott's categories of spend, teams are focused on driving value and supply continuity.

In terms of focus, Abbott endeavors to understand the capabilities of our supply base. As we shift our business model, expand into new geographies and launch new products, we aim to build transparent relationships with our suppliers to share our strategy in advance.

Discipline is about operational excellence. To be as efficient as possible, having one Abbott voice across businesses worldwide is necessary to ensure universal alignment and standardization.

Creativity touches on thinking differently and adding value to Abbott's portfolio of businesses. That is why our Procurement team is roughly 50 percent procurement professionals and 50 percent highly technical people. This mix lets us take a team approach and work with suppliers with different perspectives.

Our purchasing community spans geographies, organizations and structures, and we make it work without a centralized command and control structure.

We buy at different tiers of our supply base to find commonality across our diverse businesses and approach this in a community fashion to gain value collectively. Through this coordinated effort, we are developing a community of practice with elevated technical and procurement skills globally, with new tools, consistent processes and a broader expectation of how to integrate with suppliers.

### MANAGING SUSTAINABILITY THROUGHOUT OUR SUPPLY CHAIN

At Abbott, sustainability means taking advantage of our great heritage. Our company has a long history of helping people live better, longer and healthier lives. Each day, Abbott and our suppliers make decisions that impact our ability to provide quality healthcare products to our customers. This means working with and supporting suppliers by helping them understand and adhere to our high expectations in areas such as ethical behavior, business integrity, human rights, safeguarding the environment and fair competition. We also are committed to driving our suppliers to manage and reduce their sustainability-related impacts through contracts requiring them to uphold standards that align with our supply chain management and sustainability strategies.

Abbott's Supplier Guidelines outline the principles and expectations we set to establish strong business relationships and ensure our sustainability values are upheld in our purchasing processes. Similarly, they define the minimum standards our suppliers and their suppliers must maintain when conducting business with Abbott (including expectations for ethical behavior, business integrity and fair competition, human rights, privacy, labor rights and worker protection, animal welfare, environmental stewardship, and health and safety practices).

Suppliers are responsible for distributing, training and confirming compliance with these guidelines with their employees and their suppliers. Our Supplier Guidelines are published in multiple languages and are available to all suppliers, along with answers to frequently asked questions (FAQs) on the [Resources for Suppliers](#) section of our website. As part of our sourcing process, we include a copy of the guidelines and strive to obtain a signed copy with each proposal submission.

Abbott's Green Procurement Policy formalizes our supply chain approach to sustainability and provides guidance to incorporate sustainable sourcing principles into our purchasing process. It encourages Abbott teams to seek environmentally preferable and sustainable options for the goods we procure. We have embedded the principle of Environmentally Preferable Products in the policy, instructing our sourcing teams to promote, request and consider environmentally preferable choices while asking our suppliers to provide them as well.

In addition to our policy and guidelines, in 2017 we updated the Water Policy on Access to Clean Water to reinforce our desire to work with suppliers to ensure transparency in their water management practices and to embed sustainable water management principles into their operations and supply chains. To strengthen our awareness of water-related risks and opportunities in the supply chain, Abbott annually assesses our water resilience, along with supply chain risks associated with global water use.

Finally, we partner with several supply chain organizations, including the Manufacturers Alliance for Productivity and Innovation and the Institute for Supply Management, to stay abreast of leading standards and best practices.





## ABBOTT'S GREEN PROCUREMENT POLICY

Abbott's Green Procurement Policy is the cornerstone of Global Procurement's sourcing and supply chain practices.

### ENSURING SUPPLY CHAIN RESILIENCE AND MITIGATING RISK

Supply chain resilience involves thinking expansively and holistically about the operational factors that can expose Abbott's supply chain to sustainability-related risks and opportunities. Our supply chain is extremely complex, and we constantly strive to understand its risks and opportunities related to sustainability and other areas, such as cybersecurity. Further, each division faces unique risks and opportunities, and movement to a more localized supply base to improve cost and sourcing efficiencies has increased complexity. Therefore, Abbott is committed to better understanding our supply chain sustainability-related risk exposure and mitigating risks critical to operational excellence.

### SUPPLIER SELECTION AND RISK EVALUATION PROCESS

As part of our selection process, we assess many factors, including environmental, social and governance (ESG) factors; business capabilities and capacities; financial health; and strategic alignment with Abbott's vision. We monitor suppliers' compliance to our guidelines, evaluating them regularly to ensure they continuously meet our quality requirements and performance criteria. A subset of our Approved Supplier List classifies suppliers as high, medium or low, based on criticality and risk to customers.

Abbott's policies and procedures to evaluate the potential risks of new and existing suppliers, as well as overall supply chain resilience. About 40 percent of our suppliers provide goods and services with potential to directly impact the quality of our products, and we put increased focus on their performance. We manage supplier sustainability through a risk-based approach that considers product/service category, supplier location and spending, and we may ask high-risk suppliers to complete surveys or participate in on-site audits.

In 2016, Abbott's Supply Chain Council and Business Continuity Group began working together to identify critical suppliers across our four businesses, using a supplier classification model, and to map them with a real-time risk intelligence and supplier mapping tool. The tool tracks multiple categories of risk events across the world, including geopolitical, security, sustainability, environment and infrastructure, and automatically alerts key stakeholders to risks with potential to affect their supply chains. These same suppliers also were mapped against water stress, using the [World Resources Institute \(WRI\) Aqueduct Tool](#) to determine which suppliers had the greatest risk of water supply interruptions. (See p. 99 for more details.)

Environmental risk management is a key priority for our Supply Chain Council, which benchmarks the risk management processes for each Abbott division. The council's quarterly meetings provide an opportunity to share best practices on managing environmental impact within the supply chain.

In 2017, Abbott engaged with more than 500 goods and services suppliers related to sustainability performance, risk and opportunities. In addition, we identified more than 100 suppliers in geographies at high risk of losing manufacturing capacity due to natural disasters and prepared contingency plans for such catastrophic events.

### ENGAGING FOR SUPPLY CHAIN EXCELLENCE

#### Partnering Across Abbott for Employee Awareness

As part of the Partnering Across Abbott for Employee Awareness strategy, we are developing supplier partnerships that support Abbott's growth while strengthening local communities, sustainable innovation and the environment. Abbott Global Procurement and Global Environment, Health and Safety (GEHS) have piloted one-on-one customer-supplier relationships with three strategic suppliers.



#### PARTNERING ACROSS ABBOTT

More than 200 Abbott procurement professionals attended supply chain resilience training for our Global Procurement Strategy in October 2017.

#### Survey, Audit and Assessment

Our Supplier Social Responsibility (SSR) program uses a risk-based approach combined with a real-time risk intelligence and supplier mapping tool to identify which suppliers will be surveyed. Based on survey results, suppliers deemed as high risk may receive on-site audits. In addition, the mapping tool uses a sustainability index to identify potential supplier issues, along with the risk exposure index to determine risk hot spots.



Abbott contracts with a third party to conduct supplier audits based on the survey responses. In 2017, 20 suppliers underwent on-site third-party Workplace Conditions Assessment audits to ensure compliance with our social standards. We took mitigating action, where required, working with suppliers to close out any major audit observations.

The SSR survey questions and audits address:

- Safe working conditions.
- Dignified and respectful treatment of employees.
- Responsible manufacturing processes.
- Management systems.
- Ethical practices.
- Environmental management.



### SSR PROGRAM

In 2017, we asked 400 suppliers to respond to our SSR survey, with a response rate of 50 percent.

Abbott also participated in the CDP (formerly Carbon Disclosure Project) Supply Chain Program and performed waste vendor assessments to monitor environmental impacts of key suppliers. (For more [information about these programs](#), see p. 98.) In addition to our corporate programs, specific Abbott business units work to drive sustainability within their individual supply chains. (For information on how Abbott ensures [supplier quality compliance and audits](#), see p. 95.)

### Supplier Relationships

In 2017, Abbott Global Procurement and Environment, Health and Safety (EHS) piloted one-on-one customer-supplier relationships with three of our strategic suppliers. Two were selected through their relationships with our nutrition division's Supplier Relationship Management (SRM) team; the third was a third-party manufacturer for our medical devices and diagnostics businesses.

Through these relationships, we identified opportunities to work together to enhance the suppliers' sustainability programs. Among such opportunities were information and best-practice sharing for sustainability-related programming and initiatives, as well as exploring collaborative projects to improve product sustainability. Considerations included product sourcing and manufacturing, alternative (more sustainable) products and product take-back at end of life.

As a follow-up to the CDP Supply Chain survey, one-on-one meetings also were held with two of our shipping suppliers, where they shared information about their programs and identified opportunities for collaboration.

These supplier engagements clarified that one-on-one supplier-customer relationships can be valuable to participating companies for three purposes: mentoring to grow the potential and quality of a supplier; ensuring sustainability and ethical procurement of goods and services; and identifying and exploring additional opportunities, such as reduced costs, improved efficiencies and/or reduced environmental footprint of Abbott products. We will continue to foster relationships like these in 2018.

### PRODUCT STEWARDSHIP

Abbott's Product Stewardship program is a critical management strategy that helps minimize the health, safety and environmental and social impacts of our products and packaging throughout all life cycle stages. Product Stewardship is a program that tracks and addresses regulations regarding restricted chemicals used in manufacturing processes or products. Through this program, we ensure that all Abbott products are marketed and sold in compliance with regulations at a product's inception and proceeding through a product's life cycle.

Abbott has a robust Product Stewardship process for identifying, tracking and documenting business impacts. A software application is available to all businesses and contains a synopsis and link to each emerging regulation. It also allows for actions or information requests to be sent to our team leads. Team leads can respond through the application to indicate if they are impacted and to share what, if any, actions they are taking. Information is stored and accessible to all businesses and may be reviewed as the regulation moves through enactment. This allows our businesses to better communicate and share information across sites and product lines.

### CONFLICT MINERALS

Abbott has a defined due-diligence structure and process to understand the use and sources of tantalum, tin, tungsten and gold (3TGs) in our products and across our global supply chain. We annually file a Form SD and Conflict Minerals Report with the U.S. Securities and Exchange Commission in compliance with the Dodd-Frank Act. Our Product Stewardship team uses the standardized Conflict Minerals Reporting Template from the Responsible Mineral Initiative to query our suppliers on this issue. In 2016, Abbott launched an automated Conflict Minerals analysis tool, providing consistent and accurate assessment capabilities to our businesses.



## TRAINING AND EDUCATION

Abbott works to educate our internal and external stakeholders to enhance awareness and compliance with our product stewardship programming and requirements. We offer product stewardship training to the various organizations within Abbott that contribute to our Product Stewardship program, including Research and Development, Supply Chain, Procurement and EHS personnel. These trainings help to ensure that our products comply with all relevant regulations, as well as to our own high quality standards.

## SOCIAL IMPACTS IN THE SUPPLY CHAIN

Abbott requires suppliers to adhere to our Supplier Social Responsibility (SSR) Policy, which aligns with our global sustainability strategy. We manage compliance and third-party risk and improve supplier sustainability with these standards through our SSR program and through our contracting process.

For example, some of Abbott's suppliers go the extra mile and exceed expectations by maintaining comprehensive corporate social responsibility programs of their own. One full-service promotional product distributor, which supplies Abbott with promotional and branded marketing materials, ensures every Abbott-branded product is manufactured following internationally recognized, independently verified, environmental and fair labor practices. This vendor only works with top-tier suppliers that have completed a product safety dossier with documentation on product testing and certification, product liability insurance, and an indemnification agreement. With a supply chain of more than 3,000 domestic and international vendors, the supplier combines six decades of global sourcing experience with an international network of manufacturers and logistics resources, offering us safe, creative and cost-effective promotional solutions.

### WORKING WITH OUR SUPPLIERS TO MAKE A POSITIVE IMPACT

Abbott is working with one of our promotional product distributors to ensure Abbott Tier 2 suppliers meet our SSR standards. The process starts with initial sourcing, which includes having each distributor's suppliers sign off on a Commitment to Ethical and Responsible Conduct. The suppliers also must complete a product integrity agreement that is the most stringent in the promotional industry. If suppliers do not complete the form, our distributor re-sources the requested product.

Approximately 8 percent of our promotional product distributors' spending is direct to Asia, and this is anticipated to increase to 15 percent in 2018. A third-party auditing firm audits potential manufacturers before our distributors use them and also performs in-line product integrity testing. Each distributor sends key members of its sourcing team to China twice a year to personally audit manufacturers and to observe the working conditions of those who make products for our customers. After every visit, a recap with photos and videos of the manufacturer is archived. When a distributor identifies areas of concern, that distributor shares a corrective action plan with each manufacturer and follows up to ensure compliance.

## ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Like Abbott, our suppliers' operations are affected by and contribute to environmental issues, such as climate change, greenhouse gas emissions, waste generation and natural resource availability. Understanding these environmental impacts, risks and opportunities is key to ensuring a sustainable and resilient supply chain. To achieve this for Abbott and our suppliers, we actively evaluate and engage to implement environmental initiatives and safeguard environmental responsibility throughout our supply chain.

Key supply chain initiatives include:

- Assessing supply chain-related carbon emissions and engaging with key suppliers.
- Evaluating critical suppliers operating in water-stressed areas.
- Engaging suppliers to reduce their environmental impacts.
- Regularly assessing our waste vendors to make sure their waste management meets Abbott standards.

We also partner with suppliers to ensure Abbott is a responsible producer and to mitigate the environmental impact of our operations, products and packaging. (See p. 87 in the [Producer Responsibility](#) section for examples.)

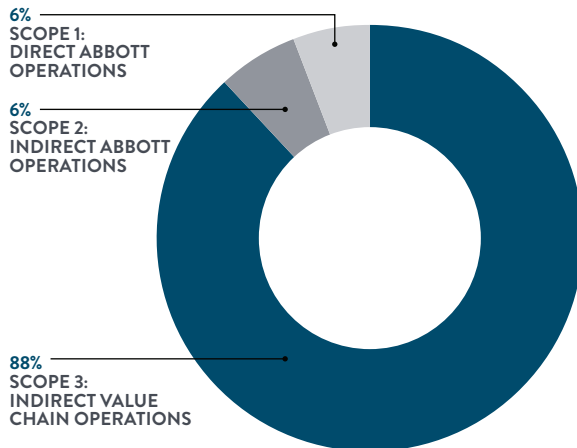


**MEASURING SUPPLY CHAIN EMISSIONS**

Abbott is committed to working across our global value chain to reduce emissions and to encourage our suppliers, distributors and other stakeholders to manage and reduce their impact. We assess and quantify Abbott’s Scope 3 emissions to identify areas where we may be able to influence emissions in our value chain, such as those associated with purchased goods and services, transportation and distribution, commercial business travel, waste management, and product consumption. (For more information on our [Scope 3 emissions and calculations](#), see p. 81.) Understanding and managing these emissions is a priority for Abbott. In 2017, the amount of carbon emissions resulting from the supply, distribution and use of our products made up 88 percent of Abbott’s carbon footprint, with the other 22 percent resulting from our direct operations and energy consumption.

**CARBON FOOTPRINT**

Abbott’s Scope 3 emissions make up 88 percent of our carbon footprint. These emissions are associated with the sourcing and distribution of our products, as well as the consumption and disposal of our products.



Abbott joined the CDP (formerly the Carbon Disclosure Project) Supply Chain Program in 2013 and has been an active member for the past five years. Each year, as part of this program, we invite key suppliers (identified through spending and strategic categories) to complete the CDP Supply Chain questionnaire. In 2017, Abbott used the CDP Supply Chain Program to survey 261 suppliers about their environmental practices and performance. The response rate was 62 percent, 3 percent higher than the previous year.

Headline findings from this survey indicated the following trends among our key suppliers:

- 63 percent reported emission reduction activities, and 45 percent had carbon emission targets.
- 76 percent reported climate-related risks, and 67 percent identified increased operating costs related to these risks.
- 37 percent engaged with their suppliers regarding sustainability.

To help our suppliers identify more actions to reduce carbon emissions, Abbott joined the CDP Action Exchange in 2015 to facilitate collaboration on reducing emissions, decreasing costs and driving operational efficiencies. Suppliers that have participated in the CDP Action Exchange report say they have benefited from:

- Learning about peer best practices and emission reduction projects with the shortest payback.
- Connecting with experts in energy efficiency.
- Demonstrating leadership in climate change mitigation.

**Reducing Transportation Emissions**

Abbott’s Global Procurement Logistics team actively identifies opportunities to improve our transportation efficiencies year over year. The CDP Supply Chain Program provides an annual framework for gathering performance data from transportation providers and working with them to reduce our carbon footprint. In 2017, 58 transportation suppliers responded to the survey, offering Abbott greater insight into our Scope 3 carbon emissions related to transportation and distribution activities.

2017 initiatives included the following:

- Abbott implemented a program to use more rail transportation, which is twice as efficient in fuel consumption per mile as truckload shipping. Our nutrition business currently utilizes rail transportation for about 7 percent of eligible shipments. In 2017, an analysis by our nutrition business transportation group found that, through partnership with 78 trucking suppliers and switching to rail transportation, Abbott could save an estimated 8,800 gallons of diesel fuel. Abbott has committed to analyzing rail transportation offerings in all eligible parts of its U.S. network to reduce fuel consumption, and air and carbon emissions.
- We increased Abbott’s supplier standard from 6 miles per gallon to 6.5 miles per gallon, a change projected to reduce diesel fuel consumption by about 500,000 gallons in 2018.
- To reduce delivery stops for small-parcel deliveries in the United States, we engaged a supplier that uses the U.S. Postal Service to handle the final mile of deliveries. This decreases the number of vehicle miles traveled, along with associated environmental impacts, since supplier trucks no longer need to complete residential deliveries. Abbott’s shipments using this method increased by 40 percent year over year in 2017.





- To eliminate a significant overlap in customer bases, Abbott aligned to use the same small-parcel shipper for both our vascular and neuromodulation businesses. This enables shipments to be consolidated at a distribution center and delivered with a single truck, decreasing miles traveled, stops made and fuel consumed.

#### TRANSPORTATION SUPPLIERS REDUCING THEIR ENVIRONMENTAL FOOTPRINT

Several of Abbott's transportation suppliers are actively working to reduce their environmental footprint. For example, one of our largest suppliers has designed its distribution facilities to reduce water and energy consumption. In these spaces alone, the supplier has saved an average of 4 million kilowatt-hours and 40 thousand gallons of water over the past year.

#### WASTE VENDOR ASSESSMENTS

Our waste management efforts extend beyond our own operations and require partnership with our material suppliers, as well as our waste disposal vendors. These efforts include working with our material suppliers to reduce packaging waste and to identify alternative materials that are more easily reused or recycled. It also involves working with our waste vendors to ensure that the most efficient and responsible disposal techniques are employed in the management of our waste, both on and off site. (For more information about our [waste management program](#), see p. 88.)

Abbott seeks to partner with waste vendors with the appropriate level of expertise and knowledge to allow for responsible and efficient waste management and processing. Waste management firms are evaluated through Abbott's Waste Vendor Assessment program, which includes periodic on-site evaluations and reviews. These assessments ensure that only appropriately qualified and responsible vendors are permitted to

manage Abbott's waste. Waste Vendor Assessments are completed every five years, on average, depending on level of risk identified. In 2017, 18 percent of our waste vendors were assessed through this program, and 48 percent have been audited within the past three years.



#### WASTE MANAGEMENT

Abbott seeks to partner with waste vendors with the appropriate level of expertise and knowledge to allow for responsible and efficient waste management and processing.

#### CRITICAL SUPPLIERS OPERATING IN WATER-STRESSED AREAS

**Critical suppliers identified as high risk** (see p. 95) are mapped against water stress, using the World Resources Institute (WRI) Aqueduct Tool, to determine those with the greatest risk of water supply interruptions, such as extreme weather events and water scarcity, which could adversely impact our supply chain. In 2017, about half of our critical suppliers were identified as operating in areas of high and extremely high baseline water stress.

#### STRENGTHENING LOCAL SUPPLY CHAINS

India is the world's largest producer of milk, and more than 70 million families in rural India depend on dairy farming as a source of income. Despite dairy farming being a well-established industry, many dairy farmers continue to be marginalized. They are often held back by middlemen taking a significant portion of their earnings, by a lack of the technology and methods to produce higher quality milk for a better price, and by a limited knowledge of the organized dairy sector in which companies like Abbott participate. Furthermore, women are often excluded from decision making, despite playing a significant role in dairying work.

#### A UNIQUE PARTNERSHIP TO BUILD A SUSTAINABLE LOCAL SUPPLY CHAIN

In 2014, Abbott opened a new state-of-the-art manufacturing facility for nutrition products in Jhagadia, Gujarat, India. However, we were having difficulty sourcing high-quality milk that we needed to meet our strict quality standards. Working with Prabhat, a local dairy supplier with long-standing experience, and TechnoServe, a nonprofit organization working in the developing world to help farmers build sustainable businesses, we developed a quality-focused demonstration model. The model strengthens Abbott's local dairy supply chain and empowers smallholder farmers to produce increased volumes of higher-quality milk, which can help them build their small dairy-farming businesses and communities.

To advance the initiative, each partner applies its unique and complementary expertise and resources. Prabhat Dairy Limited demonstrates the new model to farmers and replicates the program across the region, while TechnoServe delivers trainings on animal care, finance and women's empowerment, also measuring and analyzing program results. Abbott contributes by sharing its modern dairy, engineering, nutrition and business expertise, and investment.

Chilling milk within hours of milking cows reduces the chances of spoilage, but rapid chilling requires refrigeration and an uninterrupted power supply, which aren't always available in rural India. Through this program, we began building critical infrastructure, including 10 new bulk milk chiller facilities in local communities, to provide safe and reliable cold storage for high-quality milk.





Before Prabhat began collecting milk from these facilities, our program delivered robust training on the basics of ensuring high-quality milk. After collection began, we expanded training to include topics on technical dairying skills, animal feed and care, farm management, and the business of dairying. We run trainings specifically for women farmers as well.

We established transparent pricing mechanisms for the farmers' milk that clearly demonstrate the link between quality and price. The program also further incentivizes farmers to deliver contaminant-free milk, with Prabhat paying an additional premium that is unique in the region. The confidence that higher quality will result in higher prices builds trust among farmers and provides an incentive for them to further strengthen their approach.

To date, our program has directly reached more than 1,500 smallholder dairy farmers, half of whom are women, in Maharashtra, the state neighboring Gujarat.

### MEASURING OUR IMPACT AND EXPANDING OUR APPROACH

Our goal was to create a sustainable innovative approach for working with small family farms to modernize the dairy industry in rural communities. Throughout the first pilot demonstration, we measured and analyzed outcomes and impacts to create a proven model that could be expanded to other communities. In the first year, farmers were able to nearly double the amount of milk production compared to nonparticipating farmers, and the quality of milk was higher. Based on this success, Prabhat is committed to expanding this model to 200 additional villages in the region over three years. This will give more smallholder farmers access to a trusted and transparent market and the skills and infrastructure they need to supply it. Abbott is working closely with Prabhat to pursue this strategy to ensure a common approach while generating a positive impact in our communities.



### MILK PRODUCTION NEARLY DOUBLED

In the first year of the new quality-focused dairy program in Gujarat, farmers were able to nearly double the amount of production, and the quality of milk was higher.

### SHARING KNOWLEDGE AND SAFEGUARDING OUR NUTRITION SUPPLY CHAIN

Around the world, Abbott is working with our dairy suppliers to adopt animal welfare standards. In 2017, we launched a dairy animal welfare program to raise awareness of the benefits of dairy farming using recognized animal welfare standards. In some geographies, Abbott is supporting our local dairy suppliers with education and training on key animal welfare principles. Our goal is to see our suppliers show commitment to progress on animal welfare, including a commitment to ensuring farmers adopt good practices.

### SUPPLIER DIVERSITY

Abbott strongly supports diversity within our supply base. Our Supplier Diversity Governance Council takes the lead in guiding our organization toward a more diverse and sustainable supply chain. Abbott operates a Supplier Diversity Program underpinned by our Supplier Diversity policy. This ensures equal opportunities for businesses that are either small or majority-owned and operated by a woman; a member of an ethnic minority; a veteran; a lesbian, gay, bisexual or transgender person, or someone with a disability. This program aligns with Abbott's strong track record of diversity and inclusion and is designed to guarantee opportunities are available to groups traditionally under-represented in business.

We believe diversity in our supply base is essential to our ability to compete. Our procurement approach helps ensure that we collaborate with diverse groups that reflect the communities we serve. Diversity brings new perspectives to the table, as we work to develop collaborative and innovative solutions for our business.

Abbott focuses on engaging diverse businesses, fairly and fully assessing the value they can provide, and ensuring we award our business to the right suppliers. To foster this program, we have supplier diversity champions in every Abbott business and major category of spend. Our champions' role is to oversee, monitor and track diverse spending within their respective businesses.

To drive innovation for procurement and supplier diversity, we partnered with a Chicago, Illinois-based diverse company that launched a cutting-edge application to help buyers easily rate, review and score our suppliers. The application uses artificial intelligence to tell us how our diverse suppliers are performing, which are performing the best in each category and how they rank against their peers. These data assist us in driving supplier performance, provide a data-driven approach to expanding business with the highest rated suppliers, add analytics to supplier business reviews and give insight prior to contract renewals.

In 2017, Abbott spent \$1.29 billion with diverse suppliers. This represents 11 percent of total spending in our supply chain and 19 percent of our North America spending. Our Supplier Diversity Governance Council takes the lead in guiding our organization toward a more diverse and sustainable supply chain. Our 2018 supplier diversity goal is to expand spend with small, diverse suppliers by at least 3 percent.



During 2017, we continued to increase our engagement with advocacy organizations, and Abbott had representation on the board of the National Minority Supplier Development Council. Our chief procurement officer committed to leading the Strategic Sourcing Executives Leadership Committee of the Diverse Manufacturing Supply Chain Alliance (DMSCA) to help grow the DMSCA, as well as the Corporate Mentoring Program.

In addition, Abbott's Supplier Diversity Program was recognized as one of the top programs by multiple organizations, including the Hispanic Network, Veterans Best of the Best and Top 25 Women in Power Impacting Diversity. Our work with diverse suppliers like these helps Abbott and our partners succeed.

## SUPPLY CHAIN CONTINUITY THROUGH NATURAL DISASTERS

In 2017, a number of unusually severe natural disasters occurred, several of which affected Abbott's global supply chain. Fortunately, our Executive Crisis Management Team (ECMT) is prepared to respond rapidly in times of crisis.

### RESPONDING TO CALIFORNIA'S WILDFIRES

When fires in northern California directly impacted Abbott's manufacturing facilities in Fairfield and Santa Rosa, Abbott's crisis management team took action, prioritizing employees' health and safety. To help alleviate air quality concerns caused by smoke from the fires, the ECMT requested delivery of disposable N-95 masks, which prevent inhalation of smoke and particulates.

Abbott Global Procurement partnered with our integrated facilities management company to locate and deliver materials to local contacts at each site; but this was not without its challenges. First, masks were in short supply because of the many fires in the region. Second, delivery to the Santa Rosa site was very challenging, due to road closures and evacuation of the surrounding areas.

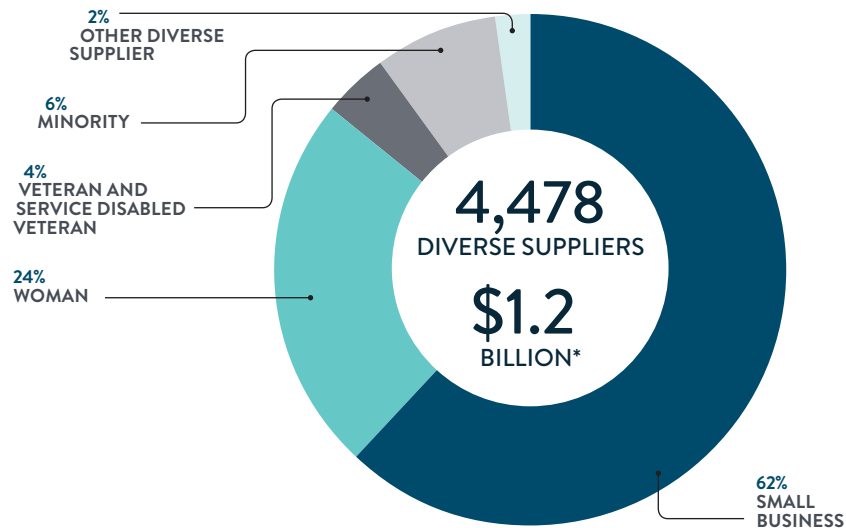
Through a coordinated effort, the ECMT was able to ensure delivery of approximately 200 boxes of masks to Abbott employees and their families. The ECMT also sent 20 HPA300 small office air purifiers to the Santa Rosa location to improve air quality in the facility.

### HURRICANE IRMA RELIEF IN PUERTO RICO

Abbott has facilities in Caguas, Barceloneta, San Juan and Arecibo, Puerto Rico. Hurricane Irma affected many of these locations and left more than 1 million residents without power.

## DIVERSE SUPPLIERS

Abbott worked with 4,478 small and diverse suppliers and increased our spend with them by 15 percent in 2017.



\*Includes St. Jude acquisition



While power was restored to Abbott sites relatively quickly, much of the island remained without power and clean drinking water for weeks. The ECMT delivered essential supplies, such as bottled water, water purification tablets, batteries, bug spray and sanitizer. In addition, Abbott arranged to ship almost 600 power generators from the continental United States to Puerto Rico to help employees and their families during the outage.

In a global team effort, Abbott Global Procurement coordinated with multiple groups to deliver supplies. Our integrated facilities management company helped procure large quantities of supplies not readily available from most suppliers, and Global Procurement directly obtained generators, working with our nutrition logistics team to transport generators and supplies.

In addition to the community support provided by the Abbott Fund, we directly provided our employees with a total of 585 generators, 18,200 water tablets, 1,500 batteries, 5,500 bottles of sanitizer, 5,400 cans of bug spray and 430,000 bottles of water.



# RESILIENCE IN THE FACE OF DISASTER

In the wake of back-to-back natural disasters in late 2017, Abbott employees across the company demonstrated our commitment and continued ability to meet vital healthcare needs in communities around the globe at the moments when it matters most.



**\$4.25 MILLION**  
provided in relief funding and products\*



## CALIFORNIA

Wildfires in northern California directly impacted our manufacturing facilities in Fairfield and Santa Rosa. Fairfield site management, security, and Environmental, Health and Safety staff developed a live tracking map with Google Maps™ to monitor the safety of employees and their homes. Respiratory masks and other support were also delivered.



## PUERTO RICO

After back-to-back hurricanes left more than 1 million residents without power, Global Engineering Services worked with local employees to get our sites running within four weeks. Global Procurement helped deliver more than 1 million units of water, water tablets, batteries, sanitizer bottles, bug spray and nearly 600 generators.



## MEXICO

Employees at our Tlalpan, Mexico, site participated in an earthquake drill just days before a 7.1 earthquake hit on September 19, 2017. Almost immediately after the earthquake, a team of engineers and consultants arrived to ensure employee safety and to assess damages. The team certified that operations could continue and oversaw maintenance.

\*Provided by Abbott and the Abbott Fund





# TRANSPARENCY AND REPORTING

## IN THIS SECTION

### 105 SCOPE OF REPORTING ▶

Our sustainability reporting focuses on our most material impacts and speaks to a range of stakeholders.

### 105 FEEDBACK ON OUR REPORTING ▶

We draw upon many external resources in refining our citizenship strategy.

### 105 TRANSPARENCY ON POLICIES ▶

We strive for transparency by providing information on policies and standards applicable to each of our priority areas.

### 106 EXTERNAL ASSURANCE ▶

Abbott engaged an independent assurance provider to conduct assurance of key 2017 environmental and safety data.

### 106 AWARDS AND RECOGNITION ▶

Abbott has been recognized around the world for our comprehensive approach to sustainability.

### 107 METRICS ▶

We report key financial, social and environmental metrics in this report.

Our sustainability reporting is guided by our materiality assessment, which identifies the most significant factors for our business. Our reporting addresses the interests of a range of stakeholders, including consumers, customers, patients, healthcare professionals, employees, and government and regulatory bodies, as well as investors, special interest groups, nongovernmental organizations (NGOs) and opinion leaders.





## #1 IN HEALTHCARE

The Dow Jones Sustainability Index named us the Global Industry Leader for the fifth consecutive year in 2017. This is the 13th consecutive year that Abbott has been included on both the North America Index and the World Index.

We have been reporting on aspects of our sustainability activities since the early 1970s, when our first reports focused on our environmental impacts. In 2000, we issued our first citizenship report. Our reporting focuses on the most significant impacts of our business and aims to address a number of key issues important to a range of stakeholders. These stakeholders include consumers, customers, patients, employees, government and regulatory bodies, investors, special interest groups, NGOs, and opinion leaders in the areas of responsible, sustainable and inclusive business. In addition to a global report, we also have produced sustainability reports in key markets, most recently in India, Russia, Vietnam and Ireland. Our [country reports](#) are available on our website.

## SCOPE OF REPORTING

- All financial information is stated in U.S. dollars.
- All data in this report reflects Abbott's activities, with a focus on 2017 results. The report does not include the sustainability activities of Alere Inc., as the acquisition was completed on October 3, 2017. We will incorporate Alere Inc. in future sustainability reports.
- Neither this report nor our website contains performance information about our joint ventures, unless otherwise noted.
- Select information and data calculations from prior years have been adjusted to reflect the company's separation from AbbVie in January 2013.
- The Abbott Fund is an Illinois not-for-profit philanthropic corporation established by Abbott in 1951.
- Our Global Sustainability Report for 2018 will be published in the second quarter of 2019.

## FEEDBACK ON OUR REPORTING

We draw upon many external sources of expertise to develop and execute our sustainability strategy. These external experts also guide our engagements with key stakeholders, the development of our citizenship website and the production of this sustainability report. They include Corporate Citizenship, Business for Social Responsibility, the Corporate Social Responsibility Initiative at the Harvard Kennedy School and The Conference Board. We gratefully acknowledge their input. Our engagement with these groups better informs our approach to reporting. It also keeps us abreast of stakeholder expectations and helps us to identify areas of opportunity for strengthening stakeholder engagement.

We also refer to external standards on reporting, such as the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

## TRANSPARENCY ON POLICIES

We provide information on the policies and standards that guide our business decisions, ethical conduct and commitment to the environment. Our policies always seek to meet or exceed the national and international standards in the countries where we operate.

Details of the following critical policies can be found on our website:

- Code of Business Conduct
- Supplier Guidelines
- Position Statement on Conflict Minerals
- Environmental Policy
- Energy Policy
- Water Policy
- Green Procurement Policy
- Global Environment, Health and Safety Policy
- Environmental and Safety Assurance Statement
- Anti-Corruption Training Guide for Companies Doing Business with Abbott
- Clinical Trials Registration and Results Disclosures
- Financial Reports for Healthcare-Related Organizations
- Stakeholder Engagement Policy
- Position Statement on Tax
- Commitment to Cybersecurity
- Position Statement on Human Rights
- Commitment to Responsible Marketing of Infant Formula and Breast Milk Substitutes
- Global Animal Welfare Policy



## EXTERNAL ASSURANCE

Abbott engaged an independent assurance provider, Bureau Veritas, to conduct assurance of selected 2017 environmental and safety data. The policy section of our website includes a PDF of the [Bureau Veritas Assurance Statement](#).

## AWARDS AND RECOGNITION

Abbott has been recognized around the world for our comprehensive approach to sustainability across a number of different dimensions:

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The Dow Jones Sustainability Index named us the Global Industry Leader for the fifth consecutive year in 2017. This is the 13th consecutive year that Abbott has been included on both the North America Index and the World Index. Abbott is the only U.S.-based company among 2017's 24 Global Industry Leaders group.

In 2017, we achieved a B on our CDP (formerly the Carbon Disclosure Project) Climate Change score and an A- for our CDP Water score.

### INDUSTRY LEADERSHIP

Our Chairman and CEO, Miles D. White, was named in the Barron's World-Best CEOs in 2017 for the ninth consecutive year.

*Fortune* recognized Abbott as the 2017 top medical products and equipment company on its Most Admired Companies list, for the fifth consecutive year. We were also recognized as an industry leader in social responsibility.

We were included on the Clarivate 2017 Top 100 Global Innovators list for the fourth consecutive year.

## BEST PLACE TO WORK

For the 14th year, the journal *Science* recognized Abbott on its Top Employers list.

Abbott was named 2017 Medtech Company of the Year by *Medical Device and Diagnostic Industry* magazine.



## MOST ADMIRABLE COMPANY

In 2017, Abbott was recognized as the top medical products and equipment company on *Fortune's* Most Admired Companies list for the fifth consecutive year.



# METRICS

## IN THIS SECTION

- 108 [FINANCIAL](#) ▶
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- 114 [DETAILED ENVIRONMENTAL PERFORMANCE](#) ▶
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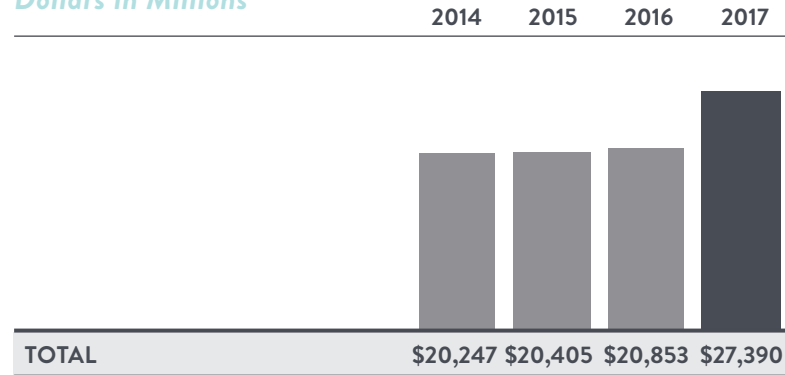
The charts and tables on the following pages spotlight our key financial, social and environmental metrics for 2017.



## KEY METRICS – FINANCIAL

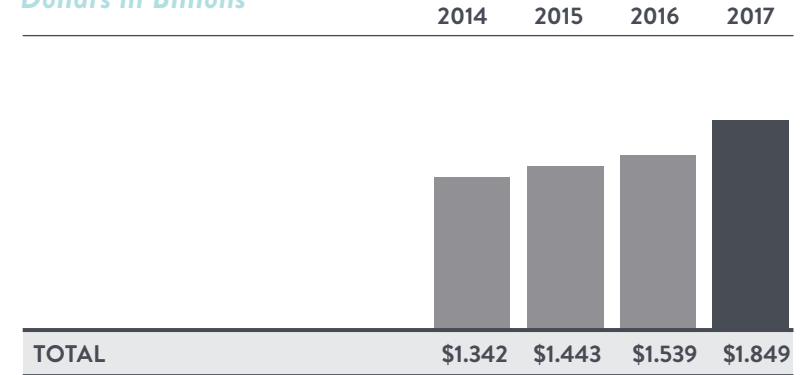
### SALES WORLDWIDE

*Dollars in Millions*



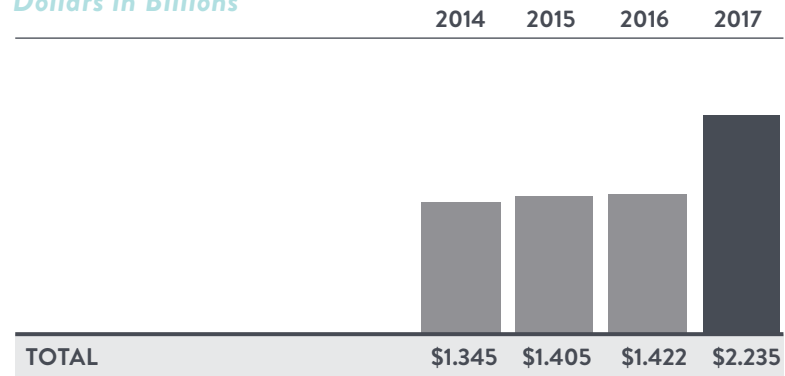
### DIVIDENDS PAID

*Dollars in Billions*



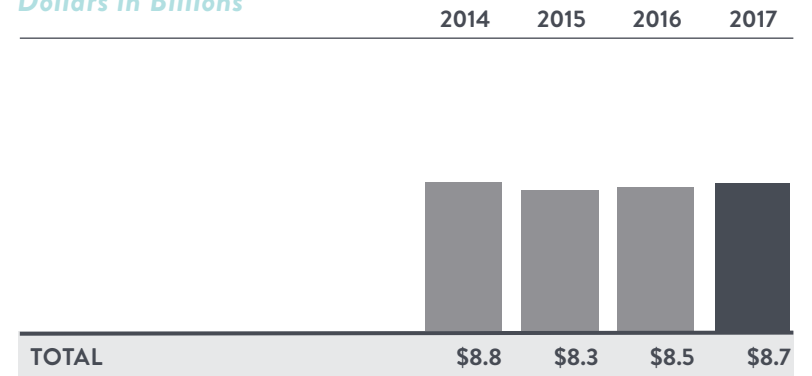
### R&D INVESTMENT

*Dollars in Billions*



### SPEND ON DIRECT SUPPLIERS

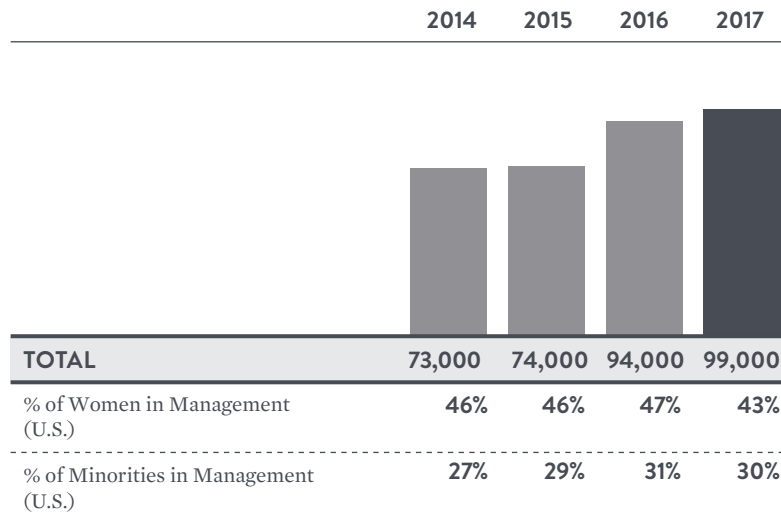
*Dollars in Billions*



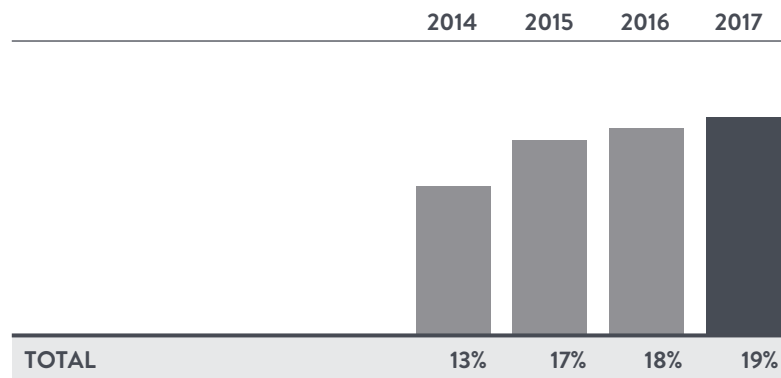


## KEY METRICS – SOCIAL

### EMPLOYEES

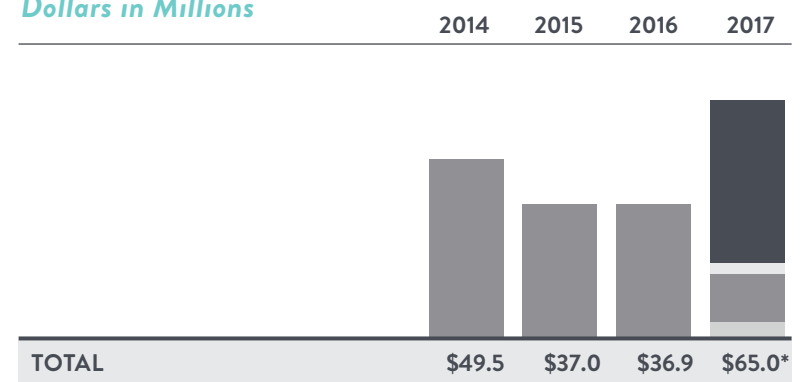


### U.S. SUPPLIER DIVERSITY *Percentage of Direct U.S. Spend*



### SOCIAL INVESTING

*Dollars in Millions*

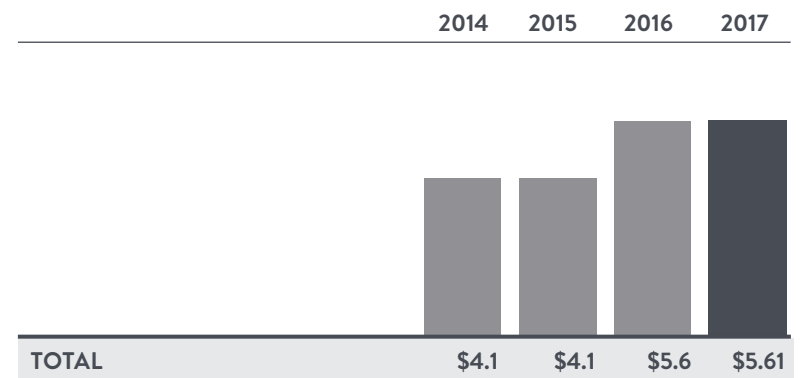


\*2017 Social Investing breakdown:

- Cash contributions: \$44.3 million
- Time; employee volunteering: \$3 million
- In-kind giving; product or service donations: \$13.4 million
- Management overheads: \$4.3 million

### U.S. EMPLOYEE GIVING CAMPAIGN RESULTS

*Dollars in Millions*

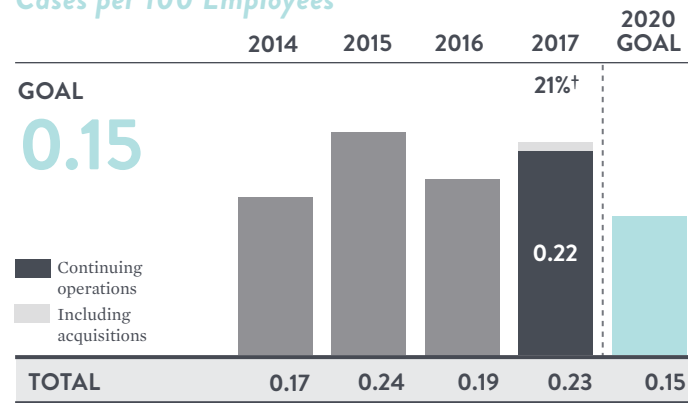






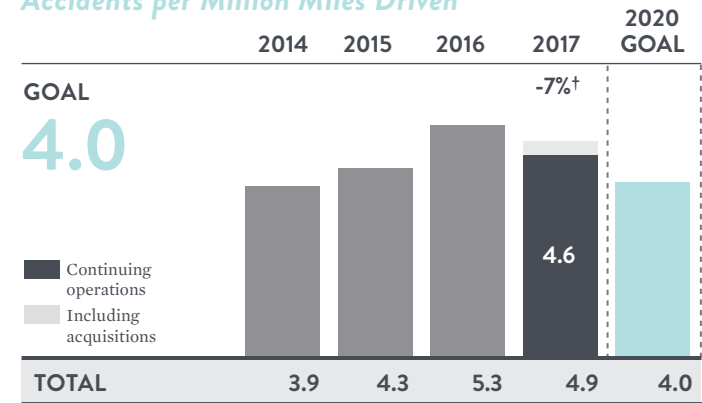
### LOST-TIME CASE RATE

Cases per 100 Employees\*



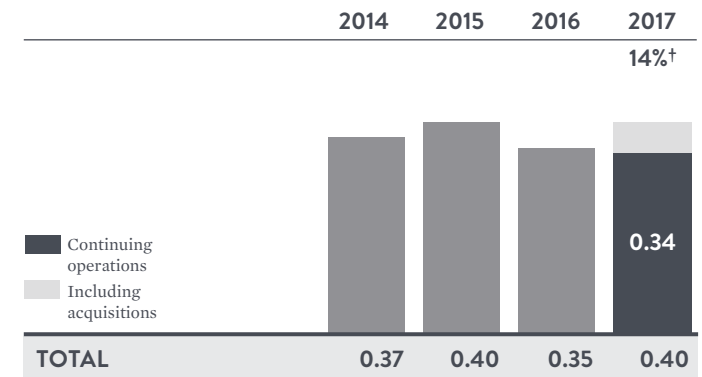
### GLOBAL VEHICLE ACCIDENT RATE

Accidents per Million Miles Driven



### RECORDABLE INJURY OR ILLNESS INCIDENT RATE

Incidents per 100 Employees\*



\*Annual incident rates are calculated per 100 employees, assuming the average employee works 40 hours per week and 50 weeks per year. This is equivalent to 200,000 hours worked.

†% change from 2016 to 2017, including acquisitions



## KEY METRICS – ENVIRONMENTAL

### SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS – ABSOLUTE 1,000 Metric Tons

	2010*	2014	2015	2016	2017
<b>TOTAL (Scope 1 and Scope 2) CO<sub>2</sub>e Emissions<sup>(1)</sup></b>	1,227	1,117	1,078	1,068	1,034 <sup>-3.22%†</sup>
Purchased Fuels (Scope 1) CO <sub>2</sub> e Emissions <sup>(2)</sup>	552	509	503	510	521
Refrigerant (Scope 1) CO <sub>2</sub> e Emissions <sup>(3)</sup>	9	10	11	14	10
Total Direct (Scope 1) CO <sub>2</sub> e Emissions	561	518	514	524	531
Total Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions <sup>(4)</sup>	667	599	564	544	503
Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions <sup>(4)</sup> Utilizing Market-Based Method <sup>(5)</sup>	667	599	600	574	465
Total (Scope 1 and Scope 2) CO <sub>2</sub> e Emissions Utilizing Market-Based Method <sup>(5)</sup>	1,227	1,117	1,114	1,098	995

\*Baseline year  
 †% change from 2016 to 2017  
 ‡% change from 2010 (goal)

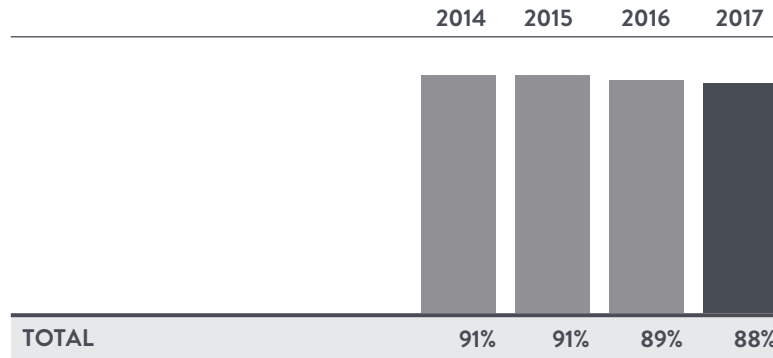
### SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS – NORMALIZED BY SALES Metric Tons per \$ Million Sales

	2010*	2014	2015	2016	2017	2020 GOAL
<b>TOTAL (Scope 1 and Scope 2) CO<sub>2</sub>e Emissions<sup>(1)</sup></b>	57	44	43	42	39 <sup>-7.49%†</sup>	34 <sup>-40%‡</sup>
Direct (Scope 1) CO <sub>2</sub> e Emissions <sup>(2)</sup>	26	20	21	20	20	
Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions <sup>(4)</sup>	31	24	23	21	19	
Purchased Energy (Scope 2) CO <sub>2</sub> e Emissions <sup>(4)</sup> Utilizing Market-Based Method <sup>(5)</sup>	31	24	24	22	17	
Total (Scope 1 and Scope 2) CO <sub>2</sub> e Emissions Utilizing Market-Based Method <sup>(5)</sup>	57	44	45	43	37	34



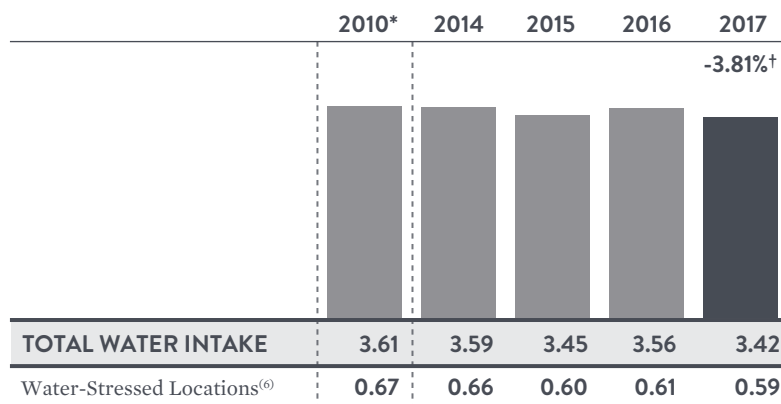
### SCOPE 3 CO<sub>2</sub>e EMISSIONS

Percentage of Total Emissions



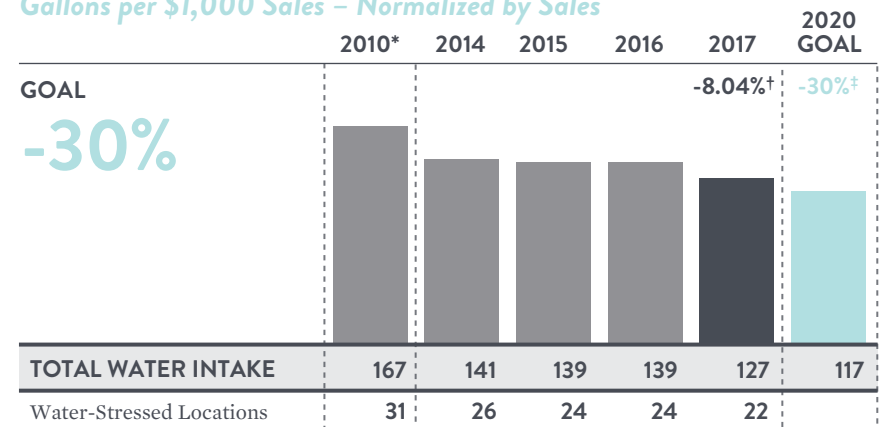
### WATER INTAKE

Billion Gallons



### WATER INTAKE

Gallons per \$1,000 Sales – Normalized by Sales

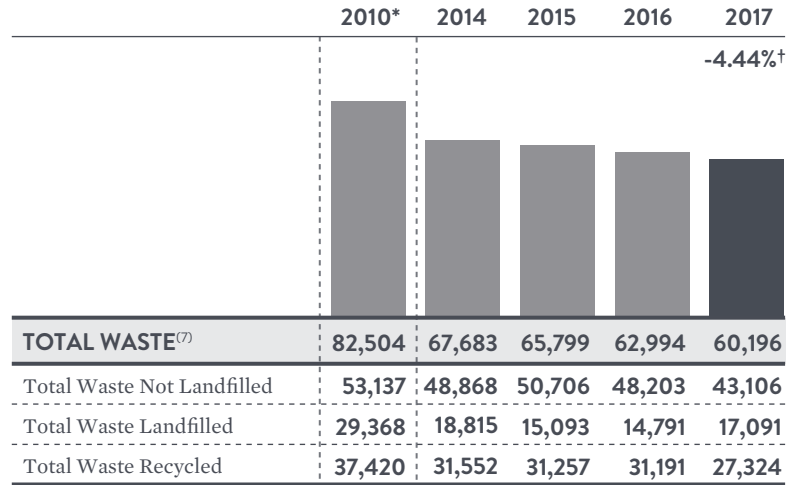


\*Baseline year  
<sup>†</sup>% change from 2016 to 2017  
<sup>‡</sup>% change from 2010 (goal)



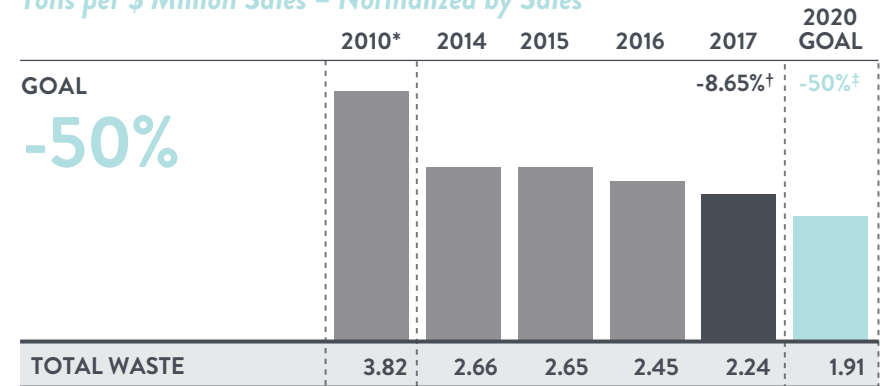
### TOTAL WASTE

Tons



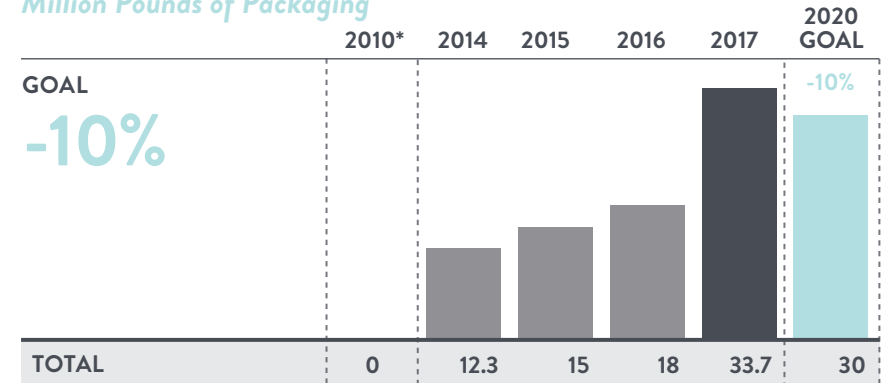
### TOTAL WASTE

Tons per \$ Million Sales – Normalized by Sales



### PACKAGING REDUCTION

Million Pounds of Packaging



\*Baseline year  
 †% change from 2016 to 2017  
 ‡% change from 2010 (goal)



## DETAILED ENVIRONMENTAL PERFORMANCE

### CO<sub>2</sub>e EMISSIONS

#### TOTAL SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS BY REGION – 1,000 Metric Tons

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	25	17	17	18
USA	662	523	523	491
Region Total	688	541	540	508
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	12	15	16	12
Brazil	3	4	5	7
Chile	4	5	4	4
Colombia	1	2	2	3
Costa Rica	0	2	2	0
Mexico	16	14	14	13
Peru	1	1	1	1
Puerto Rico	57	19	12	14
Commercial Region Total <sup>(6)</sup>	25	26	24	28
Region Total	120	89	80	82

\*Baseline year




**TOTAL SCOPE 1 AND 2 CO<sub>2</sub>e EMISSIONS BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	31	25	25	23
Ireland	66	53	56	47
Netherlands	71	66	66	69
Russia	17	20	23	25
Spain	11	9	9	8
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	17	14	10	9
Commercial Region Total <sup>(8)</sup>	42	40	40	46
Region Total	255	227	228	228
<b>ASIA PACIFIC</b>				
China	5	29	21	19
India	18	37	39	37
Japan	1	1	1	1
Malaysia	0	18	17	17
Pakistan	19	19	21	22
Singapore	45	39	43	43
Vietnam	1	1	1	2
Commercial Region Total <sup>(8)</sup>	74	74	73	72
Region Total	165	221	220	215
<b>Total</b>	<b>1,227</b>	<b>1,078</b>	<b>1,068</b>	<b>1,034</b>

\*Baseline year


**CO<sub>2</sub>e EMISSIONS – DIRECT EMISSIONS (SCOPE 1) BY REGION – 1,000 Metric Tons**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	14	11	11	11
USA	284	237	241	242
<b>Region Total</b>	<b>298</b>	<b>248</b>	<b>252</b>	<b>253</b>
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	7	7	4
Brazil	2	2	2	5
Chile	1	1	0	0
Colombia	0	0	0	0
Costa Rica	0	0	0	0
Mexico	15	14	14	12
Peru	0	0	0	0
Puerto Rico	2	0	0	4
Commercial Region Total <sup>(6)</sup>	22	23	21	25
<b>Region Total</b>	<b>49</b>	<b>47</b>	<b>45</b>	<b>51</b>

\*Baseline year


**CO<sub>2</sub>e EMISSIONS – DIRECT EMISSIONS (SCOPE 1) BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	11	10	13	11
Ireland	38	29	32	29
Netherlands	41	34	32	34
Russia	13	12	14	15
Spain	5	4	6	4
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	5	4	3	3
Commercial Region Total <sup>(8)</sup>	32	31	30	36
Region Total	144	124	129	133
<b>ASIA PACIFIC</b>				
China	1	13	9	8
India	1	9	11	11
Indonesia	0	1	1	1
Japan	0	0	0	0
Malaysia	0	8	8	9
Pakistan	16	17	18	19
Singapore	18	17	21	20
Vietnam	0	0	0	0
Commercial Region Total <sup>(8)</sup>	31	31	30	29
Region Total	69	95	98	94
<b>Total</b>	<b>561</b>	<b>514</b>	<b>524</b>	<b>531</b>

\*Baseline year


**CO<sub>2</sub>e EMISSIONS – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Metric Tons**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	11	7	7	7
USA	378	286	281	249
Region Total	389	293	288	256 <sup>(8)</sup>
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	6	8	9	9
Brazil	1	2	3	2
Chile	3	4	3	3
Colombia	1	2	2	2
Costa Rica	0	2	2	0
Mexico	0	0	0	1
Peru	1	1	1	1
Puerto Rico	54	18	11	10
Commercial Region Total <sup>(8)</sup>	3	3	3	3
Region Total	70	42	35	31

\*Baseline year


**CO<sub>2</sub>e EMISSIONS – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Metric Tons (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	0	0	0	0
Germany	20	16	12	12
Ireland	28	23	24	18
Netherlands	30	32	34	36
Russia	4	8	8	10
Spain	6	5	4	4
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	12	10	7	7
Commercial Region Total <sup>(8)</sup>	9	9	9	9
Region Total	111	103	99	95
<b>ASIA PACIFIC</b>				
China	4	16	12	11
India	17	28	28	27
Indonesia	2	2	2	3
Japan	1	1	1	1
Malaysia	0	10	9	9
Pakistan	2	3	3	3
Singapore	26	22	22	23
Vietnam	1	1	1	2
Commercial Region Total <sup>(8)</sup>	43	43	43	43
Region Total	97	126	122	121
<b>Total</b>	<b>667</b>	<b>564</b>	<b>544</b>	<b>503</b>

\*Baseline year





## WATER INTAKE

### WATER INTAKE BY REGION – Billion Gallons

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	0.22	0.17	0.16	0.16
USA	1.90	1.74	1.89	1.80
Region Total	2.12	1.91	2.05	1.96
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	0.08	0.09	0.09	0.07
Brazil	0.01	0.02	0.02	0.02
Chile	0.02	0.02	0.02	0.02
Colombia	0.01	0.01	0.02	0.02
Costa Rica	0.00	0.03	0.03	0.03
Mexico	0.04	0.04	0.04	0.03
Peru	0.01	0.01	0.01	0.00
Puerto Rico	0.16	0.04	0.03	0.03
Region Total	0.33	0.25	0.25	0.21

\*Baseline year


**WATER INTAKE BY REGION – Billion Gallons (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	0.00	0.00	0.00	0.00
Germany	0.04	0.04	0.04	0.04
Ireland	0.17	0.18	0.17	0.17
Netherlands	0.40	0.34	0.34	0.35
Russia	0.08	0.07	0.07	0.07
Spain	0.06	0.07	0.07	0.07
Sweden	0.00	0.00	0.00	0.00
Switzerland	0.00	0.00	0.00	0.00
United Kingdom	0.01	0.01	0.00	0.00
Region Total	0.77	0.71	0.70	0.71
<b>ASIA PACIFIC</b>				
China	0.01	0.12	0.08	0.08
India	0.06	0.12	0.12	0.12
Indonesia	0.01	0.01	0.01	0.01
Japan	0.00	0.00	0.00	0.00
Malaysia	0.00	0.02	0.03	0.02
Pakistan	0.12	0.13	0.13	0.13
Singapore	0.19	0.17	0.19	0.19
Vietnam	0.00	0.01	0.00	0.00
Region Total	0.39	0.58	0.56	0.55
<b>Total</b>	<b>3.61</b>	<b>3.45</b>	<b>3.56</b>	<b>3.42</b>

\*Baseline year



## WATER CONSUMED (IN PROCESS)

### TOTAL – Billion Gallons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Consumed	0.68	0.77	0.78	0.74	-5.53

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Consumed	31	31	30	28	-9.69

## WATER DISCHARGED (IMPAIRED)

### TOTAL – Billion Gallons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Discharged (Impaired)	2.26	2.11	2.22	2.19	-1.60

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Discharged (Impaired)	105	85	87	81	-5.94

\*Baseline year



## WATER DISCHARGED (NON-IMPAIRED)

### TOTAL – Billion Gallons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Discharged (Non-impaired)	0.67	0.57	0.55	0.50	-10.23

### NORMALIZED BY SALES – Gallons per \$1,000 Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Water Discharged (Non-impaired)	31	23	22	18	-14.19

## BIOCHEMICAL OXYGEN DEMAND (BOD) CONCENTRATION IN WASTEWATER

### Milligrams per Liter

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Concentration in Wastewater Discharged to Environment <sup>(9)</sup>	6	9	8	16	96.08

\*Baseline year



## TOTAL WASTE

### TOTAL WASTE BY REGION – Tons

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	1,313	692	737	775
USA	42,018	29,785	29,537	28,531
Region Total	43,331	30,477	30,274	29,306
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	1,359	1,259	1,206	997
Brazil	680	791	660	615
Chile	580	580	776	708
Colombia	816	927	1,275	1,765
Costa Rica	0	1,130	1,222	1,332
Mexico	222	362	453	379
Peru	313	451	392	346
Puerto Rico	3,292	743	540	547
Commercial Region Total <sup>(8)</sup>	814	814	814	814
Region Total	8,076	7,057	7,338	7,502

\*Baseline year





## TOTAL WASTE BY REGION – Tons (CONTINUED)

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	368	368	368	368
Germany	2,158	2,310	2,693	2,461
Ireland	5,216	3,994	4,521	4,091
Netherlands	8,688	4,862	4,519	4,784
Russia	1,206	901	1,003	1,020
Spain	738	1,278	1,305	1,251
Sweden	113	124	0	0
Switzerland	90	48	52	48
United Kingdom	1,260	1,044	1,195	702
Commercial Region Total <sup>(8)</sup>	817	817	817	817
Region Total	20,654	15,746	16,474	15,543
<b>ASIA PACIFIC</b>				
China	207	1,765	616	391
India	2,063	4,159	2,245	2,147
Indonesia	205	23	16	26
Japan	498	486	400	386
Malaysia	0	118	118	118
Pakistan	1,257	658	647	657
Singapore	3,993	3,090	2,654	1,836
Vietnam	49	49	40	114
Commercial Region Total <sup>(8)</sup>	2,172	2,172	2,172	2,172
Region Total	10,444	12,520	8,908	7,846
<b>Total</b>	<b>82,504</b>	<b>65,799</b>	<b>62,994</b>	<b>60,196</b>

\*Baseline year



## HAZARDOUS WASTE

### TOTAL – Tons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Hazardous Waste Not Landfilled	9,478	5,862	6,262	6,705	7.07
Hazardous Waste Landfilled	1,772	1,886	1,742	1,537	-11.81
Total Hazardous Waste	11,249	7,748	8,004	8,242	2.96

### NORMALIZED BY SALES – Tons per \$ Million Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Hazardous Waste	0.52	0.31	0.31	0.31	-1.57

\*Baseline year



## HAZARDOUS WASTE BY REGION – Tons

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	149	137	143	128
USA	2,370	1,986	1,949	2,045
Region Total	2,519	2,123	2,092	2,173
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	603	661	564	544
Brazil	117	205	158	202
Chile	237	237	330	156
Colombia	198	231	183	251
Costa Rica	0	388	378	386
Mexico	33	66	116	62
Peru	79	150	113	96
Puerto Rico	1,596	70	63	55
Commercial Region Total <sup>(8)</sup>	123	123	123	123
Region Total	2,985	2,132	2,028	1,874

\*Baseline year



## HAZARDOUS WASTE BY REGION – Tons (CONTINUED)

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	8	8	8	8
Germany	486	517	967	589
Ireland	536	382	451	457
Netherlands	3,283	1,428	1,414	1,685
Russia	294	225	177	417
Spain	3	5	7	4
Sweden	0	0	0	0
Switzerland	2	0	0	0
United Kingdom	481	189	84	64
Commercial Region Total <sup>(6)</sup>	66	66	66	66
Region Total	5,159	2,819	3,174	3,290
<b>ASIA PACIFIC</b>				
China	3	9	19	21
India	264	248	286	463
Indonesia	7	11	8	10
Japan	18	10	14	12
Malaysia	0	60	60	60
Pakistan	65	79	105	75
Singapore	24	51	12	20
Vietnam	16	16	17	53
Commercial Region Total <sup>(6)</sup>	190	190	190	190
Region Total	587	674	711	905
<b>Total</b>	<b>11,249</b>	<b>7,748</b>	<b>8,004</b>	<b>8,242</b>

\*Baseline year



## NON-HAZARDOUS WASTE

### TOTAL – Tons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Non-hazardous Waste Not Landfilled	43,659	44,844	41,941	36,401	-13.21
Non-hazardous Waste Landfilled	27,596	13,207	13,049	15,554	19.20
Total Non-hazardous Waste	71,255	58,051	54,989	51,955	-5.52

### NORMALIZED BY SALES – Tons per \$ Million Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total Non-hazardous Waste	3.30	2.34	2.14	1.94	-9.68

\*Baseline year




**NON-HAZARDOUS WASTE BY REGION – Tons**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	1,164	555	595	647
USA	39,648	27,799	27,587	26,486
Region Total	40,812	28,354	28,182	27,133
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	756	597	642	453
Brazil	563	586	502	413
Chile	343	343	446	552
Colombia	618	695	1,092	1,514
Costa Rica	0	742	844	947
Mexico	190	296	337	317
Peru	234	301	279	250
Puerto Rico	1,696	673	477	491
Commercial Region Total <sup>(6)</sup>	691	691	691	691
Region Total	5,091	4,925	5,310	5,628

\*Baseline year



## NON-HAZARDOUS WASTE BY REGION – Tons (CONTINUED)

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	361	361	361	361
Germany	1,672	1,793	1,726	1,872
Ireland	4,679	3,612	4,070	3,634
Netherlands	5,405	3,434	3,104	3,100
Russia	912	676	826	603
Spain	735	1,273	1,298	1,247
Sweden	112	123	0	0
Switzerland	89	48	52	48
United Kingdom	779	855	1,111	637
Commercial Region Total <sup>(6)</sup>	751	751	751	751
Region Total	15,495	12,926	13,300	12,253
<b>ASIA PACIFIC</b>				
China	205	1,756	598	370
India	1,799	3,911	1,959	1,684
Indonesia	198	13	8	16
Japan	480	476	387	374
Malaysia	0	58	58	58
Pakistan	1,192	579	541	581
Singapore	3,968	3,039	2,642	1,816
Vietnam	33	33	23	60
Commercial Region Total <sup>(6)</sup>	1,982	1,982	1,982	1,982
Region Total	9,857	11,845	8,198	6,941
<b>Total</b>	<b>71,255</b>	<b>58,051</b>	<b>54,989</b>	<b>51,955</b>

\*Baseline year



## ENERGY CONSUMPTION

1,000 Gigajoules

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Purchased Fuels (Scope 1) <sup>(2)</sup>	9,089	8,909	9,021	9,188	1.84
Purchased Energy (Scope 2) <sup>(4)</sup>	5,215	4,559	4,487	4,375	-2.51
Total (Scope 1 and Scope 2) Energy Consumption	14,305	13,468	13,509	13,562	0.40

### NORMALIZED BY SALES – Gigajoules per \$ Million Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Purchased Fuels (Scope 1)	421	359	351	342	-2.64
Purchased Energy (Scope 2)	242	184	175	163	-6.81
Total (Scope 1 and Scope 2) Energy Consumption	663	542	526	505	-4.03

## ELECTRICITY GENERATED ON SITE

Million Kilowatt Hours

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
From Cogeneration	35.3	37.9	45.3	55.9	23.24
From Renewables	0.05	0.32	0.31	1.18	284.49

\*Baseline year


**TOTAL SCOPE 1 AND 2 ENERGY CONSUMPTION BY REGION – 1,000 Gigajoules**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	445	326	331	335
USA	7,028	6,374	6,496	6,431
Region Total	7,473	6,700	6,827	6,766
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	109	141	141	133
Brazil	81	81	84	131
Chile	40	48	36	32
Colombia	33	40	45	52
Costa Rica	0	98	101	102
Mexico	275	255	246	219
Peru	19	21	18	19
Puerto Rico	652	197	114	163
Commercial Region Total <sup>(8)</sup>	424	430	404	463
Region Total	1,633	1,311	1,188	1,314

\*Baseline year


**TOTAL SCOPE 1 AND 2 ENERGY CONSUMPTION BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	3	3	3	2
Germany	360	268	291	289
Ireland	728	699	741	660
Netherlands	961	858	825	870
Russia	261	280	331	351
Spain	144	143	155	125
Sweden	30	0	0	0
Switzerland	5	2	2	2
United Kingdom	175	153	109	117
Commercial Region Total <sup>(9)</sup>	645	621	616	705
Region Total	3,312	3,027	3,073	3,121
<b>ASIA PACIFIC</b>				
China	27	290	215	192
India	140	284	282	272
Indonesia	15	20	20	21
Japan	10	7	8	8
Malaysia	0	184	181	183
Pakistan	306	305	313	311
Singapore	515	470	556	539
Vietnam	9	13	12	14
Commercial Region Total <sup>(9)</sup>	862	858	834	822
Region Total	1,886	2,430	2,421	2,362
<b>Total</b>	<b>14,305</b>	<b>13,468</b>	<b>13,509</b>	<b>13,562</b>

\*Baseline year




**ENERGY CONSUMPTION – PURCHASED FUELS (SCOPE 1) BY REGION – 1,000 Gigajoules**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	253	186	187	193
USA	4,685	4,408	4,493	4,511
Region Total	4,937	4,594	4,679	4,704
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	47	60	57	52
Brazil	25	17	18	77
Chile	13	15	7	5
Colombia	7	7	7	9
Costa Rica	0	2	2	2
Mexico	272	253	244	214
Peru	3	3	3	3
Puerto Rico	27	6	6	57
Commercial Region Total	333	339	313	371
Region Total	726	702	657	791

\*Baseline year


**ENERGY CONSUMPTION – PURCHASED FUELS (SCOPE 1) BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	1	0	1	0
Germany	179	146	189	188
Ireland	512	506	540	509
Netherlands	717	604	568	600
Russia	224	215	251	262
Spain	61	75	99	71
Sweden	0	0	0	0
Switzerland	0	0	0	0
United Kingdom	91	73	48	50
Commercial Region Total	465	442	437	526
Region Total	2,250	2,061	2,133	2,206
<b>ASIA PACIFIC</b>				
China	9	210	151	132
India	75	158	158	148
Indonesia	7	10	8	8
Japan	0	0	0	0
Malaysia	0	133	133	138
Pakistan	288	283	287	281
Singapore	329	294	376	351
Vietnam	0	0	0	0
Commercial Region Total	468	464	440	428
Region Total	1,175	1,551	1,552	1,486
<b>Total</b>	<b>9,089</b>	<b>8,909</b>	<b>9,021</b>	<b>9,188</b>

\*Baseline year


**ENERGY CONSUMPTION – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Gigajoules**

	2010*	2015	2016	2017
<b>NORTH AMERICA</b>				
Canada	193	140	144	142
USA	2,343	1,965	2,003	1,919
Region Total	2,536	2,106	2,147	2,061
<b>CARIBBEAN AND LATIN AMERICA</b>				
Argentina	62	81	84	81
Brazil	56	64	65	54
Chile	26	33	30	26
Colombia	26	33	38	43
Costa Rica	0	95	99	99
Mexico	3	2	2	5
Peru	16	18	15	17
Puerto Rico	625	190	107	106
Commercial Region Total <sup>(6)</sup>	92	92	92	92
Region Total	907	609	532	523

\*Baseline year


**ENERGY CONSUMPTION – PURCHASED ENERGY (SCOPE 2) BY REGION – 1,000 Gigajoules (CONTINUED)**

	2010*	2015	2016	2017
<b>EUROPE</b>				
Belgium	2	2	2	1
Germany	180	122	102	101
Ireland	217	194	201	150
Netherlands	244	254	256	270
Russia	37	65	80	90
Spain	83	68	56	54
Sweden	30	0	0	0
Switzerland	5	2	2	2
United Kingdom	84	80	61	67
Commercial Region Total <sup>(8)</sup>	179	179	179	179
Region Total	1,062	966	940	915
<b>ASIA PACIFIC</b>				
China	19	80	64	60
India	65	125	123	124
Indonesia	9	10	12	12
Japan	10	7	8	8
Malaysia	0	51	48	45
Pakistan	18	22	27	31
Singapore	187	176	180	188
Vietnam	9	13	12	13
Commercial Region Total <sup>(8)</sup>	394	394	394	394
Region Total	710	879	868	875
<b>Total</b>	<b>5,215</b>	<b>4,559</b>	<b>4,487</b>	<b>4,375</b>

\*Baseline year


**ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE<sup>(10)</sup>**

	ENERGY CONSUMED (UNITS BELOW)				UNITS
	2010*	2015	2016	2017	
<b>STATIONARY SOURCES</b>					
Electricity (Purchased)	1,108	1,025	1,024	990	million kWh
Natural Gas	5,407	6,531	6,723	6,680	million cubic feet
Fuel Oils	4	0	0	1	million gallons
Coal	32	0	0	0	thousand tons
Misc. Fuels (Propane, Kerosene, LPG, LNG)	N/A	N/A	N/A	N/A	N/A
Purchased Steam, Hot Water and Chilled Water	137	38	18	21	million kWh
Biofuels	N/A	N/A	N/A	N/A	N/A
Generated Electricity (Cogeneration and Renewables)	35	38	46	57	million kWh
Leased Building Electricity	139	139	139	139	million kWh
Leased Building Natural Gas	22	22	22	22	thousand therms
<b>MOBILE SOURCES</b>					
Sales Fleet Gasoline	12.2	11.0	10.5	11.4	million gallons
Sales Fleet Diesel	2.7	2.4	2.4	2.4	million gallons
Aviation Fuel	0.8	0.8	0.7	0.7	million gallons
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	0.2	0.2	0.2	0.2	million gallons

\*Baseline year


**ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE<sup>(10)</sup> (CONTINUED)**

	ENERGY CONSUMED (1,000 GIGAJOULES)			
	2010*	2015	2016	2017
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	3,989	3,689	3,686	3,563
Natural Gas	5,511	6,667	6,864	6,828
Fuel Oils	556	34	35	85
Coal	850	0	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG)	19	239	265	293
Purchased Steam, Hot Water and Chilled Water	493	136	67	74
Biofuels	58	31	7	9
Generated Electricity (Cogeneration and Renewables)	0	1	1	4
Leased Building Electricity	499	499	499	499
Leased Building Natural Gas	234	234	234	234
<b>Stationary Total</b>	<b>12,210</b>	<b>11,531</b>	<b>11,658</b>	<b>11,590</b>
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	1,604	1,451	1,390	1,501
Sales Fleet Diesel	386	348	342	356
Aviation Fuel	76	110	93	94
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	29	28	25	22
<b>Mobile Total</b>	<b>2,095</b>	<b>1,937</b>	<b>1,851</b>	<b>1,973</b>

\*Baseline year




**ENERGY AND CO<sub>2</sub> EQUIVALENT BY ENERGY SOURCE<sup>(10)</sup> (CONTINUED)**

	GREENHOUSE GAS EMISSIONS (1,000 METRIC TON CO <sub>2</sub> EQUIVALENT)			
	2010*	2015	2016	2017
<b>STATIONARY SOURCES</b>				
Electricity (Purchased)	587	500	482	441
Natural Gas	292	353	363	361
Fuel Oils	41	2	3	6
Coal	76	0	0	0
Misc. Fuels (Propane, Kerosene, LPG, LNG)	1	17	19	21
Purchased Steam, Hot Water and Chilled Water	21	6	3	3
Biofuels	0.1	0.1	0.0	0.0
Generated Electricity (Cogeneration and Renewables)	0	0	0	0
Leased Building Electricity	50	50	50	50
Leased Building Natural Gas	9	9	9	9
<b>Stationary Total</b>	<b>1,077</b>	<b>936</b>	<b>928</b>	<b>891</b>
<b>MOBILE SOURCES</b>				
Sales Fleet Gasoline	107	97	93	100
Sales Fleet Diesel	27	24	24	25
Aviation Fuel	5	8	6	6
Plant/Shuttle Fleet (Diesel, Gasoline, E85, Propane)	2	2	2	2
<b>Mobile Total</b>	<b>142</b>	<b>131</b>	<b>125</b>	<b>133</b>

\*Baseline year



## ENVIRONMENTAL FINES

*U.S. Dollars*

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	27,950	3,660	180	8,751	4,761.67

## NOTICES OF VIOLATION (NOVs)

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	4	2	4	4	0.00

## ENVIRONMENT, HEALTH AND SAFETY (EHS) INSPECTIONS BY GOVERNMENT AGENCIES<sup>(1)</sup>

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	46	29	61	128	109.84

## VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

*TOTAL – 1,000 Metric Tons*

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	1.00	1.18	1.16	1.16	-0.13

*NORMALIZED BY SALES – Metric Tons per \$ Million Sales*

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	0.046	0.047	0.045	0.043	-4.53

\*Baseline year



## SULPHUR OXIDE (SO<sub>x</sub>) FROM COMBUSTION<sup>(12)</sup>

1,000 Metric Tons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	0.58	0.03	0.04	0.04	3.04

### NORMALIZED BY SALES – Metric Tons per \$ Million Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	0.027	0.001	0.002	0.007	300.76

## NITROUS OXIDE (NO<sub>x</sub>) FROM COMBUSTION<sup>(12)</sup>

1,000 Metric Tons

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	0.410	0.316	0.328	0.330	0.63

### NORMALIZED BY SALES – Metric Tons per \$ Million Sales

	2010*	2015	2016	2017	% CHANGE FROM 2016 TO 2017
Total	0.019	0.013	0.013	0.012	-3.80

\*Baseline year



## METRICS REFERENCES

All environmental data have been adjusted to account for acquisitions and divestitures, in accordance with the methodology prescribed in the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHGP). We report data from acquisitions as soon as practical. To that end, these data include the acquisitions of St. Jude Medical and Glomed, but not Alere Inc. Furthermore, these data reflect the divestiture of Abbott Medical Optics.

- (1) Progress towards 2020 carbon goal is reported using the GHGP Scope 2 market-based methodology.
- (2) Reported Purchased Fuel Scope 1 sources consist of fuel consumed by manufacturing facilities, sales fleet and Abbott-owned aviation.
- (3) Per WRI GHGP, Scope 1 refrigerant CO<sub>2</sub>e emissions include only those covered in the Kyoto Protocol.
- (4) Reported Scope 2 sources consist of energy directly purchased by Abbott, such as electricity and steam, as well as emissions from leased locations. Unless specified otherwise, emissions are calculated according to the WRI/WBCSD GHGP Scope 2 Location-Based Method.
- (5) Per the GHGP, where market-based information is not available, location-based results have been used as proxy.
- (6) Water-stressed locations have been determined using WRI Aqueduct global water risk mapping tool and WBCSD Global Water Tool.
- (7) Waste-generation data do not include materials that are reused beneficially, which was roughly 75,000 tons in 2017.
- (8) Waste and CO<sub>2</sub>e Commercial Region Total data collection and calculation methodology was updated to obtain more actual, not estimated, metrics for 2010–2017.
- (9) BOD data provided are the flow-weighted averages of sampled concentrations for water directly discharged to the environment only. Water discharged to the environment represents about 15 percent of total water discharged.
- (10) Abbott's non-energy-consumption greenhouse gas emissions, such as refrigerant releases and process air emissions, are omitted. The total CO<sub>2</sub> equivalents from non-energy sources are 9-, 11-, 10-, 9-, 10-, 11-, 14-, and 10-thousand metric tons from 2010 to 2017, respectively.
- (11) Definition for "government agency inspection" was updated in 2017 by Abbott to include routine visits and sample collection from regulatory agencies or designated representatives. This change is not reflected in our metrics for 2010 through 2016, only 2017 forward.
- (12) Reflects emissions from fuel combusted at manufacturing facilities only.



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